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Finance Monitoring Report

As at September 21-22

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

To Cabinet – 9 December 2021

Unrestricted

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1 Introduction

This report sets out the Council's financial position up to the end of September 21-22, setting out both business as usual activities and the impact of Covid-19 on our resources. Capital budget adjustments are also included which require Cabinet approval.

1.1	This report includes additional sections. Additional sections will be included in future reports.	New sections are: • A section on progress in delivery of agreed savings • A section on our reserves position Further sections will be added in future monitoring reports, including: • A high-level analysis by expenditure type • Key Financial Health Indicators • Financial Resilience indices
1.2	The overall Revenue General Fund forecast is a +£18.7m overspend.	The Revenue General Fund forecast position is a net overspend of +£18.7m. The forecast net spend of £1,148.2m includes a net drawdown from reserves of £9.4m; the source of funding will be determined at year-end, once the final position is presented. The largest variance is +£13.9m in ASCH, with an overspend forecast in CYPE (+£6.8m). GET (-£0.2m), S&CS (-£1.4m) and NAC (Corporately Held Budgets) (-£0.5m) are forecasting small underspends. Details can be found in the individual directorate sections. Without the one-off Covid grants our forecast overspend would be £37.9m higher, bringing the total overspend to £56.6m.
1.3	The Covid-19 forecast is a total spend of £37.9m. This is shown as a breakeven position as the additional spend is being met from the Covid-19 emergency reserve.	The additional spend of £21.8m above the corporately held budget of £16.1m for Covid-19 is being funded from a drawdown from the Covid-19 emergency reserve, bringing the current position to breakeven. There is £55.6m held in the emergency reserve and the remaining £33.8m will be used to cover ongoing Covid-19 related costs. £13.5m of this balance relates to Helping Hands and Reconnect and will need to be rolled forward into 2022/23, which only leaves £20.3m for any further Covid related costs during the remainder of this financial year. Details can be found in the Covid-19 section and the individual directorate sections.
1.4	The Schools' Delegated Budgets are reporting a +£52.8m overspend.	The overspend position of +£52.8m reflects the impact of high demand for additional SEN support and high cost per child of High Needs Placements. The projected deficit on the High Needs budget has increased by £48m in this year from £62m at the end of the 2020-21 and will be in excess of £100m by the end of this financial year. The High Needs deficit is the Council's single most significant financial risk.
1.5	The Capital forecast is an underspend of -£103.4m.	The underspend is made up of +£21.9m real and -£125.3m rephasing variance, which represents 22.4% of the budget.

1 Introduction

The largest real variance is an overspend of +£26.5m in GET. Details can be found in the capital sections.

The major rephasing variances are -£61.1m in CYPE and -£58.9m in GET. Details can be found in the capital section.

2 Recommendations

Cabinet is asked to:

2.1	Note the forecast Revenue monitoring position and consider the action required to balance the budget by the year end.	Action to address the current £18.7m overspend is critical to ensure we achieve a balanced budget by the year end. Any overspend at the year end will need to be funded from reserves and will put pressure on the 2022-23 revenue budget. The position regarding previously agreed savings will also need to be reviewed, including those identified as no longer achievable in this year.
2.2	Note the forecast Capital monitoring position and the development of the 10 year capital programme to address the level of slippage in the programme.	The level of slippage in the Capital programme has increased further since the last monitoring report. The development of a 10 year programme from 2022-23 together with a new capital monitoring and reporting IT solution should ensure capital programme budgets and delivery are more realistic.
2.3	Note the way we are monitoring the financial impact of Covid-19	Please refer to Section 4 for details.
2.4	Note and agree the Capital budget adjustments	Please refer to Section 13 for details.
2.5	Note the Prudential Indicators report	Please refer to Appendix 2.
2.6	Note the Reserves monitoring position	Please refer to Appendix 3.

3 Revenue

General Fund forecast +£18.7m overspend
Dedicated Schools Grant (DSG) +£52.8m overspend
Covid-19 forecast breakeven

General Fund

Forecast position as overspend/(underspend)

Directorate	Revenue Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (July)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Adult Social Care & Health	431.5	447.1	13.9	*17.6*	*(3.7)*
Children, Young People & Education	302.3	309.1	6.8	*1.1*	*5.7*
Growth, Environment & Transport	182.3	182.1	(0.2)	*0.2*	*(0.4)*
Strategic & Corporate Services	95.5	94.1	(1.4)	*(0.1)*	*(1.3)*
Non Attributable Costs	115.8	115.8	0.0	*(0.3)*	*0.3*
Corporately Held Budgets	0.5	0.0	(0.5)	*(8.9)*	*8.4*
General Fund	**1,127.9**	**1,148.2**	**18.7**	***9.6***	*9.1*
Ringfenced Items					
Schools' Delegated Budgets	0.0	52.8	52.8	*49.5*	*3.3*
Overall Position	**1,127.9**	**1,201.1**	**71.6**	***59.1***	*12.5*

Covid Forecast position as overspend/(underspend)

Directorate	Covid-19 Allocation	Covid-19 Forecast	Covid-19 Variance
	£m	£m	£m
Adult Social Care & Health	7.0	13.1	**6.1**
Children, Young People & Education	5.3	11.9	**6.6**
Growth, Environment & Transport	0.4	2.1	**1.7**
Strategic & Corporate Services	1.3	10.5	**9.2**
Non-Attributable Costs	2.1	0.3	**(1.8)**
Variance to Covid-19 Budgets held corporately	**16.1**	**37.9**	**21.8**
Drawdown from COVID-19 Reserve			**(21.8)**
Total Covid-19 Position			**0.0**

General Fund

The General Fund forecast position is a net overspend of +£18.7m, almost all of which relates to Adult Social Care and Children, Young People and Education. The forecast of £1,148.2m includes a net drawdown from reserves of £9.4m; the source of funding will be determined at year-end. There is £10m set aside in a risk reserve as agreed as part of the 20-21 outturn that can be used to mitigate in part the projected overspend, but management action will be required to address the remaining overspend.

Covid-19

The Council's response to the pandemic continues to be considerably complex, causing uncertainty to the forecast. This is due to the nature of the financial impact, ranging from additional expenditure, market sustainability payments, loss of income, and unachievable savings. The forecasting in this area is also impacted by the effect of the relaxation in restrictions, ongoing costs, and the expected withdrawal of a range of government support schemes.

Each directorate has a corporately held, COVID 19 budget amounting to £16.1m in total. Any additional expenditure will be met from the COVID-19 reserve. The forecast is breakeven after contributions from reserves of £21.8m. There is £55.6m held in the Covid-19 reserve and the remaining £33.8m will be used to cover ongoing Covid-19 related costs. £13.5m of this balance relates to Helping Hands and Reconnect and will need to be rolled forward into 2022/23, which only leaves £20.3m for any further Covid related costs during the remainder of this financial year. Further details of Covid-19 related costs are detailed in Section 4 and the individual directorate sections.

Without the one-off COVID grants, our forecast overspend position would be £37.9m higher, bringing it to £56.6m. The impact of COVID on our spend may be ongoing, particularly in Adults and Children's social care and if this pressure continues, we could see a significant impact on our 3-year medium term plan.

Schools' Delegated Budgets

The forecast overspend is +£52.8m. The DSG deficit will increase from £51m to £103.4m in 2021/22. This almost entirely due to an increase in the High Needs budget deficit, which is the Council's single biggest financial risk. The Council continues to work with the Schools' Funding Forum to set out the challenge and agree and deliver a plan to address the deficit. The Department for Education is expected to make contact with local authorities to discuss the detail of their plan and next steps although it is not clear when this might be. For more information, please refer to section 10.

Collection Fund

Council Tax remains a significant source of income and the forthcoming year's budget will be dependent on the scale and pace of recovery in both the level of CTRS discounts and the collection rate. We consider it likely that we will see an improved position on Council Taxbase growth and the collection rate by the end of the year. For more information, please refer to section 15.

4 Covid-19

Total impact of Covid-19 is breakeven

Categories	ASCH	CYPE	GET	S&CS	NAC	Total
	£m	£m	£m	£m	£m	£m
Covid-19 Allocation held corporately	**7.0**	**5.3**	**0.4**	**1.3**	**2.1**	**16.1**
Contribution from Public Health Reserve*						**0.0**
Forecast Real spend	7.9	9.2	4.2	10.9	0.0	**32.2**
Underspends	(0.1)	(0.2)	(13.7)	(1.5)	0.0	**(15.8)**
Loss of income	0.2	1.5	3.1	1.1	0.3	**6.2**
Unrealised savings	0.0	1.6	0.1	0.0	0.0	**1.7**
Market sustainability - loans	0.0	0.0	0.0	0.0	0.0	**0.0**
Market sustainability - one off payments	5.0	0.1	0.0	0.0	0.0	**5.1**
Payments for undelivered services (fixed fee)	0.0	0.0	0.0	0.0	0.0	**0.0**
Payments for undelivered services (variable fee)	0.1	0.0	8.4	0.0	0.0	**8.5**
Total Covid-19 Forecast	13.1	11.9	2.1	10.5	0.3	**37.9**
Variance to Covid-19 Budgets held corporately	**6.1**	**6.6**	**1.7**	**9.2**	**(1.8)**	**21.8**
Contribution from Covid-19 Reserve	(6.1)	(6.6)	(1.7)	(9.2)	1.8	**(21.8)**
Total Covid-19 Position	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

* Any Public Health net spend relating to Covid-19 will be funded by a drawdown from the Public Health reserve. Currently no Public Health related Covid-19 spend is being forecast.

As a consequence of Covid-19, the total additional expenditure impact (excluding ring-fenced grants spend) on General Fund services is forecast to be £37.9m. There is £16.1m of budget allocated for Covid-19 which is held corporately. £21.8m additional expenditure will be funded from a drawdown from the Covid-19 reserve.

There is £55.6m held in the Covid-19 reserve and the remaining £33.8m Covid-19 reserve will be used to cover the overspend and ongoing Covid-19 related costs. £13.5m of this balance relates to Helping Hands and Reconnect and will need to be rolled forward into 2022-23, which only leaves £20.3m for any further Covid related costs that may be incurred during the remainder of this financial year, which are currently not reflected in the projected out-turn.

Adult Social Care & Health

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Forecast Variance: *Last reported position (July)*	Forecast Variance: *Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Adult Social Care & Health Operations	387.6	403.6	14.3	*17.8*	*(3.5)*
Strategic Management & Directorate Budgets (ASCH)including Public Health	33.5	33.1	(0.4)	*0.5*	*(0.9)*
Business Delivery	10.4	10.4	0.0	*(0.7)*	*0.7*
Adult Social Care & Health	**431.5**	**447.1**	**13.9**	***17.6***	***(3.7)***

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Contribution to/(from) Reserves	**Net impact on General Fund**
	£m	£m	£m	£m	**£m**
Covid-19 forecast position	**7.0**	**13.1**	**6.1**	**(6.1)**	**0.0**

The Adult Social Care & Health directorate has a projected overspend of +£13.9m, which has reduced slightly since July and is in a number of different service areas from those previously reported.

The £447.1m forecast includes a net £1.5m drawdown from reserves. The drawdowns include £1m for the Digital Implementation (Mosaic) project and £0.7m for use of the community discharge grant reserve. In addition, there is a contribution to the Leap year reserve of £0.2m.

There is an underlying Covid-19 projected additional spend of +£6.1m, which is offset by a contribution from reserves to show a breakeven position. Uncertainty remains around the ongoing impact Covid-19 will have on services.

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

Key Service (Division)	Variance	Summary	Detail
Older People - Residential Care Services (Adult Social Care & Health Operations)	+£12.2m	High levels of complexity requiring additional support.	There has been an increase in need largely due to the ongoing impact of Covid on our now "business as usual" services; people are leaving hospital with increased complexity of need requiring additional support. Additionally, the impact of lockdown restrictions has resulted in individuals delaying receiving support and less access to the use of preventative services. There has also been an increase in situations where it is considered detrimental to move an individual to a lower cost placement as a result of Covid restrictions affecting the Hospital Discharge Process. A range of actions are underway or planned to mitigate this budget pressure. These include: • ensuring that appropriate health contribution is secured to meet care and support needs where continuing health care is applicable

Key Service (Division)	Variance	Summary	Detail
			• Increased scrutiny of requests where it is deemed that it would be detrimental to move a client • a bed brokerage review has been commissioned and completed. • additional therapy resources being deployed to support a more streamlined hospital discharge process
Older People - Community Based Services (Adult Social Care & Health Operations)	-£4.7m	The number of clients receiving a community care service has not increased as expected.	There is severe pressure in the social care market especially relating to workforce capacity. This has manifested partially as lack of availability of suitable homecare packages. As a result, more clients are receiving alternative support within the community. There is a resulting underspend within this budget due to the lower than anticipated number of clients and corresponding overspends against other services. The 21-22 budget anticipated increasing numbers of clients receiving support in the community rather than residential care. This has not been achieved as referenced in the savings section of this report.
Adult Learning Disability - Residential Care Services & Support for Carers (Adult Social Care & Health Operations)	+£4.5m	Learning Disability Residential Care has high levels of complexity and high-cost packages transferring from 18-25.	The high level of additional complex needs seen in clients 18-25 moving from Children's into Adult Social Care Services has resulted in a significant increase in care costs above negotiated contract price increases. CQC inspections of some providers and home closures have resulted in a need to find alternative placements, some of which are at a higher cost.
Adult Physical Disability - Community Based Services (Adult Social Care & Health Operations)	+£2.3m	Increased complexity and higher costs than anticipated.	Most of the overspend relates to clients receiving Supported Living care packages where the authority is seeing increased complexity of need increasing costs. Action is being taken to resist these increasing costs including commissioning community voluntary sector pilots to provide support in the home.
Adult Mental Health - Community Based Services (Adult Social Care & Health Operations)	+£2.2m	Mental Health Supported Living numbers increasing.	The majority of the overspend relates to clients receiving Supported Living care packages. The number of people with packages of care has increased significantly over and above anticipated demography.
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services (Adult Social Care & Health Operations)	-£1.9m	Decrease in one-off Direct Payments.	Most of the underspend (£1m) on these services relates to Direct Payments where the normal level of one-off payments to clients has significantly decreased during the year. The remainder is partially due to a misalignment of sensory and autism budgets which will be resolved in 22-23 Medium Term Financial Plan.

Adult Learning Disability - Community Based Services & Support for Carers (Adult Social Care & Health Operations)	+£1.0m	Learning Disability (LD) 26+ Supported Living has seen an increase in activity numbers and average weekly costs	Learning Disability Community Based Services are seeing similar overspends to Physical Disability and Mental Health (described above). There are higher than average package costs for young adults transitioning into Adult Services from the 18 to 25 pathway. Clients with particularly high packages of care will be under regular review to ensure that care needs can be met using the most efficient use of resources.

Details of the Covid-19 forecast are shown here:

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£7.0m	
Forecast Real Spend	£7.9m	The cost of supporting additional demand for services resulting from Covid-19, including a range of projects to tackle backlogs in addition to increased staffing requirements.
Underspends	(£0.1m)	Underspends in day care relating to the first quarter of 2021-22 as some centres have remained closed during this period due to COVID-19.
Loss of income	£0.2m	Relates to 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
Market Sustainability	£5.0m	We are expecting to have to continue to support the social care market during the recovery period of the pandemic in 2021-22 so are assuming a £5m cost at this stage.
Payments for undelivered services (variable fee)	£0.1m	Relates to instances when providers are unable to complete a call due to Covid (for example, the client is shielding, or the provider has staff who are isolating), the Local Authority will still pay for the call.
Total Covid-19 Forecast	£13.1m	
Covid-19 additional spend	**£6.1m**	
Contribution from Reserves	(£6.1m)	
Revised Covid-19 position	**£0.0m**	

6 Children, Young People & Education

General Fund forecast +£6.8m overspend
Covid-19 forecast breakeven

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (July)*	*Movement (+/-)*
			Forecast Variance		
	£m	£m	£m	*£m*	***£m***
Integrated Children's Services (East & West)	161.9	162.1	0.2	*(1.3)*	***1.5***
Special Educational Needs & Disabilities	80.1	81.1	1.0	*0.3*	***0.7***
Education	56.2	62.3	6.1	*2.2*	***3.9***
Strategic Management & Directorate Budgets (CYPE)	4.0	3.5	(0.5)	*(0.1)*	***(0.4)***
Children, Young People & Education	**302.2**	**309.0**	**6.8**	***1.1***	***5.7***

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Contribution to/(from) Reserves	**Net impact on General Fund**
	£m	£m	£m	£m	**£m**
Covid-19 forecast position	**5.3**	**11.9**	**6.6**	**(6.6)**	**0.0**

The Children, Young People & Education directorate is projected to be overspent by +£6.8m. This is due to a delay in the implementation of the Special Educational Needs (SEN) transport re-procurement coupled with higher demand along with pressures across the children social work service and higher costs of supporting looked after children. This is partially offset by lower accommodation costs of supporting Care Leavers.

The £309.0m forecast includes a net £1.3m drawdown from reserves. This includes a £1.5m drawdown relating to the Reconnect project. There are smaller drawdowns and contribution relating to PFI equalisation.

The Covid-19 underlying additional expenditure is £6.6m (before contributions from reserves of £6.6m), mainly due to higher number of referrals for Special Educational Needs services and delays in the ability to achieve budgeted social care savings. COVID restrictions at the start of the year have also meant a greater dependency on use of temporary accommodation to provide sufficient school places and reductions in income from adult education courses. Uncertainty remains around the ongoing impact Covid-19 will have on services.

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

Key Service (Division)	Variance	Summary	Detail
Home to School & College Transport (Education)	+£5.3m	Delays in re-procurement of transport contracts and increase in demand	The re-procurement of the SEN transports contracts has been put back due to delays in the implementation of new software to support this project (+£3.0m). The September pupil numbers indicate a significant increase in the number of children requiring SEN transport with 13% year on year increase in the number travelling. This is a consequence of the higher EHCP numbers. This forecast includes an allowance for further increases in the coming months (total pressure of +£2.3m)

6 Children, Young People & Education

General Fund forecast +£6.8m overspend
Covid-19 forecast breakeven

Key Service (Division)	Variance	Summary	Detail
Care Leavers Service (Integrated Children Services)	-£2.2m	Lower accommodation related costs of supporting care leavers	The service has been working to reduce the number of children in semi-independent placements to ensure young people are placed in the most cost-efficient placements. This has resulted in an underspend of approximately -£1.3m. The number of young people requiring support with their council tax continues to remain lower than initially estimated leading to a further -£0.6m underspend. The balance relates to an underspend on staffing (-£0.3m).
Children's Social Work Services - Assessment & Safeguarding Service (Integrated Children Services)	+£1.5m	Additional social workers required to meet demand	Higher sickness and maternity levels coupled with increased complexity of Children in Needs cases has led to a requirement for more social workers and higher number of agency staff to meet demand.
Looked After Children - Care & Support (Integrated Children Services)	+£1.1m	Increased number and cost of residential placements	The number of looked after children has remained fairly static but the cost of placements continues to rise with a greater number placed in more expensive external settings as no suitable alternative is available. The average cost of residential placement has risen by over 20% in 2 years.
Looked After Children (with Disability) - Care & Support (Special Educational Needs & Disabilities)	+£0.7m	Increased number and cost of residential placements	We have seen a significant number of new placements earlier in the year than expected. The average cost of residential placement has risen by over 20% in 2 years.
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	+£0.5m	Additional staff and use of agency staff to meet demand	Deprivation of Liberty Safeguarding (DOLs) posts required along with use of agency staff to meet demand.

Other School Services (Education)	+£0.5m	Use of mobiles to meet basic need	Delays in basic need projects due to archaeological/environmental factors have resulted in use of temporary accommodation to ensure sufficient school places from September.
Strategic Management & Directorate Budgets (CYPE)	-£0.5m	Lower early retirement costs	Fewer redundancies in schools staff over the past year has resulted in lower early retirement commitments.
Asylum (Integrated Children Services)	£0.0m	Forecasting breakeven	The Asylum service is currently forecasting a breakeven position following an increase in the grant rate paid for care leaver services and a new financial arrangement to fund the Reception & Safe Care service, ensuring new referrals are fully funded prior to moving through the national transfer scheme or, where there is capacity, remaining in Kent.

Details of the Covid-19 forecast are shown here:

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£5.3m	
Forecast Real Spend	£9.2m	• Latent demand estimates for Children Social Services: additional staffing to cover increased staff sickness and increased complexity of children in need cases along with estimated increased demand for looked after children placements. • Delays in the basic need capital programme resulting in greater use of temporary accommodation to meet demand for school places and higher contractor costs. • Increased demand for Education and Health Care Plan assessments and supportive services following interruption to schooling due to COVID restrictions. • Estimated higher costs of SEN transport due to market shortages.
Underspends	(£0.5m)	Delay in recruitment in detached youth workers
Loss of income	£1.5m	Reduction in income whilst the adult learning services recovers following prolonged closures due to COVID restrictions. Reduction in 16+ travel saver income where numbers of children have not yet recovered to pre-COVID levels.

Unrealised savings	£1.6m	Delay in the delivery of children social care savings due to: • COVID restrictions delaying or reducing the impact of new initiatives to increase the number of children supported in in-house foster care rather than more expensive alternatives. • The demand for children's social workers increasing during COVID, due to increased staff sickness and increased complexity of children in need cases therefore delaying the planned reduction in agency staff.
Market Sustainability	£0.1m	Additional payments to support tutors in adult learning services
Total Covid-19 Forecast	£11.9m	
Covid-19 additional spend	**+£6.6m**	
Contribution from Reserves	(£6.6m)	
Revised Covid-19 Position	**£0.0m**	

7 Growth, Environment & Transport

General Fund forecast -£0.2m underspend
Covid-19 forecast breakeven

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Forecast Variance: *Last reported position (July)*	Forecast Variance: *Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Highways, Transportation & Waste	150.4	150.7	0.3	*0.3*	*0.0*
Environment, Planning & Enforcement	17.5	17.1	(0.4)	*(0.1)*	*(0.1)*
Libraries, Registration & Archives	8.6	8.5	(0.1)	*(0.1)*	*(0.1)*
Economic Development	4.4	4.5	0.1	*0.1*	*0.1*
Strategic Management & Directorate Budgets (GET)	1.4	1.3	(0.1)	*0.0*	*0.0*
Growth, Environment & Transport	**182.3**	**182.1**	**(0.2)**	***0.2***	*(0.1)*

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Contribution to/(from) Reserves	**Net impact on General Fund**
	£m	£m	£m	£m	**£m**
Covid-19 forecast position	0.4	2.1	1.7	(1.7)	**0.0**

The Growth, Environment & Transport directorate is projected to be underspent by -£0.2m excluding Covid-19 adjustments. The Environment, Planning & Enforcement division is requesting a roll-forward of £0.1m relating to the Serious and Organised Crime (SOC) pilot, which has been delayed and was funded from one-off sources.

The £182.1m forecast includes a net £1.6m drawdown from reserves. The drawdowns include £0.7m relating to Brexit costs in Traffic Management and Trading Standards and £0.4m for Helping Hands schemes in Economic Development. In addition, there are smaller drawdowns from reserves to fund asset renewals.

The Covid-19 underlying expenditure is £1.7m above budget, before contributions from reserves of £1.7m are applied to present a breakeven position. Uncertainty remains around the ongoing impact that Covid-19 will have on services and whether current activity levels are still part of recovery or are indeed the new-normal going forward.

7 Growth, Environment & Transport

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

Key Service (Division)	Variance	Summary	Detail
Highway Asset Management (Roads & Footways), (Highways, Transportation & Waste)	+£1.5m	Shortfall in income	Reduction in fee income relating to managing and co-ordinating the construction of the White Cliffs inland border facility near Dover. This is now being managed through DEFRA, rather than the County Council so less income is forecast to be received.
Residual Waste (Highways, Transportation & Waste)	+£1.3m	Inflationary price pressures.	The inflation index has risen significantly since the budget was approved, and this is reflected in contract values that are now being let which causes a pressure.
Highway Asset Management (Other), (Highways, Transportation & Waste)	-£0.4m	Additional income and other minor variances slightly offset by staffing overspends.	Additional permit and street works' income, partially offset by staffing overspends and additional soft landscaping costs.
Kent Travel Saver (Highways, Transportation & Waste)	-£0.4m	Payments to operators lower than anticipated.	This is due to anticipated additional costs not materialising.
Public Protection (Enforcement) (Environment, Planning & Enforcement)	-£0.5m	Staffing, additional income and other minor variances.	Staffing vacancy management and several other minor variances including additional income within Trading Standards.
Highways, Transport & Waste Management Costs & Commercial Operations (Highways, Transportation & Waste)	-£0.6m	Staffing, additional income and other minor variances.	Staff vacancy management and several other minor variances, including additional grant income within the Public Transport business budget.
Waste Facilities & Recycling Centres (Highways, Transportation & Waste)	-£1.1m	Favourable recycling prices	Favourable prices relating to the material recycling facility and anaerobic digestor contracts, as well as additional income for paper, card and metal (-£3.4m). This improved position will be reflected in the 2022-23 budget build. These savings are offset in part by pressures, primarily the non-delivery in the current year of the expected saving through managing demand at HWRCs by use of a booking system as unrestricted access is currently permitted (+£1.3m) and tonnages are now above budgeted levels. In addition, there are one-off costs relating to new contracts in East Kent and some refurbishments at HWRCs (+£0.7m).

Details of the Covid-19 forecast are shown here:

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£0.4m	
Forecast Real Spend	£4.2m	Primarily relates to the sustained increase in kerbside tonnes being presented at Waste Transfer Stations, together with other minor costs within Coroners and Economic Development around backlogs and social distancing measures.
Underspends	(£13.7m)	Public Transport costs eligible for Government grant and a reduction in English National Concessionary Travel Scheme (ENCTS) journeys is the primary element. Other general underspends across the directorate due to homeworking and reduced activity. Reduced activity levels will be reflected in the 2022-23 budget build, on the assumption that this will be the budgeted level of usage going forward.
Loss of income	£3.1m	Income loss primarily resulting from fewer Kent Travel Saver (KTS) passes issues, reduced operations at Libraries and fewer Driver Awareness Courses, with other minor income impacts across various services.
Unrealised savings	£0.1m	
Payments for undelivered variable fee services	£8.4m	Support to maintain financial stability, mainly in public transport (ENCTS and KTS), partially offset by Government grant.
Total Covid-19 Forecast	£2.1m	
Covid-19 additional spend	**£1.7m**	**(includes £0.4m allocation held corporately)**
Contribution to/ (from) Reserves	(£1.7m)	
Revised Covid-19 position	**£0.0m**	

8 Strategic & Corporate Services

General Fund forecast (£1.4m) underspend
Covid-19 forecast breakeven

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (July)*	***Movement (+/-)***
			Forecast Variance		
	£m	£m	£m	*£m*	***£m***
Infrastructure	28.2	27.5	(0.7)	*0.0*	***(0.7)***
Corporate Landlord	25.4	24.9	(0.5)	*(0.1)*	***(0.4)***
People & Communication	13.3	13.2	(0.1)	*0.0*	***(0.1)***
Finance	12.3	12.4	0.1	*0.0*	***0.1***
Strategic Commissioning	7.4	7.3	(0.1)	*0.0*	***(0.1)***
Governance, Law & Democracy	6.9	7.1	0.2	*(0.1)*	***0.3***
Strategy, Policy, Relationships & Corporate Assurance	3.8	3.8	0.0	*0.1*	***(0.1)***
Strategic Management & Directorate Budgets (S&CS)	(1.7)	(2.0)	(0.3)	*0.0*	***(0.3)***
Strategic & Corporate Services	**95.5**	**94.1**	**(1.4)**	***(0.1)***	***(1.3)***

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Contribution to/(from) Reserves	**Net impact on General Fund**
	£m	£m	£m	£m	**£m**
Covid-19 forecast position	**1.3**	**10.5**	**9.2**	**(9.2)**	**0.0**

The Strategic & Corporate Services directorate is projected to underspend by -£1.4m excluding Covid.

The £94.1m forecast includes a £5.4m net drawdown from reserves. The drawdowns include £3.1m for the Strategic Reset Programme, £1.8m to cover election costs and £1.1m for ICT contracts

The Covid-19 underlying expenditure is +£9.2m (before contributions from reserves of £9.2m). Uncertainty remains around the ongoing impact Covid-19 will have on services.

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

Key Service (Division)	Variance	Summary	Detail
Infrastructure	-£0.7m	Staff vacancies held whilst new structure is finalised	Underspend against staffing budgets in both Property and ICT services due to vacancies unfilled until new structure is agreed. Unbudgeted income from school meals contract rebates related to prior years. Staffing underspend on emergency planning service due to the early delivery of a 2022/23 saving from ending the on-call payments scheme.
Corporate Landlord	-£0.5m	Refunds due to business rates reviews	Reduced costs on business rates due to rates reviews. Lower value orders than planned.

8 Strategic & Corporate Services

General Fund forecast (£1.4m) underspend
Covid-19 forecast breakeven

Key Service (Division)	Variance	Summary	Detail
Strategic Management and Directorate Budgets	-£0.3m	Reduced early retirement costs	Due primarily to reduced early retirement costs.
Governance Law and Democracy	+£0.2m	Increased specialist fees	General Counsel, mainly due to increased staffing and specialist fees partially offset by additional appeals income.

Details of the Covid-19 forecast are shown here:

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£1.3m	
Forecast Real spend	£10.9m	Council Tax and hardship fund support payments to district councils, part of the Helping Hands project. Other Helping Hands payments to Kent Community Foundation, crowd funding match funding, and Members' Local Covid Support Grants. Additional council wide costs including PPE warehousing and distribution costs, part of which is subject to a separate claim for central government funding which is uncertain, so cost forecast is included here. Increased revenue contribution to capital because of delays to capital projects due to Covid-19. Additional ICT infrastructure to enable staff to work from home, such as laptops and licenses for A2K and Microsoft Teams, and mobile hand held devices. Call diversion costs on SIP exchange and early implementation of Microsoft E5 licences. Enhanced cleaning specification. Costs of social distancing in elections.
Underspends	(£1.4m)	Reduced costs for printing and copying with an offsetting reduction included in Loss of Income (below). There are savings on Total Facilities Management and utility costs due to some properties being closed for the early part of the year.
Loss of income	£1.1m	For Managed Print there is forecast reduced income with an offsetting cost saving in underspends (above), Forecast loss of rental income on various properties.
Total Covid-19 Forecast	£10.5m	
Covid-19 additional spend	**+£9.2m**	
Contribution from Reserves	(£9.2m)	
Revised Covid-19 position	**£0.0m**	

9 Non-Attributable Costs

General Fund forecast (£0.5m) underspend
Covid-19 forecast breakeven

	Budget £m	Revenue Forecast Outturn £m	Forecast Variance: Net Revenue Forecast Variance £m	*Last reported position (July) £m*	*Movement (+/-) £m*
Non-Attributable Costs	115.8	115.8	0.0	*(0.3)*	*+0.3*
Earmarked Budgets Held Corporately	0.5	0.0	(0.5)	*(0.5)*	*0.0*
Net Total incl provisional share of CHB	**116.4**	**115.8**	**(0.5)**	***(0.8)***	***+0.3***

	Budget £m	Revenue Forecast Outturn £m	Net Revenue Forecast Variance £m	Contribution to/(from Reserves £m	Net impact on General Fund £m
Covid-19 forecast position	**2.1**	**0.3**	**(1.8)**	**1.8**	**0.0**

The Non-Attributable Costs are projected to be breakeven. The £115.8m forecast includes a net contribution to reserves of £6.9m. The main contributions are £5.5m relating to the expected return from our wholly owned subsidiaries and £1.9m due to MRP recalculation. There are other smaller contributions linked to retained business rates levy and the Insurance Fund. In addition, there is a drawdown of £1.1m to fund the shortfall in S31 grant for Covid related Business Rate reliefs.

There is an underlying Covid-19 projected spend less than budget of (£1.8m). Uncertainty remains around the ongoing impact Covid-19 will have on services. At year-end any underspend will be transferred to reserves.

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

Key Service (Division)	Variance	Summary	Detail
Non-Attributable Costs	£0.0m	Compensating under and overspends.	There are a number of compensating under and overspends, of which the main variances are: +£0.9m reduction in Council Tax Income Guarantee (TIG) compared to the budget assumption. +£0.8m net shortfall in compensation for 2020-21 covid related losses of sales, fees and charges compared to the accrual in the 2020-21 accounts and estimated compensation losses in the first quarter of 2021-22. -£0.7m Business Rates TIG that had not been reflected in the budget due to lack of robust estimates. -£0.5m increase in Extended Rights to Free Travel grant. -£0.2m underspend on net debt costs.

9 Non-Attributable Costs

Details of the Covid-19 forecast are shown here:

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£2.1m	
Loss of income	£0.3m	Loss of investment income
Total Covid-19 Forecast	£0.3m	
Covid-19 spend less than budget	**(£1.8m)**	
Contribution to Reserves	£1.8m	
Revised Covid-19 position	**£0.0m**	

10 Schools' Delegated Budgets

Reserves estimate -£47.9m deficit

The latest forecast for the Schools' Delegated Budget reserves is a surplus of £55.4m on individual maintained school balances, and a deficit on the central schools' reserve of £103.4m.

The balances of individual schools cannot be used to offset the overspend on the central schools reserves and therefore should be viewed separately. The table below provides the detailed movements on each reserve.

The Central Schools Reserve holds the balance of any over or underspend relating to the Dedicated Schools Grant (DSG). This is a specific ring-fenced grant payable to local authorities to support the schools' budget. It is split into four main funding blocks, schools, early years, high needs and central, each with a different purpose and specific rules attached. The Council is required to hold any under or overspend relating to this grant in a specific reserve and is expected to deal with any surplus or deficits through future years' spending plans.

	Individual School Reserves	Central Schools Reserve
Balance brought forward	55.9	-51.1
Forecast movement in reserves:		
Academy conversions and closing school deficits	-0.5	
Schools Block Related Spend		-11.1
High Needs Placements, Support & Inclusion Fund		-39.8
Early Years		-0.5
Overspend on Central DSG Budgets		-0.9
Forecast reserve balance	55.4	-103.4

Note: a negative figure indicates a drawdown from reserves/deficit

10 Schools' Delegated Budgets

Reserves estimate -£47.9m deficit

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 £103m will be held in a separate unusable reserve from the main council reserves. This statutory override is expected to be in place until April 2023 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. The DfE is expected to make contact with local authorities to discuss the detail of their plan and next steps although it is not clear when this might be. The DSG deficit is the Council's single biggest financial risk; therefore the finalisation and successful implementation of the Council's deficit recovery plan is critical.

Key Issues	Details
Schools Block: One-off Settlement	The DSG Reserve as at 31st March 2021 of £51m is formed from a net surplus on the Schools Block of £11m and a net deficit on the High Needs block of £62m. The two blocks of funding have different purposes and rules and Secretary of State Approval is needed to transfer funding from the schools block to other funding blocks. The Schools Block funds primary and secondary schools' budgets, and the accumulated balance from previous years' underspend of £11m, has been fully committed to be paid to schools in 2021-22, as a one-off additional payment to support the cost of changes to the calculation of pay for term time only staff.
Early Years: funding insufficient to meet estimated demand	The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds. There are concerns the funding from the Department of Education will not follow closely enough the payments made to providers during the year, particularly if numbers recover to pre-COVID levels in the Autumn term, leading to a forecast overspend of £0.5m.
Reduction in government funding for Central Services	Since 2020-21, the Government has reduced the funding used to support some of the central services currently funded from the DSG (£2.5m). In the short-term this has been addressed through the Medium-Term Financial Plan (£1.8m) 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 and implement changes that will eliminate the funding shortfall.

Higher demand and higher cost for high needs placements	The High Needs Block (HNB) is intended to support the educational attainment of children and young people with special educational needs and disabilities (SEND) and pupils attending alternative education provision. The HNB funds payments to maintained schools and academies (both mainstream and special), independent schools, further education colleges, specialist independent providers and pupil referral units. Some of the HNB is also retained by KCC to support some SEND services (staffing/centrally commissioned services) and overheads The net deficit on the high needs block was £62m as at 31st March 2021 and is estimated to increase to over £103m by 31st March 2022. The overspend on the high needs block has been growing significantly over recent years and is the most significant financial risk to the council. The forecast in-year funding shortfall for High Needs placements and support in 21-22 is +£48m due to a combination of both higher demand for additional SEN support and higher cost per child resulting from greater demand for more specialist provision. One consequence of this is the council now placing a greater proportion of children in both special and independent schools compared to other local authorities, and a smaller proportion of children with SEND included in mainstream schools. The levels of growth are similar to previous years, since the introduction of the legislative changes in 2014, which also saw the expansion of duties to the age of 25 without sufficient extra funding. The tables below detail the trend in both spend and number of HNB funded places or additional support across the main placement types. In 2021-22 this pressure is being partially offset by a one-off underspend on activities to support inclusive practices in mainstream schools (-£8.0m). Work has been underway to establish how this fund should be used but activity in relation to this programme of spend did not start until September 2021 due to Covid-19 related delays.

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

	18-19 £'ms	19-20 £'ms	20-21 £'ms	21-22 £'ms
Maintained Special School	87	97	106	121
Independent Schools	36	40	49	59
Mainstream Individual Support & SRP* **	31	38	46	54
Post 16 institutions***	16	16	17	18
Other SEN Support Services	42	44	49	47
Total Spend	212	234	264	299

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

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

	18-19 No	19-20 No	20-21 No	21-22 No
Maintained Special School	4,349	4,751	5,118	5,559
Independent Schools	796	907	1,126	1,330
Mainstream Individual Support & SRP*	3,278	39,22	4,510	5,381
Post 16 institutions***	1,046	1,196	1,281	1,376
Total Number of Pupils	9,468	10,776	12,035	13,646

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

	18-19 £s per pupil	19-20 £s per pupil	20-21 £s per pupil	21-22 £s per pupil
Maintained Special School	£20,010	£20,330	£20,629	£21,669
Independent Schools	£44,871	£43,851	£43,734	£44,361
Mainstream Individual Support & SRP* **	£9,461	£9,691	£10,294	£9,955
Post 16 institutions***	£15,723	£13,393	£13,309	£13,453

The Government has launched a major review into support for children with SEN; however, the outcome has been delayed again and is not expected until Spring 2022. In the interim, further funding is being provided; however, as can be seen from the forecast, this has been insufficient to meet the demand and Kent will need to take further actions to ensure we are able to support children with SEN sustainably, in partnership with the Schools Funding Forum.

The Written Statement of Action (WSoA), put in place to address a number of areas of concern raised in the 2019 Ofsted/CQC Local Area SEND Inspection, overlaps in a number of places with our strategy for reducing the deficit on the High Needs budget which includes:

- 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, including the opening of two new special schools last year which when fully opened will avoid over 350 higher cost placements.
- Reviewing commissioning arrangements including independent providers, home tuition and therapy services.
- Improving parental confidence through supporting inclusive practice and capacity building in mainstream schools to reduce reliance on special and independent schools
- Further collaborative working with Health and Social Care partners

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 last year on this budget. However, we are unlikely to know the full impact of the pandemic until 2022-23.

11 Savings

Target for year £39.4m
£30.0m savings to be delivered

Directorate	21-22 Target £m	Previous year saving delivered in 2021-22 £m	Not achieved in 2021-22 £m	Not Deliverable £m	Over Recovery £m	Forecast Savings 2021-22 £m
Adult Social Care & Health	13.0		(4.1)			8.9
Public Health	4.7					3.5
Children, Young People & Education	5.9	2.2	(5.9)			2.2
Growth, Environment & Transport	8.5			(2.6)		5.9
Strategic & Corporate Services	1.4					1.4
Non Attributable Costs	5.9				2.2	8.1
Total	**39.4**	**2.2**	**(10.0)**	**(2.6)**	**2.2**	**30.0**

The savings target for 2021-22 is £39.4m with £30.0m forecast to be achieved.

- £27.8m of the £39.4m 21-22 savings is identified as being on track to deliver savings.
- CYPE have identified a saving of £2.2m in relation to the previous year's savings; This brings the total forecast saving to £30m in 2021-22
- A net position of £10.0m is forecast for ASCH and CYPE as not achieved in 2021-22 and will slip into future years due to timing issues;
- £2.6m has been identified by GET as undeliverable;
- £2.2m of savings from the previous year have been overachieved in 2021-22.

- The Public Health grant announcement in March 2021 means that £1.2m of the budgeted savings are no longer required.

- The ASCH budget savings for 2021-22 are £13.0m of which £8.9m is identified as being on track to be delivered and £4.1m forecast to slip into future years. The slippage is due to delays in delivering the service redesign because of the immense pressure on the service due to the COVID pandemic, both in terms of increased demand and people with more complex needs requiring support. In addition, there are severe pressures in the social care market especially relating to workforce capacity, meaning that it has been more difficult for some of the proposed new ways to commission and arrange support to be delivered in the original time frames.

- The CYPE budget savings for 2021-22 are £5.9m, all of which has slipped into future years. However, £2.2m relating to a prior year savings target has been included and is in respect of CFKC savings. The slippage is mainly due to the restructure and retender of SEN transport network not being delivered until 2022/23 due to delays in re-procurement. In addition, efficiency savings to offset the anticipated 20% annual reduction in Dedicated Schools Grant: Central Services for Schools Block has not been achieved and is to be considered as part of a wider review of the DSG and services currently paid for on behalf of the schools.

- The GET budget savings for 2021-22 are £8.5m of which £5.9m is identified as being on track to be delivered and £2.6m has been identified as undeliverable. The key challenges relate to £1.3m of the £2m management fee saving relating to White Cliffs management which is no longer achievable due to change of control at government department level. The Highways Waste Recycling Centres (HWRC) booking system £1.3m saving is not achievable in 2021-22 due to relaxation on usage. The undeliverable savings identified are fully offset by other operational underspends.

- The S&CS budget savings for 2021-22 are £1.4m and are on track to be delivered.

- The NAC budget savings for 2020-21 are £5.9m with £8.1m forecast to be achieved. The £2.2m over achievement relates to additional Minimum Revenue Provision (MRP) saving due to fewer assets becoming operational in 2020-21 due to slippage in the programme, but this is simply re-phasing of MRP into future years. In addition, there is a reduction in PWLB borrowing costs due to using cash balances or short-term borrowing to fund capital expenditure.

Directorate	Capital Budget	Variance excl. Covid-19	Real Variance	Rephasing Variance	Covid-19 Forecast
Adult Social Care & Health	3.7	-2.2	-0.1	-2.1	0.0
Children, Young People & Education	161.6	-65.6	-4.5	-61.1	2.8
Growth, Environment & Transport	271.5	-32.4	26.5	-58.9	0.1
Strategic & Corporate Services	24.9	-3.2	0.0	-3.2	0.8
TOTAL	**461.7**	**-103.4**	**21.9**	**-125.3**	**3.7**

The total approved General Fund capital programme in 2021/22 is £461.7m. This includes a total of £58.3m slippage rolled forward from the previous year.

The current estimated capital programme spend for the year is forecast at £359.3m, which represents 77.8% of the approved budget. The spend to date is £157.9m, representing 34% of the total approved budget.

The directorates are projecting a -£103.4m underspend against the budget, this is split between a +£21.9m real variance and -£125.3m re-phasing variance.

The major variances (>£0.1m real variances and >£1.0m rephasing variances) are described below. Previously reported variances are shown in italics:

Adult Social Care & Health:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Learning Disability Good Day Programme		-1.6	All projects within this programme are on hold pending review.

Children, Young People & Education:

Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report:			
Annual Planned Enhancement	-0.2		The real variance reflects contributions towards Harrietsham

Programme			Primary School (in KCP16) £0.05m, and Benenden Primary School in Priority School Build Programme (£0.110m). Cash limit adjustments are requested as part of this report.
Basic Need Kent Commissioning Plan 2016	-0.2		The main projects making up the real underspend are as follows: -£1.635m Wilmington Grammar, due to an additional contribution of Condition Improvement Funding (CIF). +£0.360m Wilmington Academy, due to additional highways works. +£0.180m Whitfield & Aspen, due to additional soil removal costs and completion delays. -£0.180m Sellindge Primary, final costs are less than expected. +£0.05m Harrietsham Primary, contribution requested from Annual Planned Enhancement Programme (see cash limit adjustments).
Basic Need Kent Commissioning Plan 2017	-2.0	-24.2	The real variance is due to: -£1.0m savings due to 3 projects completing early. -£1.9m additional developer contributions across a number of projects which reduces the forecast overspend. +£0.2m Canterbury Academy, due to original budget allocation being incorrect. The rephasing variance is due to: -£8m Park Crescent Academy, delays due to pre-project works, demolition and planning. -£5.0m Meopham School, delays due to a highways planning objection, redesign required and re-submission for planning approval. -£3.8m Thamesview School, school not now required until 2023. -£3.0m SEN satellite required in West Kent, site to be determined. -£2.5m Beacon Satellite, commercial strategy with procurement has led to delays in obtaining approval. -£1.5m Ursuline College, rephasing due to design clarifications required.
Basic Need Kent Commissioning Plan 2018		-16.7	Rephasing is due to: -£6.2m Gravesend Grammar School, first design has been rejected and a redesign is required. -£4.2m Simon Langton Boys School, rephasing due to planning issues. -£3.3m The Abbey School, although internal works have been completed during the summer of 2021, the main scheme has been deferred until next year. -£2.5m Dartford Bridge Primary, project rephased as it is not now required until a later year. -£0.6m Garlinge Primary, rephasing due to a change to the location of the expansion.

Basic Need Kent Commissioning Plan 2019	2.5	-10.0	Real variance due to: +£1.4m relating to early project costs across 4 schemes where main delivery is not required until later years. Rephasing is due to: -£3.6m Wrotham School, rephasing pending confirmation of a CIF bid. -£2.4m Invicta Grammar, rephasing pending funding agreement with the school. -£1.7m Queen Elizabeth's Grammar, rephasing due to feasibilities being re-done. -£1.2m Nexus, rephasing due to feasibility studies taking longer than anticipated due to site constraints.
Basic Need Kent Commissioning Plan 2021-25	-3.2	-3.5	Real variance is due to: -£4.3m The Beacon, removed as already within KCP17. +£0.5m St Peter's Aylesford, 0.5FE added to the project +£0.6 Guston Primary and Dover Christ Church Academy, to cover early feasibility costs. +£0.4m St Mary of Charity, 1FE added to the project. Rephasing is due to: -£3.5m the Abbey School, subsequent phase of this project has been deferred.
Overall Basic Need Programmes			Over the life of the Basic Need Programmes there is currently a forecast overspend predominantly due to projects required to commence in the next three-year period, which is earlier than originally predicted. This is being carefully monitored and funding streams such as developer contributions are being sought to reduce the overall pressure.
Priority School Build Programme	0.5		Real variance is due to: +£0.1m covid costs to be funded from revenue grant. +£0.1m contribution from Annual Planned Enhancement Programme (cash limit change requested). The remaining overspend is to be funded from additional grant.
Nest 2		-1.5	The project is still at discussion/planning stage hence the rephasing.
Previously Reported Variances:			
Annual Planned Enhancement Programme	*0.2*	*-1.6*	*The rephasing is due to delays on projects across the programme due to covid. Previously reported -£2.2m*
Basic Need Kent Commissioning Plan 2016	*0.9*		*Additional soil removal costs and highway changes have increased project forecasts at two schools.*

Basic Need Kent Commissioning Plan 2017	*-0.8*	*-12.7*	*Rephasing due to:* *-£5m Park Crescent Academy delays due to pre-project works, demolition & planning,* *-£4.4m due to planning objection with Highways, redesign required and re-submission for planning approval,* *-£3.7m Thamesview School is not required until 2023.* *Real variance due to:* *-£0.7m due to early completion on Bennett Memorial School.*
Basic Need Kent Commissioning Plan 2018	*0.2*	*-12.5*	*Rephasing due to:* *-£4.6m Gravesend Grammar School - first design has been rejected and a redesign is now required.* *-£2.4m The Abbey School - internal works are to be completed in summer 2021, main scheme is deferred until next year.* *-£2.0m Dartford Bridge Primary - project not now required until a later year* *-£3.0m Simon Langton School for Boys - planning issues have meant the works have been rephased.*
Basic Need Kent Commissioning Plan 2019	*1.4*	*-8.3*	*Rephasing due to:* *-£3.3m Wrotham School - pending confirmation of a successful Condition Improvement Fund (CIF) bid.* *-£2.5m Maidstone Grammar School for Girls - project has been rephased completion now expected December 2023.* *-£1.5m Queen Elizabeth's Grammar – rephasing due to feasibilities being re-done so the project has been pushed back.* *Real variance due to:* *+£1.4m costs forecast for initial works across four projects where main project delivery is not required until later years*
Basic Need KCP 2021-25	*-2.0*		*The real underspend on this programme is due to:* *-£4.3m The Beacon project which was duplicated as it is within KCP17,* *+£0.8m St Peters Aylesford and +£0.4m St Mary of Charity – these projects have been added to the programme as additional places are required.* *+£0.5m Guston CEPS for early feasibility costs,* *+£0.5m Dover Christ Church Academy for early feasibility costs,* *+£0.08m Goldwyn School – internal adaptations required for additional places needed September 2021.*
High Needs Provision	*2.0*		*Additional grant received.*
Barton Court Academy Free School		*+1.5*	*This is a Department for Education (DfE) project being managed by KCC. The project is now progressing well and is ahead of schedule.*

School Roofs	*-4.2*	*The works on Birchington Primary will now be completed in summer 2022. Previously reported -£3.2m*

Growth, Environment & Transport:

Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report:			
Highway Major Enhancement (Highways, Transportation & Waste)	0.1		The real variance relates to works on a signal box in Dover which is to be funded from revenue.
Government Transition Works (Highways, Transportation & Waste)	19.6		This project is fully funded from the Department for Transport who have requested further works at the Ashford Sevington site. Additional grant funding is being claimed to cover these works. *(Previously reported £12.8m).*
Dover Inter Border Facility (Highways, Transportation & Waste)	-3.0		The works on the access road are to be undertaken by the Dover Bus Rapid Transit project and funding will be transferred to that budget (see cash limit changes).
National Productivity Investment Fund – Kent Medical Campus (Highways, Transportation and Waste)		-3.7	A planning delay has pushed back the start of construction works until October/November 2021. *(Previously reported -£3.0m).*
Kent Thameside Strategic Transport Programme (Highways, Transportation and Waste)		-5.0	There has been a delay to the Thames Way project due to the designation of a "site of specific scientific interest" of the Swanscombe peninsular and Ebbsfleet Central area.
Maidstone Integrated Transport (Highways, Transportation and Waste)		-3.4	The rephasing is due to various planning issues and amendments to the programme. A full overhaul of the programme and spend profile is currently underway.
Tunbridge Wells Junction Improvements (Highways, Transportation and Waste)	-0.6		There is no viable project for the final phase and following a decision by the SELEP accountability board it has been agreed to return the unspent grant.
Sturry Link Road (Highways, Transportation & Waste)		-6.0	The project has been delayed by approximately 6 months due to waiting for planning permission, which has now been granted. *(Previously reported -£5.6m)*

Kent Strategic Congestion Management (Highways, Transportation and Waste)	0.9		The A2/A251 priority junction scheme was added to this project within the Local Growth Fund programme in 20/21 following approval by KMEP and SELEP Boards. It aims to make improvements to the junction capacity and promote journey time improvements through the signalisation of the junction. The real variance is the external funding that has been received into the programme and which is required to complete this scheme. *(Previously reported +£1.2m).*
Herne Relief Road (Highways, Transportation and Waste)		-2.0	The rephasing is due to planning delays and delays securing the land agreements which are now in place.
Housing Infrastructure Fund – Swale (Highways, Transportation and Waste)		-4.4	Spend was reprofiled to reduce KCC liability and risk in year 20-21, with a knock-on effect of delays on the programme through planning and construction. Although a funding agreement has been signed with Homes England this is conditional on the M2 Junction 5 project being delivered by Highways England coming forward. An extension to the funding agreement has been accepted by Homes England with funding extension granted until June 2024. *(Previously reported -£3.1m).*
Dover Bus Rapid Transit (Highways, Transportation and Waste)	1.1		The real variance is due to an increase in the scope of works which will be funded from additional grant.
Fastrack Full Network – Bean Road Tunnels (Highways, Transportation and Waste)		-9.4	The construction start has been delayed due to the design being more challenging than originally expected. Construction will now start at the end of 2022. *(Previously reported -£3.5m).*
Market Square, Dover (Highways, Transportation and Waste)	0.7	-1.6	Dover District Council have agreed to increase their contribution by £0.7m. The delays on the project are due to more extensive archaeology surveys being required.
Leigh Flood Storage Areas *(Environment, Planning & Enforcement)*		-1.5	The rephasing is due to awaiting the decision from the Secretary of State on this scheme following a public enquiry earlier this year.
Public Rights of Way (Environment, Planning & Enforcement)	0.4		Additional schemes have been added for which additional grant and external funding is expected. *(Previously reported +£0.1m).*
Kent Scientific Services Equipment & Vehicles (Environment, Planning & Enforcement)	0.4		Purchase of new equipment and a vehicle to be funded from revenue.
Digital Autopsy (Environment, Planning & Enforcement)		-2.2	Delivery of this project has been pushed back due to delays in the procurement of the digital autopsy provider.
Javelin Way Development (Economic Development)	0.1		To be funded by additional external funding.

Kent & Medway Business Fund (Economic Development)	2.2	-8.6	Real variance is due to transfer from the Recovery Loan Fund and the Capital Growth Fund, both of which have come to an end. Rephasing variance is due to funds not being able to be defrayed in the current environment.
Kent & Medway Business Fund – Recovery Loan Fund (Economic Development)	-1.2		Transferred back to the Kent and Medway Business Fund as this fund has come to an end.
Kent & Medway Business Fund – Capital Growth (Economic Development)	-1.0		Transferred back to the Kent and Medway Business Fund as this fund has come to an end.
Kent Empty Property Initiative (Economic Development)	+0.9		Anticipated additional external and grant contributions. *(Previously reported +£0.15m)*
Marsh Million	-0.3		The project has come to an end.
Decarbonisation Fund – Kings Hill and West End Solar Farms (Economic Development)	+0.2		The variance is due to the forecast spend exceeding the current cash limits allocated for these projects.
Previously reported variances:			
Thanet Parkway (Environment, Planning & Enforcement)		*6.4*	*Phasing of the scheme has been brought forward in line with latest project plans. The overall cost of the scheme has increased due to Network Rail cost increases and higher than expected costs for the level crossings. The forecast overspend on the scheme over the life of the project is £7.3m. This is partially offset by an award of £3.4m from the New Stations Fund, and alternative funding is being sought for the remaining £3.9m.*
Highway Major Enhancement (Highways, Transportation & Waste)		*-3.5*	*This relates to works on the A299 Thanet Way which have been postponed due to the likelihood of more "staycations" and the impact of closing the Thanet Way could risk the recovery of businesses around the coastal areas. Most of this work will take place in Spring 2022.*
Green Corridors (Highways, Transportation and Waste)		*-2.4*	*The programme is just getting started and some stages will not begin until 22-23.*
A2 Off Slip Wincheap, Canterbury (Highways, Transportation and Waste)		*-1.5*	*All budgets rephased to future years as the Homes England bid was not successful but alternative funding is being sought.*

Trees Outside Woodlands (Highways, Transportation & Waste)	*0.1*		*The project is funded by the Department for Environment, Food and Rural Affairs (DEFRA) and the real variance reflects expected funding; the cash limits for which will be amended once funding is received.*
Innovation Investment Initiative (i3) (Economic Development)		*-2.0*	*The rephasing reflects that there is unlikely to be another application round during this financial year due to time constraints and the focus on the Kent & Medway Business Fund Scheme.*

Strategic & Corporate Services:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Dover Discovery Centre		-1.5	Rephasing due to planning risk which could delay the project.
Previously reported variances:			
Live Margate		*-1.7*	*The actual plots of the surplus properties on the Royal School for the Deaf site are unlikely to be confirmed until the actual footprint for the new school is confirmed, therefore the majority of the Live Margate acquisition and development costs are now expected to be incurred in 22-23.*

13 Capital Budget Changes

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

Project	Year	Amount (£m)	Reason
Basic Need Kent Commissioning Plan (KCP) 17 (CYPE)	21-22	-0.008	Revised developer contributions available to fund the programme.
Basic Need KCP18 (CYPE)	21-22 22-23	0.149 -1.014	Revised developer contributions available to fund the programme.
Basic Need KCP19 (CYPE)	21-22	1.398	Revised developer contributions available to fund the programme.
Basic Need KCP21-25 (CYPE)	22-23 23-24	0.373 0.548	Revised developer contributions available to fund the programme.
Tunbridge Wells Junction Improvement (GET)	21-22	-0.615	Grant to be returned as no further works are planned.
Government Transition Works (GET)	21-22	19.589	Additional DfT grant to fund works at Sevington.
Southborough Hub (GET)	21-22	0.017	Additional external funding.
Tunbridge Wells Cultural Hub (GET)	21-22	-0.083	Developer contributions are now being paid directly to the borough council, not through KCC.

Cabinet is asked to approve the following changes:

Project	Year	Amount (£m)	Reason
Policy & Quality Assurance – Software Purchase (ASCH)	21-22	0.025	Revenue contribution towards software purchase.
Annual Planned Enhancement Programme (CYPE)	21-22 21-22	-0.050 -0.110	Contribution of Schools Condition Allocation (SCA) Funding to Harrietsham School in basic need. Contribution towards Priority School Build Programme.
Basic Need Programme KCP16 (CYPE)	21-22	+0.050	Contribution of SCA grant from Annual Planned Enhancement Programme
Priority School Build Programme (CYPE)	21-22	0.110	Contribution from Annual Planned Enhancement Programme
Community Sexual Health Services (ASCH)	21-22	0.750	To reflect the move of this service to ASCH directorate.
Community Sexual Health Services (S&CS)	21-22	-0.750	To reflect the move of this service to ASCH directorate.

Highway Major Enhancement (GET)	21-22	0.111	Revenue contribution to fund signal box works in Dover.
Integrated Transport (GET)	21-22	0.056	Revenue contribution from the combined members grant scheme for works on Astor Avenue.
Dover Inter Border Facility (GET)	21-22	-3.000	To move grant funding to Dover Bus Rapid Transit Scheme as access road works are to be undertaken as part of this project.
Dover Bus Rapid Transit (GET)	21-22 22-23	1.063 1.937	To move grant funding from Dover Inter Border Facility to Dover Bus Rapid Transit Scheme as access road works are to be undertaken as part of this project.
Kings Hill Solar Farm (GET)	21-22	0.145	To increase cash limits funded by banked grant to progress this scheme.
West End Solar Farm (GET)	21-22	0.155	To increase cash limits funded by banked grant to progress this scheme.

14 Treasury Management Monitoring

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

14.1	Total external debt outstanding in September was £848.9m down by £2.3m since 31st March 2021	KCC debt includes £448.28m of borrowing from the Public Works Loans Board (PWLB). The vast majority is maturity debt (debt is only repaid upon maturity) at a fixed rate of interest. The average length to maturity of PWLB debt is 15.5 years at an average interest rate of 4.84%. Outstanding loans from banks amount to £291.8m. This is also at fixed term rates with average length to maturity of 37.0 years at an average interest rate of 4.4%. The council has £90m of Lender Option Borrower Option (LOBO) loans. These loans can only be renegotiated should the lender propose an increase in interest rates. The average length to maturity of LOBO loans is 42.4 years at an average interest rate of 4.15%. The balance of debt relates to loans from Salix Finance for LED streetlighting programme. The outstanding balance is £19.8m with average of 10.4 years to maturity at an average rate of 1.41%. KCC's principal objective for borrowing is to achieve an appropriately low risk balance between securing low interest rates and certainty of financing costs. This is achieved by seeking to fund capital spending from internal resources and short-term borrowing, only considering external long-term borrowing at advantageous interest rates.
14.2	Majority is long term debt with 15% due to mature within 5 years	Maturity 0 to 5 years £127.1m (15%) Maturity 5 to 10 years is minimal Maturity 10 to 20 years £215.2m (25.3%) Maturity over 20 years £507.6m (59.7%)
14.3	Total cash balance at end of September was £597m, up by £50m from the end of August	Cash balances accrue from the council's reserves and timing differences between the receipt of grants and other income and expenditure. Balances are forecast to decline throughout the remainder of the year to £499m (close to the same balance as at 31st March 2021)

14.4	Cash balances are invested in a range of short-term, medium term and long term deposits	Investments are made in accordance with the Treasury Management Strategy agreed by full Council alongside the revenue and capital budgets. The treasury strategy represents a prudent approach to achieve an appropriate balance between risk, liquidity and return, minimising the risk of incurring losses on the sum invested. Longer term investments aim to achieve a rate of return equal or exceeding prevailing inflation rates. Short term deposits (same day availability) are held in bank accounts and money market funds. Current balances in short-term deposits in September were £164.8m (27.5% of cash balances). Short-term deposits enable the Council to manage liquidity. Bank accounts and money market funds are currently earning less than 0.1% return Deposits are made through the Debt Management Office (an executive agency responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds). As at September the Council had £93.9m in DMO deposits and a further £37m in government bonds. In total these deposits represent 21.8% of cash investments with an average rate of return of 0.01%. Loans to other local authorities now total £14m achieving an average rate of return of 0.22%. Since the end of March 2021 £37m of loans have been allowed to mature and not renewed. Each request to borrow or to renew an existing loan is assessed in terms of our own cashflow requirements and within our effective lending policies and procedures. Medium term deposits include covered bonds, a form of secured bond issued by a financial institution that is backed by mortgages or public sector loans. In the UK the covered bond programmes are supervised by the Financial Conduct Authority (FCA). King and Shaxson acts as the Council's broker and custodian for its bond portfolio. Currently the Council has £95.2m invested in covered bonds earning an average rate of return of 0.68%. The Council has lent £11.8m through the No Use Empty Loans programme which achieve a return of 1.5% that is available to fund general services. This total includes £6.2m of loans made since March. Long term investments are made through Strategic Pooled Funds. These include a variety of UK and Global Equity Funds, Multi Asset Funds and Property Funds. In total the Council has £181.4m invested in pooled funds (30.2% of cash balances). These funds have earnt a total of £33.0m since investment at an average annual rate of 4.2%. Returns on pooled funds can be volatile.

14 Treasury Management Monitoring

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

15 Council Tax

The purpose of this section is to provide an early indication of how discounts and collection rates are changing/recovering throughout the year and the likely impact of these changes on the collection fund and the Council Tax Base to be included in the following years budget.

15.1	Council Tax income is vital source of funding for the Council's revenue budget	Council Tax income is a key source of funding for council services and makes up almost 70% of our net budget (and just under 50% of our gross budget). The amount generated through Council Tax is principally determined by the Council Taxbase. The Council Taxbase is the number of properties (expressed as the number of weighted band D equivalent properties) adjusted for exemptions, discounts and premiums, other minor adjustments (e.g. estimated new builds), the band D charge per property and the collection rate. The most significant discounts are the 25% single persons discount and the Council Tax Reduction Scheme (CTRS) for low income households.
15.2	The budget is based on estimated Council Tax collection. Actual collections are managed through local district collection funds	The twelve Kent districts provide the budgeted Council Taxbase which forms the basis for the County Council precept after applying the county's share of the council tax charge (including a separate precept for adult social care), and is included in the annual budget. Districts must provide the budgeted precept to the County Council in-year and any difference between the budgeted precept and the actual Council Tax collected is accounted for by districts through the local collection fund.
15.3	The budgeted taxbase for 2021-22 shows an unprecedented reduction and collection fund for 2020-21 significant deficit due to the pandemic	From 2015-16 to 2020-21 the budgeted taxbase increased each year by an average of 1.95%. A 1% increase to the taxbase provides £7.8m additional council tax income for the County Council. During this period we also saw collection fund surpluses ranging from £3.9m to £12.5m reflecting over collection on the budgeted precept. The Covid-19 pandemic has significantly affected both the discounts provided through the CTRS and the collection rate. This caused an unprecedented reduction of just over 1% to the 2021-22 budgeted taxbase and a large collection fund deficit of £13.9m in 2020-21. This deficit will be accounted for over three years from 2021-22 to 2023-24. The purpose of this section of the monitoring report is to provide an early indication of how discounts and collection rates are changing/recovering throughout the year and the likely impact of these changes on the collection fund and the Council Taxbase to be included in the forthcoming year's budget.

15 Council Tax

Budgeted Tax Base 2021-22

15.4	548,862.48 band D Equivalents = £778.7m for the County Council precept	The 2021-22 net budgeted Council Taxbase for Kent is 548,862.48 band D equivalents which produces the County Council precept of £778.7m. The precept includes £70.9m reduction due to single persons discount, £79.5m Council Tax Reduction Scheme and £17.6m loss for the expected collection rate. The table below shows the composition of the budgeted Council Taxbase for Kent County Council precept:

	Band D equivalent	Total Precept @ £1,418.76 £m
Number of Dwellings (684,240)	676,913.44	960.4
Less Exemptions & Disabled	-15,070.89	-21.4
Less Single Persons Discount	-49,938.11	-70.9
Less Council Tax Reduction Discounts	-56,027.89	-79.5
Less Other Discounts	-2,617.35	-3.7
Add Premiums, New Builds, etc	7,980.72	11.3
Less Collection Losses	-12,377.44	-17.6
Net Taxbase/Precept	548,862.48	778.7

The net precept of £778.7m includes £87.2m for the Adult Social Care precept.

Council Tax Charge Increase

15.5	KCC's element of individual household council tax charge for 2021-22 increased by 4.995% compared to 2020-21	The 2021-22 budget, which was approved by full council on 11th February 2021, included a 4.995% increase to the council tax charge. This increased the band D charge by £67.50 from £1,351.26 to £1,418.76. This increase consists of a £27.00 (1.998%) general increase up to the referendum limit and a £40.50 (2.997%) maximum permitted increase for the Adult Social Care Precept. Kent County Council and Kent Fire and Rescue Service have a total band D charge of £1,499.58. It is essential to include the Fire share of council tax for comparison purposes with other Shire Counties as some are still responsible for Fire & Rescue Services and do not levy a separate precept. The charge in Kent is ranked 9th out of 24 when compared with other Shire Counties, the highest charge is £1,663.80 and the lowest is £1,364.16.

Monitoring

15.6 Monitoring is showing that CTRS discounts continued to reduce during the summer months (and are now reducing the tax share by less than budgeted).

Collection rates in the year to date remain lower than prior to the pandemic, however there is some evidence that more households are taking up the option to spread payments over twelve months which could lead to higher collection rates by year end.

The twelve Kent Districts have been providing updates on the existing collection rate and level of CTRS claimants. The table below shows a forecast based on the current level of CTRS discounts and collection rate. This shows that assuming the current levels stay the same for the remainder of the year there would be a potential collection fund deficit for KCC of approximately £7.7m due to higher than budgeted CTRS and lower than estimated collection rates:

	Budget	Forecast	Variance
CTRS	-£79.5m	-£78.3m	-£1.2m
Collection Rate	97.8%	96.7%	1.1% = £8.9m
Potential Collection Fund Deficit			£7.7m

However, this does not take into consideration any payments against 2020-21 arrears or the impact of the change to twelve monthly instalments. These would reduce the collection fund deficit. We are working with the District Councils to gather this information and plan to include this in future reports. Early indications from six of our twelve Districts indicates a possible healthy collection fund surplus before the application of bad debt provision. Even after such provisions this sample of six Districts indicates possible collection surplus of £3m, somewhat healthier than the mathematical forecast above.

Furthermore, the number and value of CTRS discounts initially increased from the budgeted position and peaked at the end of April. The number and value of CTRS discounts has reduced in each month to August. There was a slight increase in September. CTRS discounts are still higher than the budgeted level.

If the CTRS discounts stay at the current level, then we estimate the 2022-23 Taxbase would increase by 0.19% which equates to additional Council Tax income of £1.5m (based on the 2021-22 band D charge). The impact in 2022-23 is greater than in 2021-22 because the levels of discount in the early months of 2021-22 were higher than the current level. The increase of £1.5m in 2022-23 assumes that discounts remain at the current level for the whole of 2022-23.

The collection rate has not recovered to pre pandemic levels as we had hoped. If the anticipated collection rate for 2022-23 remains at the current rate, then this would lead to the 2022-23 Taxbase reducing by 1.1% which equates to a further £8.9m loss of Council Tax income (based on the 2021-22 band D charge).

Taking all of the available information into account, we consider it likely that the 2022-23 estimated taxbase will be show an improved position.

Additional Support for Kent Residents

15.7	Additional £50 reduction for working age CTRS claimants at an estimated total cost of £3.6m	At the County Council meeting on 11th February, the Leader announced a new scheme to support working age households currently receiving CTRS discounts through the recovery stage of the pandemic. This additional support provided an additional up to £50 reduction to the Council Tax demand notice for 2021-22 for qualifying households[1] . To date 77,075 households have received this additional reduction to their bills and the total discount provided to date is £3.7m. £3.6m was provided in the budget to fund this scheme. There is therefore likely to be a small overspend against this budget as the discount will be awarded to any new CTRS recipients for the rest of the financial year.
15.8	Additional £2.4m Hardship Fund	At the County Council meeting on 11th February, the Leader also announced a hardship fund to support household suffering significant financial difficulty. This is in addition to the existing hardship schemes runs by the District Councils. To date £0.3m has been provided to 692 households Each District Council has been allocated a share of £2.4m budgeted for this scheme. The share allocated to each district was weighted based on the level of deprivation in the district, the number of CTRS claimants and the total number of households. Further work is underway to increase the take up of the hardship relief scheme.
15.9	Conclusion	Council Tax remains a significant source of income and the forthcoming year's budget will be dependent on the scale and pace of recovery in both the level of CTRS discounts and the collection rate. We consider it likely that we will see an improved position on Council Taxbase growth and the collection rate by the end of the year.

[1] Qualifying households received an additional discount of up to £150 in 2020-21 under national government support scheme

Appendix 1 - Key Service Summary as at September 2021-22

	Revenue Budget £m	Variance excl. Covid-19 £m	Covid-19 Forecast £m	Variance incl. Covid-19 £m
Community Based Preventative Services	17.2	(0.6)	0.0	(0.6)
Housing Related Support	6.9	0.1	0.0	0.1
Statutory and Policy Support	1.2	0.2	0.0	0.2
Strategic Management & Directorate Support (ASCH)	4.5	(0.7)	6.6	6.0
Social Support for Carers	3.1	0.6	0.0	0.6
Partnership Support Services	0.0	0.0	0.0	0.0
Strategic Safeguarding	0.5	0.0	0.0	0.0
Public Health - Sexual Health	0.0	0.0	0.0	0.0
Public Health - Advice and Other Staffing	0.0	0.0	0.0	0.0
Public Health - Healthy Lifestyles	0.0	0.0	0.0	0.0
Public Health - Mental Health, Substance Misuse & Community Safety	0.0	0.0	0.0	0.0
Public Health - Children's Programme	0.0	0.0	0.0	0.0
Strategic Management & Directorate Budgets	33.4	(0.4)	6.6	6.2
Adult In House Carer Services	2.6	0.0	0.0	0.0
Adult In House Community Services	6.9	(0.8)	0.0	(0.8)
Adult In House Enablement Services	7.1	(0.5)	0.0	(0.5)
Adult Learning Disability - Case Management & Assessment Service	5.1	(0.4)	0.2	(0.2)
Adult Learning Disability - Community Based Services & Support for Carers	92.5	1.0	0.1	1.1
Adult Learning Disability - Residential Care Services & Support for Carers	65.8	4.5	0.0	4.6
Adult Mental Health - Case Management & Assessment Services	8.7	0.1	0.0	0.1
Adult Mental Health - Community Based Services	8.5	2.2	2.2	4.4
Adult Mental Health - Residential Care Services	16.9	0.1	0.0	0.2
Adult Physical Disability - Community Based Services	18.5	2.3	0.0	2.2
Adult Physical Disability - Residential Care Services	17.3	0.4	0.0	0.4
ASCH Operations - Divisional Management & Support	6.2	(0.1)	0.0	(0.1)
Older People - Community Based Services	46.3	(4.7)	1.1	(3.5)
Older People - In House Provision	15.2	(0.2)	0.0	(0.2)
Older People - Residential Care Services	34.5	12.2	2.5	14.8
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	22.3	0.2	0.3	0.5
Older People & Physical Disability - In House Community Homecare Service	0.0	0.0	0.0	0.0
Older People & Physical Disability Carer Support - Commissioned	0.8	0.2	0.0	0.2
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	7.2	(1.9)	0.0	(1.9)
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	1.4	(0.3)	0.0	(0.3)
Sensory & Autism - Assessment Service	1.8	0.0	0.0	0.0
Service Provision - Divisional Management & Support	0.0	0.0	0.0	0.0
Adaptive & Assistive Technology	2.1	(0.2)	0.0	(0.2)
Adult Social Care & Health Operations	387.6	14.3	6.5	20.8
Business Delivery	9.7	0.0	0.1	0.0
Safeguarding Adults	0.0	0.0	0.0	0.0
Independent Living Support	0.7	0.0	0.0	0.0
Business Delivery Unit	10.4	0.0	0.1	0.0
Adult Social Care & Health	431.5	13.9	13.1	27.0

	Revenue Budget £m	Variance excl. Covid-19 £m	Covid-19 Forecast £m	Variance incl. Covid-19 £m
Strategic Management & Directorate Budgets	4.0	(0.5)	0.0	(0.5)
Community Learning & Skills (CLS)	(0.6)	0.1	0.6	0.7
Early Years Education	0.0	0.0	0.0	0.0
Education Management & Division Support	1.4	0.0	0.0	0.0
Education Services provided by The Education People	4.7	0.1	0.0	0.1
Fair Access & Planning Services	0.3	0.1	0.0	0.1
Home to School & College Transport	44.5	5.3	0.8	6.1
Other School Services	6.0	0.5	3.3	3.8
Education	56.2	6.1	4.7	10.8
Adoption & Special Guardianship Arrangements & Service	15.2	0.2	0.0	0.2
Asylum	(0.1)	(0.2)	0.0	(0.2)
Care Leavers Service	7.7	(2.2)	0.0	(2.2)
Children in Need - Care & Support	3.3	0.0	0.0	0.0
Children's Centres	3.6	(0.2)	0.0	(0.2)
Children's Social Work Services - Assessment & Safeguarding Service	47.8	1.5	1.0	2.6
Early Help & Preventative Services	8.0	0.3	0.0	0.3
Integrated Services (Children's) Management & Directorate Support	5.6	(0.2)	(0.0)	(0.2)
Looked After Children - Care & Support	65.9	1.1	3.5	4.6
Pupil Referral Units & Inclusion	0.0	0.0	0.0	0.0
Youth Services	4.8	(0.1)	0.0	(0.1)
Integrated Children's Services (East & West)	161.9	0.3	4.5	4.8
Adult Learning & Physical Disability Pathway - Community Based Services	30.1	(1.0)	0.5	(0.4)
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	9.1	0.3	0.0	0.3
Children in Need (Disability) - Care & Support	5.1	0.2	0.0	0.2
Childrens Disability 0-18 Commissioning	1.7	0.0	0.0	0.0
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	7.9	0.5	0.0	0.5
Looked After Children (with Disability) - Care & Support	10.8	0.7	0.6	1.3
Looked After Children (with Disability) - In House Provision	3.5	0.0	0.0	0.0
Special Educational Needs & Disability Management & Divisional Support	0.2	0.0	0.0	0.0
Special Educational Needs & Psychology Services	11.6	0.2	1.6	1.8
Special Educational Needs & Disabilities	80.1	1.1	2.7	3.7
Children, Young People & Education	302.3	6.8	11.9	18.7

	Revenue Budget £m	Variance excl. Covid-19 £m	Covid-19 Forecast £m	Variance incl. Covid-19 £m
Strategic Management & Directorate Budgets	1.4	(0.1)	0.0	(0.1)
Arts	1.4	(0.1)	0.0	(0.1)
Economic Development	3.1	0.2	0.4	0.5
Economic Development	4.4	0.1	0.4	0.4
Highway Transportation (including School Crossing Patrols)	6.2	(0.1)	0.0	(0.1)
Highway Asset Management (Roads and Footways)	13.4	1.5	0.0	1.5
Highway Asset Management (Other)	18.9	(0.4)	0.0	(0.4)
Subsidised Buses and Community Transport	6.5	0.0	0.0	0.0
Concessionary Fares	17.2	0.0	(1.2)	(1.2)
Kent Travel Saver	7.6	(0.4)	(1.1)	(1.5)
Residual Waste	39.8	1.3	2.5	3.8
Waste Facilities & Recycling Centres	34.2	(1.1)	0.9	(0.2)
Highways, Transport & Waste Management Costs and Commercial Operations	6.6	(0.6)	0.0	(0.6)
Highways, Transportation & Waste	150.4	0.3	1.0	1.3
Environment & Planning	6.1	0.1	0.1	0.2
Environment, Planning & Enforcement Management Costs	0.7	0.0	0.2	0.2
Public Protection (Enforcement)	10.6	(0.5)	0.3	(0.3)
Environment, Planning & Enforcement	17.5	(0.4)	0.5	0.1
Libraries, Registration & Archives	8.6	(0.1)	0.3	0.2
Growth, Environment & Transport	182.3	(0.2)	2.1	1.9

	Revenue Budget £m	Variance excl. Covid-19 £m	Covid-19 Forecast £m	Variance incl. Covid-19 £m
Strategic Management & Directorate Budgets	(1.7)	(0.3)	0.0	(0.3)
Customer Contact, Communications & Consultations	5.4	0.1	0.0	0.2
Human Resources related services	8.0	(0.2)	0.0	(0.2)
People & Communication	13.3	(0.1)	0.1	(0.0)
Finance	12.3	0.1	6.7	6.8
Governance & Law	6.1	0.2	0.1	0.4
Local Member Grants	0.8	0.0	0.5	0.5
Governance, Law & Democracy	6.9	0.2	0.6	0.9
ICT related services	22.4	(0.1)	0.9	0.8
Property related services	5.8	(0.6)	0.8	0.2
Infrastructure	28.2	(0.7)	1.8	1.1
Corporate Landlord	25.3	(0.5)	0.1	(0.4)
Strategic Commissioning	7.3	(0.1)	0.8	0.6
Strategy, Policy, Relationships & Corporate Assurance	3.8	0.0	0.5	0.5
Total - Strategic & Corporate Services	95.5	(1.4)	10.5	9.2
Non Attributable Costs	115.8	0.0	0.3	16.5
Corporately Held Budgets (to be allocated)	0.5	(0.5)	0.0	(0.5)
Total excluding Schools' Delegated Budgets	1,127.9	18.7	37.9	56.6

Appendix 2 - Monitoring of Prudential Indicators as at 30 September 2021

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

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

	20-21 Actuals	21-22 Budget	21-22 Forecast
Total	340.63	424.2	363.00

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

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

	20-21 Actuals	21-22 Budget	21-22 Forecast
Total CFR	1,269.16	1,402.50	1,317.58

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

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

	20-21 Actuals	21-22 Budget	21-22 Forecast
Other Long-term Liabilities	235.80	245.20	245.20
External Borrowing	853.73	826.00	849.80
Total Debt	1,089.53	1,071.20	1,095.00
Capital Financing Requirement	1,269.16	1,402.50	1,317.58
Internal Borrowing	179.63	331.30	222.58

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

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

	20-21 Actuals	21-22 Limit	21-22 Forecast
Authorised Limit - borrowing	854	1,016	850
Authorised Limit - PFI and leases	246	245	245
Authorised Limit - total external debt	1,100	1,261	1,095
Operational Boundary - borrowing	854	991	850
Operational Boundary - PFI and leases	246	245	245
Operation Boundary - total external debt	1,100	1,236	1,095

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

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

	20-21 Actual	21-22 Budget	21-22 Forecast
Proportion of net revenue stream	9.57%	9.59%	9.20%

Appendix 3 - Reserves Monitoring as at 30 September 2021

	Balance as at 1 April 2021 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2022 £m
General Fund (GF) Balance	42.5		42.5
Budgeted contribution to/(from) in MTFP		14.0	14.0
	42.5	14.0	56.5
Earmarked reserves:			
Vehicle, Plant & Equipment (VPE)	16.2	0.0	16.2
Smoothing	121.8	(11.9)	109.9
Major Projects	54.7	(6.5)	48.2
Partnerships	26.9	(0.5)	26.4
Grant/External Funds*	90.8	(50.9)	39.9
Departmental Under/Overspends**	13.7	(20.3)	(6.6)
Insurance	13.8	0.1	13.9
Public Health	11.1	(1.6)	9.5
Trading	0.7	0.0	0.7
Special Funds	0.6	0.0	0.6
Total Earmarked Reserves	350.3	(91.6)	258.7
Total GF and Earmarked Reserves	392.8	(77.6)	315.2

Schools Reserves	Balance as at 1 April 2021 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2022 £m
School delegated revenue budget reserve - committed	21.9	0.0	21.9
School delegated revenue budget reserve - uncommitted	33.9	(0.5)	33.4
Community Focussed Extended Schools Reserves	0.1	0.0	0.1
Total School Reserves	55.9	(0.5)	55.4

DSG Adjustment Account - Unusable Reserve

	Balance as at 1 April 2021 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2022 £m
Unallocated Schools Budget	**(51.0)**	**(52.3)**	**(103.3)**

The General fund Reserve has been increased as agreed by County Council in the 2021-22 MTFP.

The earmarked reserves are decreasing mainly due to the following:

- Grant/External Funds*

	£m	£m
Balance as at 1 April 2021		90.8
S31 Compensation grants		(28.0)
ASCH additional COVID-19 spend	(6.1)	
CYPE additional COVID-19 spend	(6.6)	
GET additional COVID-19 spend	(1.7)	
S&CS additional COVID-19 spend	(9.2)	
NAC reduction in COVID-19 spend	1.8	
COVID-19 Emergency Grant:		(21.8)
ASCH - Community Discharge Grant		(0.6)
GET - Bus Services Operators Grant		(0.3)
GET - Supported Bus Grant		(0.2)
Balance as at 31 March 2022		39.9

- Anticipated but not agreed funding of the business as usual forecast outturn overspend**
- Each of the Directorates have referenced net drawdowns from reserves. ASCH £1.5m, CYPE £1.3m, GET £1.6m, SCS £5.4m and NAC £6.9m contribution to reserves. These are mainly funded from the Strategic Reset and ICT reserves.

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

The net £77.6m drawdown reflected in the table above covers more than the reserve drawdowns set out in the Directorate sections of this report, as this includes funding elements, which are roll forwards and the S31 Compensation grants.