



Revenue and Capital Budget Outturn 2020-21

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To Cabinet – 24 June 2021

Unrestricted

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1 Introduction

This report presents the provisional budget outturn position for 2020-21 for both Revenue and Capital budgets, and how we are responding to the Covid-19 pandemic. Also included are revenue budget roll forwards, capital re-phasing and budget adjustments which require Cabinet approval. It also includes the proposed use of reserves taking account of an extensive review and the impact of the outturn position.

1.1 We have improved the clarity of the report. Key information is on the left, detail is on the right, in grey

All figures are in millions, to three decimal places, unless otherwise stated

This report uses the following key abbreviations and colours:

	ASCH	Adult Social Care & Health
	CYPE	Children, Young People & Education
	GET	Growth, Environment & Transport
	S&CS	Strategic & Corporate Services
	FI&U	Financing Items & Unallocated
	SDB	Schools' Delegated Budgets
	U	Unallocated

1.2 The provisional revenue outturn for business as usual and Covid-19 after taking account of roll forwards is an underspend of £27.548m.

The provisional revenue outturn for business as usual and Covid-19 before roll forwards is an underspend of -£70.032m. After roll forwards of £42.484m the underspend reduces to -£27.548m. This financial year has been an exceptional year due to the Covid-19 pandemic and the outturn should be viewed in light of the significant impact of lockdowns on services and additional support received in the form of grants.

1.3 The provisional revenue outturn for business as usual after taking account of roll forwards is an underlying underspend of £0.775m excluding Covid-19.

The provisional revenue outturn for business as usual before taking account of roll forwards is an underlying underspend of -£14.449m excluding Covid-19. All directorates are showing an underspend, the largest is -£5.509m in FI&U, followed by ASCH (-£4.106m), S&CS (-£2.892m), CYPE (-£1.423m) and GET (-£0.519m).

There are roll forward requests of £13.674m and after taking these into consideration the underlying underspend is -£0.775m. There may be minor variations to the figures during the final stages of the year end processes and external audit.

1.4 The provisional revenue outturn position for Covid-19 after taking account of roll forwards is an underlying underspend of -£26.773m.

The provisional outturn position for Covid-19 before taking account of roll forwards is an underspend of -£55.583m. £28.810m of the underspend is required to fund Covid-19 time critical service priorities, of which the main areas are £16m for Helping Hands, £7.5m for Reconnect and £5m for Market Sustainability. The remaining -£26.773m Covid-19 related underspend is to be set aside in the Covid earmarked reserve to support future Covid-19 related spend and loss of income and unrealised savings that have been impacted by Covid-19.

1 Introduction

- 1.5 The Covid-19 provisional outturn position includes underspends of £51.316m that have arisen within the Directorates where Covid-19 has impacted the delivery of services.
- Examples of the main underspends include the following:
- In ASCH, where the number of people over the age of 65 being admitted into long-term residential and nursing care are running at a lower level than in previous years.
 - In CYPE, where there is reduced demand for home to school/college transport.
 - In GET, where public transport costs have been eligible for Government grant and there has been a reduction in Waste tonnage in our Household Waste Recycling Centres due to lockdown.
- More detail can be found in Section 4.
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- 1.6 The provisional capital outturn position is an underspend of -£184.8m excluding Covid-19.
- The underspend is made up of -£9.4m real and -£175.4m rephasing variance. This represents 35.2% of the capital budget.
- The largest real variance is an underspend of -£46.0m in S&CS (-£42.1m due to the inclusion of the Acquisition of Strategic Assets, which has now been removed from the capital programme for 2022-24). GET is reporting a real overspend of +£38.3m (+£31.8m due to Government Transition Works, this is primarily a timing issue and is to be funded from Government Grant).
- The major rephasing variances are -£120.4m in GET, -£33.9m in CYPE and -£17.9m in S&CS.
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- 1.7 Schools' Delegated Budgets are reporting a £8.937m overspend.
- The overspend position of £8.937m reflects the combination of high demand and high cost per child of High Needs Placements. This is in part due to the impact of legislative changes introduced in 2014 and funding shortages. Section 10 of the report provides more detail.
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2 Recommendations

Cabinet is asked to:

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| 2.1 | Note the provisional Revenue and Capital outturn position for 2020-21 | Please refer to Section 3 and 4 for details. |
| 2.2 | Agree that £1.439m of the 2020-21 revenue underspending is rolled forward to fund existing commitments | Please refer to Section 2 of Appendix 1. |
| 2.3 | Agree that £4.427m of the 2020-21 revenue underspending is rolled forward to fund the re-phasing of existing initiatives. | Please refer to Section 3 of Appendix 1. |
| 2.4 | Agree that £0.050m of 2020-21 revenue underspending is rolled forward to fund bids. | Please refer to Section 4 of Appendix 1. |
| 2.5 | Agree that £7.758m of 2020-21 revenue underspending is rolled forward to fund time critical service priorities. | Please refer to Section 5 of Appendix 1. |
| 2.5 | Agree that the £0.775m remaining business as usual underspend is set aside in the earmarked reserve to support future years' budgets. | |
| 2.6 | Agree that £28.810m of Covid-19 underspending is rolled forward to fund time critical service priorities relating to Covid-19, of which the main areas are £16m for Helping Hands, £7.5m for Reconnect and £5m for Market Sustainability | Please refer to Section 8 of Appendix 1. |
| 2.7 | Agree that the £26.773m of Covid-19 related underspend is set aside in the Covid-19 earmarked reserve to support future Covid-19 related spend, loss of income and unrealised savings. | |
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2 Recommendations

2.8 Agree the £175.393m of capital re-phasing from 2020-21 will be added to the 2021-22 and later years capital budgets. Please refer to Appendix 2.

2.9 Agree the proposed capital cash limit changes. Please refer to Appendix 3.

2.10 Agree the closure and creation of new reserves; and contributions to and from reserves (which includes all previously agreed transfers to and from reserves) Please refer to Appendix 4.

The revenue provisional outturn position for business as usual is showing an underlying underspend of £0.775m after taking account of roll forwards. There are Directorate roll forward requests of £5.916m and Council-wide roll forward requests of £7.758m. The Covid-19 provisional outturn position is showing an underlying underspend of £26.773m after taking account roll forwards. There are £28.810m of Covid-19 time critical roll forwards, of which the main areas are £16m for Helping Hands, £7.5m for Reconnect and £5m for Market Sustainability.

The capital provisional outturn position is -£184.8m of which -£175.4m relates to rephasing of projects and -£9.4m are real variances.

3.1 The underlying underspend is -£0.775m after taking account of roll forward requests. There is a variance of -£14.449m on the 20-21 revenue budget before roll forwards and excluding Covid-19. There are Directorate roll forward requests of £5.916m and Council-wide roll forward requests of £7.758m. All directorates are reporting an underspend. -£5.509m in FI&U followed by -£4.106m in ASCH (-£6.336m in Adult Social Care & Health Operations division), -£2.892m in S&CS (-£0.941m in Governance, Law and Democracy), -£1.423m in CYPE (-£1.066m in Integrated Children's Services) and -£0.519m in GET.

The £5.916m proposed roll forward requests are split as follows:

- £1.440m of contractually committed items
- £4.426m relating to rephasing of existing initiatives
- £0.050m of bids

The remaining £0.775m is to be set aside in the earmarked reserve to support future years' budgets.

3.2 The Covid-19 revenue position is an underlying underspend of -£26.773m after roll forwards. The corporately held budget related to Covid-19 was allocated at year end to fund 'Real Spend' and no variances relating to Covid-19 are reflected in the Directorate's positions. This includes Covid-19 related underspends, loss of income and unrealised savings.

£28.810m is requested to be rolled forward to fund Covid-19 time critical service priorities. The remaining -£26.773m Covid-19 related underspend is set aside in the Covid-19 earmarked reserve to support future Covid-19 related spend.

3.3 There is a variance of -£184.8m on the 20-21 capital budget excluding Covid-19. This is made up of -£9.4m real variance and -£175.4m rephasing variance. Headline variances are detailed in the relevant directorate sections.

3 Revenue & Capital Positions

Revenue Variance -14.4m underspend
Capital Variance -184.8m underspend

Directorate Revenue variances excluding the impact of Covid-19

Directorate	Revenue Budget £m	Provisional Outturn £m	Variance excl. Covid- 19 £m
Adult Social Care & Health	393.773	389.667	-4.106
Children, Young People & Education	250.920	249.497	-1.423
Growth, Environment & Transport	167.467	166.948	-0.519
Strategic & Corporate Services	87.477	84.585	-2.892
Financing Items & Unallocated	146.868	141.359	-5.509
Initial Revenue Position	1,046.505	1,032.056	-14.449
Roll forward requests			+13.674
Revised variance			-0.775
Schools' Delegated Budgets	0.0	8.937	+8.937
	1,046.505	1,040.993	+8.162

Directorate £m	Variance	Roll Forwards			Revised Variance
		Committed	Re-Phased	Bid	
Adult Social Care & Health	-4.106	0.343	3.389	0.000	-0.374
Children, Young People & Education	-1.423	0.257	0.916	0.000	-0.250
Growth, Environment & Transport	-0.519	0.778	0.087	0.000	+0.346*
Strategic & Corporate Services	-2.892	0.062	0.034	0.050	-2.746
Financing Items & Unallocated	-5.509	0.000	0.000	0.000	-5.509
Total excluding Schools	-14.449	1.440	4.426	0.050	-8.533
Council-wide roll forward requests		7.758	0.000	0.000	-0.775

* The actual outturn position in the GET directorate is an underspend of -£113.1k. The £0.346k figure shown above includes Brexit costs of £459.7k that are offset against the overall council underspend.

Details of the forecasts in the table above can be found in the relevant directorate pages, but the key ones are here:

Division	Variance £m	Summary	Detail
Adult Social Care & Health Operations	-£6.336m	Older Person and Learning Disabilities Community Services have an underspend	<p>The reported underspend is as a result of the direct business as usual response to the pandemic. People have chosen not to enter long term funded care as families have continued to support people at home. Temporary legislative changes to how hospital discharge is funded has also contributed to the underspend.</p> <p>The underspend is in part due to a reduction in the level of one-off direct payments to clients compared to previous years and lower than budgeted levels of Day-care and Supported Living.</p> <p>The number and costs of Learning Disability clients in Residential care has remained consistently higher than budgeted. This is mainly due to the level of complexity of clients transferring in from 18 – 25 and not as many clients as anticipated moving out of Residential into Supported Living.</p> <p>The mental health service has an overspend due to higher than budgeted costs and client numbers.</p> <p>A significant proportion of this variance is related to in house services; several units have remained closed or have operated at reduced service levels during 2020-21 due to the pandemic.</p>
Integrated Children's Services	-£1.066m	Underspends on care leavers services, and adoption services offset by delays in delivering Change for Kent Children (CFKC) savings	<p>Care Leavers Services have underspent by -£1.6m: as part of the savings targets for 2021-22 an in-depth review of all high-cost placements is being undertaken, leading to an initial saving of approximately £1m by ensuring young people are in the most cost effective accommodation. The remaining £0.6m underspend has resulted from lower than originally estimated numbers of care leavers requesting their council tax to be paid by the Council (introduced as part of an enhanced offer from April 2021).</p> <p>The Adoption Service has underspent by -£0.447m of which -£0.223m relates to the newly formed Regional Adoption Agency (Adoption</p>

Division	Variance £m	Summary	Detail
			<p>Partnership South East) and has been requested as a committed roll forward.</p> <p>This position also includes a further -£0.166m underspend which has been requested as a roll forward relating to the Wellbeing for Education Return Grant and Extension of duties for Virtual Schools Kent (VSK) to Previously Looked After Children Grant where commitments extend into the following financial year.</p> <p>These underspends have been partially offset by a pressure mainly arising from a delay in achieving the Change for Kent Children (CfKC) savings, the expected profile of savings has changed from when the savings were included in the MTFP (£1m).</p>
Highways, Transportation & Waste	+£1.251m	<p>+£1.191m overspend in Waste Facilities & Recycling Centres, increased haulage costs, price-related variances, site refurbishments and other costs, offset in part by income</p> <p>+£0.918m overspend in Highways Asset Management (Other) - Drainage and winter maintenance overspends following recent adverse weather, partly offset by streetlight energy and maintenance and income.</p> <p>-£0.889m underspend for Kent Travel Saver due to payments to operators lower than anticipated and grant funding.</p>	<p>Increased haulage costs (+£0.6m), plus material recycling facility tonnage and paper and card price pressures (+£0.5m), additional spend on major site refurbishment (+£0.2m) and other minor variances (+£0.2m). These are offset in part by reduced prices in food composting (-£0.1m) and additional income from materials transferred back to KCC following changes in contracts (-£0.2m). Most have been reflected in the 2021-22 budget build process.</p> <p>This budget is showing an overspend within drainage (+£2.1m) following considerable and persistent rainfall. Given this budget has been overspent for the past two years and a change in weather patterns, additional budget has been built in for 2021-22.</p> <p>There is also an overspend of £0.5m within winter maintenance following the heavy snow and freezing conditions in February. Underspends against streetlight energy and maintenance, together with additional permit and street works income, combine to reduce this by -£1.2m.</p> <p>This is due to anticipated additional costs on a number of Kent Travel Saver focused services not materialising as well as grant funding received in-year.</p>

3 Revenue & Capital Positions

Revenue Variance -14.4m underspend
Capital Variance -184.8m underspend

Division	Variance £m	Summary	Detail
Environment, Planning & Enforcement	-£1.357m	Public Protection staffing underspend and additional income.	This primarily results from -£0.5m underspend on staffing and additional income of -£0.4m.
Governance Law & Democracy	-£0.941m	Member Grant underspend	Underspend on member grants that are not permitted to be rolled forward into an election year -£0.835m and additional School's appeals income -£0.104m.
Financing Items & Unallocated	-£5.509m	Underspending against the budget for the retender of contracts for Adult Social Care, together with underspending on net debt costs	A £3.9m underspend against the budget for the retender of Care & Support in the Home and LD/PD/MH residential care, which is partly due to there only being a part year impact in 2020-21. A £1.4m underspend on net debt costs mainly due to no new long-term borrowing being taken in 2020-21.

Covid-19 budgets were held centrally and allocated to Directorate budgets at the end of the year to cover real spend. Covid-19 related underspends, loss of income and unrealised savings were transferred to Unallocated and are held corporately so as not to distort the business as usual budget position.

The table below shows the Covid-19 revenue position against the Covid-19 budgets. It shows an underspend of -£55.583m before roll forward requests of £28.810m on time critical service priorities. More detail can be found in Section 4.

Directorate	Covid-19 Allocation £m	Covid-19 Outturn £m	Covid-19 Variance £m
Adult Social Care & Health	24.958	24.958	0.000
Children, Young People & Education	10.549	10.549	0.000
Growth, Environment & Transport	15.279	15.279	0.000
Strategic & Corporate Services	8.977	8.977	0.000*
Financing Items	-32.276	-40.284	-8.008
Unallocated	54.873	7.298	-47.575
Initial Covid-19 revenue position	82.360	26.777	-55.583
Council-wide roll forward requests			28.810

3 Revenue & Capital Positions

Revenue Variance -14.4m underspend
Capital Variance -184.8m underspend

Division	Variance £m	Summary	Detail
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	Revised Variance		-26.773
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*The Strategic & Corporate Services variance includes a contribution to the Public Health Reserve of £1.182m due to the outturn position being a net underspend.

3 Revenue & Capital Positions

Revenue Variance -14.4m underspend
Capital Variance -184.8m underspend

Capital position

Directorate	Capital Budget £m	Variance excl. Covid-19 £m	Real Variance £m	Rephasing Variance £m	Covid-19 Forecast £m	Variance incl. Covid-19 £m
Adult Social Care & Health	4.2	-3.9	-0.7	-3.2	0.0	-3.9
Children, Young People & Education	154.3	-34.9	-1.0	-33.9	1.0	-33.9
Growth, Environment & Transport	295.4	-82.1	38.3	-120.4	0.1	-82.0
Strategic & Corporate Services	71.5	-63.9	-46.0	-17.9	0.0	-63.9
	525.5	-184.8	-9.4	-175.4	1.1	-183.7

Nb. The Covid-19 forecast of £1.1m has reduced from the previously reported £4.5m as some has been rephased into 21-22.

4 Covid-19

As a result of the Budget Amendment approved by County Council in September 2020, we held budgets corporately for Covid-19 response and recovery of £72.2m. At year end we transferred cash limits to the directorates for actual Covid-19 spend incurred resulting in no Covid-19 related variance being shown within the Directorates. Covid-19 related underspends, loss of income and unrealised savings variances have been held corporately in unallocated.

4.1	The Covid-19 related provisional revenue outturn position after roll forwards shows an underspend of -£26.773m	<p>The Covid-19 provisional revenue outturn position is a combination of actual spend, loss of income and unachieved savings incurred due to responding to the pandemic.</p> <p>Underspends amounting to -£51.316m have arisen within the Directorates where business as usual activities could not be delivered due to Covid-19. The underspends have been transferred from the Directorates to Unallocated and held corporately.</p>
4.2	The Covid-19 related provisional revenue outturn position shows spend of +£58.604m	<p>The Covid-19 related spend is across all directorates, but the largest area of spend is in ASCH. The provisional revenue outturn has been split between several categories in the Covid-19 Provisional Revenue Outturn table below. The narrative for these forecasts is in the directorate sections of this report.</p>
4.3	£28.810m is to be rolled forward	<p>£28.810m is requested to be rolled forward to fund Covid-19 time critical service priorities, including Helping Hands, the Reconnect Programme and Market Sustainability. The remaining -£26.773m Covid-19 related underspend is set aside in the Covid-19 earmarked reserve to support future Covid-19 related spend.</p>
4.3	Emergency funding totalling £94.9m has been provided by the Government. £92.924m of this funding was available in 2020-21.	<p>In March, April, August and November 2020, the government provided £39m, £27.9m, £10.3m and £17.7m respectively of Covid-19 Emergency Support Grant.</p> <p>The £17.7m tranche 4 funding has been transferred to earmarked reserves to fund the 2021-22 budget, as agreed at County Council on 11 February 2021.</p>
4.4	We received specific grants amounting to £135.471m. These have been used to fund additional activity and have not had an impact on the Council's base budget	<p>We have received additional grants to support the Covid-19 pandemic. These are specific, ring-fenced grants to support a range of additional activity primarily relating to public health.</p> <p>The majority of these are treated as receipts in advance at year end and do not impact the outturn.</p> <p>Additional S31 compensation grants have been received and set aside to fund the collection fund deficit.</p>
4.5	There are additional capital costs of around £1.1m	<p>The impact from Covid-19 on capital is a mixture of rephasing due to contractors not having been on site for the first few weeks of the financial year, and cost overruns. The majority of the Covid-19 impact relates to overspends in the construction of schools.</p>

4 Covid-19

Covid-19 Outturn 2020-21

Summary Covid-19 Outturn Position

	£m
Covid-19 20-21 Emergency Grant Allocation	92.924
Actual spend	58.604
Underspends, Loss of Income & Unrealised savings	-29.743
	-64.063
Contribution to Public Health Reserve	1.182
Contribution to Reserves to support the 2021-22 budget	7.298
	Covid-19 Variance -55.583
Roll forward Requests	28.810
	Revised Variance -26.773

Further details are provided in the table below.

Detailed Covid-19 Outturn 2020-21

	ASCH £m	CYPE £m	GET £m	S&CS £m	FI £m	U £m	Total £m
Covid-19 allocated to Directorates	24.958	10.549	15.279	8.977	-32.276		27.487
Covid-19 allocation held corporately						54.873	54.873
Contribution Public Health Reserve*				-1.182			-1.182
Provisional Covid-19 Revenue Outturn							
Actual spend	7.462	4.231	9.322	9.254	0.023		30.292
Underspends		-0.001		-1.720			-1.721
Loss of income		0.167	1.711				1.878
One off payments to the market	17.207	0.737	0.223	0.261			18.428
Payments for undelivered variable fee services	0.289	5.415	4.023				9.727
Total Provisional Revenue Outturn	24.958	10.549	15.279	7.795	0.023	0.000	58.604

4 Covid-19

Details of the forecasts in the table above can be found in the relevant directorate pages, but the key ones are here:

4.6	£17.207m one off payments to the market in ASCH	We have supported the Residential and Homecare markets by providing £13.5m, the equivalent of 2 weeks payments. We have also provided financial support to the VCSE (Voluntary, Community and Social Enterprise) sector through additional contracts totalling £3.7m.
4.7	-£15.612m underspends in ASCH	We are continuing to see the number of people over the age of 65 being admitted to long-term residential and nursing care running at much lower levels than previous years, in particular Nursing. Further underspends have been observed in areas including client travel to day care, staff travel and use of commissioned day care.
4.8	£4.231m actual spend in CYPE	Additional demand across a range of services including increased costs of placing looked after children due to reduced availability of foster care provision and more limited movement of children; increased support for children with a disability and their families; increased number of Education Health and Care Plan referrals; and a revenue contribution to capital to cover extra construction costs and additional mobile hire for the basic need programme.
4.9	-£19.526m underspend in CYPE	Mainly due to reduced demand for home to school/college transport. Other general underspends including savings from closure of open access settings (including extended detached youth offer); delay in commissioning new early help services including Positive Behaviour Service and SEN Parenting Programme; reduced travel and room hire costs across the directorate particularly in social care teams and early help units.
4.10	£9.322m actual spend in GET	Additional service provision for emergency mortuary and associated staffing costs, along with a number of Waste-related areas of expenditure. These include a significant increase in kerbside tonnes being presented at Waste Transfer Stations during lockdown and where people home-working (plus Household Waste Recycling Centres (HWRCs) were closed initially, then operating at reduced capacity); providing additional support to districts for Waste Collection; impact on commodity prices for recycled materials; costs associated with the closing and re-opening of HWRCs). Also costs of PPE, cleaning, sanitiser, ICT, etc.
4.11	-£14.203m underspends in GET	Public Transport costs eligible for Government grant and reductions in Waste tonnage at our HWRC's, which were initially closed during lockdown. Subsequently there were lower than budgeted visits/tonnes as the booking system was introduced to ensure compliance with social distancing. Other general underspends across the directorate due to home-working and reduced activity.

4 Covid-19

4.12 £9.443m loss of income in GET Income Loss including Kent Travel Saver (less passes in issue, refunds), as well as reduced operations at Libraries, Registration, and Country Parks. Other minor income impacts across various services that will continue into 2021-22.

4.13 £9.245m actual spend in S&CS Additional council-wide costs including: the provision of PPE and sanitiser across all services; additional staffing to handle increased call volumes in the KCC contact centre; and additional ICT infrastructure to enable staff to work from home, such as laptops and licenses for A2K and Microsoft Teams and early implementation of Microsoft E5 licence. Also, costs related to reopening buildings, surveys, and adaptations to make offices Covid-19 secure and enhanced cleaning specification. Members' Grants given for Covid-19 related community support and other revenue grants to the VCS, Civil Society Strategy Grant.

£0.278m relates to Public Health, made up of support to the voluntary sector and additional capacity for substance misuse services.

4.14 £1.500m loss of income in FI&U Reduction in the return from our companies.

4 Covid-19

4.16 During 2020-21 we received additional specific grants amounting to £135.5m to support the response to the Covid-19 pandemic. The table below shows all the grants received during 2020-21.

The Covid-19 Compensation for irrecoverable local taxation losses (local tax income guarantee for 2020-21) and Covid-19 Compensation for Covid related business rate reliefs grants amounting to £7.0m and £25.6m respectively have been transferred to reserves to be earmarked to fund the collection fund deficit and fall outside the scope of reserves earmarked for services.

The Covid-19 Compensation for Loss of Sales, Fees & Charges grant of £11.3m has been transferred to earmarked reserves to fund next year's budget.

£3.3m of unused grant has been requested to be rolled forward and is shown in the table below and included in Appendix 1.

COVID-19 GRANT 2020-21

Specific Grant Name	Amount Received £m
Covid-19 Test & Trace grant	1.309
Covid-19 Adult Social Care Infection Control grant	18.154
Covid-19 Adult Social Care Infection Control grant - tranche 2	16.644
Covid-19 NHS Hospital Discharge claim	8.848
Covid-19 Bus Services Support Grant	4.295
Covid-19 Emergency Active Travel Fund (tranche 1)	0.47
Covid-19 Bus Services Support Grant Restart scheme	0.62
Covid-19 Emergency Assistance Grant for Food & Essential Supplies	1.669
Covid-19 School & College Transport Capacity funding	4.214
Covid-19 Targeted support for UASC	0.794
Covid-19 Wellbeing for Education Return project	0.206
Covid-19 Contain Outbreak Management Fund	8.434
Covid-19 Compensation for Loss of Sales, Fees & Charges	11.256
Covid-19 Winter Grant Scheme	4.47
Covid-19 Clinically Extremely Vulnerable	4.624
Covid-19 NHS Hospital Discharge claim Part 2	1.736
Covid-19 Asymptomatic Community Testing	7.193
Covid-19 Adult Social Care Rapid Testing Fund	4.686
Covid-19 Adult Social Care Workforce Capacity Fund	3.082
Covid-19 Compensation for irrecoverable local taxation losses (local tax income guarantee for 2020-21)	7.013
Covid-19 Compensation for Covid related business rate reliefs	25.613
Covid-19 Operation Barton (targeted testing for South African variant)	0.063
Covid-19 Working in Partnership to support the vaccination delivery programme	0.078
TOTAL GRANT RECEIVED 2020-21	135.471

Unused Grant requested to be rolled forward

Covid 19 Wellbeing for Education Return project	0.121
Covid-19 Clinically Extremely Vulnerable	3.211

Total requested to be rolled forward	3.332
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Revenue

The ASCH directorate provisional revenue outturn variance, excluding Covid-19 is **-£0.374m** after roll forwards. Details of the underspend of **-£4.106m** before roll forwards of **£3.732m** is detailed below and the roll forwards are set out in Appendix 1.

Business as Usual Revenue Variance by Division

Division	Revenue Budget £m	Provisional Outturn £m	Variance excl. Covid-19 £m
Adult Social Care & Health Operations	361.996	355.660	-6.336
Strategic Management & Directorate Budgets	20.744	24.604	+3.860
Business Delivery	11.033	9.403	-1.630
	393.773	389.667	-4.106
Roll forward requests			+3.732
Revised Variance			-0.374

Explanation of Divisional variance, in numerical order:

Division	Variance	Summary	Detail
Strategic Management & Directorate Budgets	+£3.826m	Several roll forwards have been requested, and planned reserve drawdowns are no longer required.	<p>-£3.211m of un-ringfenced Clinically Extremely Vulnerable grant has been requested as roll forward into 2021-22.</p> <p>-£0.178m of this variance relates to the Kent Support and Assistance Service and has been requested as roll-forward to be utilised in 2021-22.</p> <p>-£0.064m has been requested as roll forward as a legally committed contribution to Kent and Medway Safeguarding Board pooled fund.</p> <p>A planned reserve drawdown for £7.739m was not needed for the original purpose and was therefore not actioned.</p>

Business Delivery -£1.597m Some funds are held centrally and will be distributed in 2021-22.

Most of this underspend relates to centrally held funds to cover underlying overspends elsewhere within the outturn position. These centrally held funds will be allocated during 2021-22 when we can more clearly understand the effect of the current situation on the core client services.

-£0.279m has been requested as roll forward into 2021-22 as legally committed match funding for on-going Interreg projects.

Adult Social Care & Health Operations -£6.336m Older Person and Learning Disabilities Community Services have an underspend

The reported underspend is as a result of the direct business as usual response to the pandemic. People have chosen not to enter long term funded care as families have continued to support people at home. Temporary legislative changes to how hospital discharge is funded has also contributed to the underspend.

The underspend is in part due to a reduction in the level of one-off direct payments to clients compared to previous years and lower than budgeted levels of Day-care and Supported Living.

The number and costs of Learning Disability clients in Residential care has remained consistently higher than budgeted. This is mainly due to the level of complexity of clients transferring in from 18 – 25 and not as many clients as anticipated moving out of Residential into Supported Living.

The mental health service has an overspend due to higher than budgeted costs and client numbers.

A significant proportion of this variance is related to in house services; several units have remained closed or have operated at reduced service levels during 2020-21 due to the pandemic.

Capital

The ASCH directorate has a provisional capital outturn variance excluding Covid-19 of -£3.913m, made up of a -£0.667m real and a -£3.246m rephasing variance. Previously reported variances are shown in *italics*.

Real variances over £0.1m and rephasing variances over £1.0m are as follows:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>New Variances to Report:</u>			
<u>Housing & Technology Fund</u>	-0.525		No suitable property has been identified for purchase as yet.
<u>Previously Reported Variances:</u>			
<i>Home Support Fund & Equipment</i>	<i>-0.125</i>		<i>This is a reactive budget and is subject to in-year fluctuations.</i>
<i>Learning Disability Good Day Programme</i>		<i>-2.9</i>	<i>All capital projects within this programme are on hold pending review.</i>

Covid-19 Outturn

Grant Category	Provisional Outturn	Explanation
Additional spend (Revenue)	£7.462m	The cost of supporting additional demand for services resulting from Covid-19, including: equipment for supporting clients in the community; additional care packages after hospital discharge (residential and community care); increases in bad debts, essential system improvements; and domestic abuse.
One off payments to the market	£17.207m	We have supported the Residential and Homecare markets by providing £13.5m, the equivalent of 2 weeks payments. We have also provided financial support to the VCSE (Voluntary, Community and Social Enterprise) sector through additional contracts totalling £3.7m.

Grant Category	Provisional Outturn	Explanation
Unrealised savings	£3.310m	Due to Covid-19, we have been unable to realise the planned Whole System Change saving of £2.1m. The planned savings from Targeted Interventions (£0.7m) and Bad Debt (£0.5m) have also not been realised due to Covid-19.
Loss of income	£3.650m	The majority of this (£3.24m) relates to income lost due to reduced activity resulting from Covid-19. The balance relates to the period where day services are still not providing the same level and type of service as before meaning that clients cannot be charged for those periods, whilst costs are still incurred.
Underspends	-£15.612m	We are continuing to see the number of people over the age of 65 being admitted to long-term residential and nursing care running at much lower levels than previous years, in particular Nursing. Further underspends have been observed in areas including client travel to day care, staff travel and use of commissioned day care.
Payments for undelivered services (variable fee)	£0.289m	Honouring commitments to planned care visits unable to be completed during the disruption of Covid-19.
Total Covid-19 Revenue Outturn	£16.306m	

Revenue

The CYPE directorate provisional revenue outturn variance, excluding Covid-19 is -£0.250m after roll forwards. Details of the underspend of -£1.423m before roll forwards of £1.173m is detailed below and the roll forwards are set out in Appendix 1.

Business as Usual Revenue Variance by Division

Division	Revenue Budget £m	Provisional Outturn £m	Variance excl. Covid-19 £m
Integrated Children's Services	156.489	155.423	-1.066
Special Educational Needs & Disabilities	70.961	70.314	-0.647
Education	19.545	19.484	-0.061
Strategic Management & Directorate Budgets	3.925	4.276	+0.351
	250.920	249.497	-1.423
Roll forward requests			+1.173
Revised Variance			-0.250

Explanation of Divisional variance, in numerical order:

Division	Variance	Summary	Detail
Integrated Children's Services	-£1.066m	Underspends on care leavers services, and adoption services offset by delay in the delivery of Change for Kent Children (CFKC) savings	<p>Care Leavers Services have underspent by -£1.6m: as part of the savings targets for 2021-22 an in-depth review of all high-cost placements is being undertaken, leading to an initial saving of approximately £1m by ensuring young people are in the most cost effective accommodation. The remaining £0.6m underspend has resulted from lower than originally estimated number of care leavers requesting their council tax to be paid by the Council (introduced as part of an enhanced offer from April 2021).</p> <p>The Adoption Service has underspent by -£0.447m of which -£0.223m relates to the newly formed Regional</p>

Division	Variance	Summary	Detail
			<p>Adoption Agency (Adoption Partnership South East) and has been requested as a committed roll forward.</p> <p>This position also includes a further -£0.166m underspend which has been requested as a roll forward relating to the Wellbeing for Education Return Grant and Extension of duties for Virtual Schools Kent (VSK) to Previously Looked After Children Grant where commitments extend into the following financial year.</p> <p>These underspends have been partially offset by a pressure mainly arising from the delay in achieving the Change for Kent Children (CfKC) savings, the expected profile of savings has changed from when the savings were included in the MTFP (£1m).</p>
Strategic Management & Directorate Budgets	+£0.351m	SEN improvement works	This includes £0.3m of costs in supporting actions to address the Written Statement of Action (WSOA). This is offset by a compensating underspend in the Special Education Needs & Disability Division.
Education	-£0.061m	Additional cost of supporting capital projects	One-off pressures totalling £0.8m relating to capital related projects including: abortive costs of a basic need project following re-evaluation of scope and retention of buildings for educational purposes. Offset by £0.784m underspend to be requested as a roll forward relating to committed activities against the school improvement grant and INTERREG externally funded project.

Capital

The CYPE directorate has a provisional outturn capital variance excluding Covid-19 of -£34.898m. This is made up of a -£1.043m real and a -£33.855m rephasing variance. The underspends predominately relate to Schools projects. Previously reported variances are shown in *italics*.

Real variances over £0.1m and rephasing variances over £1.0m are as follows:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>New Variances to Report:</u>			
Basic Need Kent Commissioning Plan_16 and Previous Years	+2.6	-0.7	Real variance is due to: +£0.1m Covid-19 costs, +£0.5m St Peters CEPS – agreed works had not been completed which KCC then funded, a claim is being pursued, +£1.3m Wilmington Academy and Wilmington Girls Grammar – projects have had contract variations and have incurred additional costs due to pre-construction service agreement costs and S278 works, +£0.5m across four projects due to additional works.
Basic Need Kent Commissioning Plan 17	-0.4	-8.1	Real variance is due to: +£0.8m Covid-19 costs -£1.2m projects no longer progressing -£0.4m Tunbridge Wells Boys Grammar – costs have been value engineered down, +£0.4m Springhead Park Primary – developer contributions have been passed across to the DfE as it is a DfE managed project. Rephasing variance is across a number of projects, and is due to delays due to Covid-19, need for places having been pushed back and changes to project scope, offset by some projects coming forward where works have been accelerated on Maplesden Noakes and Saint George's Secondary.

Basic Need Kent Commissioning Plan 18	-0.2	-1.2	Real variance is due to: -£0.2m Water Meadows Primary where costs were less than forecast. Rephasing variance is across a number of projects due to Covid-19, planning restrictions leading to delays, review of the basic need programme and a delay with DfE project works. This has been offset by a +£3.9m escalating works forward on Tunbridge Wells Grammar School for Boys Annex.
Basic Need Kent Commissioning Plan 19	-1.5	-0.7	Real variance is due to: -£1.2m of projects which are no longer progressing, -£0.4m for Five Acre Wood which is being funded from the Special Schools Review budget, +£0.1m additional costs due to Covid-19. Rephasing variance is due to: +£3m Broomhill Bank – this is a school managed project and funds were paid to the school at the end of March which had been expected to be paid in 21-22. -£3.7m rephasing across 15 projects due to Covid-19 delays, places not needed in originally anticipated timeframe, planning delays and change of project scopes.
<i>Previously Reported Variances:</i>			
Annual Planned Enhancement Programme		-4.1	<i>Rephasing: Due to Covid-19, the uncertainty of buildings being operational and contractors unable to work, there has been a delay on projects across the programme. (Previously reported -£3.3m).</i>
Barton Court Free School		-8.1	<i>This is a Department for Education (DfE) project being managed by KCC. The delivery date has been pushed back from September 2021 to September 2022 by the DfE. (Previously reported -£11.1m).</i>
School Roofs	-1.6	-5.9	<i>The rephasing is reflecting that construction will now start in 21-22. The real variance is due to the detailed feasibilities and costings having now taken place resulting in an expected underspend.</i>
Priority School Build Programme		-1.2	<i>The rephasing relates to Platt Primary School. The final contract sum has been agreed with the Department for Education and works have now started. (Previously reported -2.1m).</i>

Nest 2	-1.6	<i>The project is on hold whilst revenue funding is being sought.</i>
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Covid-19 Outturn

Grant Category	Provisional Outturn	Explanation
Underspends	-£19.527m	Mainly due to reduced demand for home to school/college transport. Other general underspends including savings from closure of open access settings (including extended detached youth offer); delay in commissioning new early help services including Positive Behaviour Service and SEN Parenting Programme; reduced travel and room hire costs across the directorate particularly in social care teams and early help units.
Additional spend (Revenue)	£4.232m	Additional demand across a range of services including increased costs of placing looked after children due to reduced availability of foster care provision and more limited movement of children; increased support for children with a disability and their families; increased number of Education Health and Care Plan referrals; and a revenue contribution to capital to cover extra construction costs and additional mobile hire for the basic need programme.
Loss of income	£2.589m	Loss of income across a range of CYPE services during lockdown mainly in 16+ travel saver and adult learning services.
Unrealised savings	£1.780m	Non delivery of service integration savings due to reprioritisation of resources to Covid-19 response and recovery.
One off payments to the market	£0.737m	Additional payments to support tutors in adult learning and additional payments to foster carer and shared lives carers.
Payments for undelivered variable fee services	£5.415m	Payments to Home to School Transport providers to support their financial stability during the pandemic.
Total Covid-19 Revenue Outturn	-£4.774m	

Revenue

The GET directorate provisional revenue outturn variance, excluding Covid-19 is +£0.346m. Details of the underspend of -£0.519m before roll-forwards of £0.865m is detailed below and the roll forwards are set out in Appendix 1.

Business as Usual Revenue Variance by Division

Division	Revenue Budget £m	Provisional Outturn £m	Variance excl. Covid-19 £m
Highways, Transportation & Waste	133.365	134.616	+1.251
Environment, Planning & Enforcement	17.133	15.776	-1.357
Libraries, Registration & Archives	10.828	10.637	-0.191
Economic Development	4.718	4.505	-0.213
Strategic Management & Directorate Budgets	1.422	1.415	-0.007
	167.467	166.948	-0.519
Roll forward requests			+0.865
Revised Variance			+0.346*

* The actual outturn position is an underspend of -£113.1k. The £0.346k figure shown above includes Brexit costs of £459.7k that are offset against the overall council underspend.

Explanation of Divisional variance, in numerical order:

Division	Variance	Summary	Detail
Waste Facilities & Recycling Centres (Highways, Transportation & Waste)	+£1.191m	Increased haulage costs, price-related variances, site refurbishments and other costs, offset in part by income	Increased haulage costs (+£0.6m), plus material recycling facility tonnage and paper and card price pressures (+£0.5m), additional spend on major site refurbishment (+£0.2m) and other minor variances (+£0.2m). These are offset in part by reduced prices in food composting (-£0.1m) and additional income from materials transferred back to KCC following changes in contracts (-£0.2m). Most have been reflected in the 2021-22 budget build process.
Highway Asset Management (Other) (Highways, Transportation & Waste)	+£0.918m	Drainage and winter maintenance overspends following recent adverse weather, partly offset by streetlight energy and maintenance and income.	<p>This budget is showing an overspend within drainage (+£2.1m) following considerable and persistent rainfall. Given this budget has been overspent for the past two years and a change in weather patterns, additional budget has been built in for 2021-22.</p> <p>There is also an overspend of £0.5m within winter maintenance following the heavy snow and freezing conditions in February. Underspends against streetlight energy and maintenance, together with additional permit and street works income, combine to reduce this by -£1.2m.</p>
Kent Travel Saver (Highways, Transportation & Waste)	-£0.889m	Payments to operators lower than anticipated and grant funding.	This is due to anticipated additional costs on a number of Kent Travel Saver focused services not materialising as well as grant funding received in-year.
Public Protection (Enforcement) (Environment, Planning & Enforcement)	-£0.978m	Staffing underspend and additional income.	This primarily arises from -£0.5m underspend on staffing and additional income of -£0.4m.

Capital

The GET directorate provisional capital outturn is a variance excluding Covid-19 of -£82.178m. This is made up of a +£38.271m real and -£120.449m rephasing variance. Previously reported variances are shown in *italics*.

Real variances over £0.1m and rephasing variances over £1.0m are as follows:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>New Variances to Report:</u>			
Highway Major Enhancement (Highways, Transportation & Waste)	2.1		The real variance is due to increased spend on roads due to Brexit and is funded by a revenue contribution.
Old Schemes Residual Works (Highways, Transportation & Waste)	-0.2		The small underspend is due to unrealised creditors, some of which will be used against Kent Medical Campus.
Government Transition Works (Highways, Transportation & Waste)	31.8		The variance relates to works at Sevington for the Inland Border Facility, all of which is to be funded from Government Grant.
National Productivity Investment Fund – Kent Medical Campus (Highways, Transportation & Waste)	0.2		The small overspend will be funded from underspends on the Old Schemes Residual Works.
LED Conversion (Highways, Transportation & Waste)		-2.2	The rephasing is due to a slower adoption rate of streetlights than anticipated.
A252 Safer Roads Fund (Highways, Transportation & Waste)		-1.1	This programme of works has been delayed due to the Brexit embargo.
M2 Junction 5 (Highways, Transportation & Waste)		-2.5	The scheme has been rephased
Emergency Active Travel Fund (Highways, Transportation & Waste)	0.4		Additional works undertaken on this scheme to be funded from Integrated Transport grant.
Public Rights of Way (Environment, Planning & Enforcement)	0.1		Additional PROW works funded by additional S106 and grant.

Mobile Library Vans (Environment, Planning & Enforcement)	0.5		The purchase of 5 mobile library vans has been correctly transferred to capital expenditure and is funded from a revenue contribution (renewals reserve).
Innovation Investment Fund (I3) (Economic Development)		-1.7	The fund has been rephased in line with current scheme profiles.
Javelin Way Development (Economic Development)	0.6	-6.1	Rephasing is due to delays caused by Covid-19 and ecology issues. The real variance is due to additional funding received in-year.
Kent & Medway Business Fund – Recovery Loans (Economic Development)		-1.4	Uptake during the year was not as originally profiled, so rephased to next year.
Kent & Medway Business Fund – Capital Growth (Economic Development)		-1.7	Uptake during the year was not as originally profiled, so rephased to next year.
<i>Kent Empty Property Initiative – No Use Empty (Economic Development)</i>	0.7	-3.3	Rephasing is attributed to projects which are approved but span more than one financial year, loans which were repaid ahead of schedule (£1m) and additional funding received (£0.2m).
Turner (Economic Development)	1.0	-0.6	Real variance - Additional funds received for additional works on the car park and adjoining RNLI site.
<u><i>Previously Reported Variances:</i></u>			
<i>Highway Major Enhancement (Highways Transportation & Waste)</i>		-27.7	<i>Rephasing relates to a combination of Thanet Way Challenge Fund 2b (£4m) for works that will now be undertaken early in 21-22, as well as maintenance schemes (£23m) that have been delayed until early summer 2021 due to being heavy on design and the onset of winter and associated weather restrictions. Brexit embargos have also led to delays on various planned works. (Previously reported -£14.8m).</i>
<i>Manston Green (Highways Transportation & Waste)</i>		-1.2	<i>The project has been re-phased by two years in order to seek alternative funding following the mutually agreed withdrawal of Homes England funding.</i>

<i>Integrated Transport (Highways, Transportation & Waste)</i>	0.8	<i>Various additional schemes to be funded by external funding and developer contributions. (Previously reported +£0.9m)</i>
<i>Kent Thameside Strategic Transport Programme (Highways, Transportation & Waste)</i>	-5.7	<i>The rephasing is due to the Thames Way project being put on hold pending the completion of the master planning in the area by Ebbsfleet Development Corporation. (Previously reported -£8.9m)</i>
<i>National Productivity Investment Fund – Kent Medical Campus (Highways, Transportation & Waste)</i>	-6.8	<i>Delays on the project are a result of an objection raised during the planning application process, issues with the tender documentation and earlier delays due to Covid-19. (Previously reported -£6.6m).</i>
<i>Fastrack Full Network – Bean Road Tunnels (Highways, Transportation & Waste)</i>	-5.8	<i>The funding agreements have taken longer than expected and Covid-19 has also slowed progress since March. Consequently, the engagement of a contractor and the design phase has been delayed. (Previously reported -£5.3m).</i>
<i>Maidstone Integrated Transport (Highways, Transportation & Waste)</i>	-5.3	<i>Covid-19 has affected the ability to deliver this full programme as was initially expected and therefore some works will need to be rolled into future financial years (previously reported -£5.1m).</i>
<i>Sturry Link Road (Highways, Transportation & Waste)</i>	-4.1	<i>The project has been delayed by 6-9 months due to Covid-19 and developer funding delays (Previously reported -£3.6m).</i>
<i>Thanet Parkway (Highways, Transportation & Waste)</i>	-6.5	<i>The delays to this project are due to Covid-19 and the subsequent delays to the planning determination from May 20 to September 20 when approval was granted. Further delays are due to inclement weather and covid restrictions on site. (Previously reported -£3.2m).</i>
<i>Dover Bus Rapid Transit (Highways, Transportation & Waste)</i>	-2.9	<i>KCC is the delivery partner of this project and any Covid-19 impact will not be a risk to KCC, however the spend associated with the project has been re-profiled. (Previously reported -£2.0m).</i>
<i>Kent Thameside LSTF (Highways, Transportation & Waste)</i>	-2.1	<i>The Gravesend Bus Hub has experienced delays to the start date due to the tender process taking longer than anticipated. New designs are required for the Princes Road project hence leading to a delayed start date. (Previously reported -£1.5m).</i>

<p>A2 Off Slip Wincheap, Canterbury (Highways, Transportation & Waste)</p>	<p>-1.5</p>	<p>Project timescales have changed due to external pressures and the requirement for Highways England agreement for a desired scheme.</p>
<p>Leigh (Medway) Flood Storage Areas (Highways, Transportation & Waste) Flood is EPE isn't it?</p>	<p>-1.5</p>	<p>Due to last winter's flooding there have been delays to the project due to ongoing negotiations with partners on where best to implement schemes. Talks have also been delayed due to Covid-19.</p>
<p>Dartford Town Centre (Highways, Transportation & Waste)</p>	<p>-1.5</p>	<p>Delays are due to Covid-19. (Previously reported - £1.4m)</p>
<p>Digital Autopsy (Environment, Planning & Enforcement)</p>	<p>-2.1</p>	<p>The forecast has been reprofiled to fit with the expected build profile. Some delays have occurred due to Covid-19 as this was the site of the temporary resting place causing delays to land surveys and demolition taking place. (Previously reported -£2.0m).</p>
<p>Kent & Medway Business Fund (K&MBF) (Economic Development)</p>	<p>-11.7</p>	<p>A limited number of loans were issued during the financial year which is attributed to the core Business Loan Scheme primarily being put on hold as Covid-19 specific K&MBF schemes were initiated and delivered in line with government directives of high priority to meet the needs of businesses as part of the response/recovery process. Therefore re-phasing required to ensure there is differentiation between current or future government support schemes versus the sector specific schemes across Kent & Medway. Covid-19 specific schemes using core funds are reported separately above i.e.. Recovery Loans and Capital Loans budget lines. (Previously reported - £11.4m).</p>

Covid-19 Outturn

Grant Category	Provisional Outturn	Explanation
Additional spend (Revenue)	£9.322	Additional service provision for emergency mortuary and associated staffing costs, along with a number of Waste-related areas of expenditure. These include a significant increase in kerbside tonnes being presented at Waste Transfer Stations during lockdown and where people home-working (plus Household Waste Recycling Centres (HWRCs) were closed initially, then operating at reduced capacity); providing additional support to districts for Waste Collection; impact on commodity prices for recycled materials; costs associated with the closing and re-opening of HWRCs). Also costs of PPE, cleaning, sanitiser, ICT, etc.
Underspends	-£14.202	Public Transport costs eligible for Government grant and reductions in Waste tonnage at our HWRC's, which were initially closed during lockdown. Subsequently there were lower than budgeted visits/tonnes as the booking system was introduced to ensure compliance with social distancing. Other general underspends across the directorate due to home-working and reduced activity.
Loss of income	£9.443m	Income Loss including Kent Travel Saver (less passes in issue, refunds), as well as reduced operations at Libraries, Registration, and Country Parks. Other minor income impacts across various services that will continue into 2021-22.
Unrealised savings	£0.117m	Delay in awarding of a new food waste contract.
Market sustainability – one off payments	£0.223m	Support to maintain financial stability in the Waste sector. Other market sustainability was paid within Public Transport as referenced below.
Payments for undelivered variable fee services	£4.023m	Support to maintain financial stability mainly in public transport, partially offset by Government grant for those services that were not within fixed price contracts.
Total Covid-19 Revenue Outturn	£8.926m	

The S&CS Directorate provisional revenue outturn variance, excluding the impact of Covid-19 is -£2.746m after roll forwards. Detail of the underspend of -£2.892m before roll forwards of £0.146m is detailed below and the roll forwards are set out in Appendix 1.

Business as Usual Revenue Variance by Division

Division	Revenue Budget £m	Provisional Outturn £m	Variance excl. Covid-19 £m
Infrastructure	24.011	23.472	-0.539
Business Service Centre	0	0.009	+0.009
Corporate Landlord	23.096	23.022	-0.074
People & Communication	12.897	12.773	-0.124
Finance	9.898	9.703	-0.195
Strategic Commissioning including Public Health	8.248	7.593	-0.655
Governance, Law & Democracy	8.615	7.674	-0.941
Strategy, Policy, Relationships & Corporate Assurance	1.961	1.939	-0.022
Strategic Management & Directorate Budgets	-1.249	-1.600	-0.351
	87.477	84.585	-2.892
Roll forward requests			+0.146
			-2.746

Explanation of Divisional variance, in numerical order:

Division	Variance	Summary	Detail
Governance Law & Democracy	-£0.941m	Member Grant underspend	Underspend on member grants that are not permitted to be rolled forward into an election year (-£0.835m) and additional School's appeals income (-£0.104m)
Strategic Commissioning	-£0.655m	Mainly short-term staffing vacancies	Strategic Commissioning underspend is due to short-term staffing vacancies, additional Grant income, and other minor variances. Of this £0.135m, is subject to a roll forward request for a

Division	Variance	Summary	Detail
			few small items that could not be completed this year.
Infrastructure	-£0.539m	Increased capitalisation of staff costs and Asylum income for Oakwood, offset by other variances.	Underspend due to increased capital activity; Oakwood House operating costs met from the Asylum Service as the building was being used for Asylum seekers accommodation; off-set by additional expenditure relating to the removal of Gen2 support income no longer chargeable and settlement of historic liability for various NHS sites and dual running costs in ICT 3 rd party contracts due to the change in support arrangements for Oracle.
Strategic management & Directorate Budgets	-£0.351m	Reduced early retirement costs	Strategic Management underspend is due primarily to reduced early retirement costs this year.
Finance	-£0.195m	Staffing underspend and additional income	Primarily staffing with additional income received on internal audit.
People & Communication	-£0.124m	Kent Graduate Scheme underspend	Recruitment of Cohorts under Kent Graduate Scheme has resulted in a one year only underspend with full year costs expected next year.

Capital

The S&CS directorate has a provisional capital outturn variance excluding Covid-19 of -£63.902m, made up of a -£45.986m real variance and a -£17.916m rephasing variance. Previously reported variances are shown in *italics*.

Real variances over £0.1m and rephasing variances over £1.0m are as follows:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>New variances to report:</u>			
Disposal Costs	-0.3		This budget relates to costs of disposing of the Council's assets and there are fluctuations year on year.
Acquisition of Strategic Assets	-42.1		This budget was removed during the 2021-24 budget process. (Previously reported -£41.8m rephasing).
Local Area Network Refresh	+1.1		Laptop and mobile phone purchases have been capitalised at year end in accordance with accounting regulations, funded by revenue.
Property Investment Funds 1 and 2	-5.4		These budgets were removed during the 2021-24 budget process. (Previously reported -£5.4m rephasing).
Feasibility Fund	+0.8		The feasibility fund is a new line in the 2021-24 capital programme. Some funding has been brought forward to 2020-21 for feasibility works on the Bluebell Hill highways scheme.
<u>Previously Reported Variances:</u>			
<i>Community Sexual Health Services</i>	<i>-0.2</i>		<i>The variance reflects actual spend on various sites and delays due to Covid-19. (Previously reported -£0.1m).</i>
<i>Asset Utilisation – Oakwood House</i>		<i>-6.0</i>	<i>There are delays due to emergency use of the Oakwood House as asylum accommodation.</i>
<i>MOA Plus</i>		<i>-3.9</i>	<i>Spend has been reprofiled in line with expectations. (Previously reported -£2.5m).</i>
<i>Asset Utilisation</i>		<i>-2.0</i>	<i>Service level requirements have been re-evaluated due to Covid-19 and hence the forecast has been rephased. (Previously reported -£1.8m).</i>

<i>Live Margate</i>	-3.5	<i>This money has been rephased pending a review of the options for the development of some properties. (Previously reported -£1.6m).</i>
<i>Dover Discovery Centre</i>	-1.4	<i>Following stage 2, design consultants have quoted their fees for the remaining stages and there is now a clearer picture of the spread of costs for this project, which has resulted in rephasing.</i>
<i>Options for Strategic Estate</i>	-0.3	<i>Money had been brought forward to fund the development costs for the next phase of the strategic headquarters project, but this not been required in this financial year. (Previously reported +1.3m).</i>

Covid-19 Outturn

Grant Category	Provisional Outturn	Explanation
Additional Spend (Revenue)	£9.254m	Additional council-wide costs including: the provision of PPE and sanitiser across all services; additional staffing to handle increased call volumes in the KCC contact centre; and additional ICT infrastructure to enable staff to work from home, such as laptops and licenses for A2K and Microsoft Teams and early implementation of Microsoft E5 licence. Also, costs related to reopening buildings, surveys, and adaptations to make offices Covid-19 secure and enhanced cleaning specification. Members' Grants given for Covid-19 related community support and other revenue grants to the VCS, Civil Society Strategy Grant. £0.278m relates to Public Health, made up of support to the voluntary sector and additional capacity for substance misuse services.
Underspends	-£3.696m	Reduced costs for printing and copying with an offsetting reduction included in Loss of Income below. There are savings on Total Facilities Management and electricity costs due to some properties remaining closed. -£1.72m relates to Public Health made up of costs eligible for the Hospital Discharge Grant, supplier relief payments for GPs and Pharmacies already budgeted for.
Loss of income	£0.926m	For Managed Print there is forecast reduced income with an offsetting cost saving in underspends, and other variances each of which is under £0.1m
One off payments to the market	£0.010m	

Grant Category	Provisional Outturn	Explanation
Payments for undelivered services (variable Fee)	£0.251m	Support to maintain the financial stability of GP practices and pharmacies.
Unrealised savings	£0.016m	
Total Covid-19 Revenue Outturn including PH	£6.761m	

Revenue

FI&U provisional revenue outturn variance, excluding Covid-19 is -£5.509m.

Business as Usual Revenue Variance by Division

Division	Revenue Budget £m	Provisional Outturn £m	Variance excl. Covid-19 £m
Financing Items & Unallocated	146.868	141.359	-5.509

The variance is explained below:

Division	Variance	Summary	Detail
Financing Items & Unallocated	-£5.509m	Underspending against the budget for the retender of contracts for Adult Social Care, together with underspending on net debt costs	A £3.9m underspend against the budget for the retender of Care & Support in the Home and LD/PD/MH residential care, which is partly due to there only being a part year impact in 2020-21. A £1.4m underspend on net debt costs mainly due to no new long-term borrowing being taken in 2020-21.

Covid-19 Outturn

Grant Category	Provisional Outturn	Explanation
Loss of Income	£1.500m	Reduction in the return from our companies.
Unrealised savings	£0.120m	Impact of Covid on the financial markets and base rates resulting in a reduced return on our investments.
Additional spend (Revenue)	£0.022m	External Audit Fee variation for 2019-20 audit due to Covid time impact.
Total Covid-19 Revenue Outturn	£1.642m	

The Schools' Delegated Budget reserve has ended the financial year with a surplus of £4.9m, compared to a surplus of £13.8m at the start of the financial year.

This is made up of a surplus of £56.0m on individual maintained school balances, and a deficit on the central schools' reserve of £51.1m. The table below provides the detailed movements on each reserve.

Dedicated Schools Grant (DSG) budgets held centrally have overspent by £3.9m and this is predominately linked to the additional cost of supporting Special Educational Needs centrally commissioned services.

	Individual School Reserves	Central Schools Reserve	Total School Reserves	<i>Note: a negative figure indicates a drawdown from reserves/deficit</i>
Balance brought forward	35.3	-21.5	13.8	
Forecast movement in reserves:				
Academy conversions and closing school deficits	-0.72		-0.72	
Reduction in School deficit balances	1.42		1.42	
Increase in School surplus balances	19.91		19.91	
School Growth		0.69	0.69	
Falling Rolls		0.67	0.67	
High Needs Placements & Inclusion Fund		-28.6	-28.6	
Various		-1.64	-1.64	
Overspend on Central DSG Budgets		-3.9	-3.9	
Forecast reserve balance	55.95	-51.05	4.90	

In accordance with the statutory override implemented by the Ministry of Housing, Communities & Local Government (MHCLG) during 2020-21, and in line with the Department for Education (DfE) advice that local authorities are not expected to repay deficits on the DSG from the General Fund and can only do so with Secretary of State approval, the central DSG deficit of £51.1m will be held in a separate unusable reserve from the main council reserves. This statutory override is expected to be in place for the next three years whilst Councils implement recovery plans. The Council continues to work with the Schools Funding Forum to set out the challenge and agree a plan to address the deficit which has more than doubled. The DfE is expected to make contact with local authorities to discuss the detail of their plan and next steps.

Key Issues	Details
Reduction in government funding for Central Services	<p>Since 2020-21, the Government has reduced the amount used to support some of the central services currently funded from the DSG. In the short-term this has been addressed in 2021-24 Medium Term Financial Plan without any direct impact to schools however during the next year we will need to review our relationship with schools in line with Government policy and funding.</p>
Higher demand and higher cost for high needs placements	<p>The in-year funding shortfall for High Needs placements was +£38.4m due to a combination of both higher demand and higher cost per child. There have been similar levels of growth in the use of higher cost placements as seen in previous years since the introduction of the legislative changes in 2014. This pressure has been offset by a one-off underspend on activities to support inclusive practices in mainstream schools (-£9.8m). Work has been underway to establish how this fund should be used but activity in relation to this programme of spend is now expected to occur in 2021-22 due to Covid-19 related delays.</p>
	<p>It is important to note this is not a Kent phenomenon; and this pressure is being experienced in many other local authorities to varying degrees. In response, the Government launched a major review into support for children with SEN however the outcome has been delayed and is not expected until June 2021. In the interim, further funding is being provided, however, as can be seen from the outturn, this has been insufficient to meet the demand. This position reflects the fact that more funding can only be part of the answer and that there is need for wider legislative reform.</p>
	<p>The Written Statement of Action (WSOA), put in place to address a number of areas of concern raised in last year's Ofsted/CQC Local Area SEND Inspection, overlaps in a number of places with our strategy for reducing the pressure on the High Needs budget which includes:</p>
	<ul style="list-style-type: none"> • Reviewing our commissioning strategy for SEN provision across the county including supporting the development of new special schools and Specialist Resource Provisions to reduce our increasing reliance on independent schools • Reviewing commissioning arrangements with independent providers. • Improving parental confidence through supporting inclusive practice and capacity building in mainstream schools • Further collaborative working with Health and Social Care partners
	<p>Work is progressing however progress has been slower/paused/stopped due to the Covid-19 pandemic. There are also wider concerns on the longer-term impact of children being out of school during the Summer Term on this budget.</p>

2020-21 REVENUE BUDGET PROPOSED ROLL FORWARDS

£'000

1	2020-21 provisional business as usual underspend		-14,448.6
2	Details of committed projects where we have a legal obligation or contractual commitment:		
a) Adult Social Care & Health			
i)	Rephasing of Kent & Medway Safeguarding Vulnerable Adults Committee into 2020-21	This represents KCC's share of the underspend of the Kent & Medway Safeguarding Vulnerable Adults Committee. Under the terms of the inter-agency agreement, KCC has an obligation to provide this funding to the Committee. The underspending relating to partners contributions is held in a Fund.	63.8
ii)	Various external funded projects	This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.	279.1
b) Children, Young People & Education			
i)	Regional Adoption Agency	Committed for ongoing delivery of the RAA Project.	222.9
ii)	BHC21 - INTERREG VA 2 SEAS externally funded project	Committed match-funding for on-going project delivery.	34.1
c) Growth, Environment & Transport Directorate			
i)	Various external funded projects	This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.	510.7
ii)	Barnfield GTS site	Phase 1 of a significant clean up and improvement works has been commissioned. Contracts agreed with two companies for waste clearance and fencing. The work commenced late 2020-21 but delayed by the weather as ground conditions were very poor; it will be completed in early 2021-22.	119.1
iii)	Meopham and Herne Windmills	Urgent works, including health and safety, required to the two windmills. Weatherboarding repairs for Meopham and sweep repairs and new sweeps for Herne. Works commissioned with two contractors were expected to be completed in 2020-21 but delayed by the weather.	101.0
iv)	Public Transport Novus software upgrade	Software upgrade for managing transport data which was due to be completed in 2020-21 but will not be delivered until 2021-22.	45.7
v)	Domestic Homicide Review	Underspend on KCC share of the partnership. The underspending relating to partners contributions is held in a Fund.	1.2
d) Strategic & Corporate Services			
i)	Various external funded projects	This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.	51.7
ii)	Mac Equipment	New Mac Equipment for Comms Team has been ordered and will be received in 2021-22.	9.9
Total of committed projects			1,439.2

3 Details of re-phasing required to continue/complete an initiative where we are not yet legally/contractually committed

£'000

a) Adult Social Care & Health			
i)	Covid 19 Clinically Extremely Vulnerable Grant	Unspent un-ringfenced grant received in 2020-21 required for costs that will be incurred in 2021-22	3,211.3
ii)	Kent Support and Assistive Service	KSAS BAU underspend to be utilised in 2021-22 to deal with continuing demand.	178.3
b) Children, Young People & Education			
i)	School Improvement Grant	To be used to fund planned school improvement related activity in 2021-22.	750.0
ii)	Wellbeing for Education Return Grant	Schools closed after grant received so now required for a wider reconnect programme in schools in 21-22.	121.3
ii)	Previous Looked After Children (PLAC) Implementation Grant	Delays in recruitment resulting in unspent grant funding. This roll forward request is to fund staffing costs and events in 2021-22.	44.7
c) Growth, Environment & Transport			
i)	Lower Thames Crossing (LTC)	This budget is to cover a number of consultation responses.	50.0
ii)	Trading Standards Doorstep crime	A one-off fixed term post to deliver a permanent multi agency product to better pre-empt and tackle doorstep crime. The scheme has been delayed due to member of staff leaving and it has been re-phased into 2021-22.	29.7
iii)	Serious Crime Project	Funding was for one year but the member of staff spent 2 months on covid work and the roll forward will cover costs to the completion of the project.	7.6
d) Strategic & Corporate Services			
i)	Strategic Commissioning GDPR Compliance	This underspend relates to a project on GDPR to achieve a higher level of assurance. GDPR audits 2nd stage are planned for 2021-22 and internal audit engaged.	33.7
Total of re-phasing			4,426.6
4 Bids for Roll Forward not already committed			
a) Strategic & Corporate Services			
i)	Chartered Institute of Procurement & Supply (CIPS)	Completion of the CIPS accreditation programme which has been delayed due to Covid-19.	50.0
Total of Bids			50.0

5 Time critical service priority requests

£'000

a) Children, Young People & Education		
i) Therapy Services	Funding would employ an additional case coordinator and specialist OT to support additional referrals to the service for up to 18 months.	160.4
ii) SEN – additional specialist provision	SEN have needed to employ expensive temps as they have been unable to use their normal recruitment process.	100.0
b) Growth, Environment & Transport		
i) Pothole Blitz	Pothole Blitz return of 2020-21 RCCO.	3,000.0
ii) Closed landfill sites	Environmental works needed at North Farm to ensure compliance and allow Solar Park project to complete, environmental restoration at Sturry road, new CCTV at Church Marshes/Sturry Road and replacement of electrical mechanical food equipment at Church Marshes.	1,206.0
iii) Provision of additional LCMSMS and GCMS instruments	Provision of additional LCMSMS and GCMS instruments to allow greater capacity for toxicology testing in both screen testing and quantification testing.	200.0
£'000		
iv) Kent Scientific Services (KSS) metrology equipment that requires updating and replacement van	KSS metrology equipment that requires updating, as well as KSS replacement van for collecting samples.	35.0
v) London Resort	KCC contribution to the joint appointments to cover the period of the enquiry.	175.0
vi) Visit Kent - Experience Project	An EU project match funded by KCC cash with 2.5 years to run from 2021-22.	147.0
vii) Signal box move - Dover		140.0
viii) Serious and Organised Crime	Serious and Organised Crime - first year of 2 year pilot (2nd year to come from Transformation Fund).	130.0
ix) Planning apps	1 year post for Enforcement to address ongoing and extensive Member/ and member of public enquiries.	75.0
x) Swanley HWRC	Improvements for customer access to bins; Gangways £10,500 each x4. Extra safe tread for Swanley Gangways £3600 X6 (2 existing and 4 new).	63.6
xi) Local Transport Plan 5 (LTP5)		50.0
xii) Remote sensing drainage pumps		50.0
xiii) Highway Inspectors (uncapitalise inspectors time)		50.0
xiv) Mapping and Digitising Farmers snow routes		50.0
xv) Grant Finder	Grant Finder which provides information to across KCC and voluntary/business sector to be renewed.	33.0
xvi) Refresh the Kent and Medway Workforce Skills Evidence Base	Undertaken in 2020-21 - currently unfunded.	25.0
xvii) HWRC repairs	Metal work to split paper and card at Pepperhill £1000, New Romney Drainage improvements to reduce flood risk £5000, Dunbrik Drain Gate improvement to reduce debris and major drainage cleansing £9,000, signage refresh across sites £5000, Margate entrance retaining wall repair £1500.	21.5
xviii) Installation of fibre at replacement premises for Kent High Weald Countryside Partnership		8.0

£'000

c) Strategic & Corporate Services			
i)	Temporary lease of high availability SAN for Sessions and Medway Datacentres	Temporary lease of high availability SAN for Sessions and Medway Datacentres - 12 month lease c. £120k plus £200k implementation.	350.0
ii)	Wider use of Windows Virtual Desktop	Wider use of Windows Virtual Desktop to replace legacy Remote Desktop Services and RDA.	250.0
iii)	Move of Data Shares to one drive and SharePoint on line		200.0
iv)	Review and renew technology architecture	Review and renew technology architecture at Sessions to improve recovery	100.0
v)	Shared space project	£60K to test develop and pilot supporting technology that would enable share workspace across all partners, including desk booking, shared entry and ID cards and seamless connection to partners IT network via Kent connects partnerships. £60K for a project resource to lead on the technology side of this project.	120.0
vi)	Investment in reporting and analytics capability	Investment to deliver direct reporting of HR data from Oracle	120.0
vii)	Additional resource in Finance	To support implementation of Outcome Based Budgeting and CIPFA Financial Management Review.	100.0
viii)	System development costs	The development of Delta platform to enable virtual learning integration i.e. Teams.	10.0
ix)	Social Value Platform		175.0
x)	Staff resource to implement Social Value Platform		42.0
xi)	Resource to Support Strategic Commissioning Projects	Temporary resource for Strategic Commissioning to implement the Contract Management System, training days, EBC project role and PO Purchase work	255.0
xii)	Resource to support revenue and capital reporting	Additional finance resource to implement Power BI revenue and capital reporting.	150.0
xiii)	Inclusion and Diversity - Mental health.	Temporary HR resource to support sickness intervention/reporting work across the organisation and the implementation of the financial wellbeing support product	53.0
xiv)	Inclusion and Diversity - Wider Inclusion and Diversity agenda	£50k to create internal marketing collateral to support engagement across KCC and promote the 6C model/values, etc. £20k to support facilitation of additional action learning sets. £43k for temporary additional HR/OD resource to provide project based support for the agenda corporately and in service directorates, including linking to the work being done as part of the MADE and other programmes.	113.0
Total of Time critical service priority requests			7,757.5
6 Overspend balance after roll forward requests			-775.3

£'000

7	2020-21 provisional Covid-19 underspend		-55,583.4
8	Details of committed projects:		
i)	Helping Hands	Supporting Financial Hardship and Digital Inclusion	16,000.0
ii)	Base in MTFP, Covid Related	Market Sustainability	5,000.0
iii)	Reconnect	Additional funding requirement	7,500.0
iv)	E-books for the Library Service	To support those self-isolating whilst the libraries remain closed- additional allocation in 2021-22.	150.0
v)	COVID-19 Scams Champion	To deliver accelerated outreach and multi-agency partnership development programme	50.0
vi)	Cyclopark	Loss of income	40.6
vii)	Post to develop our digital LRA delivery	To deliver virtual events, social media etc	34.0
viii)	Kickstart programme delivery	HR resource to support the delivery of the kickstart programme	33.7
ix)	Staff Recruitment	Development of remote interviewing as an option on Tribepad system	1.8
	Total of committed projects		28,810.1
9	Overspend balance after roll forward requests		-26,773.3

APPENDIX 2 - CAPITAL RE-PHASING

CYPE	2020-21 £'000	2021-22 £'000	2022-23 £'000	Future years £'000	Total £'000
Management & Modernisation of Assets - Youth	-72	72			0
Annual Planned Enhancement Prog	-4,129	4,129			0
Modernisation Prog	-829	829			0
School Roofs	-5,952	5,952			0
Basic Need Kent Commissioning Plan 16	-658	1,658	-1,000		0
Basic Need Kent Commissioning Plan 17	-8,126	9,076	-950		0
Basic Need Kent Commissioning Plan 18	-1,229	863	366		0
Basic Need Kent Commissioning Plan 19	-713	-2,787	3,500		0
Barton Court Free School	-8,122	7,262	860		0
Special School Review Phase 2	-992	992			0
John Wallis Academy	-332	332			0
Priority School Build Programme	-1,151	1,151			0
Nest 2	-1,550	1,550			0
TOTAL CYPE REPHASING	-33,855	31,079	2,776	0	0
Rephasing already actioned through Budget Build	-28,706	27,533	1,173		0
Remaining rephasing to action from outturn	-5,149	3,546	1,603	0	0

ASCH	2020-21 £'000	2021-22 £'000	2022-23 £'000	Future years £'000	Total £'000
Learning Disability Good Day Programme	-2,876	1,976	900		0
Developer Funded Community Schemes	-45	45			0
Hedgerows	-326	-309	635		0
Older Persons Strategy - Extra Care Facilities		-16,800	4,000	12,800	0
TOTAL ASCH REPHASING	-3,247	-15,088	5,535	12,800	0
Rephasing already actioned through Budget Build	-3,228	-15,107	5,535	12,800	0
Remaining rephasing to action from outturn	-19	19	0	0	0

GET - Highways, Transportation & Waste	2020-21 £'000	2021-22 £'000	2022-23 £'000	Future years £'000	Total £'000
Major Schemes Preliminary Design Fees	-295	145	150		0
Highway Major Enhancement	-27,651	24,751	-2,100	5,000	0
Integrated Transport Schemes	-1,291	1,291			0
Old Schemes Residual Works	-492	300	180	12	0
Energy & Water Efficiency Investment Fund	-101	101			0

	2020-21	2021-22	2022-23	Future	Total
GET - Highways, Transportation & Waste	£'000	£'000	£'000	years	£'000
				£'000	
Energy Reduction & Water Efficiency Investment	-15	15	-129	129	0
Kent Medical Campus (NPIF)	-6,860	4,284	2,576		0
Street Lighting Concrete Column Replacement	-34	34			0
LED Conversion	-2,185	185	2,000		0
Live Labs	-382	382			0
Thanet Parkway Railway Station	-6,512	-3,588	8,946	1,154	0
Windmill Weatherproofing	-169	169			0
Leigh Flood Storage Areas	-1,500	1,500	-2,500	2,500	0
Kent Thameside Strategic Transport (STIPS)	-5,712	-1,396	10	7,098	0
Urban Traffic Management Control	-444	-796	1,240		0
Rathmore Road Link	-260	116	144		0
A226 St Clements Way	-262	169	49	44	0
A28 Chart Road	-258	356	-969	871	0
Bath Street		-4,418	4,420	-2	0
Maidstone Integrated Transport	-5,262	3,337	1,925		0
M20 Junction 4 Eastern Overbridge	-59	24	23	12	0
Tunbridge Wells Junction Improvements	-781	781			0
Sturry Link Road, Canterbury	-4,090	-6,179	199	10,070	0
West Kent LSTF	-190	190			0
Kent Strategic Congestion Management	-748	748			0
Kent Thameside - Integrated Door to Door Journeys	-2,164	2,164			0
Kent Sustainable Interventions	-553	553			0
Dartford Town Centre	-1,508	1,008	500		0
A2500 Lower Road Improvements	-46	46			0
A2 Off Slip Wincheap	-1,500	-699	1,498	701	0
Herne Relief Road	-403	403	-15	15	0
Waste Compactor Replacement	-362	362			0
A252 Safer Roads Fund	-1,131	1,131			0
A290 Safer Roads Fund	-766	766			0
M2 Junction 5	-2,500	2,500			0
Housing Infrastructure Fund - Swale Infrastructure Projects	-167	3,532	-6,614	3,249	0
Dover Bus Rapid Transit	-2,886	-9,903	12,664	125	0
Fastrack Full Network - Bean Road Tunnels	-5,804	5,714	90		0
Newingreen A20 Junction Improvement	-862	-1,926	2,449	339	0
New Transfer Station - Folkestone & Hythe	-491	-5,554	6,045		0
Faversham Swing Bridge	64	-64			0
Electric Van Scheme	-508	508			0
Kent Active Travel Fund	-143	143			0
Green Corridors	-440	440			0
Manston Green	-1,213	-4,215	379	5,049	0
Market Square Dover	-372	372			0
					0

TOTAL HIGHWAYS, TRANSPORTATION & WASTE REPHASING	-89,308	19,782	33,160	36,366	0
Rephasing already actioned through Budget Build	-51,689	1,092	14,245	36,352	0
Remaining rephasing to action from outturn	-37,619	18,690	18,915	14	0

	2020-21	2021-22	2022-23	Future	Total
	£'000	£'000	£'000	years	£'000
				£'000	
GET - Environment, Planning & Enforcement					
Country Parks	-109	109			0
Public Rights of Way	-162	162			0
Public Sports Facilities Grants	-11	11			0
Sustainable Access to Education and Employment	-31	31			0
Tunbridge Wells Cultural Hub	-25	25			0
Herne Bay Gateway - Library Plus	-424	424			0
Southborough Hub	-345	345			0
Essella Road Foot Bridge	-238	238			0
Digital Autopsy	-2,156	1,656	500		0
TOTAL ENVIRONMENT, PLANNING & ENFORCEMENT REPHASING	-3,502	3,002	500	0	0
Rephasing already actioned through Budget Build	-2,633	2,133	500	0	0
Remaining rephasing to action from outturn	-869	869	0	0	0

	2020-21	2021-22	2022-23	Future	Total
	£'000	£'000	£'000	years	£'000
				£'000	
GET - Economic Development					
Village Halls & Community Centres	-44	44			0
Innovation Investment Initiative (I3)	-1,687	1,455	232		0
Broadband Contract 2 Superfast Extension Prog		-1,349	1,349		0
Javelin Way Development	-6,141	6,141			0
Kent & Medway Business Fund	-11,694	2,851	8,843		0
Kent Empty Property Initiative	-3,325	1,406	1,500	419	0
Kent Broadband Voucher Scheme	-275	-1,787	2,062		0
Marsh Million	-269	269			0
Connecting Rural Kent and Medway Broadband Project	-261	261			0
Kent & Medway Business Fund - Recovery Loan	-1,433	1,433			0
Kent & Medway Business Fund - Capital Growth	-1,695	1,695			0
Turner	-641	641			0
Workspace Kent	-175	175			0
					0
TOTAL ECONOMIC DEVELOPMENT REPHASING	-27,640	13,235	13,986	419	0
Rephasing already actioned through Budget Build	-16,391	2,396	13,995	0	0
Remaining rephasing to action from outturn	-11,249	10,839	-9	419	0

	2020-21	2021-22	2022-23	Future	Total
S&CS	£'000	£'000	£'000	years	£'000
				£'000	
Modernisation of Assets	-625	964	-339		0
Property Investment Fund	-170	170			
Asset Utilisation	-2,014	1,110	904		0
Oakwood House Transformation	-6,088	2,746	3,342		0
Dover Discovery Centre	-1,399	-2,413	3,812		0
Live Margate	-3,468	1,968	1,500		0
MOA Plus	-3,862	-1,336	5,198		0
Options for Strategic Estate	-259	3,059	7,700	-10,500	0
Maximising value from the disposal of Council Assets	-31	31			0
TOTAL S&CS REPHASING	-17,916	6,299	22,117	-10,500	0
Rephasing already actioned through Budget Build	-11,180	2,124	19,556	-10,500	0
Remaining rephasing to action from outturn	-6,736	4,175	2,561	0	0

GRAND TOTAL

TOTAL REPHASING	-175,468	58,309	78,074	39,085	0
Total Rephasing already actioned through Budget Build	-113,827	20,171	55,004	38,652	0
Total Remaining rephasing to action from outturn	-61,641	38,138	23,070	433	0

APPENDIX 3 - CAPITAL CASH LIMIT CHANGES

To reflect revised funding/phasing since budget

CYPE	2020-21	2021-22	2022-23	Future Yrs	Total
	£'000	£'000	£'000	£'000	£'000
Basic Need KCP16	2,104	-86	0	0	2,018
Basic Need KCP17	7,017	-6,058	950	0	1,909
Basic Need KCP18	-1,148	-536	850	0	-834
Basic Need KCP19	-1,093	-7,784	-16,146	0	-25,023
Basic Need KCP21-25		-3,779	-7,149	-18,716	-29,644
Barton Court Free School	848	-1,680	640	0	-192
Priority School Build Programme	0	507	0	0	507
Academy Unit Costs	28	0	0	0	28
Annual Planned Enhancement	66	-204	-1,400	0	-1,538
Pupil Referral Units	-11	0	0	0	-11
DfE Fully Funded Projects	12	1,059	0	0	1,071
EYPS Single System	-3				-3
Tunbridge Wells Cultural Hub	-2				-2

Total Other Cash Limit Changes	7,818	-18,560	-22,255	-18,716	-51,714
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ASCH	2020-21	2021-22	2022-23	Future Yrs	Total
	£'000	£'000	£'000	£'000	£'000
Home Support Fund	-25				-25
Adult Social Care Case Management	-117				-117
Developer Funded Community Schemes	-9				-9
Housing & Technology Fund	0				0
Learning Development Good Day Programme	-78				-78
Total Other Cash Limit Changes	-229	0	0	0	-229

GET - Highways, Transportation & Waste	2020-21	2021-22	2022-23	Future Yrs	Total
	£'000	£'000	£'000	£'000	£'000
Highway Major Enhancement	2,055	-1,541	-4,979	5,000	535
Integrated Transport Schemes	-113	570	570	0	1,027
Old Schemes Residual	-218	7	0	0	-211
Energy & Water Efficiency Investment Fund (External)	0	-3	-3	-15	-21
Energy Reduction & Water Efficiency Investment	0	0	0	-3	-2
Government Transition Works	31,829	16,080	0	0	47,909
Dover Inter Border Facility	57	7,853	0	0	7,910
Kent Medical Campus (NPIF)	211	0	0	0	211
Windmill Weatherproofing	0	19	0	0	19

	2020-21	2021-22	2022-23	Future Yrs	Total
GET - Highways, Transportation & Waste	£'000	£'000	£'000	£'000	£'000
Kent Thameside Strategic Transport (STIPS)	10	-3,540	0	0	-3,530
A2500 Lower Road Improvements	0	78	30	16	124
Waste Replacement Vehicles	23	0	0	0	23
Fastrack Full Network - Bean Road Tunnels	16	0	0	0	16
Emergency Active Travel Fund	367	0	0	0	367
Trees Outside Woodlands	25	12	0	0	37
Maidstone Heat Network	64	336	0	0	400
New Transfer Station - Folkestone & Hythe	150	350	-500	0	0
Urban Traffic Management		2,740	2,136		4,876
Total Other Cash Limit Changes	34,478	22,960	-2,746	4,998	59,691

	2020-21	2021-22	2022-23	Future Yrs	Total
GET - Environment, Planning & Enforcement	£'000	£'000	£'000	£'000	£'000
Country Parks	27	0	0		27
PROW	147	0	0		147
Mobile Library Vans	534	0	0		534
Herne Bay Gateway - Library Plus	47	0	0		47
Southborough Hub	67	-8	0		59
Total Other Cash Limit Changes	823	-8	0	0	815

	2020-21	2021-22	2022-23	Future Yrs	Total
GET - Economic Development	£'000	£'000	£'000	£'000	£'000
Javelin Way Development	578	375	375	0	1,328
Kent Empty Property Initiative	652	500	0	0	1,152
Village Halls	10	0	0	0	10
Turner	1,039	0	0	0	1,039
Total Other Cash Limit Changes	2,279	875	375	0	3,529

	2020-21	2021-22	2022-23	Future Yrs	Total
SCS	£'000	£'000	£'000	£'000	£'000
Modernisation of Assets	-779	0	-500	0	-1,279
Acquisition of Strategic Assets	-312	0	0	0	-312
Community Sexual Health Services	-194	0	0	0	-194
Corporate Property Strategic Capital	-60	0	0	0	-60
Disposal costs	-307	0	0	0	-307
Asset Utilisation	0	0	-600	0	-600
Dover Discovery Centre	18	0	1,650	0	1,668
Feasibility Fund	821	-821	0	0	0
HR System Development	-3	0	0	0	-3
Lan Refresh	1,137	0	0	0	1,137
New Ways of Working	-5	0	0	0	-5
Turner		61			61
Total Other Cash Limit Changes	316	-760	550	0	106

	2020-21	2021-22	2022-23	Future Yrs	Total
	£'000	£'000	£'000	£'000	£'000
Total Other Cash Limit Changes	45,485	4,507	-24,077	-13,718	12,198

Appendix 4

Earmarked and general reserves position at close of 31 March 20-21 and recommendations

	Total	Business As Usual	Covid-19
Reserves balances at 31-3-21	-397,563.4	-341,980.1	-55,583.3
(after final closing journal i.e incl 20-21 underspend)			
balances to transfer to Funds etc. as do not meet criteria for a reserve	4,853.8	4,853.8	
	<u>-392,709.6</u>	<u>-337,126.3</u>	<u>-55,583.3</u>
Required to fund roll forwards (detail in outturn report)	42,483.7	13,673.7	28,810.0
	<u>-350,225.9</u>	<u>-323,452.6</u>	<u>-26,773.3</u>
Balances released from closing reserves and review of balances in reserves to continue, as deemed no longer appropriate or required			
		-51,615.6	
Contributions to Strategic Priorities:			
- ICT		18,750.0	
- Strategic Reset Programme		2,226.7	
Contingent emerging pressures (risk reserve)			
		3,000.0	
Other new reserve requirements:			
E.g. Environment/Net Zero and capital feasibility and aborted costs		22,429.5	
Required to fund commitments:			
- S31 grant shortfall		1,078.7	
- Increase general reserves to 5%		5,408.4	
- Repayment to general reserves in relation to asylum grant shortfalls		-4,277.7	
Retained Business Rates Levy for 20-21 to transfer to a new Regen reserve		3,000.0	
SHORTFALL/(SURPLUS)		<u>0.0</u>	<u>-26,773.3</u>
Breakdown of the £51.6m released from reserves review			
- Reserves to close:			
- Social Care funding rolling budget	-11,953.8		
- Departmental Control Account - feasibility studies	-55.7		
- rolling budget earlier decisions	-9,982.1		
- iProc Payments Reserve	-5,777.7		
- Local Authority Mortgage Scheme	-17.5		
- Rolling reserve for 60% of CLS surplus	-71.1		
- Public Inquiries reserve	-487.3		
- Archaeological Resource Centre	-267.1		
- Kent & Medway Business Fund	-161.6		
- LRA Future vision & strategy development & delivery reserve	-84.7		
- Kent Nature Partnership	-60.5		
- Domestic Homicide Reviews	-60.5		
- Corporate Records Management reserve	-60.0		
- Shaw Grange restoration works	-54.2		
- Commuted Sums Reserve	-25.4		
- Archives Purchasing Fund	-20.9		
- Finance Developments, FBS & e-procurement	-237.6		
- EIS Schools Support	-21.4		
- Kevin Lynes Apprenticeship Scheme	-5.5		
	<u>-29,404.6</u>		
- Balances released from continuing reserves:			
- Departmental Under/Overspends reserve		-774.9	
(balance of 20-21 underspend not required to roll forward)			
- Local Taxation Equalisation reserve		-18,436.1	
- Insurance reserve		-3,000.0	
		<u>-22,211.0</u>	
TOTAL		<u><u>-51,615.6</u></u>	

Appendix 5 - Monitoring of Prudential Indicators as at 31 March 2021

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

	19-20 Actuals	20-21 Budget	20-21 Actuals
Total	241.53	471.9	340.63

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

	19-20 Actuals	20-21 Budget	20-21 Actuals
Total CFR	1,284.96	1,433.80	1,269.16

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

	19-20 Actuals	20-21 Budget	20-21 Actuals
Other Long-term Liabilities	245.20	254.90	235.80
External Borrowing	883.82	944.00	853.73
Total Debt	1,129.02	1,198.90	1,089.53
Capital Financing Requirement	1,284.96	1,433.80	1,269.16
Internal Borrowing	155.94	234.90	179.63

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

	19-20 Limit	20-21 Limit	20-21 Actuals
Authorised Limit - borrowing	1,013	1,050	854
Authorised Limit - PFI and leases	263	246	246
Authorised Limit - total external debt	1,276	1,296	1,100
Operational Boundary - borrowing	988	995	854
Operational Boundary - PFI and leases	263	246	246
Operation Boundary - total external debt	1,251	1,241	1,100

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

	19-20 Actual	20-21 Budget	20-21 Actuals
Proportion of net revenue stream	10.81%	10.30%	9.57%

Appendix 6 - Council Tax and Business Rates Collection Losses

This appendix provides further analysis of the council tax and business rates collection losses during 2020-21 and the compensation grants, as well as three-year extension to account for the exceptional losses from central government. The total council tax collection losses for the year were £13.9m (1.85% of the total precept). Business rates losses were £29.0m (54.8% of the precept). Central government has provided £32.6m in compensation grants.

- | | |
|--|--|
| <p>1.1 The council tax precept for 2020-21 was originally approved for £749,443.4k.</p> <p>The precept comprised £683,653.7k for the general levy and £65,789.7k for the adult social care levy.</p> | <p>At the beginning of each year the County Council agrees the county's share of the council tax to be levied on each chargeable dwelling. This is then applied to the net tax base estimated by each district to determine the council tax precept. Districts must remit the precepted amount.</p> <p>Any variations in the amount collected (due to changes from the estimated tax base) are recorded in district's local collection fund accounts. At the end of the year the county's share of any over collection from the collection account is accrued as a surplus (or any under collection accrued as a deficit).</p> |
| <p>1.2 District councils have notified KCC's share of council tax collection fund deficit of £13,864.8k for the financial year 2020-21.</p> <p>This deficit must be spread over 3 years 2021-22 to 2023-24 in equal amounts of £4,621.6k under the exceptional arrangements allowed by government.</p> | <p>During the course of 2020-21 there has been significant disruption to council tax collection due to the Covid-19 pandemic and subsequent economic recession. These have resulted in significant changes to the number of households eligible for discounts due to reduced income through local council tax reduction schemes (LCTRS) and reduced collection rates, as well as lesser impact from delays to new housing and changes in individual circumstances for other discounts and exemptions. This has resulted in an unprecedented collection fund deficit.</p> <p>The surplus brought forward in the council tax collection fund relating to 2019-20 is £1,579.9k to be accounted for in 2021-22 resulting in a net deficit of £3,041.7k. This was the amount included in the approved 2021-22 budget.</p> |
| <p>1.3 The Tax Income Guarantee (TIG) grant for KCC's council tax collection losses has initially been determined as £4.856.4k.</p> <p>This has been accrued in 2020-21 accounts and held in reserve to support the collection fund balances to be accounted for in 2021-22 to 2023-24. This will be drawn down in equal instalments of £1.618.8k in each of 2021-22, 2022-23 and 2023-24.</p> | <p>The government has provided local authorities with an additional grant to provide 75% compensation for collection losses on the general fund.</p> <p>The TIG compensation only relates to losses on the collectable council tax (principally the losses due to additional LCTRS discounts). The TIG compensation does not include losses due to reduced collection rates on the assumption that such losses can be recovered in subsequent years. If these losses are recovered we will receive higher collection fund surpluses in future years. This decision to only compensate for losses on the collectable base was announced after the 2021-22 budget was approved.</p> <p>The approved budget included an estimate for the TIG grant based upon the best available information of £7,534.7k i.e. £2,678.3k higher than the subsequent initial grant determination, split in equal instalments of £2,511.6k in each of 2021-22, 2022-23 and 2023-24. This was the amount reflected in 2021-22 approved budget. Any shortfall will be managed in 2021-22. There will be further shortfalls in 2022-23 and 2023-24 which will need to be reflected in future years' budgets and medium term financial plan</p> |

1.4 The business rate precept for 2020-21 was originally approved for £52,938k .

Districts estimate the amount to be raised through business rates and the County Council precepts for its 9% retained share based on these estimates. Of the remaining business rates 50% are returned to central government, 40% retained by districts (although subject to tariff and levy) and 1% is precepted by Kent & Medway Fire & Rescue Authority. As with council tax any variations in the amount collected are accrued at year end through the collection fund.

1.5 District councils have notified KCC's share of collection fund deficit of £28,995.7k for the financial year 2020-21.

During the course of 2020-21 there has been even greater disruption to business rate collection where businesses have been shut down and the government has granted additional Covid-19 reliefs such as those for businesses in retail, leisure and hospitality sectors. Local authorities have been compensated for the additional discounts which have significantly reduced the business rate collection losses that need to be accrued.

Of this overall loss £25,612.9k is due to the additional Covid-19 reliefs. This has been compensated by a separate section 31 grant.

This section 31 compensation grant was accrued and accounted for in 2020-21. This grant will be held in a separate reserve and drawn down in 2021-22. The £25,612.9k compensation for additional Covid-19 reliefs was £1,078.7k less than the £26,671.6k estimate included in the approved 2020-21 budget. This shortfall is proposed to be funded from a review of our reserves.

The remaining deficit of £3,382.8k must be spread over 3 years 2021-22 to 2023-24 in equal amounts of £1,127.6k under the exceptional arrangements allowed by government.

The deficit brought forward in the business rate collection account relating to 2019-20 is £509.5k to be accounted for in 2021-22 resulting in a net deficit of £1,637.1k plus the £25,612.9k due to Covid-19 reliefs leaving a total collection fund deficit of £27,250k. This was the amount included in the 2021-22 budget.

1.6 The Tax Income Guarantee (TIG) grant for KCC's business rate collection losses (excluding those due to additional Covid-19 reliefs) has initially been determined as £2,156.4k.

There is a separate 75% TIG grant for other business rates losses not due to Covid-19 reliefs (collection losses, change in use, etc.). Unlike council tax the business rates TIG pays compensation on both reductions in payable tax and on losses in collection (bad debts).

This has been accrued in 2020-21 accounts and held in reserve to support the collection fund balances to be accounted for in 2021-22 to 2023-24. This will be drawn down in equal instalments of £718.8k in each of 2021-22, 2022-23 and 2023-24.

The only business rates losses that are not compensated through TIG are impact on appeals provision for any one-off changes in the appeals in respect of the 2017 rating list and any changes in respect of material changes in circumstances (MCC). It is reasonable for these two items to be excluded. Changes in the provision for appeals on the 2017 rating list are not affected by the pandemic and the Government has said it will legislate to rule-out any MCC appeals on the grounds of Covid-19.

We did not include any estimate for the business rate TIG in the approved 2021-22 budget due to a lack of robust estimates. This means the grant and reserve represents a surplus on the approved budget to help offset the shortfall in TIG compensation grant for Council Tax set out in section 1.3 above.

1.8 Overall there is a shortfall between the Covid -19 compensation grants (TIG and Covid-19 reliefs) between the estimate included in the approved 2021-22 budget and the notified amounts of £1,252.7k

This shortfall is proposed to be managed through the reserves review and through in year monitoring during 2021-22. The impact in later years will be reflected in future budgets and medium term financial plan.
