Kent County Council
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Finance Monitoring Report

As at June 22-23

By Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford
Interim Corporate Director Finance, John Betts
Corporate Directors

To Cabinet – 29 September 2022

Unrestricted

Contents

Section

Appendices

Contact Details

Interim Corporate Director Finance – John Betts	03000 410066 | john.betts@kent.gov.uk
Head of Finance Operations – Cath Head	03000 416 934 | cath.head@kent.gov.uk
Chief Accountant – Emma Feakins	03000 416 082 | emma.feakins@kent.gov.uk
Capital Finance Manager – Jo Lee	03000 416 939 | joanna.lee@kent.gov.uk
Capital Finance Manager – Julie Samson	03000 416 950 | julie.samson@kent.gov.uk

1 Introduction

This report sets out the Council's financial position up to the end of June 2022-23 and is the first quarterly monitoring report for the financial year. The Revenue General Fund forecast is a +£50.6m overspend. Adult Social Care and Children, Young People and Education are forecasting significant overspends of +£25.6m and +£24.5m respectively.

This financial year continues to be an extremely challenging time for local government and KCC is no exception. Inflationary and demand pressures, combined with non-delivery of some savings proposals, are impacting on both income and expenditure. In particular, the in-year and ongoing impact of these inflationary pressures is a serious new cause for concern in terms of the Council's ability to manage its budgetary position. It is not unusual for the revenue position to reflect a forecast overspend at this stage, which then improves over the course of the year. However, £50.6m is a high figure by historical standards (this time last year the predicted overspend was £9.7m) and represents a serious cause for concern and creates a large degree of financial uncertainty. Considerable action will be needed to substantially reduce the current forecast overspend on the revenue budget. Any overspend at the end of the financial year will need to be met from general or earmarked reserves, but this sort of approach is not sustainable in the medium term. The forecast renews the imperative to maintain financial discipline and prioritise the Council's medium-term financial position and this theme will be reiterated as forecasts develop and the Council begins preparations for setting the 2023/24 budget.

Revenue and Capital budget adjustments are also included which require Cabinet approval.

1.1	The overall Revenue General Fund forecast is a +£50.6m overspend.	The Revenue General Fund forecast position is a net overspend of +£50.6m. Overspends are forecast in all Directorates except NAC. The largest variances are +£25.6m in ASCH and +£24.5m in CYPE, with smaller overspends GET +£5.7m, DCED +£0.4 and CED +£0.1m. NAC is forecasting an underspend of -£5.7m. Details can be found in the individual directorate sections.
1.2	There is £3.8m of Covid-19, and committed Helping Hands and Contain Outbreak Management (COMF) spend that will be funded from the Covid-19 emergency grant reserve.	The forecast net spend of £1,248.9m includes £3.8m of Covid-19, and committed Helping Hands and COMF spend which will be funded from the Covid-19 emergency grant reserve. After drawing down £3.8m from the Covid-19 emergency grant reserve, the underlying overspend to be met from general or earmarked reserves is £46.8m.
1.3	The Schools' Delegated Budgets are reporting a +£51.5m overspend.	The overspend position of +£51.5m reflects the impact of high demand for additional SEN support and high cost per child resulting from greater demand for more specialist provision. The projected deficit on the High Needs budget has increased by £47m in this year from £101m at the end of the 2021-22 and estimated to increase to around £148m by the end of this financial year. The High Needs deficit is the Council's single most significant financial risk which therefore requires continued action, officers are working with the DfE on the Safety Valve Programme to reduce the impact on the authority.

1 Introduction

1.4	The Capital forecast is a net underspend of -£11.2m.	The net underspend is made up of +£21.0m real overspend and -£32.2m rephasing variance, which represents 3% of the budget. The largest real variance is an overspend of +£14.6m in GET. Details can be found in the capital sections. The major rephasing variances are -£21.1m in GET and -£12.0 in S&CS. Details can be found in the capital section.

2 Recommendations

Cabinet is asked to:

2.1	Note the forecast Revenue and Capital monitoring position	Management action needs to be taken to eliminate the current forecast overspend on the Revenue budget to ensure we achieve a balanced budget by the year end.
2.2	Note and agree the Revenue budget adjustments	Please refer to Section 13 and Appendix 2 for details.
2.3	Note and agree the Capital budget adjustments	Please refer to Section 14 for details.
2.4	Note the Prudential Indicators report	Please refer to Appendix 3.
2.5	Note the Reserves monitoring position	Please refer to Appendix 4.

General Fund

Forecast position as overspend/(underspend)

Directorate	Revenue Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance
	£m	£m	£m
Adult Social Care & Health	460.6	486.2	25.6
Children, Young People & Education	321.0	345.5	24.5
Growth, Environment & Transport	178.7	184.4	5.7
Deputy Chief Executive's Department	71.7	72.2	0.5
Chief Executive's Department	33.5	33.5	0.0
Non-Attributable Costs	128.7	123.0	(5.7)
Corporately Held Budgets	4.1	4.1	0.0
General Fund	**1,198.4**	**1,248.9**	**50.6**
Ringfenced Items			
Schools' Delegated Budgets	0.0	51.5	51.5
Overall Position	**1,198.4**	**1,300.4**	**102.1**

General Fund

The General Fund forecast position is a net overspend of +£50.6m, with the most significant overspends in Adult Social Care and Children, Young People and Education. There is £3.8m of Covid-19 related spend to be offset by a drawdown from the Covid-19 emergency reserve which reduces the underlying overspend to +£46.8m. More detail is provided in the Covid-19 section below. There is £24.9m set aside in a risk reserve that can be used to mitigate in part the projected overspend, but action will be required to address the remaining overspend.

Covid-19

The cost of Covid-19 continues to cause uncertainty in the Council's forecast outturn position. This is due to the nature of the financial impact, ranging from additional expenditure, market sustainability payments, loss of income, and unachieved 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.

The 2021-22 Outturn position set aside £15m for the continuation of Contain Outbreak Management (COMF), £8.3m for Helping Hands, £6.8m for Reconnect, £5m for Market Sustainability and £3.7m Covid-19 related roll forward requests. There is £14.9m set aside to support future Covid-19 related spend, loss of income and unrealised savings that have been impacted by Covid-19.

The forecast net spend of £1,248.9m includes £10.4m spend relating to Covid-19 and committed COMF and Helping Hands off set by a £6.0m drawdown from the Covid-19 emergency grant reserve and a £0.6m budget allocation. The remaining overspend of £3.8m will be covered by a further drawdown from the Covid-19 emergency reserve.

Collection Fund

Council Tax remains a significant source of income and the 2023-24 budget will be dependent on the improved levels budgeted for in 2022-23 for Council Tax Reduction Scheme discounts and the collection rate materialising.

At this early stage, we can gain some confidence that the forecast collection fund deficit is relatively minor (0.2% of the budget). There have also been some changes to the payment arrangements for Council Tax which affect the profile of collections; this has not been factored into this forecast and is likely to improve the position further. For more information, please refer to section 16

Schools' Delegated Budgets

The forecast overspend is +£51.5m. The DSG deficit will increase from £97.6m to £147.6m in 2022-23. This is almost entirely due to an increase in the High Needs budget deficit, which is the Council's single biggest financial risk and the finalisation and successful implementation of the Council's deficit recovery plan is critical. 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 (DfE) have invited the Council to take part in the second round of the Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery; this may include further funding from the DfE to pay off part of the deficit but only if the Council can demonstrate a credible plan. For more information, please refer to section 10.

4 Adult Social Care & Health

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance
		Forecast Variance	
	£m	£m	£m
Adult Social Care & Health Operations	411.7	442.9	31.3
Strategic Management & Directorate Budgets (ASCH)	40.0	34.8	(5.2)
Public Health	0.0	0.0	0.0
Business Delivery	8.9	8.4	(0.5)
Adult Social Care & Health	**460.6**	**486.2**	**25.6**
Earmarked Budgets Held Corporately	4.2	4.2	0.0
Net Total incl provisional share of CHB	**464.8**	**490.4**	**25.6**

The Adult Social Care & Health directorate has a projected net overspend of +£25.6m. Adult Social Care & Health Operations division is showing an overspend of +£31.3m of which +£16.8m and +£4.0m is in Older People – Residential Care Services and Older People – Community Based Services respectively.

Forecast contributions to the provision for bad and doubtful debts is contributing +£1.2m to the overall overspend, with this pressure arising due to both an increase in levels of debt owed to the authority driven by delays in court of protection proceedings, as well as the requirement to set aside an amount for debts not yet due.

The £486.2m forecast includes a net £0.3m contribution to reserves. £0.2m is a contribution to the Leap year reserve.

There is £1.1m of Covid-19, COMF and Helping Hands spend included in the forecast and this will be covered by a drawdown from the Covid-19 emergency grant reserve.

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

Key Service (Division)	Variance	Summary	Detail
Older People - Residential Care Services	+£16.8m	High levels of complexity requiring additional support	+£16.5m of this overspend is driven by demand and costs for older people accessing residential and nursing care services, including +£9.5m from the increasing use of short-term beds. These are in part due to people leaving hospital with increased complex needs requiring additional support and an increase in situations where it is considered detrimental to move an individual to a lower cost placement. A further overspend of +£0.5m relates to the forecast contribution to the provision for bad and doubtful debts. The overspend is partly offset by -£0.3m of realigned savings which are now expected to be achieved against this service line.

Adult Mental Health - Community Based Services	+£4.1m	Increases in Supported Living care packages & non-achievement of savings	+£2.1m of this overspend relates to clients receiving supported living care packages, with an increase in hours provided per client to meet more complex needs. A further +£2.0m relates to savings which are no longer expected to be realised against this service line. Achievement of savings has been impacted by changes to market conditions and in particular workforce challenges in the supported living sector, which means that the original assumptions made when calculating the savings no longer apply. £0.6m of the unachieved savings is due to delays in the procurement of new models of care relating to microenterprises and Technology Enabled Care (TEC).
Older People - Community Based Services	+£4.0m	Non-achievement of savings	The overspend is largely due to +£4.6m of savings which are no longer expected to be realised against this service line. £2.7m is due to arranging care and support where achievement of savings has been impacted by demand and pressures in the social care market and £1.9m is due to delays in the procurement of new models of care relating to microenterprises and Technology Enabled Care (TEC). +£0.5m of the overspend relates to an increase in forecast contributions to the provision for bad and doubtful debts. The overspends are offset by a -£1.2m forecast underspend on service activity, where continuing workforce shortages in the social care market have reduced the availability of suitable homecare packages and resulted in more clients receiving alternative support.
Adult Learning Disability - Community Based Services & Support for Carers	+£2.9m	Increased complexity and higher costs than anticipated.	+£2.8m of the overspend relates to clients receiving supported living and day care packages with higher costs driven by increasing complexity of needs. 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. +£0.1m of this overspend is due to unrealised savings, mainly due to contract and commissioning savings which are no longer expected to be achieved this financial year. +£0.04m due to an increase to forecast contributions to the provision for bad and doubtful debts.
Adult Mental Health - Residential Care Services	+£2.3m	Increased complexity and higher costs than anticipated.	+£2.1m of the overspend on mental health residential care services is due to service activity exceeding budgeted levels. An overspend of +£0.2m relates to contract and commissioning savings no longer expected to be achieved this financial year, and a further pressure of +£0.02m is due to an increase in forecast contributions to the provision for bad and doubtful debts.

Adult Physical Disability – Community Based Services	+£1.3m	Increased complexity and higher costs than anticipated.	+£0.8m of the overspend on physical disability community based services is driven by an increase in client package costs above anticipated levels. A further overspend of +£0.5m relates to savings which are no longer expected to be realised against this service line, with £0.3m due to arranging care and support where achievement of savings has been impacted by demand and pressures in the social care market and £0.2m due to delays in the procurement of new models of care relating to microenterprises and Technology Enabled Care (TEC).
Adult Learning Disability – Residential Care Services & Support for Carers	+£1.0m	Non-achievement of savings	+£0.7m of this overspend is due to savings where contract and commissioning savings are no longer expected to be achieved this financial year. +£0.3m driven by an increase in client package costs above anticipated levels.
Strategic Management & Directorate Support (ASCH)	-£1.7m	Release of centrally held funds.	There is a -£1.7m forecast underspend on this service due to the release of centrally held funds to offset pressures across ASCH operations.
Adaptive & Assistive Technology	-£2.5m	Re-alignment of savings	-£2.2m of this forecast underspend relates to savings, with -£1.5m. relating to alternative savings proposals replacing initial plans to achieve efficiencies through greater use of technology, and -£0.6m from realigned savings which are now expected to be achieved against this service line.
Provision for Demographic Growth - Community Based Services	-£3.7m	Release of centrally held funds.	This is a release of centrally held funds to offset pressures across ASCH operations.

5 Children, Young People & Education

	Budget £m	Revenue Forecast Outturn £m	Net Revenue Forecast Variance £m
		Forecast Variance	
Integrated Children's Services (East & West)	165.8	171.4	5.6
Special Educational Needs & Disabilities	91.8	99.3	7.5
Education	61.2	72.2	11.0
Strategic Management & Directorate Budgets (CYPE)	2.3	2.6	0.3
Children, Young People & Education	**321.0**	**345.5**	**24.5**
Earmarked Budgets Held Corporately	0.0	0.0	0.0
Net Total incl provisional share of CHB	**321.0**	**345.5**	**24.5**

The Children, Young People & Education directorate is projected to be overspent by +£24.5m. This is due to significant inflationary pressures in school transport services along with higher costs of supporting both looked after children and disabled children and young people.

The £345.5m forecast includes a net £5.3m drawdown from reserves relating to the Reconnect project.

There is £1.1m of COMF spend included in the forecast and this will be covered by a drawdown from the Covid-19 emergency grant reserve.

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

Key Service (Division)	Variance	Summary	Detail
Home to School Transport (Education)	+£10.3m	Significant inflationary increases on transport contracts and increase in demand	The initial forecast includes +£1.7m overspend on mainstream home to school transport and +£8.2m on SEN transport services. Significant inflationary increases on new transport contracts due to higher operating costs and a reducing supplier base, along with increasing bus ticket prices have led to price rises of between 10-20% and pressures of approximately +£1.1m and +£5.8m on mainstream and SEN transport services respectively. The forecast assumes the number of children requiring SEN transport will continue to increase in line with historic trends with nearly 10% year on year increase in the number travelling. This is a consequence of the higher EHCP numbers and greater number of children with SEN not being educated in their local school. The forecast assumes work to slow this trend will not start to impact significantly until 2023 (leading to a total pressure of +£2.4m). The mainstream home to school transport forecast also assumes a rise in the number of pupils travelling from the Autumn term due to a combination of rises in

			secondary population, greater automation of the eligibility process that may result in more children being identified to receive free transport, and wider changes in bus services (leading to a pressure of +£0.8m). Further updates to this forecast will be made once the September & October actual pupil numbers are known.
Other School Services (Education)	+£0.8m	Various school related costs	Delays in basic need projects have resulted in use of more temporary accommodation to ensure sufficient school places are available (+£0.5m). Initial forecast estimates +£0.3m pressure on essential maintenance of school properties that do not meet the threshold for capital projects. There is a further risk of costs associated with feasibility costs or capital surveys that may result in additional works updates. Further updates will be given in future months.
Adoption & Special Guardianship Arrangements & Service (Integrated Children Services)	+£0.8m	Increasing use of Special Guardianship Orders and Child Arrangement Orders	In recent years there has been a slow increasing trend in the use of SGOs and Child Arrangement Orders, the forecast assumes this trend will continue. In previous years this has been funded from underspends on the adoption staffing service, however the initial forecast suggests this is not expected to occur again in 2022-23 leading to higher variance on this service than previous years. This will be kept under review.
Children's Social Work Services - Assessment & Safeguarding Service (Integrated Children Services)	+£1.1m	High use of agency required to meet demand and inflationary cost increases of agency workers	Recruitment and retention of social workers continues to be a challenge, along with the need to provide sufficient cover for higher levels of maternity leave than other parts of the council. This has led to higher numbers of agency staff to meet demand, coupled with higher costs following high inflationary increases.
Looked After Children - Care & Support (Integrated Children Services)	+£3.6m	Increase in number and cost of looked after children. High costs of legal services.	The number of looked after children has increased over the past 6 months (6%) resulting in a higher use of independent fostering agency placements. The cost of placements continues to rise with a greater number being placed in more expensive external settings as no suitable alternative is available. In addition, the use of unregulated placements has also become more common where it has become more difficult to find suitable residential placements and at significant cost (+£1.4m). Campaigns are continuing to recruit more in-house foster carers but based on current success rates it is likely some savings may not be achieved whilst some will be delayed to 2023-24 (+£0.8m). The cost of legal services has increased significantly since COVID-19 and initial forecasts suggest similar levels of activity will occur in 2022-23 due to the continual backlog in court proceedings (+£1.4m).

Adult Learning & Physical Disability Pathway – Community Based Services (Special Educational Needs & Disabilities)	+£3.8m	Increasing cost of Supported Living and Homecare packages	The number of supported living and homecare packages have remained relatively static, however the average cost of packages continues to increase in response to level of support required. The service has seen a reduction in the use of residential care but this has resulted in higher packages of community support contributing to the higher cost.
Children in Need (Disability) - Care & Support (Special Educational Needs & Disabilities)	+£0.7m	Increasing number of Direct Payments and cost of homecare packages	The number and cost of packages for disabled children have increased, this is partly due to inflationary increases and additional support required.
Looked After Children (with Disability) - Care & Support (Special Educational Needs & Disabilities)	+£1.5m	Increased number and cost of residential and unregulated placements	The forecast assumes the number of residential & unregulated placements continue to increase in line with historic trends. The forecast is recognising the increasing cost of new placements.
Special Educational Needs & Psychology Services (Special Educational Needs & Disabilities)	+£0.9m	Increased use of agency	Difficulties in the recruitment of suitably qualified Education Psychologist and SEN officers has led to an increasing use of agency staff.

6 Growth, Environment & Transport

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance
		Forecast Variance	
	£m	£m	£m
Highways, Transportation & Waste	66.3	68.0	1.7
Growth & Communities	29.1	31.1	1.9
Environment & Waste	81.9	83.9	2.0
Strategic Management & Directorate Budgets (GET)	1.4	1.4	0.1
Growth, Environment & Transport	**178.7**	**184.4**	**5.7**
Earmarked Budgets Held Corporately	0.2	0.2	0.0
Net Total incl provisional share of CHB	179.0	184.6	5.7

The Growth, Environment & Transport Directorate is projected to be overspent by £5.7m with significant inflationary pressures (close to £6m) contributing to this position. The forecast variance includes £0.5m of approved Contain Outbreak Management Fund (COMF) projects, as well as £0.6m of Helping Hands projects and these will be funded from the Covid-19 emergency grant reserve.

The forecast continues to show that bus operators are being supported through this period of recovery and transition and continue to be paid at budgeted levels of activity, which are significantly above actual levels of activity. These payments are being paid on a phased reducing basis down towards the actual level of activity in line with the Government request. For Kent Travel Saver (KTS) and the English National Concessionary Travel Scheme (ENCTS) this is a combined cost of £2.8m. This is included in the forecast, and is within the existing cash limits, but has also been recorded as Covid related expenditure and should sufficient Covid-19 reserve remain, this could be funded in future months which would help reduce the in-year overspend.

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

Key Service (Division)	Variance	Summary	Detail
Residual Waste, Environment & Waste)	+£2.0m	Inflationary pressure partially offset by reduced volumes	This relates to the significant price pressure for Allington Waste to Energy plant as the contractual uplift based on April RPI was much higher than the budgeted estimate (£2.6m). This is partially offset by reduced tonnes (-£0.8m).
Supported Bus Services (Highways & Transportation)	+£1.7m	Undelivered saving	A budget reduction of £2.2m was agreed at County Council but a delay in progressing the decision has meant that the profiled savings have not been delivered as planned. The decision is still pending, when it is finalised 90 days' notice must be given to operators and savings would commence after that. The quantum of routes that required withdrawal (to achieve the net £2.2m budget reduction) is in excess of £3m.

Highway Assets Management (Highways & Transportation)	+£1.2m	Streetlighting Energy inflationary pressure	The cost of streetlighting energy has increased significantly since the budget was set (+£1.2m). The forecast is based on a known summer price and an estimated winter price as advised by LASER. Small increases in street works and permit income help to offset small overspends in Highways Managers and Soft Landscaping.
Growth and Support to Businesses	+£0.6m	Expenditure relating to Helping Hands projects	This is expenditure relating to approved Helping Hands projects, which is expected to be funded centrally, so this pressure should be removed in later reports.
Community (Assets & Services) (Growth & Communities)	+£0.5m	Expenditure relating to COMF projects	This is expenditure relating to approved COMF projects, which is expected to be funded centrally, so this pressure should be removed in later reports.
Public Protection (Enforcement) (Growth & Communities)	+£0.4m	Trading Standards new burdens grant not received	The budget for this service was built on the assumption that funding would accompany the additional burdens being placed on Trading Standards following EU Exit (including Border Ports, Animal Health and Feed Officers/Teams) but this income is not likely to be received (+£0.5m). This is partially offset by other small variances.
Libraries, Registration & Archives (Growth & Communities)	+£0.4m	Shortfall in Library income	Library usage has not returned to pre-pandemic levels, with income down in areas such as fines and printing (+£0.4m). There are several other smaller variances including costs resulting from increased demands on the Registration service following the introduction of the Marriage Schedule Act 2021 (+£0.1m), without funding being received from the Government.
Kent Travel Saver (Highways & Transportation)	£0.0	Suppressed underspend as paying above actual activity	Although this budget is forecasting to breakeven it would ordinarily be forecasting an underspend on operator payments (-£0.4m) if the service were not continuing to pay bus operators at budgeted levels. This is in line with a request from Government and such payments are profiled to continue until the end of the current academic year. These payments (+£0.4m) are continuing to be recorded as Covid related expenditure and may possibly be funded from the Covid reserve if sufficient remains and this is deemed a priority use of the funding.
Waste Facilities & Recycling Centres (Environment & Waste)	-£0.1m	Favourable recycling prices offsetting other pressures	This underspend is due to favourable prices relating to the material recycling facility as well as additional income for recyclables (-£2.0m). However, these savings are almost entirely offset by pressures within haulage, increased price of composted waste, inflationary increases in the costs of managing Transfer Stations and Household Waste Recycling Centres, and shortfalls in some areas of income.

English National Concessionary Travel Scheme (ENCTS) (Highways & Transportation)	-£0.9m	Activity is below budgeted level	The service is forecasting an underspend (-£0.9m) as activity is forecast to be below the levels built into the budget. The Government's expectation is that bus operators are paid at pre pandemic rates, reducing towards actual activity by the end of the financial year. Without this request, the service would have been forecasting an additional underspend of around (-2.4m), (-3.3m in total). The payments to operators of (+£2.4m) are being recorded as Covid related costs attributable to the pandemic and the Government's expectation to continue paying at pre pandemic levels. Funding from the Covid emergency reserve will be considered as an option later in the financial year, depending on other calls and commitments on this reserve.

7 Chief Executive’s Department

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance
	£m	£m	£m
Finance	12.7	12.9	0.2
Strategic Commissioning	8.0	8.1	0.1
Governance, Law & Democracy	8.3	8.1	(0.2)
Strategy, Policy, Relationships & Corporate Assurance	4.4	4.4	0.0
Strategic Management & Directorate Budgets (S&CS)	0.0	0.0	0.0
Chief Executive's Department	**33.5**	**33.5**	**0.1**

The Chief Executive’s Department is projected to overspend by +£0.1m.

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

Key Service (Division)	Variance	Summary	Detail
Finance	+£0.2m	Overspend against staffing.	This forecast overspend is on staffing and is due primarily to unfunded trainee costs and additional resource required to deliver legislative changes
Governance, Law & Democracy	-£0.2m	Additional income	Increased income from Schools appeals together with reduced cost of provision.

8 Deputy Chief Executive's Department

		Forecast Variance	
	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance
	£m	£m	£m
Property Related Services	6.2	6.2	(0.0)
Technology	24.0	23.5	(0.6)
Corporate Landlord	27.1	28.4	1.3
People & Communication	14.4	14.1	(0.3)
Deputy Chief Executive's Department	**71.7**	**72.2**	**0.4**

The Deputy Chief Executive's Department is projected to overspend by +£0.4m.

The £72.2m forecast includes a net £3.5m drawdown from reserves. The drawdowns include £2.5m for the Strategic Reset Programme and £0.8m to fund one-off Facilities Management contract mobilisation costs.

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

Key Service (Division)	Variance	Summary	Detail
Corporate Landlord	+£1.3m	Inflationary Pressure on Utilities	This £1.3m pressure is due to an anticipated increase in utility costs across all properties. These increases are related to the current national trend and are significantly higher than the budgeted price increase funded as part of the 2022-23 budget. The forecast overspend has been modelled by Laser.
Technology	-£0.6m	Project rephasing and contract price renegotiations	This £0.6m underspend is primarily due to annual maintenance requirements being rephased as the projects that they related to have not yet been completed, and contract prices on telephone rental and software licences have been renegotiated.
People & Communication	-£0.3m	Additional Income from several sources	This £0.3m additional income on Human Resources related service lines is mostly due to additional grants and income, together with surplus internal income on the AVC scheme.

9 Non-Attributable Costs

General Fund forecast (£5.7m) underspend

	Budget £m	Revenue Forecast Outturn £m	Net Revenue Forecast Variance £m
		Forecast Variance	
Non-Attributable Costs	128.7	123.0	(5.7)
Earmarked Budgets Held Corporately	(0.3)	(0.3)	0.0
Net Total incl provisional share of CHB	**128.5**	**122.7**	**(5.7)**

The Non-Attributable Costs are projected to be underspent by (£5.7m). -£3m of the underspend relates to a drawdown from reserves of the S31 grant for Covid Additional Relief Fund (CARF) which was accrued for in 2021-22.

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

Key Service (Division)	Variance	Summary	Detail
Non-Attributable Costs	-£5.7m	S31 grant for Covid Additional Relief Fund (CARF), net debt costs and increase in Extended Rights to Travel grant	-£3.0m of the underspend is due to the drawdown from reserves of the S31 grant for Covid Additional Relief Fund (CARF) which was accrued for in 2021-22 based on a Government data collection exercise and the final figure has not been confirmed. This funding had not been built into the 2022-23 budget and will be an in-year underspend. -£1.7m net debt costs due to the estimated impact of the increase in the Bank of England base rate on our interest on cash balances. -£1.0m increase in the Extended Rights to Travel grant compared to the budget assumption.

10 Schools' Delegated Budgets

Reserves estimate -£87.8m deficit

The latest forecast for the Schools' Delegated Budget reserves is a surplus of £59.8m on individual maintained school balances, and a deficit on the central schools' reserve of £147.6m.

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	61.3	-97.6
Forecast movement in reserves:		
Academy conversions and closing school deficits	-1.5	
School Block Related Spend		-3.0
High Needs Placements, Support & Inclusion Fund		-45.5
Underspend on Early Years		0.3
Overspend on Central DSG Budgets		-1.2
Forecast reserve balance	59.8	-147.6

Note: a negative figure indicates a drawdown from reserves/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 £147.6m 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 have invited the Council to take part in the second round of the Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery; this may include further funding from the DfE to pay off part of the deficit but only if the Council can demonstrate a credible plan. 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. The SEND Green Paper published earlier this year sets out the Governments proposed reforms to the SEND and alternative provision (AP) system which in part is expected to support a more sustainable high needs funding system although it is recognised this will not impact immediately and local actions are required.

10 Schools' Delegated Budgets

Key Issues	Details
School Block: One-off Settlement	The DSG Reserve as at 31st March 2022 of £98m is formed from a net surplus on the Schools Block of £3m and a net deficit on the High Needs block of £101m. 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, has been fully committed to be paid to schools, as a one-off additional payment to support the cost of changes to the calculation of pay for term time only staff. Payments began in 2021-22 and the remaining payments are expected to be paid in 2022-23.
Early Years: general underspend	The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds. Each year, when setting the funding rate an estimate must be made as to likely hours that will be provided to ensure it is affordable within the grant provided. This can lead to minor under or overspends if activity is slightly lower or higher than expected. This has led to an underspend of £0.3m, which will be used to fund spend on the Early Years SEN Inclusion Fund.
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 (£3.3m). Although some of this has been addressed through the Medium-Term Financial Plan (£1.5m) and other short term alternative funding sources (£1.3m) without any direct impact to schools; during the next year we will need to review our relationship with schools in line with Government policy, funding and wider DSG deficit recovery plan 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 £101m as at 31st March 2022 and is estimated to increase to around £148m by 31st March 2023. 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 2022-23 is +£47m 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. The forecast levels of growth are expected to be 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. Most other local authorities are also reporting deficits on their high needs block resulting from significant increases in their number of EHCPs and demand for SEN services. However, the increases locally are increasing at a faster rate than the other comparative councils and the council is 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 tables below detail the trend in both spend and number of HNB funded places or additional support across the main placement types.

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

	19-20 £'ms	20-21 £'ms	21-22 £'ms	22-23 £'ms
Maintained Special School	97	106	123	137
Independent Schools	40	49	60	70
Mainstream Individual Support & SRP* **	38	46	54	62
Post 16 institutions***	16	17	19	21
Other SEN Support Services	44	49	43	49
Total Spend	234	264	299	338

*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.

	19-20 No	20-21 No	21-22 No	22-23 No
Maintained Special School	4,751	5,118	5,591	5,786
Independent Schools	907	1,126	1,348	1,554
Mainstream Individual Support & SRP*	39,22	4,510	5,258	5,938
Post 16 institutions***	1,196	1,281	1,453	1,516
Total Number of Pupils	10,776	12,035	13,650	15,069

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

	19-20 £s per pupil	20-21 £s per pupil	21-22 £s per pupil	22-23 £s per pupil
Maintained Special School	£20,330	£20,629	£21,648	£21,928
Independent Schools	£43,851	£43,734	£44,799	£45,349
Mainstream Individual Support & SRP* **	£9,691	£10,294	£15,464	£16,326
Post 16 institutions***	£13,393	£13,309	£13,090	£13,865

Since 2020-21 the Government has provided further funding; 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 Council, with support from Schools, Schools Funding Forum and the Secretary of State have continued to transfer £10m from the schools' budget to the high needs budget each year to fund activities to support inclusive practices in mainstream schools. These activities are being implemented and impact monitored.

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 pressure 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 and FE Colleges to reduce reliance on special and independent schools. This will support the Local Authorities ambition set out in the report presented to Cabinet in January setting out the Local Authorities intention to support a model of provision where the proportion of children and young people supported in each provision type (mainstream and specialist provision) will more closely reflect both statistical neighbours and national averages.
- Further collaborative working with Health and Social Care partners

The longer-term impact of children being out of school during the COVID pandemic on this budget is starting to be evidenced though increasing demand for Social Emotional and Mental Health (SEMH) services.

11 Savings

Target for year £51.8m
£43.0m savings to be delivered

Directorate	2022-23 Target £m	Previous year saving delivered in 2022-23 £m	Not achieved in 2022-23 £m	Saving no longer required £m	Not Deliverable £m	Over Recovery £m	Forecast Savings 2022-23 £m
Adult Social Care & Health	22.1	5.4	(4.5)		(1.1)		21.9
Public Health	2.4						2.4
Children, Young People & Education	2.7	5.2	(1.2)		(0.3)		6.4
Growth, Environment & Transport	7.1		(1.7)		(2.2)	0.2	3.4
Chief Executive's Department	0.4						0.4
Deputy Chief Executive's Department	0.1						0.1
Non Attributable Costs	6.1					2.0	8.1
Corporately Held Budget	0.3						0.3
Total	**41.2**	**10.6**	**(7.4)**	**0.0**	**(3.6)**	**2.2**	**43.0**

The savings target for 2022-23 is £51.8m which includes £10.6m of last year's undelivered savings with £43.0m forecast to be achieved.

- A net position of £7.4m is forecast for ASCH, CYPE and GET as not achieved in 2022-23 and will slip into future years due to timing issues;
- £3.6m has been identified by ASCH, CYPE and GET as undeliverable in 2022-23;
- The Public Health, CED, DCED and Corporately Held budget savings for 2022-23 are £3.1m and are on track to be delivered;
- The NAC overachieved saving is due to MRP underspend and reduction in debt charges.

Explanation of the Directorate Savings variances are shown below:

11.1	The ASCH budget savings for 2022-23 are £22.1m plus £5.4m previous year saving. Of the overall £27.5m £21.9m is identified as being on track to be delivered with £4.5m forecast to slip into future years, and £1.1m assumed at this stage not to be achievable.	The £4.5m is due to delays in the procurement of new models of care; Microenterprises and Technology Enabled Care (TEC) £2.0m, and £2.5m on commissioning activity, which will need to achieved fully once the new adult social care and health operating model is implemented later in the year. There is £1.0m which relates to arranging care and support, it is felt this will not be achieved over the medium term primarily due to the demand and pressures in the social care market, increased unit costs and potential overlap with other commissioning and review work that is underway. There is £0.1m on Commissioning savings, it is felt this would not be achieved at the time of the collation of the forecast, but anticipated that this may be able to be achieved and will be reflected in the next forecast.

11.2	The CYPE budget savings for 2022-23 £2.7m plus a £5.2m previous year saving. £6.4m has been identified as on track to be achieved, £0.3m will not be achieved and the remaining £1.2m has been slipped into future years.	CYPE budget savings for 2022-23 were set at £2.7m and £5.2m of a prior year savings target has been added to the 2022-23 target, a total of £7.9m. £6.4m is forecast to be achieved this year, of which £2.1m has been covered through alternative actions including use of MTFP funding and one-off grants. The remaining £1.2m savings has slipped into future years and is due to: • delays in the piloting of standard pick up points for some SEN transport services until 2023-24 to allow more time to explore and plan for any changes. • 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. This has been delayed further to reflect any requirements of the DSG safety valve plan. • £0.5m of CFKC savings has been slipped to future years where has COVID delayed delivery.
11.3	The GET budget savings for 2022-23 are £7.1m. £3.4m is identified as being on track to be delivered with £1.7m forecast to slip into future years, £2.2m assumed at this stage not to be achievable and £0.2m to be over recovered.	The £1.7m saving that has not been delivered relates to a budget reduction of £2.2m in relation to Subsidised/Supported Bus services that was agreed at County Council. A delay in progressing the decision has meant that the profiled savings have not been delivered as planned. The decision is still pending and when finalised 90 days' notice must be given to operators and savings would commence after that. The quantum of routes that required withdrawal (to achieve the net £2.2m budget reduction) is in excess of £3m as a number of commercial routes ceased to be delivered by operators and these were critical for school journeys so these routes have been supported since April but the offsetting saving has not been delivered. The £2.2m saving that has not been delivered comprises of two elements: • £0.7m was primarily an income target from a grant expected from Government for new burdens in relation to a new border control team that was a required following Brexit/Transition. No new burdens monies have been provided. • £1.5m was a proposal to try and utilise Business Rates income to fund regenerative and environmental activities. This has not been delivered in-year. The proposal will look to be rolled out to fund future growth pressures and projects going forward but this will be worked up working collaboratively with districts on certain projects/initiatives rather than having a target set. An alternative to realign the budget is to be identified. The £0.2m of over recovery relates to additional income generated in the Waste service.

11.4	The NAC budget savings for 2022-23 are £6.1m with £8.1m forecast to be achieved.	Of the £2.0m over achievement relates to additional Minimum Revenue Provision (MRP) saving due to fewer assets becoming operational in 2021-22 due to slippage in the capital programme, but this is simply re-phasing of MRP into future years.

12 Capital

Directorate	Capital Budget	Variance	Real Variance	Rephasing Variance
Adult Social Care & Health	1.8	0.0	0.0	0.0
Children, Young People & Education	102.9	1.9	1.0	0.9
Growth, Environment & Transport	253.0	-6.5	14.6	-21.1
Strategic & Corporate Services	37.7	-6.6	5.4	-12.0
TOTAL	**395.4**	**-11.2**	**21.0**	**-32.2**

The total approved General Fund capital programme including roll forwards for 2022-23 is £395.4m

The current estimated capital programme spend for the year is forecast at £384.2m, which represents 97% of the approved budget. The spend to date is £57.7m, representing 15% of the total approved budget.

The directorates are projecting a £11.2m underspend against the budget, this is split between a +£21.0m real variance and -£32.2m re-phasing variance.

Across the capital programme there are expected inflationary pressures which will result in overspends amounting to approximately £14m in 2022-23. Discussions about the options to fund this are ongoing.

The major variances are described below:

Adult, Social Care & Health:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
There are no variances to report.			

Children, Young People & Education:

Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report:			
Annual Planned Enhancement Programme	-0.1	-0.5	The real variance is due to a project which has been transferred to the Modernisation Programme. Funding will be transferred and listed in the cash limit changes section of the report.

Modernisation Programme	+0.1		The real variance is due to a project which has been transferred from the Annual Planned Enhancement Programme. Funding will be transferred and listed in the cash limit changes section of the report.
Basic Need Kent Commissioning Plan 2016	+0.2		The real variance is due to the addition of a school managed project to enable additional places.
Basic Need Kent Commissioning Plan 2017	-1.8	-0.5	The real variance is due to the removal of the Deal Special School project which is now being reported under the High Needs Provision line (-£3.7m), and +£1.7m for Meopham School where phase 2 tenders have come in at a higher cost and new car park costs have been added.
Basic Need Kent Commissioning Plan 2018	-1.2	-0.9	The real variance is due to Garlinge Primary now being reported under the High Needs Provision line.
Basic Need Kent Commissioning Plan 2019	3.5		The real variance is due to: +£2.7m Highsted Grammar School – increase in cost due to material price increases. +0.6m Towers School – to reflect the forecast as in the Record of Decision (ROD). +£0.4m Queen Elizabeth's Grammar School – a school managed project for which the school have requested additional funding. +£0.3m Wye School – additional funding may be required for science facilities. +£0.1m Chilmington Green Secondary – increase in costs due to inflation. -£0.5m Nexus Special School – now reported under the High Needs Provision line.
Basic Need KCP 2021-25		-1.0	The £1m rephasing is due to a delay in feasibilities at St Mary of Charity.
Overall Basic Need Programmes			Across the basic need programmes over the next three years, there is a forecast in excess of current budget of approximately £15m. Of this, £7m is due to forecast inflation pressures, the majority of which are not expected to materialise until 2023/24 and 2024/25. There are sufficient basic need grant allocations to cover the expected overspend, however cash limit changes are on hold pending discussions around other pressures on the capital programme.
High Needs Provision	0.3		Tenders for the Canterbury Academy are higher than expected due to the requirement of a steel frame.

High Needs Provision 2022-24	+5.8	A number of projects have been added and brought forward: Deal Special School, Garlinge Primary, Oakley Satellite, Nexus Satellite, Sunny Bank Primary and East Kent College. Expenditure is to be funded from the high needs grant which is due to be received in 2022/23.
Nest 2	-1.6	Rephasing due to land being sought and the project is still at discussion/planning stage.

Growth, Environment & Transport:

Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report:			
Highway Major Enhancement (Highways & Transportation)	7.6		The majority of the real variance is due to the re-establishment of the £7m per annum Pothole Blitz programme. A solution for funding this is being worked up. +£0.5m relates to additional grant which has been awarded from the Department of Transport for traffic signal maintenance. +£0.2m relates to additional external funding which has been received towards the Urban Tree Challenge to reinstate tree loss.
Integrated Transport Schemes (Highways & Transportation)	0.6		The real variance is due to the addition of a number of minor schemes which will be externally funded and the cash limit will be increased when the funding is banked.
A226 St Clements Way (Highways & Transportation)	-0.2		The defects period of the main works has been completed and retention has been released. An allowance has been held back this year to complete some minor works and for landscape works. The underspend is to be released back to the Strategic Transport Infrastructure Programme (formerly known as Kent Thameside Strategic Transport Programme) as these are the conditions of the funding.

Bearsted Road (National Productivity Investment Fund) – Kent Medical Campus (Highways & Transportation)		-1.9	Significant challenges have been encountered during the design phase which has delayed the programme and contract award. The current profiling reflects expected construction to commence in August 2022 (delayed from April 2022), however since the original pricing of the contract, there have been significant increases in construction costs, notably due to increase in energy and fuel prices and on top of this inflation costs have increased significantly along with changes to red diesel tax and National Insurance increases. Until the price and programme is agreed there could be further changes to the profiling and the overall cost.
Dover Bus Rapid Transit (Highways & Transportation)		-3.9	The profiling of the scheme has been updated to reflect the latest works programme from Colas, and has resulted in rephasing following slow mobilisation.
Fastrack Full Network (Highways and Transportation)		-6.0	The rephasing is due to the construction works not expected to start until Autumn 2022 with a forecast completion date of Autumn 2023. Delays have been due to covid, the Scape framework and design works which were more challenging than anticipated.
Green Corridors (Highways and Transportation)		-2.4	The rephasing is due to the construction of the three largest sites (sites 6, 8 and 11) will span 2022/23 and 2023/24 financial years. The construction periods have been delayed so that the sites can be procured together and constructed by a single contractor. Other works nearby mean that the construction of these sites cannot begin before January 2023 due to road space availability and procurement timescales.
Kent Active Travel Fund Phase 3 (Highways & Transportation)	1.3	-1.1	A grant of £1.3m has been awarded by the Department for Transport to implement further activities in the Active Travel Fund. The areas covered by this grant are Herne Bay Seafront and Sevenoaks Urban area. Timeframes suggest £1.1m of the funding received will be in contract by the end of this financial year but spend will incur in 2023-24, hence the rephasing.
Thanet Parkway (Highways & Transportation)	5.4		The costs in excess of budget are expected to start crystalising in this financial year with an anticipated overspend of £5.4m, and another £1.2m in 2022-23. Funding options are being sought and the position will continue to be closely monitored.
Kings Hill Solar Farm (Growth & Communities)	0.2		Higher than anticipated costs have resulted in a forecast overspend, which will be funded from reserves.

Digital Autopsy (Growth & Communities)		-1.9	Rephasing is due to specification changes to the project and the contract having been split into two separate contracts.
Javelin Way Development (Growth & Communities)		-1.0	Rephasing is due to delays in finalising the legal agreements, and limited capacity of UKPN following the storms.
Marsh Million (Growth & Communities)	-0.3		The project has now come to an end and distributions will be made to the contributors of the scheme.

Strategic & Corporate Services:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Modernisation of Assets	+5.4		The real variance is due to inflation (approximately £0.7m) and addressing category 1 and urgent works. Funding from the Public Sector Decarbonisation Fund will offset approximately 0.6m of the variance. Funding options are being considered as part of the Capital Budget process to address the remainder of the overspend alongside other pressures identified on the Capital Programme.
Dover Discovery Centre		-2.4	Procurement has been pushed back to October 2022 resulting in rephasing.
Strategic Estate Programme		-9.0	The rephasing reflects the descoping of initial Stage 2 proposals for Sessions and Invicta refurbishment to keep costs in line with the approved budget, which alongside a delay in the release of the Sessions House Masterplan means a postponement of the original planned commencement date for any refurbishment.

13 Revenue Budget Changes

In line with usual practice at this stage of the year, revenue budgets have been realigned to reflect a reallocation of savings and pressures between Key Services in light of the 2021-22 final spend and activity levels and the latest service transformation plans. Explanations for these changes is provided below, and a breakdown of the changes by Key Service is available in Appendix 2.

Cabinet is asked to approve these changes. The variances reflected in this report assume these cash limit changes have been approved.

Adult Social Care & Health

Gross increase +£7.4m
Income increase -£7.0m

Roll forwards previously agreed at the June Cabinet meeting:

Various budgets	£0.372 gross

Technical adjustments, more accurately reflecting current levels of services and income to be received:

Realignment of budget within OPPD Social Support for Carers to reflect 22-23 Contracted Care Act Implementation income	+£0.575m gross -£0.575m income
Realignment of Adaptive & Technology budgets based on 22-23 funding and expenditure plans	+£1.340m gross -£1.340m income
Realignment of Strategic Commissioning budgets based on 22-23 funding and expenditure plans	+£1.560m gross -£1.560m income
Realignment of Public Health budgets based on 22-23 funding and expenditure plans	+£1.390m gross -£1.390m income
Allocation of 22-23 Better Care Fund uplifts to centrally held budgets	+£1.860m gross -£1.860m income
Allocation of 22-23 Care Act Implementation uplifts to centrally held budgets	+£0.235m gross -£0.235m income

Formal virements, requiring approval:

Transfer of staffing post from the Learning Disability Safeguarding Team to the Deprivation of Liberty Safeguards Team	+/- £0.056m
Transfer of legal budget from Deprivation of Liberty Safeguards service to centrally held ASCH legal budget	+/- £0.172m
Allocation of In-House Service Redesign savings from centrally held budgets to individual In House units	+/- £3.210m
Realignment of budget across Older People, Learning Disability, and Mental Health safeguarding budgets following Safeguarding service reorganisation	+/- £0.917m
Allocation of Service Redesign savings from centrally held budgets to area budgets	+/- £13.700m
Allocation of Contract & Commissioning savings from centrally held budgets to area budgets	+/- £5.000m

Transfer of 18-25 Improved Better Care Funds from CYPE to ASCH	+£0.029m gross
Transfer of staffing posts from Practice Development and Policy & Quality Assurance teams to Safeguarding Adults Team	+/- £0.065m
Transfer of budget from Autism to Mental Health teams following restructure	+/- £1.100m
Allocation of 22-23 funding for provider price uplifts from centrally held budgets to area budgets	+/- £14.500m
Transfer of budget from Older People staffing to Mental Health and Learning Disability staffing services to fund new staffing posts in Forensic and Quality & Standards Teams	+/- £0.675m
Allocation of 22-23 Better Care Fund uplifts from central budgets to services	+/- £1.860m
Allocation of 22-23 Care Act Implementation uplifts from central budgets to services	+/- £0.235m
Transfer of budget from services to centrally held budgets following allocation of Better Care Fund and Care Act Implementation uplifts.	+/- £1.500m
Allocation of centrally held funding for 22-23 one-off items	+/- £1.450m

Children, Young People & Education

Gross increase +£19.9m
Income increase -£17.5m

Roll forwards previously agreed at the June Cabinet meeting:

Various Budgets	+£2.430m gross

Technical adjustments, more accurately reflecting current levels of services and income to be received:

Asylum – realignment of asylum cash limits to reflect new funding rates and activity levels	+£15.021m gross -£15.021m income
Strategic Management & Directorate Budgets - realignment of cash limits to reflect revised asylum recharge	+£0.146m gross -£0.146m income
Care Leavers service – realignment of cash limits to reflect revised asylum recharge	+£0.485m gross -£0.485m gross
Care Leavers Service – realignment of cash limits to reflect revised activity levels and reduced Staying Put grant income	-£0.090m gross +£0.090m income
Children's Social Work Services - Assessment & Safeguarding Service – realignment of cash limits to reflect revised Asylum recharge	+£0.640m gross -£0.640m income

Looked after children – Care & Support – realignment of cash limits to reflect revised asylum recharge	+£0.250m gross -£0.250m income
Pupil referral units & inclusion – Transfer of DSG from schools budget line to PRU budgets to match 22-23 devolved allocation	+£0.120m gross -£0.120m gross
Special Educational Needs & Psychology Services – Increase FE college budget in line with agreed allocations from Schools Delegated Budget line	+£0.604m gross -£0.604m income
Special Educational Needs & Psychology Services – transfer of teacher's pension grant from Schools Delegated Budget line to Specialist Teaching & Learning Service (STLS)	+£0.343m gross -£0.343m income

Formal virements, requiring approval:

Adult Learning & Physical Disability Pathway - Community Based Services – realignment to reflect service provision	+£0.471m gross
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers – realignment to reflect service provision	-£0.491m gross +£0.029m income

Growth, Environment & Transport

Gross increase +£4.3m
Income increase -£1.2m

Roll forwards previously agreed at the June Cabinet meeting:

Various Budgets	+£3.114m gross

Technical adjustments, more accurately reflecting current levels of services and income to be received:

Increase in funding for Kent Downs AONB	+£1.853m gross -£1.853m income
Increase in funding for Country Parks	+£0.206m gross -£0.206m income
Decrease in funding for Planning Applications	-£0.133m gross +£0.133m income
Decrease in funding for Natural Environment	-£0.159m gross +£0.159m income
Decrease in funding for Sports	-£0.452m gross +£0.452m income

Formal virements, requiring approval:

Transfers of staff between key services in relation to the directorate restructure comprising £0.359m gross from Environment and Waste Divisional management costs and £0.247m gross from Growth and Support to Businesses to Growth and Communities Divisional management costs (gross +£0.606m)	No Impact
Transfer of £0.491m gross budget for the recharge from Medway for cross boundary usage from Residual Waste to Waste Facilities & Recycling Centres following the opening of the Allington Household Waste Recycling Centre in May 2022	No Impact

13 Revenue Budget Changes

Chief Executive's Department

Gross increase +£1.3m
Income increase -£0.2m

Roll forwards previously agreed at the June Cabinet meeting:

Various Budgets	+£1.087m gross

Technical adjustments, more accurately reflecting current levels of services and income to be received:

Revisions to Strategic Commissioning to reflect increased internal recharges	+£0.184m gross -£0.184m income

Formal virements, requiring approval:

A budget transfer from Non-Attributable Costs to fund the Support for Community Care Inform roll out	+£0.022m gross

Deputy Chief Executive's Department

Gross decrease -£0.8m
Income decrease +£0.8m

Technical adjustments, more accurately reflecting current levels of services and income to be received:

Change in expected partner income for the Kent Public Sector Network within ICT related services	-£0.263m gross +£0.263m income
Realignment in Corporate Landlord primarily for rental income from investment properties	-£0.216m gross +£0.216m income

Formal virements, requiring approval:

Realignment of budget within Technology including an adjustment to the recharge with Property Related Services to reflect property staff time spent on IT work	+/-£0.159m -£0.340m gross +£0.340m income

Non-Attributable Costs

Gross decrease -£0.0m

Formal virements, requiring approval:

A budget transfer from Non-Attributable Costs to fund the Support for Community Care Inform roll out in CED	-£0.022m gross

14 Capital Budget Changes

Cabinet is asked to approve the following changes:

Project	Year	Amount (£m)	Reason
Annual Planned Enhancement Programme (CYPE)	22-23	-0.126	Transfer of Schools Condition Allocation (SCA) funding to Schools Modernisation re Lydden Hall.
Modernisation Programme	22-23	+0.126	Transfer of Schools Condition Allocation (SCA) funding from Annual Planned Enhancement Programme re Lydden Hall.

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

Project	Year	Amount (£m)	Reason
Basic Need Programme KCP 2017 (CYPE)	22-23 23-24	-6.204 -1.897	Reduction of basic need grant available due to accounting entries.
Basic Need Programme KCP21 (2022-26) (CYPE)	23-24 24-25	-1.022 -4.688	Reduction of unfunded budget which had been added in error.
Highway Major Enhancement (GET)	22-23	-0.1	Department for Transport (DfT) grant funding already allocated within Herne Bay Relief Road project.
	22-23	+0.2	Additional external funding for reinstatement of Trees.
	22-23	+0.01	Additional grant funding.
	22-23	+0.5	Additional DfT grant funding for Traffic Lights.
Integrated Transport Schemes	22-23	+0.15	Additional Ebbsfleet Development Corporation grant.
Kent Active Travel Fund	22-23	+1.3	Additional grant funding.

15 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 investment 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.

15.1	Total external debt outstanding in June was £824.64m down by £1.33m since 31st March 2022	KCC debt includes £426.94m 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 15.44 years at an average interest rate of 4.70%. Outstanding loans from banks amount to £291.8m. This is also at fixed term rates with average length to maturity of 36.26 years at an average interest rate of 4.40%. 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 41.63 years at an average interest rate of 4.15%. The balance of debt relates to loans for the LED streetlighting programme. The outstanding balance is £15.90m with average of 11.39 years to maturity at an average rate of 1.71%. 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.
15.2	Majority is long term debt with 12.55% due to mature within 5 years	Maturity 0 to 5 years £103.45m (12.55%)[1] Maturity 5 to 10 years is minimal Maturity 10 to 20 years £213.59m (25.90%) Maturity over 20 years £507.60m (61.55%)
15.3	Total cash balance at end of June was £504.2m, up by £40.4m from the end of March	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 rise through the next quarter and decline over the remainder of the year **in line with the typical trend observed in previous years**.

[1] Split across the next five years is as follows: Year 1 £17.67m, Year 2 £20.60m, Year 3 £24.18m, Year 4 £24.00m, and Year 5 £17.00m

15.4	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 June were £135.8m (26.94% of cash balances). Short-term deposits enable the Council to manage liquidity. Bank accounts and money market funds are currently earning an average rate of return of 1.09%. 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 the end of June, the Council had £45.1m in DMO deposits and a further £26.8m in government bonds. In total these deposits represent 14.28% of cash investments with an average rate of return of 1.08%. 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 covered bond portfolio. As at the end of June, the Council has £93.9m invested in covered bonds earning an average rate of return of 1.43%. The Council has lent £16.3m through the No Use Empty Loans programme which achieve a return of 1.50% that is available to fund general services. This total includes £1.7m of loans made since March. The Council has now agreed 3 rolling credit facilities (RCF) with registered providers totalling £25m, for which we are receiving a fee ranging from 0.25% to 0.40%. None of the facilities have been drawn so far. 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 £184.8m invested in pooled funds (36.65% of cash balances). Excluding capital returns, these funds have earned a total income of £38.5m since inception, at an average annual rate of 4.11%. Returns on pooled funds can be volatile.

15.5	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.
15.6	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.

16 Council Tax

The purpose of this section is to monitor actual Council Tax discounts and collection rates against the budget throughout the year and to use this to inform collection fund and the Council Tax Base estimates to be included in next financial year's budget.

16.1	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.
16.2	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. This 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), which is included in the Council's 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 their local collection funds.
16.3	Following an unprecedented collection fund deficit in 2021-22 due to the pandemic, the budgeted taxbase for 2022-23 has increased by 2.63%	From 2015-16 to 2020-21 the budgeted taxbase increased each year by an average of 1.95%. 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 significantly affected both the discounts provided through the CTRS and the collection rate, and this resulted in an unprecedented collection fund deficit of £13.9m in 2021-22. This deficit is being accounted for over three years from 2021-22 to 2023-24. The budgeted increase in taxbase for 2022-23 is 2.63%. This increase reflects a return to pre-pandemic levels for the budget assumptions for CTRS discounts, and an improvement on collection rates from last financial year, from 97.8% to 98.2%. The purpose of this section of the monitoring report is to provide an early indication of whether CTRS discounts and collection rates during the year are consistent with the amounts in the 2022-23 budget estimates, and to have early oversight of the likely impact of any variances on the collection fund and the Council Taxbase to be included in the forthcoming year's budget.

Budgeted Tax Base 2022-23

16.4 563,284.89 band D Equivalents = £823.1m for the County Council precept

The 2022-23 net budgeted Council Taxbase for Kent is 563,284.89 band D equivalents which produces the County Council precept of £823.1m. The precept includes the following reductions: £74.2m due to single persons discount, £77.8m relating to Council Tax Reduction Scheme, and £15.4m for the expected collection rate loss. The table below shows the composition of the budgeted Council Taxbase for the Kent County Council precept:

	Band D equivalent	Total Precept @ £1,461.24
Number of Dwellings (692,361)	685,572.00	£1,001.8m
Less Exemptions & Disabled	-14,338.11	-£21.0m
Less Single Persons Discount	-50,801.21	-£74.2m
Less Council Tax Reduction Discounts	-53,216.26	-£77.8m
Less Other Discounts	-1,880.42	-£2.7m
Add Premiums, New Builds, etc	8,508.38	£12.4m
Less Collection Losses	-10,559.49	-£15.4m
Net Taxbase/Precept	563,284.89	£823.1m

The net precept of £823.1m includes £97.6m for the Adult Social Care precept.

Council Tax Charge Increase

16.5 KCC's element of individual household Council Tax charge for 2022-23 increased by 2.994% compared to 2021-22

The 2022-23 budget, which was approved by full council on 10th February 2022, included a 2.994% increase to the Council Tax charge. This increased the band D charge by £42.48, from £1,418.76 to £1,461.24. This increase consists of a £28.35 (1.998%) general increase up to the referendum limit and a £14.13 (0.996%) 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 £1,543.59. It is essential to include the Fire Authority's share of Council Tax for comparison purposes with other Shire Counties because some are still responsible for Fire & Rescue Services and do not levy a separate precept. The charge in Kent is ranked 10th out of 24 when compared with other Shire Counties, the highest charge is £1,728.66 and the lowest is £1,432.17.

16 Council Tax

Monitoring

16.6 Quarter 1 monitoring is showing a small collection fund deficit of £1.8m, largely as a result of lower than estimated collection rates to date.

The twelve Kent Districts have provided an update as at quarter 1 on the Council Tax collection and level of CTRS claimants. This information has been used to produce an initial forecast against the budget. The table below shows a forecast collection fund deficit of £1.8m (0.2%), due to lower than estimated collection rates, partially offset by very slightly lower than budgeted CTRS.

	Budget	Forecast	Variance
CTRS	-£77.8m	-£77.7m	£0.1m
Collection Rate	98.2%	97.9%	-£1.8m
Forecast Collection Fund Deficit			-£1.8m

It is still very early in the financial year to confidently rely on this forecast for budgeting, and the forecast collection rate does not take into consideration any payments against 2021-22 arrears or the impact of the option for Council Tax payers to change to making payments over twelve monthly instalments (which changes the profile of collection compared to the standard 10 monthly payments). These are likely to reduce the forecast collection fund deficit by the end of the year.

As the post-pandemic recovery continues, and in the context of the national cost of living crisis, CTRS and collection fund rates will continue to be closely monitored throughout the financial year, and a further update will be provided at quarter 2. At this stage we will also be able to more confidently draw conclusions to inform the 2023-24 estimated taxbase.

16.7 **Conclusion**

Council Tax remains a significant source of income and the 2023-24 budget will be dependent on the improved levels budgeted for in 2022-23 for CTRS discounts and collection rates materialising. At this early stage, we can gain some confidence that the forecast collection fund deficit is relatively minor (0.2% of the budget). There have also been some changes to the payment arrangements for Council Tax which affect the profile of collections; this has not been factored into this forecast and is likely to improve the position further.

However, there are also several other variables and external factors at play and therefore this will continue to be closely monitored throughout the year, and a further update will be provided at quarter 2.

Appendix 1 - Key Service Summary

	Revenue Budget £m	Forecast (£m)	Variance £m
Community Based Preventative Services	13.3	13.7	0.4
Housing Related Support	4.6	4.6	0.0
Statutory and Policy Support	1.2	1.4	0.2
Provision for Demographic Growth - Community Based Services	10.2	6.5	-3.7
Strategic Management & Directorate Support (ASCH)	6.8	5.1	-1.7
Social Support for Carers	3.2	3.0	-0.2
Partnership Support Services	0.0	0.0	0.0
Strategic Safeguarding	0.6	0.4	-0.2
Strategic Management & Directorate Budgets	40.0	34.8	-5.2
Public Health - Advice and Other Staffing	0.0	0.0	0.0
Public Health - Children's Programme	0.0	0.0	0.0
Public Health - Healthy Lifestyles	0.0	0.0	0.0
Public Health - Mental Health, Substance Misuse & Community Safety	0.0	0.0	0.0
Public Health - Sexual Health	0.0	0.0	0.0
Public Health	0.0	0.0	0.0
Adult In House Carer Services	2.4	2.5	0.1
Adult In House Community Services	5.9	5.7	-0.2
Adult In House Enablement Services	7.3	6.9	-0.4
Adult Learning Disability - Case Management & Assessment Service	5.7	5.7	0.0
Adult Learning Disability - Community Based Services & Support for Carers	101.6	104.5	2.9
Adult Learning Disability - Residential Care Services & Support for Carers	72.2	73.2	1.0
Adult Mental Health - Case Management & Assessment Services	10.2	10.2	0.0
Adult Mental Health - Community Based Services	11.4	15.5	4.1
Adult Mental Health - Residential Care Services	15.6	17.8	2.3
Adult Physical Disability - Community Based Services	20.9	22.2	1.3
Adult Physical Disability - Residential Care Services	17.7	17.8	0.1
ASCH Operations - Divisional Management & Support	6.8	7.2	0.4
Older People - Community Based Services	37.3	41.3	4.0
Older People - In House Provision	14.5	15.0	0.5
Older People - Residential Care Services	46.2	63.1	16.8
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	21.7	21.7	0.0
Older People & Physical Disability - In House Community Homecare Service	0.0	0.0	0.0
Older People & Physical Disability Carer Support - Commissioned	1.2	1.6	0.3
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	5.9	6.6	0.6
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	1.1	1.1	0.0
Sensory & Autism - Assessment Service	0.7	0.7	0.0
Service Provision - Divisional Management & Support	0.0	0.0	0.0
Adaptive & Assistive Technology	5.3	2.8	-2.5
Adult Social Care & Health Operations	411.7	442.9	31.3
Business Delivery	8.2	7.7	-0.5
Independent Living Support	0.7	0.7	0.0
Business Delivery Unit	8.9	8.4	-0.5
Adult Social Care & Health	**460.6**	**486.2**	**25.6**
Earmarked Budgets Held Corporately	**4.2**	**4.2**	**0.0**

Appendix 1 - Key Service Summary

	Revenue Budget £m	Forecast (£m)	Variance £m
	Revenue Budget £m	Forecast (£m)	Variance £m
Strategic Management & Directorate Budgets	2.3	2.6	0.3
Community Learning & Skills (CLS)	-0.4	-0.4	0.0
Early Years Education	0.0	0.0	0.0
Education Management & Division Support	1.4	1.3	-0.2
Education Services provided by The Education People	4.5	4.5	0.0
Fair Access & Planning Services	0.3	0.3	0.1
Home to School & College Transport	49.7	60.0	10.3
Other School Services	5.8	6.5	0.8
Education	61.2	72.2	11.0
Adoption & Special Guardianship Arrangements & Service	15.5	16.2	1
Asylum	-0.1	-0.1	0
Care Leavers Service	6.0	6.3	0
Children in Need - Care & Support	3.3	3.3	0
Children's Centres	4.6	4.7	0
Children's Social Work Services - Assessment & Safeguarding Service	51.2	52.3	1
Early Help & Preventative Services	6.9	7.1	0
Integrated Services (Children's) Management & Directorate Support	5.7	5.5	0
Looked After Children - Care & Support	66.8	70.4	4
Pupil Referral Units & Inclusion	0.1	0.1	0
Youth Services	5.7	5.7	0
Integrated Children's Services (East & West)	165.8	171.4	5.63
Adult Learning & Physical Disability Pathway - Community Based Services	32.7	36.6	3.8
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	9.3	9.4	0.1
Children in Need (Disability) - Care & Support	5.5	6.3	0.8
Childrens Disability 0-18 Commissioning	1.7	1.7	0.0
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9.0	9.4	0.3
Looked After Children (with Disability) - Care & Support	16.4	17.9	1.5
Looked After Children (with Disability) - In House Provision	3.6	3.7	0.0
Special Educational Needs & Disability Management & Divisional Support	0.2	0.2	0.0
Special Educational Needs & Psychology Services	13.2	14.2	0.9
Special Educational Needs & Disabilities	91.8	99.3	7.5
Children, Young People & Education	321.0	345.5	24.5
Earmarked Budgets Held Corporately	0.0	0.0	0.0

Appendix 1 - Key Service Summary

	Revenue Budget £m	Forecast (£m)	Variance £m
	Revenue Budget £m	Forecast (£m)	Variance £m
Strategic Management & Directorate Budgets	1.4	1.4	0.1
Growth and Support to Businesses	4.7	5.3	0.6
Community (Assets & Services)	2.8	3.3	0.5
Public Protection	11.4	11.9	0.4
Libraries, Registration & Archives	9.5	9.8	0.4
Growth and Communities Divisional management costs	0.8	0.8	0.0
Growth & Communities	29.1	31.1	1.9
Highway Assets Management	33.0	34.2	1.2
Transportation	6.6	6.4	-0.1
Supported Bus Services	4.5	6.2	1.7
English National Concessionary Travel Scheme (ENCTS)	13.8	12.9	-0.9
Kent Travel Saver (KTS)	4.8	4.8	0.0
Highways & Transportation divisional management costs	3.6	3.5	-0.1
Highways & Transportation	66.3	68.0	1.7
Environment	2.4	2.4	0.0
Residual Waste	45.8	47.8	2.0
Waste Facilities & Recycling Centres	31.9	31.8	-0.1
Environment and Waste Divisional management costs	1.8	1.9	0.1
Environment & Waste	81.9	83.9	2.0
Growth, Environment & Transport	**178.7**	**184.4**	**5.7**
Earmarked Budgets Held Corporately	**0.2**	**0.2**	**0.0**

Appendix 1 - Key Service Summary

	Revenue Budget £m	Forecast (£m)	Variance £m
	Revenue Budget £m	Forecast (£m)	Variance £m
Strategic Management & Directorate Budgets	0.0	0.0	0.0
Finance	12.7	12.9	0.2
Governance & Law	6.9	6.7	-0.2
Local Member Grants	1.4	1.4	0.0
Governance, Law & Democracy	8.3	8.1	-0.2
Strategic Commissioning	8.0	8.1	0.1
Strategy, Policy, Relationships & Corporate Assurance	4.4	4.4	0.0
Total - Chief Executive's Department	33.5	33.5	0.1
Customer Contact, Communications & Consultations	6.2	6.2	0.0
Human Resources related services	8.2	7.9	-0.3
People & Communication	14.4	14.1	-0.3
Property related services	6.2	6.2	0.0
Technology	24.0	23.5	-0.6
Corporate Landlord	27.1	28.4	1.3
Total - Deputy Chief Executive's Department	71.7	72.2	0.4
Non Attributable Costs	128.7	123.0	-5.7
Corporately Held Budgets (to be allocated)	-0.3	-0.3	0.0
Total excluding Schools' Delegated Budgets	1,198.4	1,248.9	+50.6
Total Including Schools' Delegated Budgets	0.0	51.5	+51.5

Appendix 2 - Revenue Budget Changes

	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Community Based Preventative Services	19.1	-5.3	13.8	20.1	-6.8	13.3	1.1	-1.5	-0.4
Housing Related Support	6.1	-1.4	4.6	6.1	-1.4	4.6	0.0	0.0	0.0
Statutory and Policy Support	1.1	+0.0	1.1	1.2	+0.0	1.2	0.1	0.0	0.1
Provision for Demographic Growth - Community Based Services	11.8	-1.6	10.2	11.8	-1.6	10.2	0.0	0.0	0.0
Strategic Management & Directorate Support (ASCH)	6.7	-0.3	6.4	7.1	-0.3	6.8	0.4	0.0	0.4
Social Support for Carers	5.0	-1.7	3.2	5.5	-2.3	3.2	0.6	-0.6	0.0
Partnership Support Services	10.4	-10.4	0.0	10.4	-10.4	0.0	0.0	0.0	0.0
Strategic Safeguarding	1.0	-0.4	0.5	1.0	-0.4	0.6	0.1	0.0	0.1
Strategic Management & Directorate Budgets	61.0	-21.2	39.8	63.3	-23.3	40.0	2.3	-2.1	0.2
Public Health - Advice and Other Staffing	4.6	-4.6	0.0	6.2	-6.2	0.0	1.6	-1.6	0.0
Public Health - Children's Programme	32.8	-32.8	0.0	33.1	-33.1	0.0	0.3	-0.3	0.0
Public Health - Healthy Lifestyles	9.7	-9.7	0.0	8.9	-8.9	0.0	-0.9	0.9	0.0
Public Health - Mental Health, Substance Misuse & Community Safety	13.3	-13.3	0.0	13.8	-13.8	0.0	0.5	-0.5	0.0
Public Health - Sexual Health	15.0	-15.0	0.0	14.9	-14.9	0.0	-0.1	0.1	0.0
Public Health	75.3	-75.3	0.0	76.8	-76.8	0.0	1.5	-1.4	0.0
Adult In House Carer Services	2.4	-0.0	2.4	2.4	-0.0	2.4	0.0	-0.0	0.0
Adult In House Community Services	5.9	-0.1	5.9	6.0	-0.0	5.9	0.1	0.0	0.1
Adult In House Enablement Services	18.9	-11.6	7.3	18.9	-11.6	7.3	0.1	-0.0	0.0
Adult Learning Disability - Case Management & Assessment Service	5.3	-0.3	5.0	5.9	-0.3	5.7	0.7	0.0	0.7
Adult Learning Disability - Community Based Services & Support for Carers	108.9	-9.7	99.3	111.2	-9.7	101.6	2.3	0.0	2.3
Adult Learning Disability - Residential Care Services & Support for Carers	78.0	-5.6	72.4	77.8	-5.6	72.2	-0.2	0.0	-0.2
Adult Mental Health - Case Management & Assessment Services	8.7	-0.3	8.4	10.4	-0.3	10.2	1.7	0.0	1.7
Adult Mental Health - Community Based Services	12.0	-0.9	11.1	12.3	-0.9	11.4	0.4	0.0	0.4
Adult Mental Health - Residential Care Services	16.7	-1.1	15.6	16.6	-1.1	15.6	-0.1	0.0	-0.1
Adult Physical Disability - Community Based Services	24.9	-4.2	20.7	25.1	-4.2	20.9	0.2	0.0	0.2
Adult Physical Disability - Residential Care Services	19.1	-1.3	17.7	19.0	-1.3	17.7	-0.1	0.0	-0.1
ASCH Operations - Divisional Management & Support	6.9	-0.2	6.6	7.1	-0.2	6.8	0.2	0.0	0.2
Older People - Community Based Services	66.6	-28.5	38.1	65.9	-28.6	37.3	-0.6	-0.1	-0.7
Older People - In House Provision	21.6	-7.4	14.2	21.9	-7.4	14.5	0.3	0.0	0.3
Older People - Residential Care Services	112.6	-64.5	48.1	112.3	-66.0	46.2	-0.3	-1.5	-1.8
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	26.1	-2.6	23.6	24.1	-2.5	21.7	-2.0	0.1	-1.9
Older People & Physical Disability - In House Community Homecare Service	0.0	+0.0	0.0	0.0	+0.0	0.0	0.0	0.0	0.0
Older People & Physical Disability Carer Support - Commissioned	2.1	-0.9	1.2	2.1	-0.9	1.2	0.0	0.0	0.0
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	6.5	-0.6	5.9	6.6	-0.6	5.9	0.0	0.0	0.0
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	1.1	-0.0	1.1	1.1	-0.0	1.1	0.0	0.0	0.0
Sensory & Autism - Assessment Service	1.8	+0.0	1.8	0.7	+0.0	0.7	-1.1	0.0	-1.1
Service Provision - Divisional Management & Support	0.0	+0.0	0.0	0.0	+0.0	0.0	0.0	0.0	0.0
Adaptive & Assistive Technology	12.2	-6.9	5.3	14.2	-8.8	5.3	1.9	-1.9	0.0
Adult Social Care & Health Operations	558.4	-146.9	411.6	561.9	-150.3	411.7	3.5	-3.4	0.1

Appendix 2 - Revenue Budget Changes

	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Business Delivery	8.7	-0.6	8.1	8.8	-0.6	8.2	0.1	0.0	0.1
Independent Living Support	0.9	-0.2	0.7	0.9	-0.2	0.7	0.0	0.0	0.0
Business Delivery Unit	9.6	-0.8	8.8	9.7	-0.8	8.9	0.1	0.0	0.1
Adult Social Care & Health	704.4	-244.2	460.2	711.8	-251.2	460.6	7.4	-7.0	0.4
Strategic Management & Directorate Budgets	6.1	-3.8	2.3	6.2	-3.9	2.3	0.1	-0.1	0.0
Community Learning & Skills (CLS)	13.5	-14.0	-0.4	13.5	-14.0	-0.4	0.0	0.0	0.0
Early Years Education	75.1	-75.1	0.0	75.1	-75.1	0.0	0.0	0.0	0.0
Education Management & Division Support	2.3	-1.0	1.4	2.4	-1.0	1.4	0.0	0.0	0.0
Education Services provided by The Education People	9.0	-4.5	4.5	9.0	-4.5	4.5	0.0	0.0	0.0
Fair Access & Planning Services	2.9	-2.6	0.3	2.9	-2.6	0.3	0.0	0.0	0.0
Home to School & College Transport	53.4	-3.7	49.7	53.4	-3.7	49.7	0.0	0.0	0.0
Other School Services	40.5	-35.8	4.7	41.5	-35.8	5.8	1.1	0.0	1.1
Education	196.7	-136.6	60.1	197.8	-136.6	61.2	1.1	0.0	1.1
Adoption & Special Guardianship Arrangements & Service	16.6	-1.3	15.3	16.8	-1.3	15.5	0.2	0.0	0.2
Asylum	17.0	-17.1	-0.1	32.0	-32.1	-0.1	15.0	-15.0	-0.0
Care Leavers Service	9.5	-3.4	6.0	9.9	-3.8	6.0	0.4	-0.4	0.0
Children in Need - Care & Support	3.3	-0.0	3.3	3.3	-0.0	3.3	0.0	0.0	0.0
Children's Centres	8.2	-3.5	4.6	8.2	-3.5	4.6	0.0	0.0	0.0
Children's Social Work Services - Assessment & Safeguarding Service	54.4	-3.3	51.2	55.1	-3.9	51.2	0.6	-0.6	0.0
Early Help & Preventative Services	15.3	-8.4	6.9	15.3	-8.4	6.9	0.0	0.0	0.0
Integrated Services (Children's) Management & Directorate Support	8.2	-2.5	5.7	8.2	-2.5	5.7	0.0	-0.0	0.0
Looked After Children - Care & Support	70.9	-4.1	66.8	71.2	-4.4	66.8	0.2	-0.2	0.0
Pupil Referral Units & Inclusion	8.5	-8.4	0.1	8.6	-8.5	0.1	0.1	-0.1	0.0
Youth Services	7.2	-2.5	4.7	8.2	-2.5	5.7	1.0	0.0	1.0
Integrated Children's Services (East & West)	219.1	-54.6	164.5	236.8	-71.0	165.8	17.7	-16.5	1.3

Appendix 2 - Revenue Budget Changes

	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Adult Learning & Physical Disability Pathway - Community Based Services	33.8	-1.5	32.3	34.3	-1.5	32.7	0.5	0.0	0.5
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	10.2	-0.4	9.8	9.7	-0.4	9.3	-0.5	0.0	-0.5
Children in Need (Disability) - Care & Support	5.5	-0.0	5.5	5.5	-0.0	5.5	0.0	0.0	0.0
Childrens Disability 0-18 Commissioning	2.7	-1.0	1.7	2.7	-1.0	1.7	0.0	0.0	0.0
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9.0	+0.0	9.0	9.0	+0.0	9.0	0.0	0.0	0.0
Looked After Children (with Disability) - Care & Support	18.2	-1.8	16.4	18.2	-1.8	16.4	0.0	0.0	0.0
Looked After Children (with Disability) - In House Provision	5.4	-1.8	3.6	5.4	-1.8	3.6	0.0	0.0	0.0
Special Educational Needs & Disability Management & Divisional Support	0.2	+0.0	0.2	0.2	+0.0	0.2	0.0	0.0	0.0
Special Educational Needs & Psychology Services	100.3	-87.0	13.2	101.2	-88.0	13.2	0.9	-0.9	-0.0
Special Educational Needs & Disabilities	185.3	-93.5	91.8	186.2	-94.4	91.8	0.9	-0.9	-0.0
Children, Young People & Education	**607.2**	**-288.5**	**318.7**	**627.0**	**-306.0**	**321.0**	**19.9**	**-17.5**	**2.3**
Strategic Management & Directorate Budgets	1.5	-0.1	1.4	1.5	-0.1	1.4	0.0	0.0	0.0
Growth and Support to Businesses	8.7	-4.2	4.5	8.8	-4.1	4.7	0.1	0.1	0.2
Community (Assets & Services)	8.0	-5.6	2.4	8.2	-5.4	2.8	0.2	0.2	0.4
Public Protection	14.6	-3.5	11.1	14.9	-3.5	11.4	0.3	0.0	0.3
Libraries, Registration & Archives	16.0	-6.6	9.5	16.0	-6.6	9.5	0.0	0.0	0.0
Growth and Communities Divisional management costs	0.2	+0.0	0.2	0.8	+0.0	0.8	0.6	0.0	0.6
Growth & Communities	47.5	-19.8	27.7	48.7	-19.5	29.1	1.2	0.3	1.5
Highway Assets Management	37.2	-4.6	32.6	37.5	-4.4	33.0	0.3	0.2	0.4
Transportation	11.0	-4.5	6.5	11.0	-4.5	6.6	0.0	0.1	0.1
Supported Bus Services	8.1	-3.6	4.5	8.1	-3.6	4.5	0.0	0.0	0.0
English National Concessionary Travel Scheme (ENCTS)	13.9	-0.0	13.8	13.9	-0.0	13.8	0.0	0.0	0.0
Kent Travel Saver (KTS)	11.4	-6.6	4.8	11.4	-6.6	4.8	0.0	0.0	0.0
Highways & Transportation divisional management costs	4.2	-0.6	3.6	4.2	-0.6	3.6	0.0	0.0	0.0
Highways & Transportation	85.7	-19.9	65.8	86.0	-19.7	66.3	0.3	0.2	0.5

Appendix 2 - Revenue Budget Changes

	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Environment	7.7	-5.6	2.1	9.8	-7.4	2.4	2.0	-1.7	0.3
Residual Waste	45.6	-0.5	45.2	46.2	-0.5	45.8	0.6	0.0	0.6
Waste Facilities & Recycling Centres	36.5	-5.1	31.4	37.0	-5.1	31.9	0.5	0.0	0.5
Environment and Waste Divisional management costs	2.1	-0.0	2.1	1.8	-0.0	1.8	-0.3	0.0	-0.3
Environment & Waste	92.0	-11.2	80.8	94.8	-13.0	81.9	2.8	-1.7	1.1
Growth, Environment & Transport	**226.7**	**-51.0**	**175.6**	**231.0**	**-52.3**	**178.7**	**4.3**	**-1.2**	**3.1**
Strategic Management & Directorate Budgets	2.7	-2.7	0.0	2.7	-2.7	0.0	0.0	0.0	0.0
Finance	19.6	-6.8	12.7	19.6	-6.8	12.7	0.0	0.0	0.0
Governance & Law	7.2	-0.3	6.9	7.2	-0.3	6.9	0.0	0.0	0.0
Local Member Grants	0.8	+0.0	0.8	1.4	+0.0	1.4	0.6	0.0	0.6
Governance, Law & Democracy	8.0	-0.3	7.7	8.7	-0.3	8.3	0.6	0.0	0.6
Strategic Commissioning	8.9	-1.3	7.6	9.5	-1.5	8.0	0.6	-0.2	0.4
Strategy, Policy, Relationships & Corporate Assurance	6.4	-2.1	4.3	6.5	-2.1	4.4	0.1	0.0	0.1
Total - Chief Executive's Department	**45.6**	**-13.2**	**32.4**	**46.9**	**-13.4**	**33.5**	**1.3**	**-0.2**	**1.1**
Customer Contact, Communications & Consultations	6.9	-0.6	6.2	6.9	-0.6	6.2	0.0	0.0	0.0
Human Resources related services	8.9	-0.7	8.2	8.9	-0.7	8.2	0.0	0.0	0.0
People & Communication	15.8	-1.3	14.4	15.8	-1.3	14.4	0.0	0.0	0.0
Property related services	8.2	-1.8	6.3	8.3	-2.1	6.2	0.1	-0.2	-0.2
Technology	27.8	-4.0	23.9	27.2	-3.1	24.0	-0.7	0.8	0.2
Corporate Landlord	35.9	-8.8	27.1	35.7	-8.6	27.1	-0.2	0.2	0.0
Total - Deputy Chief Executive's Department	**87.7**	**-16.0**	**71.7**	**86.9**	**-15.2**	**71.7**	**-0.8**	**0.8**	**0.0**

Appendix 2 - Revenue Budget Changes

	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	Base Budget			Working Budget			Movement		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Non Attributable Costs	144.6	-15.8	128.8	144.6	-15.8	128.7	-0.0	0.0	-0.0
Corporately Held Budgets (to be allocated)	4.1	0.0	4.1	4.1	0.0	4.1	0.0	0.0	0.0
Total excluding Schools' Delegated Budgets	1,820.2	-628.8	1,191.5	1,852.2	-653.8	1,198.4	32.0	-25.1	6.9
Schools' Delegated Budgets	711.5	-711.5	0.0	700.0	-700.0	0.0	-11.5	11.5	0.0
Total including Schools' Delegated Budgets	2,531.8	-1,340.3	1,191.5	2,552.3	-1,353.9	1,198.4	20.5	-13.6	6.9

Appendix 3 - Monitoring of Prudential Indicators as at 30 June 2022

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)

	21-22 Actuals	22-23 Budget	22-23 Forecast
Total	335.3	339.3	384.20

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.

	21-22 Actuals	22-23 Budget	22-23 Forecast
Total CFR	1,294.10	1,364.00	1,335.90

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.

	21-22 Actuals	22-23 Budget	22-23 Forecast
Other Long-term Liabilities	232.07	235.80	232.07
External Borrowing	825.97	802.50	802.47
Total Debt	1,058.04	1,038.30	1,034.54
Capital Financing Requirement	1,294.10	1,364.00	1,335.90
Internal Borrowing	236.06	325.70	301.36

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.

	21-22 Actuals	22-23 Limit	22-23 Forecast
Authorised Limit - borrowing	826	876	825
Authorised Limit - PFI and leases	232	245	232
Authorised Limit - total external debt	1,058	1,121	1,057
Operational Boundary - borrowing	826	851	825
Operational Boundary - PFI and leases	232	245	232
Operation Boundary - total external debt	1,058	1,096	1,057

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.

	21-22 Actual	22-23 Budget	22-23 Forecast
Proportion of net revenue stream	9.18%	9.06%	8.63%

Appendix 4 - Reserves Monitoring as at 30 June 2022

	Balance as at 1 April 2022 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2023 £m
General Fund (GF) Balance	56.2		56.2
Budgeted contribution to/(from) in MTFP		3.0	3.0
	56.2	3.0	59.2
Earmarked reserves :			
Vehicle, Plant & Equipment (VPE)	18.7	(0.5)	**18.2**
Smoothing	124.7	(12.9)	**111.8**
Major Projects	62.3	(1.2)	**61.1**
Partnerships	26.3	4.6	**30.9**
Grant/External Funds	79.1	(30.5)	**48.6**
Departmental Under/Overspends	8.4	(29.7)	**(21.3)**
Insurance	13.8	(1.0)	**12.8**
Public Health	16.8	(3.9)	**12.9**
Trading	1.2	0.0	**1.2**
Special Funds	0.6	0.1	**0.7**
Total Earmarked Reserves	351.9	**(75.0)**	276.9
Total GF and Earmarked Reserves	408.1	**(72.0)**	336.1

Schools Reserves	Balance as at 1 April 2022 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2023 £m
School delegated revenue budget reserve - committed	21.8	(1.5)	20.3
School delegated revenue budget reserve - uncommitted	39.3	0.0	39.3
Community Focussed Extended Schools Reserves	0.2	0.0	0.2
Total School Reserves	61.3	(1.5)	59.8

DSG Adjustment Account - Unusable Reserve

	Balance as at 1 April 2022	Forecast Contribution to/(from) Reserve	Projected Balance at 31 March 2023
	£m	£m	£m
Unallocated Schools Budget	**(97.6)**	**(49.4)**	**(147.0)**

The General fund Reserve has been increased as agreed by County Council in the 2022-23 MTFP.

The earmarked reserves are decreasing mainly due to the following:

- Funding of £46.8m underlying overspend including using the £24.9m set aside in the risk reserve
- £9.9m drawdown from the Covid-19 emergency grant reserve as reflected in the June monitoring.

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

The net £75.0m drawdown from earmarked reserves 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.