

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

To: County Council 10th February 2022

Subject: **Capital Programme 2022-32, Revenue Budget 2022-23 and
Medium Term Financial Plan 2022-25**

Classification: **Unrestricted**

Summary:

The draft budget report containing the budget proposals for 2022-23 was published on 5th January 2022 to support the scrutiny and democratic process through Cabinet Committees and the Scrutiny Committee with feedback from those Committees presented to Cabinet on 27th January and taken into account for the final draft budget report, published on 2nd February 2022, for the annual County Council budget setting meeting on 10th February 2022.

This final draft budget replaces the previous draft and includes the latest updates and final proposals and amounts for Council consideration and approval.

Appendices A to G of the final draft budget report set out the budget plans and are published in a format recommended by the Corporate Director of Finance and agreed by the Leader as required under the Council's constitution and Financial Regulations

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

Members are asked to refer to the final draft 2022-23 budget report published on 2nd February for this meeting and not previous drafts.

Recommendations:

County Council, having given due regard to the s25 Report (published for consideration and noting as agenda item 4 of this meeting), is asked to agree the draft budget, medium term plan and capital programme including:

2022-32 Capital Programme

- (a) The 10-year Capital programme and investment proposals of £1,702.2m over the years from 2022-23 to 2031-32 together with the necessary funding and subject to approval to spend arrangements.
- (b) The directorate capital programmes as set out in appendices A & B of the final draft budget report published on 2nd February 2022.

2022-23 Revenue Budget and Medium Term Financial Plan

- (c) The net revenue budget requirement of £1,182.7m for 2022-23.
- (d) The directorate revenue budget proposals for 2022-23 and the medium term financial plan as set out appendices D (high level 3 year plan), E (2022-23 key services), appendix F (variations for 2022-23) and G (variations for 2022-25) of the final draft budget report published on 2nd February 2022.

2022-23 Council Tax

- (e) To increase Council Tax band rates up to the maximum permitted without a referendum as set out in section 6.10 (table 4) in the final draft report published on 2nd February 2022.
- (f) To levy the additional 1% social care precept (raising an additional £7.959m and taking the total social care precept to £97,589,100 out of the total precept set out in recommendation (3c) below).
- (g) The total Council Tax requirement of £823,094,400 to be raised through precepts on districts as set out in section 6.9 (table 3) in the final draft report published on 2nd February 2022.

Kent Pay Scheme 2022-23

- (h) The recommendations from Personnel Committee on the changes to Kent Pay Scheme as set out in section 7.7 of the final draft budget published on 2nd February 2022

Key Strategies

- (i) The Capital Strategy as set out in appendix L of the final draft report published on 2nd February 2022 including the Prudential Indicators.
- (j) The Treasury Management Strategy as set out in appendix M of the final draft report published on 2nd February 2022
- (k) The Minimum Revenue Provision (MRP) Statement as set out in appendix O of the final draft report published on 2nd February 2022.
- (l) The Reserves Policy as set out in appendix I, including rollover procedures for 2021-22 outturn to improve financial resilience and treatment of general underspends

In addition:

- (m) To delegate authority to the Corporate Director of Finance (after consultation with the Leader, the Deputy Leader and Cabinet Member for Finance, Corporate & Traded Services and the political Group Leaders) to resolve any minor technical issues for the final budget publication which do not materially alter the approved budget or change the net budget requirement and for any changes made to be reflected in the final version of the Budget Book (blue combed) due to be published in March 2022.
- (n) To note the information on the impact of the County Council's share of retained business rates and business rate collection fund balances on the revenue budget will be reported to Cabinet once it has all been received.
- (o) To note the uncertain financial outlook for later years in the absence of a multi-year settlement from government and the risk/opportunities from updating and reforming business rate baselines and grant distribution

following the recommencement of the government's review of local authority funding.

- (p) To note the development of a comprehensive Fees and Charges policy, including a review of all existing and planned Fees and Charges which will be presented as part of the 2023-24 budget report.

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

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

1. Update to Draft Budget Report

- 1.1 This final draft budget report replaces the previous drafts and includes the latest updates and final proposals and amounts for Council consideration and approval. The updated final draft report includes the following key changes to reflect the latest available financial information:
- Confirmation of estimated council tax collection fund balance surplus from Kent districts of £12.2m, an estimated £4.2m higher than the forecast included in the original draft budget.
 - £2.5m of the additional estimated one-off funding from collection fund to be added to general reserves in 2022-23 to maintain these at the agreed level of 5% of net revenue budget
 - £1.7m of the additional one-off funding from collection fund to be used to reduce the drawdown from smoothing reserves to balance the budget in 2022-23 from £6.0m to £4.3m.
- 1.2 The final draft budget report includes minor changes following confirmation of final council tax base estimates (the County Council must set its council tax precept based on the estimates for each district). This increases the council tax precept by £20.2k and the additional funding generated is reflected in the revised draw down from smoothing reserves to balance the budget.
- 1.3 Information on the County Council's estimated share of retained business rates and business rates collection fund balances was only received on the deadline of 31st January and too late to include in this report. A separate report on the impact on revenue spending, savings and reserves will be presented to Cabinet.

- 1.4 The final estimated council tax collection fund balance and tax base have increased the proposed net revenue budget 2022-23 from £1,178.5m to £1,182.7m.
- 1.5 The proposed capital programme 2022-32 has reduced from £1,792.7m in the original draft to £1,702.2m in the final draft. This is due to some schemes being transferred from the programme to the schedule of potential projects and revised costs and phasing for other schemes.
- 1.6 The final draft budget report includes the following additional appendices which are necessary to support the report's recommendations, some of which form part of the budget framework and need to be agreed by County Council. These include:
- Appendix E – Revenue Budget 2022-23 Key Service Analysis. This shows the planned spending on individual services in 2022-23
 - Appendix L - Capital Strategy. This provides a high-level overview of how capital expenditure, financing and treasury management contribute to delivery of council services. The prudential indicators set out a high level medium-term view of capital and treasury plans
 - Appendix M Treasury Management Strategy. This shows how the Council manages cashflows, borrowing and financial investments
 - Appendix N – Investment Strategy. This provides information on the levels of investments in loans, shares and commercial property
 - Appendix O - Annual Minimum Revenue Provision (MRP) Statement. This covers the Council's policy for charges to the revenue account each year to finance capital expenditure initially funded from borrowing
- 1.7 Other additional appendices help inform the background to the budget and include
- Appendix J – Budget Risks and Adequacy of Reserves. This provides an assessment of the financial risk environment the Council is operating in and adequacy of the council's reserves
 - Appendix K – Budget Risk Register. This quantifies the main financial risks not reflected in specific budget proposals
 - Appendix L Investment Strategy. This provides information on the levels of investments in loans, shares and commercial property.
 - Appendix I Reserves Policy. This outlines the Council's approach to assessing, maintaining and managing revenue reserves
- 1.8 The updated report dated 2nd February 2022 is published alongside the Council papers. This replaces previous drafts.

3. Contact details

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