Finance Monitoring Report

As at December 2023-24 (Quarter 3)

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Corporate Directors

To Cabinet – 21 March 2024

Unrestricted

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1 Introduction

This report sets out an update of the Council's financial position as at the end December 2023 (Quarter 3).

Revenue

The Quarter 3 forecast outturn position for 2023-24 is an initial overspend of £30.0m (excluding schools) This is a substantial reduction of £6.0m since Quarter 2 and a £2.0m improvement since the last reported position as at November 2023. The forecast overspend represents 2.3% of the revenue budget and continues to present a significant risk to the Council's financial sustainability. Within the overall outturn position there are significant forecast overspends in Adult Social Care & Health totalling £31.3m, and in Children's, Young People and Education totalling £28.2m.

Whilst the overall forecast has reduced by £2.0m since the last report (providing evidence that spending controls and management action is having an impact) there continue to be movements in the forecast, particularly in adults and children's. The latest forecast impact of management action in Adult Social Care & Health shows the amounts from actions have now been delivered and reflected in the revised forecast, the amounts still expected to be achieved before the end of the year, and the amount that is now considered unachievable.

The November report indicated the possible use of reserves as an alternative solution to balance the budget. Whilst this is not the position we wanted to be in, it is now realistic that some use of reserves will be required. This report shows the application of the risk contingency of £12m, which considerably reduces the in-year overspend. The risk reserve is an earmarked smoothing reserve established in 2021-22 to mitigate increased risk and uncertainty in budget setting. The £12m contribution to the risk reserve was included in the 2023-24 budget to mitigate the volatility in inflation and other cost forecasts. As the full £12m will be required this year, the contribution to the reserve will not be made and will be shown as an additional underspend in Non-Attributable Costs. The reserves monitoring in Appendix 3 shows this £12m movement.

The use of reserves is a one-off solution. The full delivery of all the management action detailed below is the minimum amount necessary to avoid additional use of reserves. In addition to what has already been delivered, there is further management action forecast to be achieved before the end of the financial year in Adult Social Care & Health of £4.6m and in Children Young People & Education of £1.7m. This is detailed in Section 12.

The removal of the contribution to the risk reserve and management action within the directorates totals £18.3m (£12m risk reserve and £6.3m in Adult Social Care & Health and Children, Young People & Education). The remaining £11.7m to balance the position has been shown as management action in Corporately Held Budgets and requires a final effort from all directorates to stop spending wherever possible in 2023-24. This has been communicated across the Council with clear guidance for all staff and additional approvals are required for high value purchases (over £10,000) and staff recruitment. The strengthening of controls now includes reviewing requisitions raised, with analysis undertaken and queries raised with budget managers as appropriate.

The revenue and capital budget for 2024-25 and medium-term financial plan 2024-27 was published on 9 February 2024 and approved at County Council on 19 February 2024.

Capital

The capital budget is forecasting an underspend of £143.4m, of which £10.7m is a real overspend and £154.1m is a rephasing underspend.

Capital budget adjustments are also included which require Cabinet approval.

1 Introduction

1.1	The overall Revenue forecast before management action and removal of the £12m contribution to the risk reserve, is +£30.0m overspend.	The Revenue General Fund projected year end position is a net overspend of +£30.0m. Overspends are forecast in ASCH and CYPE with underspends in GET, DCED, CED, and GET. The largest overspends are +£31.3m (5.9%) in ASCH and +£28.3m (7.8%) in CYPE. NAC including Corporately Held Budgets is forecasting an underspend of -£17.6m, DCED is forecasting an underspend of -£7.7m, CED is forecasting an underspend of -£2.3m and GET is forecasting an underspend of -£2.0m. Details can be found in the individual directorate sections.
1.2	The £18.0m of planned management action and application of risk contingency of £12.0m balances the position.	To bring the forecast outturn to within budget by the end of the financial year will require management action totalling £18.0m, made up of £4.6m in ASCH, £1.7m in CYPE and £11.7m across all directorates as a result of spending controls. Until this action has been implemented and delivered there will continue to be a reported overspend before planned management action. Details of the management action can be found in Section 12. The application of the risk contingency reduces the position by £12.0m. This is a one-off measure.
1.3	Schools' Delegated Budgets are reporting a +£15.4m overspend.	The overspend position is +£15.4m. The forecast in year deficit on the High Needs budget is +£44.9m due to a combination of higher demand for additional SEN support and higher cost per child resulting from the use of more specialist provision. In 2022-23 the Council entered into a "Safety Valve" agreement with the Department for Education (DfE) and the accumulated DSG deficit will reduce from an estimated £174m to £76m as at 31st March 2024 as a result of contributions from the Council and DfE. The overspend highlighted above is slightly above the in-year Safety Valve plan (by £2.2m), but still within the cumulative plan to date (by £9.8m). The Council's contributions for 2023-24 will be met through a transfer from other reserves which will reduce usable revenue reserves.
1.4	The Capital budget forecast is a net underspend of -£143.4m.	The net underspend is made up of +£10.7m real overspend and -£154.1m slippage, which represents 36% of the budget. The largest real variance is an overspend of +£7.2m in DCED. Details can be found in the Section 13. The major slippage is -£90.3m in GET and -£49.9m in CYPE. Details can be found in Section 13.

2 Recommendations

Cabinet is asked to:

2.1	Note the forecast revenue monitoring position of £30.0m overspend before management action	Please refer to Sections 3 to 9 for details
2.2	Consider and note the management action of £30.0m identified to bring the Council to a balanced position	Please refer to Sections 12 for details
2.3	Note the projected Schools' monitoring position of £15.4m overspend	Please refer to Section 10 for details
2.4	Consider and note the progress on the delivery of savings and increased income forecast of £61.0m	Please refer to Section 11 for details
2.5	Note the forecast Capital monitoring position of £143.4m underspend	Please refer to Section 13 for details
2.6	Note and agree the Capital budget adjustments	Please refer to Section 14 for details
2.7	Note the Treasury Monitoring report	Please refer to Section 15 for details
2.8	Note the Prudential Indicators report	Please refer to Appendix 2 for details
2.9	Note the Reserves monitoring position	Please refer to Appendix 3 for details

3 Revenue

General Fund projected +£30.0m overspend
Dedicated Schools Grant (DSG) +£15.4m overspend

General Fund

Forecast position as overspend/(underspend)

Directorate	Revenue Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Last reported position	Movement (+/-)
	£m	£m	£m	£m	£m
Adult Social Care & Health	528.9	560.2	31.3	29.7	1.6
Children, Young People & Education	362.2	390.5	28.2	29.5	(1.3)
Growth, Environment & Transport	195.6	193.6	(2.0)	(0.8)	(1.2)
Deputy Chief Executive's Department	84.7	77.0	(7.6)	(7.1)	(0.5)
Chief Executive's Department	31.4	29.1	(2.2)	(1.9)	(0.3)
Non Attributable Costs	115.8	97.8	(18.0)	(17.7)	(0.3)
Corporately Held Budgets	(0.3)	0.1	0.4	0.4	0.0
General Fund	**1,318.3**	**1,348.3**	**30.0**	**32.1**	**(2.1)**
Ringfenced Items					
Schools' Delegated Budgets	0.0	15.4	15.4	15.4	0.0
Overall Position	**1,318.3**	**1,363.7**	**45.4**	**47.5**	**(2.1)**

Position after management action:

General Fund

Directorate	Revenue Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Management Action	Updated Net Revenue Variance
	£m	£m	£m	£m	*£m*
Adult Social Care & Health	528.9	560.2	31.3	(4.6)	26.7
Children, Young People & Education	362.2	390.5	28.2	(1.7)	26.5
Growth, Environment & Transport	195.6	193.6	(2.0)	0.0	(2.0)
Deputy Chief Executive's Department	84.7	77.0	(7.6)	0.0	(7.6)
Chief Executive's Department	31.4	29.1	(2.2)	0.0	(2.2)
Non Attributable Costs	115.8	97.8	(18.0)	0.0	(18.0)
Corporately Held Budgets	(0.3)	0.1	0.4	(11.7)	(11.3)
Total	**1,318.3**	**1,348.3**	**30.0**	**(18.0)**	**12.0**
Other Actions					
Application of risk contingency				(12.0)	(12.0)
General Fund	**1,318.3**	**1,348.3**	**30.0**	**(30.0)**	**0.0**
Ringfenced Items					
Schools' Delegated Budgets	0.0	15.4	15.4		15.4
Overall Position	**1,318.3**	**1,363.7**	**45.4**	**(30.0)**	**15.4**

General Fund

The General Fund forecast position is a net overspend of +£30.0m, with significant overspends in Adult Social Care & Health of £31.3m and Children, Young People and Education of £28.3m. The projected overspend represents 2.3% of the Revenue Budget and presents a serious and significant risk to the Council's financial sustainability. The majority of the remaining planned management action to reduce the overspend is from one-off measures which means these spending reductions will not flow through into 2024-25.

The overspends in Adult Social Care & Health and Children, Young People & Education are offset by underspends in the other directorates. Growth, Environment & Transport shows an underspend of £2m, the Deputy Chief Executive's Department shows an underspend of £7.7m, predominantly as a result of a reduction in utilities costs in Corporate Landlord and vacancy management, the Chief Executive's Department shows an underspend of £2.3m, and Non Attributable Costs shows an underspend of £15.8m, £8m of which relates to the recalculation of debt charges and £7.1m relates to a higher forecast income return on investments. More detail can be found in the Directorate sections of the report.

The November report indicated the possible use of reserves as an alternative solution to balance the budget. Whilst this is not the position we wanted to be in, it is now realistic that some use of reserves will be required. This report shows the application of the risk continency of £12m, which considerably reduces the in-year overspend. The risk reserve is an earmarked smoothing reserve established in 2021-22 to mitigate increased risk and uncertainty in budget setting. The £12m contribution to the risk reserve was included in the 2023-24 budget to mitigate the impact of volatility in inflation and other cost forecasts. As the full £12m will be required this year, the contribution to the reserve will not be made and will be shown as an additional underspend in Non-Attributable Costs. The reserves monitoring in Appendix 3 shows this £12m movement.

The use of reserves is a one-off solution. The full delivery of all the management action detailed below is the minimum amount necessary to avoid additional use of reserves. In addition to what has already been delivered, there is further management action forecast to be achieved before the end of the financial year in Adult Social Care & Health of £4.6m and in Children Young People & Education of £1.7m. This is detailed in Section 12.

The removal of the contribution to the risk reserve and management action within the directorates totals £18.3m (£12m risk reserve and £6.3m in Adult Social Care & Health and Children, Young People & Education). The remaining £11.7m to balance the position has been shown as management action in Corporately Held Budgets and requires a final effort from all directorates to stop spending wherever possible in 2023-24. This has been communicated across the Council with clear guidance for all staff and additional approvals are required for high value purchases (over £10,000) and staff recruitment. The strengthening of controls now includes reviewing requisitions raised, with analysis undertaken and queries raised with budget managers as appropriate.

Schools' Delegated Budgets

The overspend position is +£15.4m. The forecast in year deficit on the High Needs budget is +£44.9m due to a combination of higher demand for additional SEN support and higher cost per child resulting from the use of more specialist provision.

In 2022-23 the Council entered into a "Safety Valve" agreement with the Department for Education (DfE) and the accumulated DSG deficit will reduce from an estimated £174m to £76m as at 31st March 2024 as a result of contributions from the Council and DfE. The Council's contributions for 2023-24 will have to be met through a transfer from other reserves which will reduce usable revenue reserves and means the Council is less resilient to withstand unexpected circumstances and costs.

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Adult Social Care & Health Operations	488.4	532.5	44.1	*41.1*	*3.0*
Strategic Management & Directorate Budgets (ASCH)	16.1	3.4	(12.7)	*(11.3)*	*(1.4)*
Strategic Commissioning (Integrated and Adults)	14.4	15.6	1.2	*1.2*	*0.0*
Public Health	0.0	0.0	0.0	*0.0*	*0.0*
Business Delivery	10.0	8.7	(1.3)	*(1.3)*	*0.0*
Adult Social Care & Health	**528.9**	**560.2**	**31.3**	***29.7***	***1.6***

The Adult Social Care & Health directorate has a forecast net overspend of +£31.3m

Management action has been identified to reduce the overall overspend – the detail of the management action is set out in section 12. The recurring management actions, the savings proposals and the reductions in cost drivers for adult social care are key to reducing the structural deficit and avoiding future costs. As stated in the Budget Recovery Plan within Securing Kent's Future, external support is required to help deliver the level of service transformation and cost reduction required over the medium term financial plan period. Significant progress has been made with securing transformation partners through the Constellia Natural Vendor Framework. The Home to School Transport work has been prioritised and we are currently evaluating received bids. The process to select partners for Adult and Children's social care is progressing and we anticipate a successful supplier to be appointed in April/May2024. It is expected that the majority of the savings and future cost reductions will be delivered by 2025-26.

The Adult Social Care & Health Operations division is forecasting a net overspend of +£44.1m which is predominately due to Older People Residential Care Services which is forecasting a net overspend of +£17.1m and Younger People in Supported Living £13.9m.

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

Key Service (Division)	Variance	Summary	Detail
Older People - Residential Care Services (Adult Social Care & Operations)	+£17.1m	Activity and price pressures beyond budgeted levels	+£14.3m of this overspend is driven by costs of older people accessing residential and nursing care services, where the average cost of 'beds' is continuing to increase due to new placements being made at a higher cost than those leaving care. It is considered that this is in part due to the current hospital discharge process, where discussions around responsibility for costs between social care and health are currently taking place to ensure costs are shared appropriately. Other pressures on this service line include a +£0.7m increase in contributions to the provision for bad and doubtful debts, +£4.0m from costs relating to the previous financial year due to additional backdated client activity, +£0.5m from a contribution to the provision for backdated costs for the current financial year, and +£0.2m from savings no longer expected to be achieved this financial year. Pressures on this service line have been offset by -£2.7m released from centrally held funds.
Adult Learning Disability - Community Based Services & Support for Carers (Adult Social Care & Operations)	+£7.5m	Increases in Supported Living care packages	+£7.3m of the overspend relates to clients receiving supported living services which is driven in the main by increased activity in terms of hours of support being provided as well as average costs being higher than anticipated, which in part will be due to continued use of non-framework providers where there is insufficient capacity in the framework at a local level or to meet specific client needs. A review of the use of non-framework providers is being undertaken as part of the management action. Other pressures include +£1.0m across other community services, predominantly day services, and +£1.3m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.8m released from centrally held funds, and -£1.4m from 22-23 unrealised creditors.
Adult Mental Health - Community Based Services (Adult Social Care & Operations)	+£6.5m	Increases in Supported Living care packages	+£5.2m of the overspend relates to more clients receiving supported living care packages, including an increase in average hours provided per client to meet more complex needs. Other pressures include +£1.0m across other community services, and +£0.9m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.2m released from centrally held funds, and -£0.5m from 22-23 unrealised creditors.

Adult Mental Health – Residential Care Services (Adult Social Care & Operations)	+£2.8m	Activity and price pressures beyond budgeted levels	+£2.6m overspend relates to clients accessing nursing and residential care services, with increases in activity and average cost of packages exceeding budgeted levels. Other pressures include +£0.3m from savings no longer anticipated to be achieved, which is offset by -£0.1m released from centrally held funds.
Adult Physical Disability – Residential Care Services (Adult Social Care & Operations)	+£2.7m	Activity pressures beyond budgeted levels	+£2.4m overspend relates to clients accessing nursing and residential care services, with increases in activity exceeding budgeted levels. Other pressures include +£0.3m from savings no longer anticipated to be achieved.
Adult Physical Disability - Community Based Services (Adult Social Care & Operations)	+£2.6m	Increases in Supported Living care packages	+£2.5m of the overspend relates to clients receiving supported living services with higher cost packages, and +£0.9m overspend relates to pressures across other community services, predominantly homecare which is seeing an increase in the average number of hours being provided. Other pressures include +£0.5m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.4m released from centrally held funds, and -£0.9m from 22-23 unrealised creditors.
Older People - Community Based Services (Adult Social Care & Operations)	+£2.5m	Increases in Homecare packages	+£5.5m overspend relates to homecare services where there has been an increase in both the number of people receiving homecare services and an increase in the average number of hours of support provided. Further to this there is also an increase in average costs which is higher than anticipated, most likely due to the on-going use of non-framework providers who are typically higher cost, and are used where there is insufficient capacity in the framework at a local level or to meet specific client needs. A review of the use of non-framework providers is being undertaken as part of the management action. Other pressures include +£3.3m from savings which are no longer anticipated to be achieved, and a +£0.2m increase on contributions to the provision for bad and doubtful debts. The above pressures are offset by a forecast underspend of -£1.4m across other older people community services, -£1.5m from 22-23 unrealised creditors, and -£3.7m released from centrally held funds.
Provision for Demographic Growth - Community Based Services (Strategic Management & Directorate Budgets (ASCH)	-£10.4m	Release of centrally held funds.	This is the release of centrally held funds to partly offset pressures across ASCH operations.

5 Children, Young People & Education

Forecast Variance

	Budget £m	Revenue Forecast Outturn £m	Net Revenue Forecast Variance £m	*Last reported position (Nov) £m*	*Movement (+/-) £m*
Integrated Children's Services (Operations and County Wide)	264.6	277.1	12.5	13.1	(0.6)
Education & Special Educational Needs	94.4	110.2	15.9	16.5	(0.6)
Strategic Management & Directorate Budgets (CYPE)	3.2	3.1	(0.1)	(0.1)	(0.0)
Children, Young People & Education	**362.2**	**390.5**	**28.2**	**29.5**	**(1.3)**
Earmarked Budgets Held Corporately	(0.2)	0.0	0.2	0.2	0.0
Net Total incl provisional share of CHB	**362.1**	**390.5**	**28.4**	**29.6**	**(1.3)**

The Children, Young People & Education directorate is forecasting to be overspent by +£28.4m, an improvement of £1.3m on the previously reported position. Whilst the costs of children's social care placements continue to rise (+£0.7m) this has been more than offset by the impact of management actions across the directorate in response to the Council's directive to reduce spending and redirecting income to fund existing services, where possible. One-off additional underspends have also arisen from difficulties in recruiting suitable and experienced interim staff to support with the development of Family Hubs.

Integrated Children's Services (Operations and County Wide) is forecasting a net overspend of +£12.5m, predominately in Looked After Children Care & Support, which is forecasting an overspend of +£13.2m. Education and Special Educational Needs are forecasting a net overspend of £15.9m, +£12.2m of which relates to Home to School & College Transport.

Earmarked Budgets Held Corporately relates to an estimated saving from increased fees and charges following the adoption of a revised fees and charges policy. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller assessment of full cost, and these need to be brought forward to deliver the saving.

Management action has been identified to reduce the overall overspend – the detail of the management action is set out in section 12. The impact of the majority of the management actions have now been reflected in the monitoring position the recurring actions have been reflected in the 24-25 Medium Term Financial Plan where relevant. The recurring management actions, the savings proposals and the reductions in cost drivers for children's social care and home to school transport are key to reducing the structural deficit and avoiding future costs. Whilst the services continue to put in place actions to support the Budget Recovery Plan within Securing Kent's Future, external support is being procured to help deliver the level of service transformation and cost reduction required over the medium term financial plan period. External support will also be needed for Adult Social Care, with a combined approach to transform services for young people transitioning from Children's Services to Adult Social Care. It is expected that the savings and future cost reductions will be delivered from 2025-26, but for home to school transport the external partner will be tasked with identifying any immediate savings and future cost avoidance which could impact the 2024-25 budget.

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

Key Service (Division)	Variance	Summary	Detail
Looked After Children Care & Support (Integrated Children's Services)	+£13.2m	Increase in cost of individual packages of care for looked after children and numbers not reducing in line with plans	The number of Looked After Children (excluding Unaccompanied Asylum-Seeking Children) continued to rise during the latter part of 2022-23 whereas it had been anticipated these numbers would stabilise and start to reduce as the delays in the courts started to clear. Due to the ongoing challenges of recruiting in- house foster carers, children are being placed in increasingly more expensive alternatives including independent fostering agencies, unregulated semi-independent placements or residential care. Pressures in the market for suitable children's social care placements are also causing the costs of placements to rise at a higher rate than inflation, compounded by placements made by other Local Authorities in the County and UASC numbers. The number of looked after children reached a peak at the end of April and has started to slowly reduce although not at the pace provided for in the budget. The forecast assumes the costs of placements will continue to rise and the number of LAC remains relatively constant leading to an overall pressure of £11.2m. Invicta Law have increased their prices but have not been able to match this with efficiencies leading to a cost pressure around £1.0m, the remaining £1.0m overspend is resulting from spend continuing to remain at a higher level during 2023-24, whilst it had been assumed in the budget this would reduce resulting from efficiencies and reduction in court delays.
Looked After Children (with a disability) – Care & Support (Integrated Children's Services)	+£1.8m	Increase cost of looked after children	The number of children supported has increased and more cost-effective fostering solutions are being used where possible, however the higher than budgeted average cost of residential and semi-independent placements offsets these savings.
Adult Learning & Physical Disability Pathway – Community Based Services (Integrated Children's Services)	+£1.8m	Increased cost of Supported Living, Direct Payments and Day Care	The number of supported living, direct payments and homecare packages have remained relatively static, however the average cost of packages continues to increase. The numbers and cost of support have continue to rise in a similar way as 2022-23, whilst savings are now expected to take longer to realise than initially anticipated. The service has seen a reduction in the use of residential care (see compensating saving) but this has resulted in higher packages of community support contributing to the higher cost.

Home to School & College Transport (Education & Special Educational Needs)	+£12.2m	Increases in demand and costs of transport contracts	The forecast includes +£2.7m overspend on mainstream home to school transport and +£9.4m on SEN transport services. Forecasts have been based on the current cost of transport. The average cost per child of both mainstream and SEN transport has continued to increase higher than inflation leading to an estimated pressure of £1.3m and £9.7m respectively, as a result of transport requirements and capacity limitations. The number of children requiring SEN transport has continued to increase in line with historic trends with the number travelling increasing by around 8%. This is a consequence of the higher EHCP numbers and greater number of children with SEN not being educated in their local school. Work to slow this trend is underway but it is not expected to impact significantly in the short-term and this has been reflected in the budget plans. The mainstream home to school transport forecast reflects the full year effect of the increasing costs of transporting children in 2022-23, resulting from a combination of increasing numbers of children travelling during the Autumn and Spring Term coupled with the use of more expensive hired transport (+£1.2m). The forecast assumes the numbers travelling will continue to remain high leading to a further +£0.2m pressure. .
Other School Services (Education & Special Educational Needs)	+£1.6m	Use of temporary school accommodation. Increased cost of legal services and costs of surveys in schools	Delays in basic need projects have resulted in use of more temporary accommodation to ensure sufficient school places are available (+£1.5m). The balance of +£0.1m relates to a variety of other school related costs and use of income to meet the costs of existing services, many of which are one-off in nature or vary annually.
Educational Needs & Psychology Services (Education & Special Educational Needs)	+£1.8m	Use of agency staff to support delivery of Accelerated Progress Plan	To support the delivery of the Accelerated Progress Plan, the service is using agency staff to create additional capacity to support the implementation of the new SEN operating model and support permanent staff recently recruited to the new structure. This includes additional support for the processing of both annual reviews and Education, Health and Care Plan (EHCP) assessments.
Adult Learning & Physical Disability Pathway – Residential Care Services & Support	-£1.1m	Reduction in the number of residential care placements	The number of residential care placements has continued to reduce where young people are preferring to live in the community with support. This saving partially offsets the pressure on community services outlined above.

for Carers (Integrated Children's Services)			
Children in Need (Disability) – Care & Support (Integrated Children's Services)	+£2.0m	Daycare & direct payments trend in spend and delay in achieving savings	The cost of packages for disabled children continued to increase in the latter part of 2022-23 due to additional support required, whilst savings assumed the costs and numbers would start to stabilise and reduce where packages started to return to pre-COVID levels.
Children's Social Work Services – Assessment & Safeguarding Service (Integrated Children's Services)	-£1.5m	Savings on the costs of agency staff.	The costs of agency staff have not increased in line with inflation as anticipated leading to a saving of £0.6m. The remaining underspend of £0.9m relates to various vacancies and reductions in non-staffing spend across the service.
Children's Centres (Integrated Children's Services)	-£2.0m	Upskilling Children Centre workforce to deliver Family Hub outcomes	Children Centre workforce are receiving additional training and upskilling (funded by the DfE Family Hub grant) to deliver outcomes as required under the DFE Family Hub programme; providing KCC with an enhanced skilled workforce to ensure future sustainability of our Family Hub model within Kent. We are recruiting interim staff to ensure the smooth running of the Family Hubs during the transitional period. This has resulted in a one-off underspend of £1.9m due to the timing of provision of the training versus the recruitment of the interim staff. The balance of £0.1m relates to other vacancies and underspends on non-staffing spend.

6 Growth, Environment & Transport

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Nov)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Highways & Transportation	70.8	67.8	(2.9)	(1.8)	(1.1)
Growth & Communities	31.2	29.5	(1.8)	(1.6)	(0.2)
Environment & Circular Economy	92.2	95.0	2.8	2.6	0.2
Strategic Management & Directorate Budgets (GET)	1.4	1.3	(0.1)	(0.1)	(0.0)
Growth, Environment & Transport	**195.6**	**193.6**	**(2.0)**	**(0.8)**	**(1.2)**
Earmarked Budgets Held Corporately	-0.3	0.0	0.3	0.3	0.0
Net Total incl provisional share of CHB	195.3	193.6	(1.7)	(0.5)	(1.2)

The Growth, Environment & Transport Directorate is projected to be underspent by -£2.0m, which is a significant improvement on the last reported position of -£0.8m which is as a result of the spending controls imposed as well as a proposed drawdown from reserves in relation to the recent unbudgeted storm events and adverse weather. All services/budgets across the directorate will continue to review their staffing and spend levels to ensure only essential spend is incurred and income/activity levels will continue to be reviewed and reflected.

Earmarked Budgets Held Corporately relates to an estimated saving from increased fees and charges following the adoption of a revised fees and charges policy by County Council. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller evaluation of full costs, at this stage, no such decisions over and above what was already reflected in the MTFP, have yet been presented or taken and which largely related to inflationary increases to fees and charges.

GET identified £1.5m of management action and this has been delivered in full, some areas such as income and vacancy management are actually over-delivering, with all recurring impacts also reflected in the draft budget for 2024-25.

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

Key Service (Division)	Variance	Summary	Detail
Waste Facilities & Recycling Centres (Environment & Circular Economy)	+£2.8m	Paused HWRC saving, plus price pressures and reduced income	Part of the projected overspend is due to the proposed consultation on the review of HWRC sites (Waste) being delayed (+£0.5m). The overspend is the non-delivery of the 2023-24 part-year effect of the planned 2-year £1.5m budget reduction. In addition, there was a savings target from Reuse and Small Business trade waste. Reuse activities have been delivered; however, to meet the full target requires investment of capital to develop a shop facility. There is no capital finance for this which has resulted in an overspend this year (+£0.2m). Small Business trade waste is an ongoing project with active plans of work to develop small trade waste through the districts/contractors at Dover Transfer

			Station and Dunbrik through Sevenoaks District Council. Strikes have disrupted any opportunity to introduce a small business waste service at the Canterbury HWRC (already permitted to take trade waste). Environmental permits for other HWRCs can only be pursued once the HWRC Review has been concluded, which as set out above has been delayed. It is taking the Environment Agency circa one year to issue variations on current permits. An overspend has arisen this year as a result (+£0.2m). Increased prices on the Material Recycling Facilities contract have resulted in an overspend (+£0.8m). These are highly variable and based on market commodity prices and volumes of materials. There is also an overspend within haulage where prices are higher than budgeted (+£0.7m).
Residual Waste, (Environment & Circular Economy)	+£0.2m	Increased tonnes offset by lower than budgeted price	An overspend primarily resulting from additional tonnes (+£0.7m) is offset by a reduced price for Allington Waste to Energy plant, as the contractual uplift based on April RPI was lower than the budgeted estimate (-£0.5m).
Public Protection (Growth & Communities)	-£0.3m	Additional income and other minor variances	A small overspend on Coroners on postmortem fees (+£0.2m) are more than offset by additional income within Kent Scientific Services and Trading standards budget (-£0.3m), plus vacancies and other minor variances across several budgets (-£0.2m).
English National Concessionary Travel Scheme (ENCTS) (Highways & Transportation)	-£0.5m	Activity and price below budgeted level	The underspend results from a combination of lower journey numbers, with usage not recovering as quickly as anticipated, together with a lower than budgeted increase in price.
Libraries Registration & Archives (Growth & Communities)	-£0.7m	Additional Registration income	Continued higher than budgeted levels of Registration income (-£0.6m).
Growth and Support to Businesses (Growth & Communities)	-£0.8m	Vacancy management and other minor variances	Underspend primarily from vacancy management and other minor variances.
Transportation (Highways & Transportation)	-£0.8m	Management actions and other minor variances	The implementing of management actions, primarily vacancy management and reducing spend in areas such as traffic modelling, together with additional income and reduced energy costs for traffic signals, have helped to create a forecast underspend.
Highway Assets Management (Highways & Transportation)	-£1.4m	Favourable energy prices and income offset by HTMC price uplift and additional activities	The main reason for this variance is an underspend on Streetlight and Tunnels energy following confirmation of a reduced summer price for electricity plus estimated savings on the winter rate for the proportion of energy that has already been

purchased; both are below budgeted rates (-£2.7m). This higher than required budget allocation, together with additional income (-£1.5m), more than offset projected price uplifts in the Highways Term Maintenance Contract and Winter Service (+£1.4m), and additional activities for tunnels and structures (+£0.5m) and other highways budgets (+£0.9m).

The significant unbudgeted costs of named storms, especially Storm Ciaran, together with the impact of exceptionally wet and adverse weather (+£1.1m) were previously forecast to be funded from within the Directorate's net underspends but these are now assumed to be offset by a drawdown from reserves (-£1.1m) which has improved the Highways & Transportation position overall.

7 Deputy Chief Executive's Department

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Nov)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Infrastructure	8.6	7.5	(1.1)	(1.0)	(0.1)
Strategic Management & Departmental Budgets (DCED)	5.4	5.0	(0.4)	(0.4)	(0.0)
Technology	25.5	25.2	(0.3)	(0.6)	0.3
Corporate Landlord	33.1	27.6	(5.5)	(4.8)	(0.7)
Marketing & Resident Experience	6.8	6.7	(0.1)	(0.0)	(0.1)
Human Resources & Organisational Development	5.3	5.0	(0.2)	(0.2)	(0.0)
Deputy Chief Executive's Department	**84.7**	**77.0**	**(7.6)**	**(7.1)**	**(0.6)**
Earmarked Budgets Held Corporately	-0.1	0.0	0.1	0.1	0.0
Net Total incl provisional share of CHB	84.6	77.0	(7.6)	(7.0)	(0.6)

The Deputy Chief Executive's Department is forecasting to underspend by -£7.6m.

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

Key Service (Division)	Variance	Summary	Detail
Corporate Landlord	-£5.5m	Utilities underspend due to revised price variance.	This variance is principally due to a reduced utilities forecast of -£3.6m. The budget for utilities was calculated using estimates from our utilities provider (Laser). The forecasts have been reduced due to a reduction in wholesale energy prices and is reflected in the MTFP. Within the new facilities management contract, the contract manager has been in negotiation with the new provider to agree a lower than budgeted CPI increase for 23/24. Although not finally agreed it is likely to be accepted and will create an underspend of c. £0.5m. Additionally, there is a one – off credit from rates revaluations.
Infrastructure	-£1.1m	Vacancy management.	Majority of the variance is due to management action to reduce spend and rephase appointments to new posts. Reduced activity on condition surveys.
Strategic Management and Departmental Budgets (DCED)	-£0.4m	Vacancy management.	Vacancy management within SRP and reduced expenditure on specialist and consultancy spend.

Technology	-£0.3m	One – off saving on 3rd Party Contracts.	The main reasons for this variance are: an underspend against 3rd Party Contracts, largely due to decision not to renew Unified Support contract as a one-off saving in 2023-24, also a staffing underspend and reduced specialist fees spend on ICT Core Client. These are offset in part by increased costs on Mobile Handheld Devices as more devices are in circulation for hybrid working and increased Managed Print fixed costs.
Human Resources & Organisational Development	-£0.2m	Management action and cost reduction.	Forecast underspend represents a saving to KCC resulting from vacancy management, deferred graduate recruitment and an increased engagement with salary sacrifice schemes.
Marketing & Resident Experience	-£0.1m	Management action to reduce expenditure.	Variance mainly due to reduced activity on Commissioned Services and a staffing saving, as several vacancies are currently being held.

8 Chief Executive's Department

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Nov)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Finance	13.2	13.0	(0.1)	(0.3)	**0.1**
Strategic Commissioning	4.9	4.7	(0.2)	0.0	**(0.3)**
Governance, Law & Democracy	8.3	7.9	(0.5)	(0.3)	**(0.1)**
Strategy, Policy, Relationships & Corporate Assurance	5.4	4.3	(1.1)	(1.0)	**(0.0)**
Strategic Management & Directorate Budgets (CED)	(0.5)	(0.8)	(0.3)	(0.3)	**(0.0)**
Chief Executive's Department	**31.4**	**29.1**	**(2.2)**	**(1.9)**	**(0.3)**

The Chief Executive's Department is forecasting to underspend by -£2.2m.

Management action has been identified to reduce the overspend across the whole Council – the detail of the management action is set out in section 12. The management action will need to be delivered to get the Council to a balanced position with the actions that have a recurring impact helping to close the 2024-25 budget gap.

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

Key Service (Division)	Variance	Summary	Detail
Strategy, Policy, Relationships & Corporate Assurance	-£1.1m	Vacancy management.	Management action to reduce spend by deferring appointments to new posts.
Governance, Law & Democracy (Governance & Law)	-£0.5m	Schools appeals, vacancy management, and income recovery.	The forecast underspend in Governance and Law is mainly due to reduced costs of appeals due to the loss of some of the larger schools not using KCC, staff vacancy management, and additional income recovery.
Strategic Management & Directorate Budgets (S&CS)	-£0.3m	Reduced early retirement costs.	This underspend is due primarily to reduced early retirement costs and is reflected in the MTFP.
Strategic Commissioning	-£0.2m	Vacancy management.	Re-phasing of appointments to vacant posts in the Commercial and Procurement Division, previously shown under management action.
Finance	-£0.1m	One off salary recharge.	Underspend due to a backdated recharge of salary costs to the Pension Fund.

9 Non-Attributable Costs

			Forecast Variance		
	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Nov)*	***Movement (+/-)***
	£m	£m	£m	*£m*	***£m***
Non Attributable Costs	115.8	97.8	(18.0)	*(17.7)*	***(0.3)***
Earmarked Budgets Held Corporately	0.2	0.1	(0.1)	*(0.1)*	***(0.1)***
Net Total incl provisional share of CHB	**116.0**	**97.9**	**(18.1)**	**(17.8)**	***(0.4)***

The Non-Attributable Costs are forecasting to be underspent by -£18.0m.

-£8m of the underspend relates to the annual recalculation of debt charges and is due to the decisions that Members have taken to contain the capital programme, the significant levels of re-phasing of the capital programme in 2022- 23, and changes in interest rates. £8m can be released from the debt charges budget; because re-phasing happens every year it is now considered that £4m of this can be on a permanent basis, £2m on a two-off basis in 2023-24 and 2024-25 and £2m on a one-off basis in 2023-24. This has been reflected in the 2024-27 MTFP published on 12 February 2024.

-£7.1m of the underspend relates to the estimated impact of the net debt costs budget of the increase in the Bank of England base rate since the time of setting the budget, leading to a significantly higher forecast income return on investments.

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

Key Service (Division)	Variance	Summary	Detail
Non-Attributable Costs	-£18.0m	Recalculation of debt charges and increase in forecast return from investments	-£8.0m relates to the recalculation of debt charges. -£7.1m is the estimated impact on the net debt costs budget of the increase in the Bank of England base rate since setting the budget, leading to a significantly higher forecast income return on investments. -£1.1m estimated increase in Retained Business Rates levy for 2022-23 compared to the level of debtor raised at the end of the financial year. -0.6m following a review of the balance sheet, resulting in the reversal of historic unreceipted purchase orders -0.6m following release of unclaimed income from the balance sheet -£0.5m provisional adjustments for the 2022-23 and 2021-22 Business Rates Compensation Grants including Covid Additional Relief Fund, based on provisional NNDR3 information.

9 Non-Attributable Costs

			In addition to the £15.8m underspend there are other significant items to report that have a net nil impact on the NAC projected position, as detailed below. Minimum Revenue Provision (MRP) has been recalculated based on assets completed in 2022-23. This has resulted in a saving of £0.3m. In line with usual practice, it is intended that this underspend is transferred to the MRP smoothing reserve to be used to fund future fluctuations in MRP, therefore there is no overall impact in the current year. A forecast overspend of £1.0m against the Insurance Fund mainly due to increased cost of premiums and an increase in potential recorded claims which will be offset by a drawdown from the Insurance Reserve. The increase cost of the premiums has been factored into the 2024-27 MTFP as it is not sustainable to continue to fund this from reserves.
Corporately Held Budgets	+£0.3m	Delayed delivery of savings related to increased fees and charges and uncommitted residual Pay Pot	+£0.5m relating to estimated saving of £0.5m from increased fees and charges following the adoption of revised fees and charges policy. Achieving this saving requires increases in some fees and charges, which require a decision. At this stage, no such decisions have been presented or taken. -£0.2m Uncommitted residual pay pot after funding staff pay increases in accordance with policy.

10 Schools' Delegated Budgets

The Schools' Budget reserves are forecast to end the financial year with a surplus of £60.4m on individual maintained school balances, and a deficit on the central schools' reserve of £76m. The total Dedicated Schools' Grant for 2023-24 is £1,623.8m and is forecast to overspend by £43.3m.

The balances of individual schools cannot be used to offset the overspend on the central schools' reserve and therefore should be viewed separately.

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. The tables below provide the overall position for the DSG in 2023-24 (table 1) and an overview of the movements on both the central schools' reserve and individual schools' reserves (table 2).

Table 1 Dedicated Schools' Grant (DSG) 2023-24 Forecast Summary:

DSG Block	2023-24 Total Budget* £m's	2023-24 Forecast £m's	2023-24 Forecast Variance £m's
Schools' Block	1,190.1	1,189.2	-0.9
High Needs Block	323.1	368.0	+44.9
Early Years Block	98.7	98.0	-0.7
Central Services to Schools' Block	11.9	11.9	0.0
Total DSG 2023-24	1,623.8	1,667.1	+43.3

*Before recoupment and other DFE adjustments including additional funding from the Safety Valve Programme. Budgets include the impact of moving £12m from the Schools' block to the High Needs Block as agreed by the Secretary of State.

Table 2: Overall Forecast Position for the Schools' Budget Reserves:

	Individual Maintained School Reserves £m's	Central Schools' (DSG) Reserve £m's
Reserve Balance as at 1st April 2023*	61.1	-61.4
Forecast contribution to/(from) reserves: Academy Conversions	-0.68	
Change in School Reserve Balances	0	
Overspend on DSG 2023-24		-43.3
Safety Valve: Local Authority Contribution		14.4
Safety Valve: Payment from DfE		14.2
Reserve Balance as at 31st March 2024*	60.4	-76.0

*Positive figure is a surplus balance & negative balance is a deficit balance

In accordance with the statutory override implemented by the Department of Levelling Up, Housing and Communities (DLUHC), and in line with the Department for Education (DfE) advice that local authorities cannot repay deficits on the DSG from the General Fund without Secretary of State approval, the central schools (DSG) forecast deficit balance of £76.0m is held in a separate unusable reserve from the main council reserves (see appendix 3). DLUHC have confirmed this statutory override will be in place until March 2026 whilst Councils implement recovery plans.

In 2022-23, the Council entered the DfE's Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery; this includes annual funding from the DfE, totalling

£140m by 2027-28, to pay off part of the deficit but only if the Council can demonstrate and deliver a credible plan. Over the same period the Council is also expected to contribute towards the residual deficit estimated to total over £80m. The DSG deficit is the Council's single biggest financial risk; therefore, the successful implementation of the Council's deficit recovery plan is critical. It is recognised, the Government's proposals to reform the SEND and alternative provision (AP) system to support a more sustainable high needs funding will not impact immediately and local actions are required.

In 2023-24, the Council is expecting to receive £14m from the DFE, the second tranche of the £140m safety valve commitment, with the Council required to contribute a further £14m from reserves. This additional funding, along with the extra funding from the DfE and the Council in 2022-23 will have reduced the accumulated deficit from an estimated £174m to £76m as at 31st March 2024.

10 Schools' Delegated Budgets

Key Issues	Details
Individual Maintained Schools Reserves	As at 31st March 2023, there were 299 maintained schools with a surplus reserve balance and 5 schools with a deficit reserve balance. Maintained Schools are required to submit a six & nine-month monitoring return each financial year and these forecasts will be reported in future reports. The Council commissions The Education People to support Schools with their recovery plans. This forecast includes 7 schools converting to academy status during 2023-24. When a maintained school converts to an academy status, the council is no longer responsible for holding the schools' reserve and the school's remaining school balance is either transferred to the academy trust, or in the case of a deficit, may have to be retained and funded by the Council depending on the type of academy conversion.
Schools' Block: Underspend falling roll funding	The Schools' Block funds primary and secondary core schools' budgets including funding for additional school places to meet basic need or to support schools with significant falling rolls. The majority of the Schools' Block underspend is due to an anticipated underspend on the Falling Roll fund based on eligibility to access the fund.
Early Years Block: general underspend	The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds, along with the funding of some council led services for early years. 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 under or overspends if activity is slightly lower or higher than expected. This has led to an underspend of £0.7m against a budget of £98m, and in line with DFE guidance (on the use of DSG), this will be used to partly fund spend on the Early Years SEN Inclusion Fund, which is currently funded from the High Needs Block, and reduces the overspend on High Needs Block.
High Needs Block: Higher demand and higher cost for high needs placements. Safety Valve Payment & Local Authority Contribution.	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. Costs associated with the EHCP assessment and annual review process are met from the General Fund and are not included in this section of the report. The in-year funding shortfall for High Needs placements and support in 2023-24 is +£45m 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. Levels of growth are expected to be similar to previous years whilst actions to support future financial sustainability are implemented. Many other councils are also reporting deficits on their high needs block, despite extra monies from the Government in recent years, resulting from significant increases in their numbers of EHCPs and demand for SEN services. However, the increases locally have been increasing at a significantly faster rate than other comparative councils and the council is placing a greater proportion of children in both special and independent schools compared to other councils, and a smaller proportion of children with SEND 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 3: Total Spend on High Needs Block by main spend type

	20-21 £'ms	21-22 £'ms	22-23 £'ms	23-24 £'ms
Maintained Special School	106	123	137	152
Independent Schools	49	60	68	77
Mainstream Individual Support & SRP* **	46	54	61	66
Post 16 institutions***	17	19	21	24
Other SEN Support Services	49	43	48	48
Total Spend	264	299	334	36

Table 4: 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.

	20-21 No	21-22 No	22-23 No	23-24 No
Maintained Special School	5,118	5,591	6,019	6,417
Independent Schools	1,126	1,348	1,485	1,610
Mainstream Individual Support & SRP*	4,510	5,258	5,772	6,381
Post 16 institutions***	1,281	1,453	1,569	1,685
Total Number of Pupils	12,035	13,650	14,845	16,093

Table 5: Average cost of HNB funded pupils receiving individualised SEN Support or placement cost.

	20-21 £s per pupil	21-22 £s per pupil	22-23 £s per pupil	23-24 £s per pupil
Maintained Special School	£20,629	£21,648	£22,640	£23,424
Independent Schools	£43,734	£44,799	£44,911	£47,993
Mainstream Individual Support & SRP* **	£10,294	£10,245	£10,578	£10,396
Post 16 institutions***	£13,309	£13,090	£12,927	£14,523

*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)

The Safety Valve agreement, sets out the key actions the Council intends to take to achieve a positive in-year balance on its central schools' DSG reserve by the end of 2027-28 and in each subsequent year. The actions are aligned with our strategy to support improvements across the SEN system in response to the SEN Improvement Notice through the delivery of the Accelerated Progress Plan. The impact of these actions will not be immediate and will take several years to be fully embedded.

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

The budget agreed at County Council included the requirement to deliver savings and increased income totalling £65.3m during 2023-24. A further £4.4m of undelivered savings from the previous year are included in the overall 2023-24 savings requirement of £69.7m. This section does not include changes to Grant Income, savings of less than £50k totalling £0.2m and £10.7m for the removal of one-off or undelivered savings from 2022-23. Due to the presentation of figures to one decimal place, some totals are rounded. The net forecast saving across all directorates is £61.0m. The breakdown of the position is as follows:

- £41.3m of the overall total £65.3m agreed savings are on track to be delivered as planned.
- £4.4m of savings in ASCH brought forward from the previous year are not now forecast to be delivered in year.
- The Public Health and CED savings for 2023-24 are £3.2m and are on track to be delivered as planned.
- The NAC overachieved saving of £7.1m relating to investment income saving is due to increases in the base interest rate.
- £24.0m in ASCH, CYPE, GET and DCED as not achieved in 2023-24 and will slip into future years. This has been reflected in the MTFP for 2024-27.
- £0.7m has been identified in CYPE and CHB as undeliverable.
- £9.0m of alternative one-off savings has been identified in ASCH, CYPE and GET.

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	(4.4)	(30.0)	13.1		(2.0)				(23.3)
Public Health		(2.2)							(2.2)
Children, Young People & Education		(14.5)	6.4		(2.6)		0.2		(10.4)
Growth, Environment & Transport		(11.0)	4.4		(4.4)				(11.0)
Deputy Chief Executive's Department		(0.1)	0.1						0.0
Chief Executive's Department		(1.0)							(1.0)
Non Attributable Costs		(5.9)						(7.1)	(13.0)
Corporately Held Budgets		(0.5)					0.5		0.0
Total	**(4.4)**	**(65.3)**	**24.0**	**0.0**	**(9.0)**	**0.0**	**0.7**	**(7.1)**	**(61.0)**

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	**(4.4)**	**(30.0)**	**13.1**	**0.0**	**(2.0)**	**0.0**		**0.0**	**(23.3)**
Commissioning - 2022-23 Slipped Savings - review of all contracts	(4.4)	**0.0**	**4.4**						0.0
Efficiency: Adult Social Care - Consistently adhere to our policy framework in relation to areas such as: Third Party Top Ups; arranging support and debt for self-funders; transport and maximisation of relevant benefits; use of in-house provision and occupancy to reduce reliance on external purchasing of short term beds; people in residential care in receipt of other services; timely reviews of Section 117 status with regard to charging		(1.3)	0.7						(0.6)
Income: Adult Social Care -Estimated annual inflationary increase in Better Care Fund		(2.3)							(2.3)
Income: Review of Charges for Service Users - existing service income streams & inflationary increases		(8.5)							(8.5)
Policy: Adult Social Care contracts with Voluntary Sector		(4.3)	3.2		(2.0)				(3.1)
Policy: Adult Social Care PFI		(0.2)	0.2						0.0
Policy: Housing Related Support - Homelessness		(2.3)							(2.3)
Policy: Redesign of In House Adult Social Care Services		(3.6)	0.9						(2.7)
Transformation: Adult Social Care service redesign - Redefine our Adult Social Care operating model to align to our strategic direction of travel and ambitions		(7.5)	3.7						(3.8)

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Directorate	Previous year saving delivered in 2023-24 £m	2023-24 Target £m	Not achieved in 2023-24 £m	Alternative Saving (ongoing) £m	Alternative Saving (one-off) £m	Saving no longer required £m	Saving not Deliverable £m	Over Recovery of Saving £m	Forecast Savings 2023-24 £m
Public Health	0.0	**(2.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(2.2)**
Efficiency: Public Health - Estimated efficiency savings from Public Health Partnership working with Health		(1.0)							(1.0)
Efficiency: Public Health - Healthy Lifestyles		(0.1)							(0.1)
Efficiency: Public Health - Sexual Health		(0.2)							(0.2)
Efficiency: Public Health - Substance Misuse		(0.1)							(0.1)
Income: Public Health - Increase in external income to cover annual pay increases and new expenditure funded by external income		(0.1)							(0.1)
Policy: Public Health - Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant		(0.4)							(0.4)
Policy: Public Health - Family Drug & Alcohol Court		(0.2)							(0.2)
Children, Young People & Education	0.0	**(14.5)**	**6.4**	**0.0**	**(2.6)**	**0.0**	**0.2**	**0.0**	**(10.4)**
Efficiency: Adult Social Care – Consistently adhere to our policy framework in relation to areas such as: Third Party Top Ups; arranging support and debt for self-funders; transport and maximisation of relevant benefits; use of in-house provision and occupancy to reduce reliance on external purchasing of short term beds; people in residential care in receipt of other services; timely reviews of Section 117 status with regard to charging		(0.3)	0.3						0.0

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Efficiency: Children's Services – Review of the Practice Development Service		(0.4)							(0.4)
Efficiency: Children's Services – Reconfigure the Family Drug & Alcohol Court Services into the main Children's Social Work Teams		(0.2)							(0.2)
Efficiency: Children's Social Care – Review of Legal Services Spend through cost efficiencies by Invicta Law and review of the use of legal services by social workers		(1.0)	1.0						0.0
Efficiency: Community Learning & Skills – Development of income earning activities within the CLS service and engage in efficiency measures to reduce costs		(0.2)							(0.2)
Efficiency: 18-25 Adult Social Care Supporting Independence Service – Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health		(1.8)	1.0		(0.8)				(1.6)
Efficiency: Early Help & Preventative Services – Expanding the reach of case holding Early Help services		(0.5)							(0.5)
Efficiency: Early retirements – Reduction in the number of Historic Pension Arrangements		(0.3)							(0.3)
Efficiency: Open Access – Youth & Children's Centres – Continue to implement vacancy management and avoid all non-essential spend across open access		(0.6)							(0.6)
Income: Kent 16+ Travel Saver		(0.3)	0.3		(0.2)				(0.2)

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Directorate	Previous year saving delivered in 2023-24 £m	2023-24 Target £m	Not achieved in 2023-24 £m	Alternative Saving (ongoing) £m	Alternative Saving (one-off) £m	Saving no longer required £m	Saving not Deliverable £m	Over Recovery of Saving £m	Forecast Savings 2023-24 £m
Income: Review of Charges for Service Users – existing service income streams & inflationary increases		(0.2)							(0.2)
Policy: Care Leavers – Pursue a policy where independence is reached by a Young Person's 19th birthday.		(0.7)	0.7		(0.7)				(0.7)
Policy: Integrated Children's Placements – Review of Integrated Looked After Children's Placements: Reduce dependence on high levels of additional support and seek enhanced contributions from health		(1.0)							(1.0)
Policy: Children's Services – Review Section 17 payments and only provide where the Council has a statutory responsibility or to avoid children coming into care		(0.2)					0.2		0.0
Policy: Disabled Children's Placements – Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health		(1.5)	0.8						(0.8)
Policy: Early Help & Preventative Services – Reconfigure the Positive Behaviour Service into the main Early Help Teams		(0.8)							(0.8)
Policy: Home to School Transport – Kent 16+ Travel Saver – Review the Kent 16+ Travel Saver scheme		(0.3)	0.3		(0.2)				(0.2)
Policy: Review of Open Access – Youth Services & Children's Centres -Ceasing of the Local Children's Services Partnership Grants		(0.6)							(0.6)

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Directorate	Previous year saving delivered in 2023-24 £m	2023-24 Target £m	Not achieved in 2023-24 £m	Alternative Saving (ongoing) £m	Alternative Saving (one-off) £m	Saving no longer required £m	Saving not Deliverable £m	Over Recovery of Saving £m	Forecast Savings 2023-24 £m
Policy: Review of Open Access – Youth Services & Children's Centres – review of open access services in light of implementing the Family Hub model		(0.2)	0.2		(0.2)				(0.2)
Policy: Review of Open Access Estate – Youth Provision & Children's Centres		(0.1)	0.1		(0.1)				(0.1)
Policy: Review Services Charged to Schools		(0.1)							(0.1)
Policy: Services to Schools – Review our offer to schools in light of the latest DFE funding changes and guidance including exploring alternative funding arrangements and engaging in efficiency measure to reduce costs		(0.8)	0.4		(0.4)				(0.8)
Transformation: Children's Social Care – Explore strategies, including statutory guidance, to reduce dependency on social work agency staff		(1.0)							(1.0)
Transformation: Looked After Children – Reduce the recent increase in the number of Looked After Children placements through practice reviews & improved court proceedings		(1.5)	1.5						0.0
Growth, Environment & Transport	0.0	**(11.0)**	**4.4**	**0.0**	**(4.4)**	**0.0**	**0.0**	**0.0**	**(11.0)**
Efficiency: Environment – Planned phasing of the new structure in the Environment Team		(0.3)							(0.3)
Efficiency: Highways – Renegotiate income levels to include inflationary uplift for permit scheme, lane rental scheme & National Driver Offender Retraining Scheme		(0.1)							(0.1)

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Directorate	Previous year saving delivered in 2023-24 £m	2023-24 Target £m	Not achieved in 2023-24 £m	Alternative Saving (ongoing) £m	Alternative Saving (one-off) £m	Saving no longer required £m	Saving not Deliverable £m	Over Recovery of Saving £m	Forecast Savings 2023-24 £m
Efficiency: Libraries, Registration & Archives (LRA) – One-off reduction in Libraries Materials Fund and a one year contribution holiday for the Mobile Libraries renewals reserve		(0.2)							(0.2)
Efficiency: Transportation -Use developer agreement income to maintain current level of transportation services		(0.3)							(0.3)
Efficiency: Waste -Increased waste material segregation, increased re-use, black-bag splitting and trade waste recycling with a view to generating income or reducing cost		(0.6)	0.4		(0.4)				(0.6)
Efficiency: Waste – New waste contract efficiencies including reduction in payments to Kent Resource Partnership; new contract enabling separate disposal of currently co-mingled food waste; segregation of other waste materials		(0.2)							(0.2)
Income: Highways – Increase in net income budgets for streetworks and permit scheme		(0.6)							(0.6)
Income: Kent Travel Saver – Kent Travel Saver price realignment to offset an increase in bus operator inflationary fare increases in 2022-23 above the budgeted amount		(1.0)	1.0		(1.0)				(1.0)
Income: Kent Travel Saver (formerly Young Person's Travel Pass) – Kent Travel Saver price realignment to offset bus operator inflationary fare increases		(1.5)	1.5		(1.5)				(1.5)

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income: Review of Charges for Service Users – existing service income streams & inflationary increases – Uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams		(0.2)							(0.2)
Income: Waste – Review of fees and charges at Household Waste Recycling Centres		(0.1)							(0.1)
Policy: Arts – Review of support to the Arts		(0.2)							(0.2)
Policy: Discretionary Grants – Savings to be identified from a review of all discretionary grants		(0.1)							(0.1)
Policy: Economic Development – Review of grants and contracts with Kent Foundation and Locate in Kent		(0.1)							(0.1)
Policy: Highways – To reverse the prior decision to increase the number of swathe cuts		(0.3)							(0.3)
Policy: Highways Capital works – Removal of revenue contribution towards highways capital works		(3.0)							(3.0)
Policy: Highways Drainage – Review of highways drainage policy and level of works		(1.0)							(1.0)

Savings

Target for year £69.7m
£61.0m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Policy: Highways Winter Service – Review of highways winter service policy including service levels, salting runs and network, resulting in reduced network coverage and detrimental impact on Keeping Kent Moving policy		(0.5)	0.5		(0.5)				(0.5)
Policy: Household Waste Recycling Centres (HWRC) – Review of the number and operation of HWRC sites		(0.5)	0.5		(0.5)				(0.5)
Policy: Review of Community Wardens		(0.5)	0.5		(0.5)				(0.5)
Deputy Chief Executive's Department	0.0	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Income: Resilience and Emergency Planning - Additional income from reservoir work		(0.1)	0.1						0.0
Policy: Marketing & Resident Engagement – Review KCC's presence at external events		(0.1)							(0.1)
Chief Executive's Department	0.0	**(1.0)**	0.0	0.0	0.0	0.0	0.0	0.0	**(1.0)**
Efficiency: Early retirements – Reduction in the number of Historic Pension Arrangements		(0.5)							(0.5)
Policy: Member Community Grants – Reduce Member Community Grants from £10k to £3.6k per Member		(0.5)							(0.5)
Non Attributable Costs	0.0	**(5.9)**	0.0	0.0	0.0	0.0	0.0	**(7.1)**	**(13.0)**
Financing: Debt repayment		(1.0)							(1.0)

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Financing: Investment Income		(2.9)						(7.1)	(9.9)
Income: Income return from our companies		(2.0)							(2.0)
Corporately Held Budgets	0.0	**(0.5)**	0.0	0.0	0.0	0.0	0.5	0.0	**0.0**
Income: Review of fees & charges		(0.5)					0.5		0.0
Total	**(4.4)**	**(65.3)**	**24.0**	**0.0**	**(9.0)**	**0.0**	**0.7**	**(7.1)**	**(61.0)**

Explanation of the Directorate Savings variances are shown below:

11.1	The ASCH budget savings for 2023-24 are £30.0m, with a further £4.4m carried forward from 2022-23. £23.3m is on track to be delivered within 23-24, including £2.0m as alternative savings. £13.1m is forecast to slip into future years.	£4.4m of commissioning review of contracts savings carried forward from 2022-23 will not now be achieved and will slip into 2024-25. £3.7m relates to the non-delivery of service redesign savings, management action of £1.6m is forecast to be achieved to offset this in the current year (See section 12 for further details on the management action). This has been taken into consideration with further redesign savings that will be delivered in 2024-25. £3.2m relates to the voluntary sector contracts not being able to achieve the full year effect of the savings, but one-off public health funding of £2m has been agreed to fund the continuation of the contracts in 2023-24, and the other £1.2m is now not achievable in year. £0.9m of In-house provision savings and £0.9m of policy and practice savings are also slipping into 2024-25.
11.2	The CYPE budget savings for 2023-24 are £14.5m. £10.4m is on track to be delivered within 23-24, including £2.6m as alternative savings. £6.4m is forecast to slip into future years.	£1.3m is due to estimated delays in delivery of savings from the review of community-based packages of support including the delay in reviewing the charging policy for client transport (described in section 11.1). The review of high cost packages is ongoing and high costs panels are taking place to support delivery of the saving in 2024-25 onwards. Review of cases to identity where health contributes may be appropriate has resulted in £0.8m one-off backdated income relating to previous years helping to offset some of this saving in 23-24. £2.3m is due to estimated delays in delivery of placement related savings across integrated children's services (including disability services) where the number of Looked After Children and reductions in placement costs has not

reduced as expected at the time of setting the budget. Use of High-cost panels and review of high cost packages is taking place to support delivery of the saving in 2024-25.

£0.7m is due to delays in implementing a strategy in supporting independence by the age of 19. The implementation of this strategy is linked to the new accommodation contract for shared housing which was implemented from the 28th October in line with the wider regulation changes in supported accommodation for looked after children. This saving is anticipated to be delivered in 2024-25. In the meantime, the service is continuing to identify appropriate accommodation and support for young people turning 18, previously residing in a high cost placements, providing alternative savings in 23-24 of £0.7m.

£1.0m delivery of legal services savings for Children Social Care continues to be challenging, spend has continued to follow a similar trend to 2022-23. The service continues to work with Invicta law to improve the data quality of activity to support the service to identify key cost drivers and determine appropriate actions to deliver in 2024-25.

£0.3m is due to delays in the review of open access services. This saving is being reviewed following the recent consultation on family hubs. Over-delivery of vacancy management & ceasing non-essential spend, along with delivery of activities that will be funded from the family hubs grant, is delivering an one-off alternative to this saving for 2023-24.

£0.2m is due to non-delivery of the Section 17 saving. This saving has been reconsidered in light of other strategies to avoid possible entrance into care. It is therefore possible spend may increase rather than decrease in future to avoid higher placement related spend.

£0.4m is due to the delay in the review of some services to schools. This saving is still expected to be delivered in 2024-25 and is expected to be offset by other alternative savings in 2023-24.

£0.6m is due to delays in increasing the charges for the Kent 16+ Travel Saver to ensure Kent meets the requirement of the BSIP grant. £0.4m is estimated to be achieved through the use of the BSIP grant and other general underspends.

11.3	The GET budget savings for 2023-24 are £11.0m. £11.0m is on track to be delivered within 23-24, including £4.4m as alternative savings. £4.4m is forecast to slip into future years.	£0.5m is due to the proposed consultation on the review of HWRC sites (Waste) being delayed. In addition, and also in Waste, there was a £390k savings target from Reuse and Small Business trade waste. Reuse activities have been delivered; however, to meet the full target requires investment of capital to develop a shop facility. There is no capital finance for this. Small Business trade waste is an ongoing project with active plans of work to develop small trade waste through the districts/contractors at Dover Transfer Station and Dunbrik through Sevenoaks District Council. Strikes have disrupted any opportunity to introduce a small business waste service at the Canterbury HWRC (already permitted to take trade waste). Environmental permits for other HWRC's can only be pursued once the HWRC Review has been concluded, which as per above has been delayed. It is taking the Environment Agency circa one year to issue variations on current permits. Due to required consultation timescales, both public and staffing, none of the £0.5m budget reduction from the Community Warden review will be delivered in 23-24 as the revised timescale would not commence, subject to consultation, until at least April 2024. The £0.45m management action is to hold all existing and future vacancies to part offset this re-phasing of the proposed budget reduction. Current vacancy levels are higher than normal as some staff have chosen to leave for alternative employment ahead of any decisions being finalised. Within the £3.9m of savings that will now be delivered in 24-25, and within the £3.45m of mitigations, is £2.5m relating to the Kent Travel Saver (KTS). At February County Council, and in line with a previous decision, the KTS pass price would need to increase to offset the operator fare inflation. This consisted of £1.5m for 23-24 inflation and £1m for 22-23 inflation that was under-estimated. However, after the budget was set, KCC agreed to accept the Bus Services Improvement Plan (BSIP) grant from Government which allowed initiatives around ticketing to sustain and enhance the bus network and it was agreed that the KTS pass price could be held for one year. In 23-24 the grant will be used in lieu of additional income and also represents a benefit for the users of the scheme, as well as sustaining the level of patronage which supports KCC's net zero and vision zero initiatives.
11.4	The NAC budget savings for 2023-24 are £5.9m.	The £7.1m overachievement relates to increased investment income due to increases in base rate.

	£13.0m is on track to be delivered within 23-24, including 7.1m of overachievement relating to investment income.	
11.5	CHB budget savings for 2023-24 of £0.5m is not deliverable.	The 2023-24 budget included an estimated saving of £0.5m from increased fees and charges following the adoption of revised fees and charges policy. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller assessment of full cost, and at this stage no such decisions have been presented or taken. This saving has been removed for 2024-25 and reflected within individual directorate proposals.

11 Savings

Target for year £69.7m
£61.0m savings to be delivered

Alternative savings of £5.7m have been identified to offset the savings that will not be delivered. The table below shows the breakdown by Directorate of the alternative savings in 2023-24:

Overview of saving	Alternative saving identified	Alternative savings value £000s
Adult Social Care & Health		**2,000.0**
Review of Discretionary Voluntary Sector Contracts	Alternative one off public health funding has been identified to fund continuation of contracts	2,000.0
Children, Young People & Education		**2,550.0**
Review of open access services through Family Hub model	Over-delivery of saving on vacancy management and ceasing non-essential spend across children's centres and youth hubs (in line with 2022-23 underspend).	300.0
Review the Kent 16+ Travel Saver scheme	Estimated cost of scheme for 23-24 estimated to be slightly lower than initially budgeted	100.0
Price Realignment of Kent 16+ Travel Saver in line with operator inflationary increases	Replaced through Bus Strategy Grant	250.0
Services to Schools	Alternative savings from The Education People company & ceasing of current arrangement with Kent Association of Headteachers. More detail will follow in the next monitoring report.	400.0
Care Leavers Placements	Review of existing care leavers placements.	700.0
18-25 Placement prior year health recharges	One-off recovery of prior year 18-25 placements from Health	800.0

Overview of saving	Alternative saving identified	Alternative savings value £000s
Growth, Environment & Transport		**4,350.0**
Income: Kent Travel Saver	Bus Services Improvement Plan (BSIP) grant has been utilised in lieu of increasing the pass price for 23-24 only	1,000.0
Income: Kent Travel Saver (formerly Young Person's Travel Pass)	Bus Services Improvement Plan (BSIP) grant has been utilised in lieu of increasing the pass price for 23-24 only	1,500.0
Review of Community Warden Service	Hold further future vacancies, and other operational savings.	450.0
Further reduction of spend and increased income across the Directorate	Deferral of spend and projects, generation of further income and vacancy management	1,400.0
Total Alternative savings for all Directorates		**9,000.0**

12 Management Action

This section sets out the remaining management action to reduce the Council's forecast overspend of £30.0m. The actions identified are expected to deliver a reduction in spend and with a drawdown from the risk reserve, aim to bring the Council to a balanced position by the end of the financial year. £27.8m are one-off reductions including the use of £12m from reserves and only affect the 2023-24 position. £2.3m in Adult Social Care & Health has a recurring impact that has a positive impact in 2024-25 and is reflected in the approved 2024-25 budget. The £11.7m management action shown against Corporately Held Budgets relates to stopping spend across all directorates. This requires a final effort from all directorates to stop spending wherever possible in 2023-24. This has been communicated across the Council with clear guidance for all staff and additional approvals are required for high value purchases (over £10,000) and staff recruitment. The strengthening of controls now includes reviewing requisitions raised, with analysis undertaken and queries raised with budget managers as appropriate.

The use of reserves is a one-off solution. The full delivery of all the remaining management action detailed below is the minimum amount to be achieved to avoid additional use of reserves, which would further weaken the authority's financial resilience and increase the requirement to replenish reserves in future years.

Management action which has been delivered is reflected in each Directorate's forecast before management action and is shown in the table below, alongside undeliverable or unapproved management action. In some Directorates, management action delivered exceeds the original target amount that is shown in the table.

Directorate	One-off management action to be delivered £k	Recurring management action to be delivered £k	Total £k	Delivered and in forecast £k	Not Deliverable or Unapproved £k
Adult Social Care & Health	-2,353.1	-2,260.0	**-4,613.1**	-4,722.4	-5,495.3
Children, Young People & Education	-1,700.0		**-1,700.0**	-1,550.0	0.0
Growth, Environment & Transport				-1,480.0	0.0
Deputy Chief Executive's Department				-320.0	0.0
Chief Executive's Department				-900.0	-600.0
Corporately Held Budgets	-11,700.0		**-11,700.0**		
Use of Risk Reserve	-12,000.0		**-12,000.0**		
Total	**-27,753.1**	**-2,610.0**	**-30,013.1**	**-8,972.4**	**-6,095.3**

12 Management Action

		2023-24			2024-25	
Directorate	Actions to be taken	One-off management action to be delivered £k	Recurring management action to be delivered £k	Total £k	Delivered and in forecast £k	Not Deliverable or Unapproved £k
ASCH	Working collaboratively with NHS Colleagues to ensure the most appropriate and cost-effective pathways are in place for those people being discharged from hospital settings and ensuring that the necessary joint funding arrangements are in place, which makes clear who the lead commissioner of care and support is.		-1,600.0	**-1,600.0**	-2,573.6	-1,576.4
ASCH	Working collaboratively with NHS Colleagues to ensure the most appropriate and cost-effective pathways are in place for those people being discharged from hospital settings and ensuring that the necessary joint funding arrangements are in place, which makes clear who the lead commissioner of care and support is. Initial focus will be on those individuals who have been discharged through the Transforming Care Programme.	-1,310.7	-660.0	**-1,970.7**		
ASCH	Maximise the use of framework providers which will reduce new support being commissioned from non-framework providers. This will help reduce the administrative burden on front line social care staff and reduce overall unit costs of care and support. Harmonise processes to create capacity within framework providers to pick up support required for people who draw on care and support.	-172.3		**-172.3**		-2,227.8
ASCH	Data Quality: resolving data quality issues on records and files. This will significantly improve accuracy of information available for reporting.	-314.8		**-314.8**	-185.2	
ASCH	Social Care Debt: - External support being commissioned to assist with Court of Protection deputyship applications, meaning that those debts relating to ‘ non-discretionary funding’ can be settled more quickly	0.0		**0.0**		-500.0
ASCH	Use of Rolled Forward and uncommitted Disabled Facilities Grant to support funding of new Technology Enabled Lives Programme	0.0		**0.0**	-910.0	
ASCH	Explore alternatives for those people requiring low level of support	0.0		**0.0**		-200.0
ASCH	Review payments for community based services to ensure that invoices represent delivered hours of support	-400.0		**-400.0**	-756.5	-443.5
ASCH	Ensure all people are assessed promptly in assessment (non chargeable) beds, to allow charging for residential care	-155.3		**-155.3**	-297.1	-547.6
ASCH	**Total**	**-2,353.1**	**-2,260.0**	**-4,613.1**	**-4,722.4**	**-5,495.3**

12 Management Action

		2023-24			2024-25	
Directorate	**Actions to be taken**	**One-off management action to be delivered £k**	**Recurring management action to be delivered £k**	**Total £k**	**Delivered and in forecast £k**	**Not Deliverable or Unapproved £k**
CYPE	Work is continuing with the NHS to explore joint commissioning opportunities (including tier 4 admissions) and joint funding agreements for eligible young people (further review of existing savings profiles)			**0.0**	-1,000.0	
CYPE	Panels have been established in every district across both Integrated Children Services and Disability Services to review suitability and level ofsupport for all looked after children's placements. This is in addition to a further peer review focused on high cost placements. (further review of existing savings profiles)			**0.0**	-250.0	
CYPE	Development of a Placement Framework to explore alternative ways to support children at risk of coming into care including increasing the role of family members.			**0.0**	-50.0	
CYPE	Signposting of families to community services where it is available and appropriate (further review of existing savings profiles).			**0.0**	-100.0	
CYPE	Review of 18-25 community-based services (i.e. direct payments, supporting living, daycare and transport): Reduction in expenditure on non-framework packages of care for 18-25 year olds and ensuring strict adherence to policy (further review of existing savings profiles)			**0.0**	-100.0	
CYPE	Use of grant to meet statutory responsibilities	-1,700.0		**-1,700.0**		
CYPE	Increase in use of personal transport budgets			**0.0**	-50.0	
CYPE	**Total**	**-1,700.0**	**0.0**	**-1,700.0**	**-1,550.0**	**0.0**

12 Management Action

		2023-24			2024-25	
Directorate	**Actions to be taken**	**One-off management action to be delivered £k**	**Recurring management action to be delivered £k**	**Total £k**	**Delivered and in forecast £k**	**Not Deliverable or Unapproved £k**
GET	Holding vacancies across all divisions			**0.0**	-350.0	
GET	Review demand and operational expenditure (public transport and highways)			**0.0**	-650.0	
GET	Increased income from fees, charges and income raising activities (eg LRA)			**0.0**	-250.0	
GET	Proactive management of operational expenses, projects and backlog (LRA, Environment, Highways)			**0.0**	-130.0	
GET	Use of available grants			**0.0**	-100.0	
GET	Contract renegotiation and rescoping with focus on waste and highways			**0.0**		
GET	**Total**	**0.0**	**0.0**	**0.0**	**-1,480.0**	**0.0**

		2023-24			2024-25	
Directorate	**Actions to be taken**	**One-off management action to be delivered £k**	**Recurring management action to be delivered £k**	**Total £k**	**Delivered and in forecast £k**	**Not Deliverable or Unapproved £k**
DCED	SRP Option 1: Delete the vacant KR13 Programme Manager role (£81,039 p/a with on costs)			**0.0**	-41.0	
DCED	SRP Option 2: Delete the second KR12 Dependency Manager role (£70,752 p/a with on costs) when the postholder leaves and becomes a vacancy in November.			**0.0**	-29.0	
DCED	Hold vacancies within Infrastucture for the reminder of the year. This will be reflected in the next monitoring.			**0.0**	-250.0	
DCED	**Total**	**0.0**	**0.0**	**0.0**	**-320.0**	**0.0**

12 Management Action

		2023-24			2024-25	
Directorate	**Actions to be taken**	**One-off management action to be delivered £k**	**Recurring management action to be delivered £k**	**Total £k**	**Delivered and in forecast £k**	**Not Deliverable or Unapproved £k**
CED	Cease the allocation of any more Member Grants in the current year and take the current underspend of c.£600k ie do not roll forward to 2024/25.			**0.0**		-600.0
CED	Re-phase the appointments to vacant posts within SPRCA			**0.0**	-500.0	
CED	Re-phase the appointments to vacant posts within the newly structured Commercial and Procurement Division			**0.0**	-250.0	
CED	Release of Early retirement budget			**0.0**	-150.0	
CED	**Total**	**0.0**	**0.0**	**0.0**	**-900.0**	**-600.0**

		2023-24			2024-25	
Directorate	**Actions to be taken**	**One-off management action to be delivered £k**	**Recurring management action to be delivered £k**	**Total £k**	**Delivered and in forecast £k**	**Not Deliverable or Unapproved £k**
Corporate	Spending controls across all Directorates	-11,700.0		**0.0**		
Corporate	Use of Risk Reserve	-12,000.0		**0.0**		
Corporate	**Total**	-23,700.0	**0.0**	**0.0**	**0.0**	**0.0**

Directorate	Capital Budget £m	Variance £m	Real Variance £m	Rephasing Variance £m
Adult Social Care & Health	1.7	-0.6	-0.4	-0.2
Children, Young People & Education	116.8	-50.6	-0.7	-49.9
Growth, Environment & Transport	256.0	-85.3	5.0	-90.3
Chief Executive's Department	1.6	-1.9	-0.4	-1.5
Deputy Chief Executive's Department	23.5	-5.0	7.2	-12.2
TOTAL	**399.6**	**-143.4**	**10.7**	**-154.1**

The total approved General Fund capital programme including roll forwards for 2023-24 is £399.6m.

The current estimated capital programme spend for the year is forecast at £256.1m, which represents 64.1% of the approved budget. The spend to date is £142.1m, representing 35.6% of the total approved budget.

The directorates are projecting a -£143.4m underspend against the budget, this is split between a net +£10.7m real variance and -£154.1m re-phasing variance. £5m of the real variance is due to funding that has not yet been included within the cash limits because funding announcements were made after the budget book was agreed. Such changes to cash limits will be requested in the Capital budget Changes section of the report. At least £9.2m of the rephasing variance is outside of KCC control, due to projects being managed by external parties.

The major variances to note across the life of the programme are as follows:

Thanet Parkway (GET) – The overall project costs are still being reviewed with Network Rail and so the final costs are not yet finalised. Network Rail have made further funding requests for 2023-24 which are not included in the forecast, and KCC has engaged an independent expert to carry out a review of costs. As with all major projects, final outturn costs are only confirmed when the project's accounts with contractors are finalised and closed.

Basic Need (CYPE) - The quarter 2 monitoring reported a predicted overspend on the overall basic need programme of £21.1m over the next three years 2023-24 to 2025-26. A cash limit change has since been actioned to add the £20.5m basic need allocations for 2025-26 to the basic need programme. This, alongside some rephasing of projects, has now negated the previously reported overspend.

<u>The major in-year variances (real variances of >£0.1m and rephasing >£1m) are described below, previously reported variances which have not changed are shown *in italics:*</u>

Adult, Social Care & Health:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
None to report.			

Children, Young People & Education:

Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report:			
Annual Planned Enhancement Programme	1.8	-2.0	The real variance is due to RACC costs which are expected to be funded from the DfE, but currently there is no budget or banked funding for these works. The rephasing is due to a number of projects each under £1m which have started in 2023-24 and are forecast to complete in 2024-25.
Modernisation Programme	-1.1	-4.0	The real variance is due to: -£0.6m John Mayne CEPS as the project is no longer progressing. -£0.4m Lydden Primary costs lower than expected as the electrical upgrade works were not required and inflation costs were lower than expected. -0.1m Leeds and Broomfield CEPS – following a cost cutting exercise the contingency was deemed not required. The rephasing is due to: -£1.1m Bidborough Primary – this was originally a school managed project but the planning was difficult and KCC took over project management which lead to delays in project delivery. -£0.8m Langdon Primary – feasibilities were requested from two different contractors causing delays at the start of the project. -£0.6m Meadowfield School – planning delays as permitted development was not allowed and full planning permission was required. -£1.5m Mobile replacement programme - communication was sent to all KCC schools to gather information on what

			mobiles were on site and what they were being used for. Units used for teaching were RAG rated. Following site visits over the summer, 44 mobiles were identified as requiring replacement or repair. Of these, 8 mobiles now require a detailed feasibility for replacement with works likely to commence in the Spring. 29 mobiles require significant repair, feasibilities will be carried out on these and the remaining rephased budget will be used to address the mobile repairs. It is a lengthy process from identifying mobiles which need either replacement or repair to works being delivered, this combined with reliance on consultants supporting the programme and also competing demands within Infrastructure has led to rephasing of projects.
Overall Basic Need Programmes			The quarter 2 monitoring reported a predicted overspend on the overall basic need programme of £21.1m over the next three years 2023-24 to 2025-26. A cash limit change has since been actioned to add the £20.5m basic need allocations for 2025-26 to the basic need programme. This, alongside some rephasing of projects, has now negated the previously reported overspend.
Basic Need Kent Commissioning Plan 2018	0.4	-2.9	The real variance is due to: -£0.1m Simon Langton Boys Grammar – additional costs for works requested by the school have been met by the school. +£0.5m Gravesend Boys Grammar. Inflation has been added due to the extended project delivery timescale. The rephasing is due to: -£1.5m Pilgrims Way Primary. This is being delivered by the DfE and KCC are contributing. The contribution is dependent on DfE delivery timescales. -£1.0m Isle of Sheppey Special School - This is being delivered by the DfE and KCC are contributing. The contribution is dependent on DfE delivery timescales.
Basic Need Kent Commissioning Plan 2019	0.4	-24.1	The real variance is due to: +£0.4m Borden Grammar due to additional project scope to include kitchen and hall works, and abnormals have been identified on site. The rephasing is due to: -£6.8m Maidstone Grammar School for Girls - the site of the new building has to be relocated due to Network Rail restrictions. New planning application is required and the project is currently on hold. -£6.0m Highsted Grammar – the school is requesting additional funds which has caused a delay to the start of the project. -£3.0m Chilmington Green Secondary, this is a DfE managed project and the KCC contribution is dependent on DfE delivery timescales. -£2.6m Cable Wharf, replacement school for Rosherville, has been selected under the school rebuild programme. KCC

			are adding an additional 1FE and the KCC contribution to the scheme is dependent on DfE delivery. -£1.6m Teynham Primary. The current 1FE school is being replaced with a 2FE. Agreeing project scope with school and planning issues caused delays. Planning has been submitted, costs have been finalised and the ROD has been submitted for approval. -£2.2m Thanington Primary. This project is in design contract but is not yet in build contract. It is due to open in September 2025.
Basic Need KCP 2021-25	-0.5		The real variance is due to: -£0.6m Cornwallis Academy. A change of scope and works are now being school managed at a lower cost. +£0.1m St Peter's Aylesford. The project tenders are higher than anticipated.
Basic Need KCP 2022-26	-0.2	-6.3	The real variance is due to: -£0.2m The Archbishop's School – contractor discount was applied and a prefabricated modular was used resulting in less onsite construction works. The rephasing is due to: -£2.9m Marden Primary. Funding agreement with the school and forecasts have been aligned with provision requirement date of September 2024. -£2.3m Cornwallis Academy. Forecasts have been aligned with the provision requirement date of September 2025. -£1.0m Sittingbourne. A school has not yet been identified to provide additional places.
Basic Need KCP 2023-27	-1.9	0.7	The real variance is on Maidstone temporary secondary provision, where places are being provided at Cornwallis Academy. The rephasing variance is on 5 projects, each of which is below £1m.
High Needs Provision 2022-24	0.5	-10.3	The real variance is due to: -£0.1m to fund the overspend on the High Needs Provision line for the Callum Centre. +£0.6m Stone Bay – an additional reception year class is required for complex needs pupils. The rephasing variance is due to: -£7.3m The Beacon Satellite Provision. Space analysis was recently completed to confirm Special Educational Needs and Disability (SEND) spaces still required. Contracts for the next phase of works were not able to be entered into until this was completed. -£1.0m Five Acre Woods. This is being held for possible further works. -£0.8m Oakley Satellite Provision and -£0.5m Nexus Satellite Provision - sites for these satellites have not yet been identified.

Youth Modernisation of Assets	-0.1		The budget has been removed.
<u>*Previously Reported Variances:*</u>			
High Needs Provision	*0.2*		*The real variance relates to an increase in contribution to the Callum Centre, Canterbury Primary. This is to be funded from the High Needs Provision 2022-24 budget line.*

Growth, Environment & Transport:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>New Variances to Report: Highways and Transportation</u>			
Highway Asset Management, Annual Maintenance and Urgent Safety Critical Works	0.4	-3.9	The real variance of £0.4m is a funded overspend from external contributions for trees and a revenue contribution to capital to cover a balancing of suspense codes from previous years. There is a predicted overspend for the Road Inspections budget of £2.9m and £0.9m relating to the pressures on the Highways Operations Teams to repair the roads. This is not shown in these figures as it is being offset by rephasing that is not included in the rephasing amount shown here. A grant of £4.3m from Department for Transport (Network North funding) has been received and this, along with the 2024-25 allocation, will be used to fund a new Pothole Blitz Programme. The rephasing variance relates to: - structures and the inability to recruit to senior posts, - some schemes that are in or have completed the design phase will be constructed in future years - some schemes take more than one year to construct, - delays due to KCC waiting for access to be granted by Network Rail. - rephasing of Challenge Fund grant for specific schemes.
Integrated Transport Schemes	0.1	-2.0	The real variance is due to various smaller Integrated Transport schemes that will be funded from additional external funding.
A299 Bluebell Hill M2 andM20 Interchange Upgrades		-5.0	The scheme is reliant on external funding and the profile has been updated to align with the latest monitoring return submitted to the Department for Transport (DfT). The project has been pushed back due to delays in DfT approving funding.

Bath Street Fastrack		1.1	The scheme is on site and making good progress. Some of the funding from 2024-25 is required in 2023-24 to cover potential risk, however the overall scheme remains within budget and is on target to be delivered on time.
Bearsted Road	0.4	-5.1	The formal award to Colas is expected in January 2024 with a contract price agreed. Offline works are continuing to construct the new Harvestore access roads. Reductions in scope and value engineering opportunities are still being explored to meet the increased risk and contingency budget required on this project.
Dover Inter Border Facility	-0.6		The forecast has been adjusted to expected spend. Any residual grant will be repaid to the funders and cash limits will be adjusted accordingly.
Green Corridors		-5.8	The spend for this project has been re-profiled into 2024/25 to reflect the updated construction timescales for the Green Corridors 3 programme. Several sites have had construction pushed back to 2024/25 due to environmental issues, design challenges and requirement for agreements with landowners.
Housing Infrastructure Fund (HIF) Swale		-15.0	The rephasing variance is due to delays in the commencement of the works contract whilst awaiting the sign off from National Highways, which has now been granted. There have also been delays due to poor weather and streetworks due to avoiding the major diversion required by the M2 Junction 5 works. This project is externally funded by the HIF fund from Homes England.
Kent Active Travel Fund Phase 2		-1.4	Rephasing for these projects is due to the need for additional consultations on 4 of the 5 projects. Active Travel England have agreed extended deadlines with further change control to be requested by KCC.
Kent Active Travel Fund Phase 4		-1.3	An extension of time has been requested of Active Travel England for all schemes in phase 4 to 24/25 as development and works are not expected to start this year.
National Bus Strategy – Bus Service Improvement Plan		-3.1	The rephasing has been split between the following schemes and has been approved by Department for Transport: Superbus - extended time to September 2024 - the scheme is in two phases and the second phase will require extended timescale to implement. Mobility as a Service (MaaS) - the full allocation of MaaS funding has been rephased to 2024 due to complications with project with respect to commissioning and governance.

Maidstone Integrated Transport (MIT)		-1.2	The forecast has been updated to reflect the remaining work that is expected and despite delays a construction contract has now been awarded for circa £5m to deliver the Coldharbour Improvement scheme. The overall budget shows an overspend against the current LGF and s106 budget allocations but KCC have recently been advised by MBC that there are additional s106 allocations that Maidstone Borough Council (MBC) have already drawn down and are holding or have additional allocations to draw down. A full review of all s106 contributions covering the Maidstone Integrated Transport Plan (MITP) projects is currently underway, and steps being taken to recover any monies that currently sit with MBC. Refunds have also been sought from utilities for advance payments for those projects no longer coming forward, some refunds have already been processed, the remaining should be processed by end of March 2024.
Sturry Link Road, Canterbury		-1.9	The project has been rescheduled based on the current programme for the design and build contract. There is a potential increase in the estimated cost of this project of approximately £12m. This is higher than the cost that was submitted as part of the business case approval process and is predominantly due to inflation and increased construction costs. This cost estimate will be refined through the design process and any increase is expected to be covered by S106 that are index linked and possible more S106 which has been identified. Further confidence in the delivery programme is a requirement of SELEP this in turn safeguards the £5.9m Local Growth Fund (LGF) contribution, so progress with land negotiations and design work must be suitably demonstrated. The position will continue to be closely monitored and updated once the Design and Build Contract has been awarded.
A228 and B2160 Junction Improvements with B2017 Badsell Road		-1.1	Flood Risk modelling has identified significant issues with the current scheme design. Alongside the review of drainage modelling, an alternative design is currently be explored that utilises the current road alignment, and land that had been set aside for the new road alignment will instead be used for drainage mitigation. If an alternative scheme is delivered this is unlikely to require a planning application. This matter is currently affecting the overall programme for the project but it is hoped that a decision will be made in February.
Diversion Routes for Unplanned Events (DRUE)	0.3		This Project is in relation to the upgrade of signage on the tactical diversion route for the A20/M20 funded by grant from National Highways.
Galley Hill Road Collapse	0.2		This scheme is about the reinstatement of the road and cliff face in Galley Hill Rd Swanscombe that collapsed last year. The funding of this project is yet to be identified.

Environment and Waste			
Local Authority treescape Fund	0.2		The real variance does not represent an overspend, but the fact that the project funding is not all in the cash limit as it is reimbursed once the spend has been incurred. A cash limit change is requested for the funding due in before 31st March 2024.
Growth & Communities			
Gypsy & Traveller Site Improvements	0.1	-2.5	Rephasing variance: The construction contract award was completed in the summer of 2023 resulting in works planned and programmed to end by December 2025. This has resulted in rephasing due to the scale of the improvement scheme and availability of contractors to carry out the works. Real variance: This reflects works due to fire damage, which will be covered by insurance.
Kent Empty Property Initiative	0.4	-6.1	The real variance is due to additional external and grant income available, for which a cash limit adjustment will be made. The rephasing reflects adjusted loan repayments in line with expected receipts.
Broadband Contract 2		-1.3	Timescales for closing the contract have slipped due to delays in national assurance and supplier reporting processes for all BDUK projects. The final spend has therefore been rephased to 2024-25.
Javelin Way Development	-0.2		Contingency allowances originally budgeted have been removed as the risks have fallen away.
Tunbridge Wells Cultural Hub	-0.2		The project is complete. The real variance is not an underspend, the works are being undertaken by the district council for which KCC will transfer the funds.
Previously Reported Variances: Highways and Transportation			
Fastrack Full Network – Bean Road Tunnels		*-10.1*	*The estimate to deliver the scheme has increased significantly following the pre-construction phase, particularly due to inflation pressures. The works are now beyond the available budget and a review is in hand to determine if additional funding can be achieved. Construction is on pause pending resolution of the funding gap. The Bus Service Improvement Plan II grant is expected to become available later this year which could allow the scheme to move forward.*

Faversham Swing Bridge	*-1.8*	*There are ongoing complex legal discussions with Peel Ports relating to the project therefore the budget is being rephased to 2024-25.*
Kent Active Travel Fund Phase 3	*-1.0*	*The rephasing is for the Sevenoaks East/West Cycle improvements part of the project. The delay is due to continuing work in developing and consulting on proposals. Active Travel England have agreed extended deadlines with further change control to be requested by KCC.*
LED Conversion	*-1.3*	*Rephasing is required as the budget is to convert newly adopted assets to LED where the approved design was prior to the LED conversion project. The date for adopting new developments is an unknown quantity, therefore the carry forward reflects that less assets will be adopted this year than expected.*
Urban Traffic Management Control	*-1.4*	*The spend for this project has been reprofiled based on the programme of works. This programme is funded by Ebbsfleet Development Corporation.*
Zero Emission Bus Regional Areas (ZEBRA)	*-2.9*	*The purchase of the electric vehicle chargers for this project will now take place in 2024-25. The reprofiling is due to procurement and supply delays. It is now also expected that the buses relating to the Dover element of the project will be purchased early in 24-25.*
Kent Thameside Strategic Transport Programme (STIPS)	*-3.2*	*The Thamesway project is on hold pending outcome of the Ebbsfleet Central and Northfleet Harbourside planning applications. This follows a decision by the Cabinet Member following Environment and Transport Cabinet Committee in January 2023, to amend the Thamesway project.*
A28 Chart Road, Ashford	*-2.8*	*Based on estimated occupation levels it is currently anticipated that construction will commence in early 2025 for a duration of 2 years, hence the rephasing. This is reliant on the developer producing a financial bond to give KCC certainty of funds to award a construction contract. The design is now largely finalised except matters relating to the technical approval of the bridge by KCC structures team which is now likely to happen in January 24.*
Dartford Town Centre	*-3.1*	*Dartford Borough Council (DBC) are managing this scheme and have provided an updated programme for the construction of phases 3 and 4, and the spend profile is now aligned with their intended draw down of the funding. DBC will be procuring phase 3 in late 2023, and construction will commence in Spring 2024.*
Environment & Waste		

Transfer Station Folkestone & Hythe		*0.1*	*There is a small requirement to bring £0.1m funding forward in 2023-24 to carry out survey and pre-planning work on a preferred site.*
<u>Growth & Communities</u>			
Kent and Medway Business Fund (KMBF)		*-2.1*	*The rephasing is due to a lower value of loans likely to be defrayed during 2023-24, given the time available following the launch of the new round in October 2023.*
Digital Autopsy		*-2.7*	*Digital Autopsy (DA) funds have been re-phased as the project tender for the DA and body store delivery has failed. The project is now looking at alternative options to bring in the necessary providers. Given the amount of time this will take to bring forward, the capital spend has been deferred as the capital element can only be entered into at the same time as the revenue contracts to ensure the project is de-risked.*

Deputy Chief Executive's Department:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>New variances to report:</u>			
Modernisation of Assets (MOA)	1.2		The real variance is due to: +1.4m Additional Salix funding expected in and the associated works. -£0.2m costs associated with the Oakwood House project that will be moved.
Asset Utilisation – Oakwood House	0.8		The real variance is due to costs that were originally coded to Modernisation of Assets (£0.2m) which relate to this project so will be moved. The remaining £0.5m is spend on the adoption block which was originally forecast against MOA. A virement is requested from modernisation of assets to cover this (see Capital Budget Changes section).
Dover Discovery Centre		-4.0	The rephasing is due to delays in procurement.
Unaccompanied Asylum-Seeking Children (UASC) Accommodation Requirements	5.3		These are additional accommodation requirements and will be funded by Central Government grant.

Previously Reported Variances:			
Strategic Reset Programme		*-2.9*	*Rephasing is expected as the project is still at feasibility stage.*
Strategic Estate Programme		*-4.2*	*The rephasing is due to a delay in the release of the Sessions House Masterplan which has resulted in a postponement of the original planned commencement date for any refurbishment.*

Chief Executive's Department:

Project	Real Variance £m	Rephasing Variance £m	Detail
Previously Reported Variances:			
Feasibility Fund	*-0.4*	*-1.5*	*The real variance reflects costs relating to demolition at the Aylesford site which are to be written off in year and funded from a revenue reserve.* *The rephasing reflects latest forecast feasibility costs in line with project plans.*

14 Capital Budget Changes

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

Project	Year	Amount (£m)	Reason
ASCH Directorate:			
Learning Disability Good Day Programme	23-24 24-25	0.05 0.242	Additional developer contributions available to be used for this project.
CYPE Directorate:			
Basic Need KCP 18	23-24	-0.292	Transfer of developer contributions to ASCH.
GET Directorate:			
Kent Empty Property Initiative	23-24	0.370	Additional grant funding available.
Local Authority Treescape Fund	23-24	0.060	Grant funding due in.
Highway Asset Management, Annual Maintenance and Urgent Safety Critical Works	23-24 24-25 23-24	4.296 4.296 0.377	Additional grant funding inn 23-24 and 24-25. Revenue contribution
Integrated Transport Schemes	23-24	0.03	Additional grant funding
Diversion Routes for Unplanned Events	23-24 24-25	0.299 0.035	Additional grant funding
Trees Outside Woodlands	23-24	0.005	Additional grant funding
DCED Directorate:			
Modernisation of Assets	23-24	-0.749	Virement of prudential borrowing to Asset Utilisation Oakwood House to cover costs that were originally coded to MOA but related to the Oakwood House project.
Oakwood House Transformation	23-24	0.749	Virement of prudential borrowing from MOA to cover costs that were originally coded to MOA but related to the Oakwood House project.
Modernisation of Assets	23-24	-0.211	Virement of prudential borrowing to Dover Discovery Centre to cover costs that were originally coded to MOA but related to the Dover Discovery Centre project.
Dover Discovery Centre	23-24	0.211	Virement of prudential borrowing to Dover Discovery Centre to cover costs that were originally coded to MOA but related to the Dover Discovery Centre project.

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 December was £773.48m down by £28.99m since 31st March 2023	KCC debt includes £457.60m 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 15.13 years at an average interest rate of 4.41%. Outstanding loans from banks amount to £216.10m. This is also at fixed term rates with average length to maturity of 38.48 years at an average interest rate of 4.54%. 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 40.13 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 £9.79m with an average of 14.89 years to maturity at an average rate of 2.55%. 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 only 8.03% due to mature within 5 years	Maturity 0 to 5 years £62.11m (8.03%)[1] Maturity 5 to 10 years £25.00m (3.23%) Maturity 10 to 20 years £254.47m (32.90%) Maturity over 20 years £431.90m (55.84%)
15.3	Total cash balance at end of December was £495.73m, down by £3.36m 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 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 £0.00m, Year 2 £21.11m, Year 3 £24.00m, Year 4 £17.00m, and Year 5 £0.00m

15 Treasury Management Monitoring

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 management 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 December were £109.14m (22.02% 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 5.28%. 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 December, the Council had £101.05m in UK treasury bills and other deposits with the UK government. These deposits represent 20.38% of cash investments with an average rate of return of 5.25%. 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 December, the Council has £96.80m invested in covered bonds earning an average rate of return of 4.80%. The Council has outstanding loans of £15.02m through the No Use Empty Loans programme which achieves a return of 4.50% that is available to fund general services. This total includes £7.53m of loans made (£6.60m received) since March. The Council has now agreed 2 rolling credit facilities (RCF) with registered providers totalling £15m, for which we are receiving a fee of 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 £172.41m invested in pooled funds (34.78% of cash balances) as at 31 December 2023.

15.5	Treasury Management Advice	The Council secures external specialist treasury management advice from Link Group. They advise on the overall strategy as well as borrowing options and investment opportunities. Link Group 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 bi-annual basis. A report on treasury performance is reported twice a year to full Council.

15 Treasury Management Monitoring

1. Treasury Management Indicators

1.1 The Council measures and manages its exposures to treasury management risks using the following indicators:

1.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Actual 31/12/2023	Target
Portfolio average credit rating	AA	AA-

1.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Actual 31/12/2023	Minimum
Total cash available within 3 months	£198.87m	£100m

1.4 **Interest rate exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates was:

Interest rate risk indicator	Actual 31/12/2023	Limit
One-year revenue impact of a 1% rise in interest rates	£2.19m	£10m
One-year revenue impact of a 1% fall in interest rates	-£2.19m	-£10m

1.5 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing were:

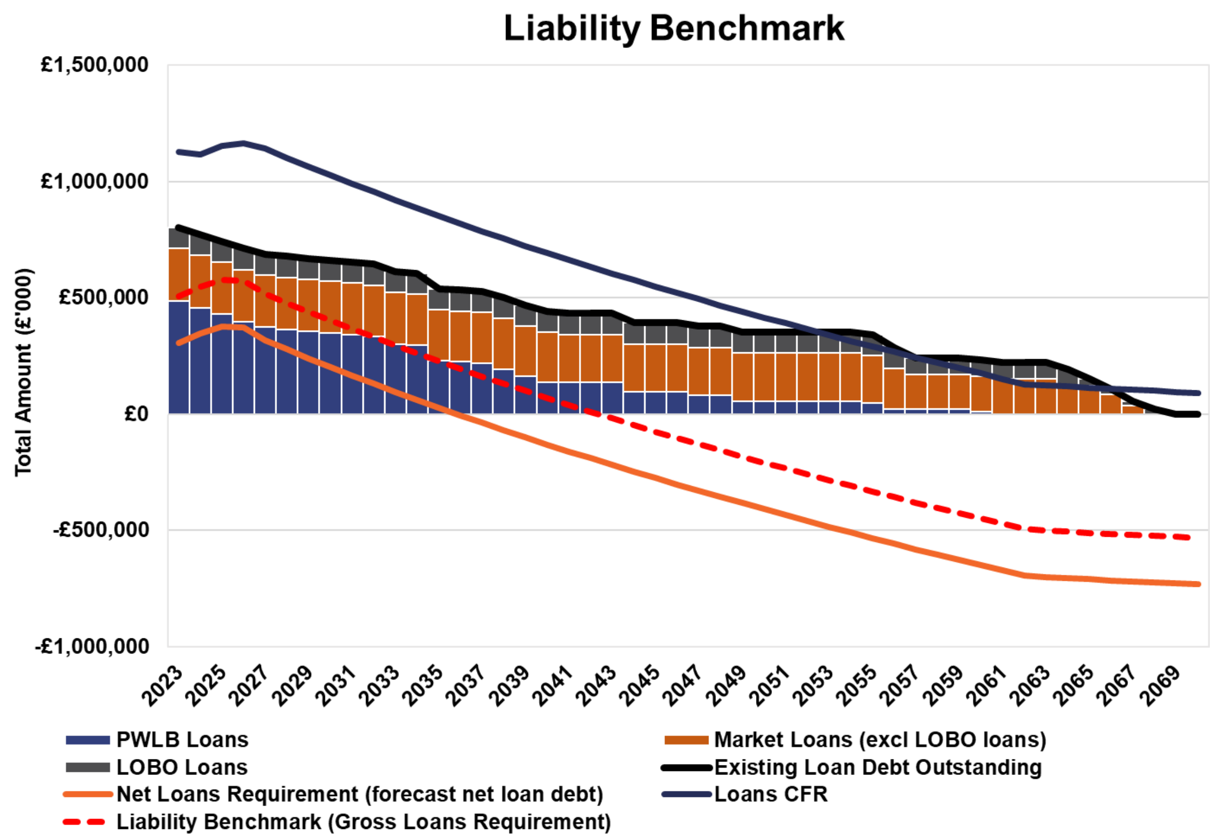
	Actual 31/12/2023	Upper limit	Lower limit
Under 12 months	0.00%	100%	0%
12 months and within 5 years	8.03%	50%	0%
5 years and within 10 years	3.23%	50%	0%
10 years and within 20 years	32.90%	50%	0%
20 years and within 40 years	26.25%	50%	0%
40 years and longer	28.59%	50%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

1.6 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Price risk indicator	2023/24	2024/25	2025/26	No Fixed Date
Limit on principal invested beyond year end	£150m	£100m	£50m	£250m
Actual as at 31 December 2023	£108.1m	£53.1m	£32.1m	£188.7m

2. Prudential Indicator: Liability Benchmark



2.1 The liability benchmark chart shows the Council should be able to accommodate the movement in Loans CFR through additional internal borrowing given the resources on the balance sheet if it wants to maintain treasury investments at the £200m liquidity allowance. However, this is based on the current assumption with regards to movement in reserves and that the working capital position remains at the 31/03/2023 level of £300m. It also assumes that the liquidity allowance of £200m remains appropriate given the £172m of external investments currently invested with fund managers over a long-term investment time horizon.

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		Revenue Budget £m	Forecast £m	Variance £m	Last Reported Position (Nov) £m	Movement +/- £m
1.2	1.6	0.3	Provision for Demographic Growth - Community Based Services	10.7	0.3	-10.4	-9.6	-0.8
10.2	0.0	-10.2	Strategic Management & Directorate Support (ASCH)	5.5	3.1	-2.3	-1.7	-0.6
39.3	23.6	-15.6	Strategic Management & Directorate Budgets	16.1	3.4	-12.7	-11.3	-1.4
13.3	11.8	-1.6	Community Based Preventative Services	8.5	10.1	1.6	+1.6	-0.0
4.5	3.6	-0.9	Housing Related Support	1.5	1.4	-0.1	-0.1	-0.0
6.8	3.9	-2.9	Social Support for Carers	3.0	2.8	-0.3	-0.3	-0.0
3.2	2.7	-0.5	Partnership Support Services	0.0	0.0	0.0	+0.0	+0.0
0.0	0.0	0.0	Strategic Commissioning (Integrated and Adults)	1.3	1.4	0.0	+0.0	+0.0
0.0	0.0	0.0	Strategic Commissioning (Integrated and Adults)	14.4	15.6	1.2	1.2	+0.0
0.0	-0.1	-0.1	Public Health - Advice and Other Staffing	0.0	0.0	0.0	+0.0	-0.0
0.0	0.0	0.0	Public Health - Children's Programme	0.0	0.0	0.0	+0.0	+0.0
0.0	0.0	0.0	Public Health - Healthy Lifestyles	0.0	0.0	0.0	-0.0	-0.0
0.0	0.0	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	0.0	0.0	0.0	+0.0	-0.0
0.0	0.0	0.0	Public Health - Sexual Health	0.0	0.0	0.0	+0.0	-0.0
0.0	-0.1	-0.1	Public Health	0.0	0.0	0.0	0.0	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		Revenue Budget £m	Forecast £m	Variance £m	Last Reported Position (Nov) £m	Movement +/- £m
0.0	0.0	0.0	Adult In House Carer Services	2.4	2.6	0.2	+0.2	+0.0
2.4	2.6	0.2	Adult In House Community Services	5.8	5.8	0.0	+0.0	-0.0
5.9	5.6	-0.4	Adult In House Enablement Services	6.4	6.5	0.2	+0.2	-0.0
2.8	1.7	-1.1	Adult Case Management & Assessment Services	25.6	24.2	-1.4	-1.2	-0.1
5.7	5.5	-0.2	Adult Learning Disability - Case Management & Assessment Service	0.5	0.5	0.0	+0.0	+0.0
101.7	105.3	3.7	Adult Learning Disability - Community Based Services & Support for Carers	116.3	123.8	7.4	+7.6	-0.2
72.3	72.5	0.2	Adult Learning Disability - Residential Care Services & Support for Carers	76.6	78.1	1.4	+1.5	-0.1
10.0	9.8	-0.2	Adult Mental Health - Case Management & Assessment Services	3.2	3.5	0.2	+0.3	-0.1
11.4	17.8	6.4	Adult Mental Health - Community Based Services	17.9	24.4	6.5	+6.2	+0.3
15.6	18.0	2.3	Adult Mental Health - Residential Care Services	18.5	21.3	2.8	+2.8	-0.0
21.0	21.8	0.9	Adult Physical Disability - Community Based Services	31.3	34.0	2.6	+2.6	+0.0
17.9	20.8	3.0	Adult Physical Disability - Residential Care Services	21.3	24.0	2.7	+2.4	+0.3
6.9	6.3	-0.6	ASCH Operations - Divisional Management & Support	6.1	6.2	0.1	+0.1	-0.0
38.7	36.9	-1.8	Independent Living Support	1.0	1.0	0.0	+0.0	-0.0
9.4	9.8	0.4	Older People - Community Based Services	42.7	45.2	2.5	+2.7	-0.3
49.0	79.5	30.5	Older People - In House Provision	16.1	17.3	1.2	+0.7	+0.6
21.8	21.9	0.1	Older People - Residential Care Services	78.0	95.1	17.1	+14.4	+2.6
0.0	0.0	0.0	Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	10.2	10.9	0.6	+0.6	+0.0
1.2	1.9	0.7	Older People & Physical Disability Carer Support - Commissioned	1.6	1.6	0.0	+0.1	-0.1
5.9	6.0	0.0	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	1.6	1.2	-0.4	-0.4	+0.0
1.1	1.3	0.2	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	0.2	0.2	0.0	+0.0	-0.0
0.0	0.0	0.0	Sensory & Autism - Assessment Service	0.7	0.7	0.0	-0.0	+0.0
0.7	0.7	0.0	Statutory and Policy Support	1.7	2.0	0.3	+0.3	-0.0
0.6	0.4	-0.2	Strategic Safeguarding	0.8	0.8	-0.1	-0.1	+0.0
5.1	1.6	-3.4	Adaptive & Assistive Technology	1.7	1.8	0.1	-0.0	+0.1
407.2	447.8	40.6	Adult Social Care & Health Operations	488.4	532.5	44.1	41.1	+3.0
8.6	8.1	-0.5	Business Delivery	10.0	8.7	-1.3	-1.3	-0.0
8.6	8.1	-0.5	Business Delivery Unit	10.0	8.7	-1.3	-1.3	-0.0
455.8	480.2	24.4	Adult Social Care & Health	528.9	560.2	31.3	29.7	1.6
0.0	0.0	0.0	Earmarked Budgets Held Corporately	0.0	0.0	0.0	0.0	

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		Revenue Budget £m	Forecast £m	Variance £m	Last Reported Position (Nov) £m	Movement +/- £m
2.3	1.9	-0.3	Strategic Management & Directorate Budgets	3.2	3.1	-0.1	-0.1	-0.0
15.5	15.1	-0.4	Adoption & Special Guardianship Arrangements & Service	17.1	16.6	-0.5	-0.4	-0.1
32.9	37.3	4.4	Adult Learning & Physical Disability Pathway - Community Based Services	40.1	41.9	1.8	+1.8	-0.0
9.3	9.3	0.1	Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	9.2	8.1	-1.1	-1.0	-0.1
-0.1	-0.1	0.0	Asylum	-0.1	-0.1	0.0	+0.0	-0.0
6.0	5.2	-0.8	Care Leavers Service	5.1	5.1	0.0	+0.0	-0.0
3.3	3.2	0.0	Children in Need - Care & Support	3.1	3.6	0.5	+0.5	-0.0
5.5	6.7	1.1	Children in Need (Disability) - Care & Support	5.9	7.9	2.0	+2.1	-0.1
4.6	3.6	-1.0	Children's Centres	4.6	2.6	-2.0	-1.6	-0.3
1.7	1.1	-0.6	Childrens Disability 0-18 Commissioning	1.7	1.4	-0.3	-0.3	+0.0
51.2	51.9	0.7	Children's Social Work Services - Assessment & Safeguarding Service	53.4	51.9	-1.5	-1.4	-0.1
9.0	9.3	0.2	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9.7	9.2	-0.5	-0.5	-0.0
6.9	6.1	-0.8	Early Help & Preventative Services	5.2	5.2	0.0	-0.0	-0.0
5.7	4.9	-0.8	Integrated Services (Children's) Management & Directorate Support	5.9	4.9	-1.0	-0.6	-0.3
66.8	76.7	9.9	Looked After Children - Care & Support	76.5	89.7	13.2	+12.7	+0.4
16.4	17.7	1.3	Looked After Children (with Disability) - Care & Support	18.9	20.6	1.8	+1.4	+0.3
3.6	4.0	0.4	Looked After Children (with Disability) - In House Provision	3.8	4.1	0.3	+0.3	-0.0
5.7	4.2	-1.5	Youth Services	4.5	4.4	-0.1	+0.0	-0.1
244.2	256.5	12.3	Integrated Children's Services (Operations and County Wide)	264.6	277.1	12.5	+13.1	-0.6

2022-23			Appendix 1 - Key Service Summary					
Revenue Budget £m	Outturn £m	Variance £m		Revenue Budget £m	Forecast £m	Variance £m	Last Reported Position (Nov) £m	Movement +/- £m
-0.4	-0.1	0.4	Community Learning & Skills (CLS)	-0.2	0.0	0.2	+0.2	+0.0
0.0	0.0	0.0	Early Years Education	0.0	0.0	0.0	-0.0	+0.0
1.4	1.3	-0.2	Education Management & Division Support	1.2	1.1	-0.2	-0.2	+0.0
6.2	6.5	0.3	Education Services provided by The Education People	4.0	4.1	0.1	+0.1	+0.0
0.3	0.3	0.1	Fair Access & Planning Services	0.4	0.6	0.1	+0.1	-0.0
49.7	65.8	16.1	Home to School & College Transport	68.8	81.0	12.2	+12.2	-0.0
-11.6	-8.5	3.1	Other School Services	5.1	6.7	1.6	+2.2	-0.5
0.1	0.1	0.0	Pupil Referral Units & Inclusion	0.1	0.1	0.0	+0.0	-0.0
13.2	14.3	1.1	Special Educational Needs & Psychology Services	14.9	16.7	1.8	+1.9	-0.1
0.2	0.2	-0.1	Special Educational Needs & Disability Management & Divisional Support	0.0	0.0	0.0	+0.0	+0.0
59.1	79.8	20.8	Education & Special Educational Needs	94.4	110.2	15.9	+16.5	-0.6
305.6	338.3	32.7	Children, Young People & Education	362.2	390.5	28.2	29.5	-1.3
0.0	0.0	0.0	Earmarked Budgets Held Corporately	-0.2	0.0	0.2	0.2	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		Revenue Budget £m	Forecast £m	Variance £m	Last Reported Position (Nov) £m	Movement +/- £m
1.4	1.3	-0.1	Strategic Management & Directorate Budgets	1.4	1.3	-0.1	-0.1	-0.0
4.7	5.1	0.4	Growth and Support to Businesses	6.2	5.4	-0.8	-0.7	-0.1
2.8	2.9	0.1	Community (Assets & Services)	2.2	2.1	0.0	-0.0	+0.0
11.4	11.0	-0.4	Public Protection	11.8	11.5	-0.3	-0.3	-0.0
9.5	8.6	-0.9	Libraries, Registration & Archives	10.5	9.8	-0.7	-0.6	-0.1
0.8	0.8	0.0	Growth and Communities Divisional management costs	0.5	0.5	0.0	+0.0	-0.0
29.1	28.4	-0.8	Growth & Communities	31.2	29.5	-1.8	-1.6	-0.2
33.0	33.8	0.7	Highway Assets Management	37.1	35.7	-1.4	-0.2	-1.2
6.6	6.0	-0.6	Transportation	6.6	5.8	-0.8	-0.8	-0.1
4.7	6.2	1.5	Supported Bus Services	5.3	5.2	-0.1	-0.1	-0.0
13.8	11.8	-2.0	English National Concessionary Travel Scheme (ENCTS)	13.0	12.5	-0.5	-0.7	+0.2
4.8	6.2	1.4	Kent Travel Saver (KTS)	5.1	5.1	0.0	-0.0	-0.0
3.6	3.2	-0.4	Highways & Transportation divisional management costs	3.7	3.5	-0.2	-0.2	-0.0
66.6	67.1	0.6	Highways & Transportation	70.8	67.8	-2.9	-1.8	-1.1
2.4	2.3	-0.1	Environment	3.3	3.2	-0.1	-0.1	-0.0
45.8	45.9	0.2	Residual Waste	50.5	50.6	0.2	+0.3	-0.2
31.6	32.9	1.2	Waste Facilities & Recycling Centres	36.4	39.1	2.8	+2.4	+0.4
1.8	1.8	0.0	Environment and Circular Economy Divisional management costs	2.1	2.1	0.0	-0.0	-0.0
81.6	82.8	1.2	Environment & Circular Economy	92.2	95.0	2.8	+2.6	0.2
178.6	179.6	0.9	Growth, Environment & Transport	195.6	193.6	-2.0	-0.8	-1.2
0.0	0.0	0.0	Earmarked Budgets Held Corporately	-0.3	0.0	0.3	0.3	0.0

2022-23

Appendix 1 - Key Service Summary

Revenue Budget £m (2022-23)	Outturn £m (2022-23)	Variance £m (2022-23)		Revenue Budget £m	Forecast £m	Variance £m	Last Reported Position (Nov) £m	Movement +/- £m
0.0	0.0	0.0	Strategic Reset Programme	1.6	1.5	-0.1	-0.1	-0.0
0.5	0.5	0.0	Strategic Management & Departmental Support	1.1	0.9	-0.3	-0.3	-0.0
0.4	0.4	0.0	Health & Safety	0.4	0.3	0.0	-0.0	-0.0
2.1	2.0	0.0	Business & Client Relationships	2.3	2.3	0.0	-0.0	-0.0
2.9	2.9	0.0	Strategic Management & Departmental Budgets (DCED)	5.4	5.0	-0.4	-0.4	0.0
5.1	4.8	-0.3	Human Resources & Organisational Development	5.3	5.0	-0.2	-0.2	-0.0
			Marketing & Digital Services	2.0	2.0	0.0	+0.1	-0.0
			Resident Experience - Contact Centre; Gateways; Customer care & Complaints	4.8	4.7	-0.1	-0.1	-0.0
6.0	5.8	-0.2	Marketing & Resident Experience	6.8	6.7	-0.1	0.0	-0.1
5.9	5.6	-0.4	Property related services	8.2	7.1	-1.1	-1.0	-0.1
0.0	0.0	0.0	Kent Resilience	0.3	0.2	0.0	-0.0	+0.0
0.2	0.2	-0.1	Emergency Planning	0.2	0.2	0.0	+0.0	+0.0
6.2	5.8	-0.4	Infrastructure	8.6	7.5	-1.1	-1.0	-0.1
23.5	23.5	0.0	Technology	25.5	25.2	-0.3	-0.6	+0.3
0.0	0.0	0.0	Business Services Centre	0.0	0.0	0.0	+0.0	+0.0
26.5	29.0	2.5	Corporate Landlord	33.1	27.6	-5.5	-4.8	-0.7
70.1	71.7	1.6	Total - Deputy Chief Executive Department	84.7	77.0	-7.6	-7.1	-0.6
			Earmarked Budgets Held Corporately	-0.1	0.0	0.1	0.1	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		Revenue Budget £m	Forecast £m	Variance £m	Last Reported Position (Nov) £m	Movement +/- £m
0.0	-0.7	-0.7	Strategic Management & Departmental Budgets	-0.5	-0.8	-0.3	-0.3	-0.0
3.2	3.1	0.0	Grants to Kent District Councils to maximise Council Tax collection	3.2	3.2	0.0	-0.0	+0.0
21.6	21.3	-0.3	Finance	10.0	9.9	-0.1	-0.3	+0.1
12.4	12.2	-0.2	Finance	13.2	13.0	-0.1	-0.3	0.1
6.9	6.4	-0.5	Governance & Law	7.3	6.8	-0.5	-0.3	-0.1
1.4	0.7	-0.8	Local Member Grants	1.0	1.0	0.0	-0.0	-0.0
8.3	7.1	-1.2	Governance, Law & Democracy	8.3	7.9	-0.5	-0.3	-0.1
8.1	7.2	-0.9	Strategic Commissioning	4.9	4.7	-0.2	+0.0	-0.3
0.0	0.0	0.0	Childrens and Adults Safeguarding Services	0.4	0.4	0.0	-0.0	+0.0
0.0	0.0	0.0	Resettlement Schemes, Domestic Abuse and Civil Society Strategy	0.4	0.3	-0.1	-0.1	+0.0
9.0	8.1	-1.0	Strategy, Policy, Relationships & Corporate Assurance	4.6	3.6	-1.0	-1.0	0.0
4.5	4.0	-0.5	Strategy, Policy, Relationships & Corporate Assurance	5.4	4.3	-1.1	-1.0	-0.0
33.4	29.9	-3.5	Total - Chief Executive Department	31.4	29.1	-2.2	-1.9	-0.3
156.7	144.7	-12.0	Non Attributable Costs	115.8	97.8	-18.0	-17.7	-0.3
-0.3	0.0	0.3	Corporately Held Budgets (to be allocated)	0.2	0.1	-0.1	-0.1	-0.1
1,199.8	1,244.4	+44.4	Total excluding Schools' Delegated Budgets	1,318.3	1,348.3	+30.0	+32.1	-2.1

APPENDIX 2 - Monitoring of Prudential Indicators as at 31 December 2023

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)

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Total	235.3	393.8	258.90	382.90	254.60	247.1

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.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Total CFR	1,292.42	1,345.30	1,274.12	1,317.60	1,307.75	1,273.26

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.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Other Long-term Liabilities	222.40	235.80	222.40	222.40	222.40	222.4
External Borrowing	802.47	771.80	771.89	742.56	710.34	685.11
Total Debt	1,024.87	1,007.60	994.29	964.96	932.74	907.51
Capital Financing Requirement	1,292.42	1,345.30	1,274.12	1,317.60	1,307.75	1,273.26
Internal Borrowing	267.55	337.70	279.83	352.64	375.01	365.75

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.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Authorised Limit - borrowing	802	946	946	905	875	849
Authorised Limit - Other long term liabilities	222	232	222	222	222	222
Authorised Limit - total external debt	1,024	1,178	1,168	1,127	1,097	1,071
Operational Boundary - borrowing	802	896	822	855	825	799
Operational Boundary - Other long term liabilities	222	232	222	222	222	222
Operation Boundary - total external debt	1,024	1,128	1,044	1,077	1,047	1,021

Prudential Indicator 5: Estimate 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.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Proportion of net revenue stream	9.18%	8.40%	8.24%	7.56%	7.29%	6.85%

Prudential Indicator 6: Estimates of Net Income from Commercial and Service Investments to Net Revenue Stream

	22-23 Actual	23-24 Estimate	24-25 Estimate	25-26 Estimate
Net income from commercial and service investments to net revenue stream	0.64	0.52	0.6	0.38

Appendix 3 - Reserves Monitoring as at Q3 (December 2023)

	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
General Fund (GF) Balance	36.9		36.9
Budgeted contribution to/(from) in MTFP		5.8	5.8
	36.9	5.8	42.7
Earmarked reserves :			
Vehicle, Plant & Equipment (VPE)	20.3	1.5	21.8
Smoothing	109.2	8.4	117.6
Major Projects	68.9	(13.8)	55.1
Partnerships	31.4	(17.9)	13.5
Grant/External Funds	53.2	(11.3)	41.9
Departmental Under/Overspends	3.3	(2.7)	0.6
Insurance	13.2	(1.0)	12.2
Public Health	16.9	(0.9)	16.0
Trading	1.1	0.0	1.1
Special Funds	0.7	(0.0)	0.7
Total Earmarked Reserves	318.2	**(37.6)**	280.7
Total GF and Earmarked Reserves	355.1	**(31.8)**	323.4

Individual Maintained Schools Reserves	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
School delegated revenue budget reserve - committed	19.0	0.0	19.0
School delegated revenue budget reserve - uncommitted	41.8	(0.7)	41.1
Community Focussed Extended Schools Reserves	0.3	0.0	0.3
Total Individual Maintained School Reserves	61.1	(0.7)	60.4

DSG Adjustment Account - Unusable Reserve

	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
DSG Adjustment Accounts	**(61.4)**	**(14.7)**	**(76.0)**

The General fund Reserve was increased as agreed by County Council in the 2023-24 MTFP.

The earmarked reserves are decreasing mainly due to the following:

- £14.4m drawdown from the Kings Hill Smoothing Reserve to fund the 2023-24 safety valve (within the Partnerships category).
- Removal of the planned £12m contribution to the Risk Reserve to reduce the 2023-24 in-year overspend (within the Smoothing category)
- £5.6m drawdown from the Covid-19 emergency grant reserve to fund the continuation of projects (within the Grant/External Funds category).
- The Smoothing reserves show a net increase of £8.4m, this includes the transfer of £6m from Major Projects reserves, £2m of which is used to set up the Emergency capital events & abortive costs reserve (along with further £1m contribution agreed in the Q1 budget monitoring report) and £4m for the recategorization of Capital Feasibility reserve as a smoothing reserve.

Within the smoothing reserves, £2m has been moved from the Earmarked Reserve to Support Future Years Budgets to create a new reserve, also within the smoothing category, entitled Budget Recovery Reserve. This is to support the plan for Securing Kent's Future.

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