

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

To: County Council 9th February 2023

Subject: **Capital Programme 2023-33, Revenue Budget 2023-24 and
Medium Term Financial Plan 2023-26**

Classification: **Unrestricted**

Summary:

The draft budget report containing the administration's budget proposals for 2023-24 was published on 3rd January 2023 to support the scrutiny and democratic process through Cabinet Committees and the Scrutiny Committee. Feedback from those Committees was presented to Cabinet on 26th January, and taken into account for the administration's final draft budget report, published on 1st February 2023, for the annual County Council budget setting meeting on 9th February 2023.

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

Appendices A to G of the final draft budget report set out the administration's updated budget plans and are published in a format recommended by the Corporate Director of Finance and agreed by the Leader as required under the Council's constitution and Financial Regulations. The other appendices published in the draft for scrutiny (details of core grants in the local government finance settlement, reserves policy, draft fees and charges income policy and budget risks and adequacy of reserves) have also been updated where necessary for final approval.

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

Members are asked to refer to the final draft 2023-24 budget report published on 1st February for this meeting and not previous drafts.

Recommendations:

County Council, having given due regard to the s25 Report (published for consideration as agenda item 5 of this meeting), is asked to agree the following:

2023-33 Capital Programme

- (a) The 10-year Capital programme and investment proposals of £1,624.0m over the years from 2023-24 to 2032-33 together with the necessary funding and subject to approval to spend arrangements.
- (b) The directorate capital programmes as set out in appendices A & B of the final draft budget report published on 1st February 2023.

2023-24 Revenue Budget and Medium Term Financial Plan

- (c) The net revenue budget requirement of £1,310.9m for 2023-24.
- (d) The directorate revenue budget proposals for 2023-24 and the medium term financial plan as set out in appendices D (high level 3 year plan), E (2023-24 key services), appendix F (variations for 2023-24) and G (variations for 2023-26) of the final draft budget report published on 1st February 2023.

2023-24 Council Tax

- (e) To increase Council Tax band rates up to the maximum permitted without a referendum as set out in section 6.10 (table 4) in the final draft report published on 1st February 2023. For the general precept the increase up to but not exceeding 3% raises an additional £25.048m taking the total general precept to £761,106,400
- (f) To levy the additional 2% social care precept (raising an additional £16.664m and taking the total social care precept to £115,672,900 out of the total precept set out in recommendation (g) below).
- (g) The total Council Tax requirement of £876,779,300 to be raised through precepts on districts as set out in section 6.9 (table 3) in the final draft report published on 1st February 2023.

Kent Pay Scheme 2022-23

- (h) The recommendations from Personnel Committee on the changes to Kent Pay Scheme as set out in section 7.8 of the final draft budget published on 1st February 2022
- (i) The uprating of member allowances linked to pay awards as set out in section 7.10 of the final draft budget published on 1st February 2022

Key Policies and Strategies

- (j) The Fees and Charges policy as set out in appendix L of the final draft report published on 1st February 2023
- (k) The Capital Strategy as set out in appendix M of the final draft report published on 1st February 2023 including the Prudential Indicators.
- (l) The Treasury Management Strategy as set out in appendix N of the final draft report published on 1st February 2023
- (m) The Minimum Revenue Provision (MRP) Statement as set out in appendix P of the final draft report published on 1st February 2023.
- (n) The Reserves Policy as set out in appendix I of the final draft budget report published on 1st February 2023.

In addition:

- (o) To delegate authority to the Corporate Director of Finance (after consultation with the Leader, the Deputy Leader and Cabinet Member for Finance, Corporate & Traded Services and the political Group Leaders) to resolve any

minor technical issues for the final budget publication which do not materially alter the approved budget or change the net budget requirement and for any changes made to be reflected in the final version of the Budget Book (blue combed) due to be published in March 2022.

- (p) To note the information on the impact of the County Council's share of retained business rates and business rate collection fund balances on the revenue budget will be reported to Cabinet once it has all been received.
- (q) To note the extraordinary impact of the economic consequences of global and national circumstances on spending and income in 2022-23, and knock on consequences and on-going impact in the final draft 2023-24 budget, capital programme and medium term financial plan.
- (r) To note further potential economic volatility and the uncertain financial outlook for later years in the absence of a multi-year settlement from government (in particular from 2025-26 onwards with guiding principles and notional grant increases only confirmed for 2024-25) as well as uncertain impact of the delayed social care reforms and reforms to local government funding arrangements..

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

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

1. Update to Draft Budget Report

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

- The updated final draft report includes confirmation of estimated council tax collection fund balance surplus from Kent districts of £11.487m, an estimated £4.487m higher than the forecast included in the original draft budget with the additional surplus to be transferred to the local taxation equalisation reserve in line with the revised resilience arrangements set out in section 6.8 of the final draft budget report published on 1st February 2023
- The recommendations from Personnel Committee for the Kent Pay Scheme 2023-24, these can be delivered within the provision included in the original 3rd January draft budget.

1.2 The final draft budget report includes minor changes following confirmation of final council tax base estimates (the County Council must set its council tax

precept based on the estimates for each district). This reduces the council tax precept by £392.4k compared to the provisional estimate in the administration's original draft budget and the reduced funding generated is reflected in the revised draw down from smoothing reserves to balance the budget.

- 1.3 Information on the County Council's estimated share of retained business rates and business rates collection fund balances was only received on the deadline of 31st January and too late to include in this report. A separate report on the impact on revenue spending, savings and reserves will be presented to Cabinet.
- 1.4 The final estimated council tax collection fund balance and tax base have increased the proposed net revenue budget 2023-24 from £1,306.8m to £1,310.9m.
- 1.5 The final draft budget report includes the following additional appendices which are necessary to support the report's recommendations, some of which form part of the budget framework and need to be agreed by County Council. These include:
 - Appendix E – Revenue Budget 2023-24 Key Service Analysis. This shows the planned spending on individual services in 2023-24
 - Appendix G – Detailed 3 year medium term financial plan 2023-26 (the original draft included a high level plan for scrutiny purposes). The later two years are shown in the medium term financial plan for planning purposes and could be subject to change
 - Appendix M - Capital Strategy. This provides a high-level overview of how capital expenditure, financing and treasury management contribute to delivery of council services. The prudential indicators set out a high level medium-term view of capital and treasury plans
 - Appendix N Treasury Management Strategy. This shows how the Council manages cashflows, borrowing and financial investments
 - Appendix O – Investment Strategy. This provides information on the levels of investments in loans, shares and commercial property
 - Appendix P - Annual Minimum Revenue Provision (MRP) Statement. This covers the Council's policy for charges to the revenue account each year to finance capital expenditure initially funded from borrowing
- 1.6 Other additional appendices help inform the background to the budget and include
 - Appendix H - Core Grants in Local Government Finance Settlement. This outlines the derivation of all the grants in the settlement including the additional grants for social care in 2023-24 and 2024-25
 - Appendix I - Reserves Policy. This outlines the Council's approach to assessing, maintaining and managing revenue reserves
 - Appendix J – Budget Risks and Adequacy of Reserves. This provides an assessment of the financial risk environment the Council is operating in and adequacy of the council's reserves
 - Appendix K – Budget Risk Register. This quantifies the main financial risks not reflected in specific budget proposals

- Appendix L – Fees and Charges Policy. This sets out the proposed approach to determining future fees and charges for discretionary services with the objective of providing greater clarity where decisions have been agreed by Cabinet to offer concessions or subsidies and to improve full cost recovery where no concession or subsidy is offered.

1.7 The updated report dated 1st February 2023 is published alongside the Council papers. This replaces previous drafts.

2. Contact details

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