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To: Adult Social Care Cabinet Committee -13 November 2024

Subject: **Draft Revenue Budget 2025-2026 and Medium Term Financial Plan (MTFP) 2025-2028**

Classification: Unrestricted

Summary: This report sets out key policy considerations within the administration's draft revenue budget proposals for 2025-2026 (together with any full year consequences in subsequent years) for the Cabinet portfolios and directorates relevant to this committee for scrutiny. Unlike recent years this is a tailored report for each committee with the overall draft budget proposals contained within appendices and in particular choices about spending growth and savings/income. The draft proposals have been prepared before the Chancellor's Autumn Budget based on assumptions about future spending requirements, government grant settlement, and council tax referendum levels. These assumptions are likely to change but overall it is still likely that a balanced budget can only be achieved with significant savings and income generation as spending growth is likely to continue to exceed the funding available from the government settlement and local taxation.

Recommendations: The Adult Social Care Cabinet Committee is asked to:

- a) **NOTE** the administration's draft revenue budgets including responses to consultation; and
- b) **SUGGEST** any changes which should be made to the administration's draft budget proposals related to the Cabinet Committee's portfolio area before the draft is considered by Cabinet on 30 January 2025 and presented to Full County Council on 13 February 2025.

1. Background and Context

- 1.1 The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Cabinet and Scrutiny Committees to allow for their comments to be considered before the final budget proposals are made to Full Council.
- 1.2 The Council is under a legal duty to set a balanced and sustainable budget within the resources available from local taxation and central government grants

and to maintain adequate reserves. This duty applies to the final draft budget presented for Full Council approval at the annual budget meeting. The overall strategy for the budget is to ensure that the Council continues to plan for revenue and capital budgets which are affordable, reflect the Council's strategic priorities, allow the Council to fulfil its statutory responsibilities and continue to maintain and improve the Council's financial resilience.

- 1.3 A Medium Term Financial Plan (MTFP) covering the entirety of the resources available to the Council is the best way in which resource prioritisation and allocation decisions can be considered and agreed in a way which provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty.
- 1.4 The Administration's initial draft budget proposals have been prepared in advance of the government's Autumn Budget and Spending Review 2024 (announced 30 October 2024) and in the absence of a provisional local government finance settlement or detailed spending plans inherited from the previous government. This draft budget is based on an assumed grant settlement and council tax referendum limits.
- 1.5 The Administration's draft budget 2025-2026 and MTFP over the three years is not yet completely balanced. The factors causing the plans to be unbalanced are principally due to undelivered savings within adult social care and the timing of the £19.8m policy savings previously agreed to replace the use of one-offs to balance the 2024-2025 budget. These two factors are covered in more depth in Appendix A. Other than these issues, the 2025-2026 budget is broadly balanced within acceptable tolerances, given the number and range of forecasts within the plan at this stage. Other than adult social care, the MTFP is broadly balanced over the three years, but as yet not necessarily in each individual year. The adult social care challenge will be covered in more depth in the report for the relevant Cabinet Committee. These factors do not preclude scrutiny of the remainder of the Administration's draft budget plans. There is a balance to be struck between planning for what is currently known (which are the factors cited above) and the likelihood of an improvement in the financial position via any additional Government support or improved tax take, with the risk being managed through reserves.
- 1.6 This report focuses on the key policy considerations within the Administration's draft budget proposals for each Cabinet portfolio in a timely manner in November. This is a more focused report to address previous concerns that presenting the entire budget proposals for the whole Council does not allow for sufficient scrutiny on key service issues by individual Cabinet and Scrutiny Committees. To assist this, a summary of the 2025-2026 proposals for the relevant Cabinet portfolio is included in this report, together with a more detailed table setting out the key policy considerations and accompanying narrative (in the next section of this report). An interactive dashboard is also provided to Members, enabling the details of all proposals to be examined and scrutinised.

- 1.7 Separate appendices are included which set out:
- the key assumptions within the administration's overall initial draft budget (appendix A)
 - how the proposals are consistent with the Council's strategic priorities and legal requirements (appendix B)
 - a summary of the responses from the recent budget consultation (appendix C)
 - a summary of the Administration's Draft Budget proposals (appendix D)
 - a high-level summary of the overall MTFP covering 2025-28 (appendix E)
 - a summary of the proposals for the Adult Social Care and Health Directorate for 2025-26 (appendix F)
 - a detailed list of the key policy considerations for the Adult Social Care and Health Directorate (spending and savings proposals) (appendix G)
 - an assessment of financial resilience (appendix H)
- 1.8 This provides the same level of background information as presented to Cabinet and Scrutiny committees in previous years. A more detailed report on the budget consultation, which closed on 7 August 2024, is provided as a background document.
- 1.9 Following the November scrutiny process, a revised draft of the Administration's final budget proposals will be published in January 2025 for further consideration prior to final approval at County Council in February 2025. This will include:
- resolution of the outstanding issues in this draft
 - the outcome of the Chancellor's Autumn 2024 Budget and Local Government Finance Settlement for 2025-26
 - the provisional council tax base information for council tax precepts
 - any other updates since this initial draft
- 1.10 Wherever possible, draft key decisions will be presented for consideration by Cabinet Committees in principle (pending final budget approval) in January 2025, together with the opportunity for scrutiny of the key changes arising from the above points, with those draft key decisions which cannot be considered in January 2025 reported to the March 2025 round of Cabinet Committee meetings.

2. Key Policy Considerations

- 2.1 The Adult Social Care 2025-2026 budget proposals (as set out in appendix F) can be summarised, in Table 1, as follows:

Table 1

Proposed Budget Changes Summary	£000
Growth Pressures	66,141.4
Savings and Income	-38,958.7
Removal and Realignment of Previous Year Savings	14,942.2
Net Savings	-24,016.5
Removal of Prior year Drawdown of Reserves	567.2
Net Change to Budget	27,749.9

- 2.2 The growth pressures of £66.1m and those where there is an element of 'choice' are shown in Table 2 and comprise of provisions for the following areas: annual contractual price uplift and price increase negotiations; increased costs arising from increased demand in people and complexities and new care placements; estimated cost pressures relating above the minimum contractual annual price uplift price uplift. It should be noted that the element of choice is not a simple binary choice as to whether costs are included or not, because for adult social care it is a lot more nuanced and the choices that exist are the extent to which spending needs to increase to ensure the Council can comply with its statutory responsibilities under the Care Act.
- 2.3 Costs in recent years have been increasing significantly in excess of the specific funding available through social care grants in the local government finance settlement and the adult social care council tax precept, as well as a pro rata share of general grants in the settlement and general council tax precept. In recent years the pace of growth and under delivery of savings has meant adult social care has accounted for an increasing share of the Council's overall budget.
- 2.4 The challenge is whether, over the medium term, spending on adult social care can be contained within the available specific, and share of general, funding available. Targets have been set for each year of the MTFP based on this principle. This is shown as a savings target in the 2025-2026 budget plan.
- 2.5 Within the overall 2025-2026 savings proposals of £38.9m, detailed in Table 1 above, a specific target has been set to address the excess growth against funding of £25.7m. The targets at this point for future years are shown in Appendix E at £17.2m in 2026-2027 and £15.3m in 2027-2028.

- 2.6 It is proposed that £14.5m of the £25.7m can be achieved from the continuation of the 2024-2025 transformation savings plans which are in place and also the full year effect of the amounts achieved in this year. The remaining £14m is shown separately and planned to be achieved through rigorous monitoring of the initial assessment and subsequent review of care assessments and the development of a therapy led multi-disciplinary single point of contact. Table 2 shows a total saving of £14.5m for those savings with delivery plans but within the overall budget these are offset by £2.8m of commissioning efficiency savings which are slipping into 2026-2027. The £11.7m is therefore net delivery of this towards the target.
- 2.7 In addition to the net £11.7m anticipated to be achieved from the continuation of the 2024-2025 savings, there is expected to be £12.9m rolled forward savings from this year. In total therefore the additional savings anticipated from continuing the current savings plan is £24.6m, with the remaining £2.8m slipped commissioning savings in 2026-2027.
- 2.8 There is only one proposed saving which impacts on policy and will require a key decision, this relates to a review of prevention services. There are no other policy savings which can be delivered, so therefore it is essential that adult social care manages and reduces the growth to within affordable levels as described above.
- 2.9 The current budget proposals include £12.m of savings which were included in previous budgets (and thus in the base budget carried forward into 2025-2026) but are deemed to be irretrievable over the MTFP period. The proposed budget includes £3.4m of alternative savings following a review taking place on community preventative services. It is currently unresolved as to how the remaining £8.6m of these will be achieved, and this is reflected in Appendix E as an 'Adult Social Care Unresolved Balance'. The policy and transformation elements (£11.4m) of the £11.9m are detailed in Table 2, the remaining £0.5m are shown in efficiency savings.
- 2.10 Since the draft budget proposals have been published, the Chancellor's Autumn Budget on 30 October included £0.6bn additional grant funding for councils in 2025-2026 for social care. This is the figure for England but the announcements also stated "the government's commitment to pursue a comprehensive set of reforms to return the sector to a sustainable position. This will include reform of the approach to allocating funding through Finance Settlement with a targeted approach to allocating additional funding in 2025-2026, ahead of broader redistribution of funding through a multi-year settlement from 2026-2027. This means that at this stage we cannot predict the amount we will receive but once this is known it will need to follow the principle set in paragraph 1.7 of Appendix A, increasing the available funding for social care and assuming there are no changes to spending requirements would reduce the savings that need to be found.
- 2.11 The table below is an extract from the budget proposals which outlines those spending growth pressures where there is a degree of operational or policy choice, and the savings which are flagged transformation and policy related,

including any savings where there is a full year impact of previous decisions and reversal which have either been removed or reprofiled under these areas from previous years. As this is an extract focusing on the areas where there is a degree of choice for spend and those transformational and policy related savings, it will not align with the directorates totals set out in Table 1 or Appendix G.

Table 2 – Spending Growth Pressures where there is a degree of choice and savings proposals which are transformative or policy *related*

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k) *		
		£k	£k	£k	Gross	Income	Net
2025-2026 SPENDING AND GROWTH PROPOSALS WITH BINARY CHOICE							
Adult Social Care	Additional funding above contractual obligations, to sustain the social care market	600.0	0.0	0.0	679,015.9	0.0	679,015.9
		600.0	0.0	0.0			
2025-2026 SPENDING AND GROWTH PROPOSALS WHERE THERE IS SOME DEGREE OF CHOICE							
Adult Social Care	Estimated cost pressures. Relates mainly to new people starting to receive services, being at higher cost than those who are continuing or leaving services.	30,900.0	30,900.0	30,900.0	756,711.6	-192,199.4	564,512.2
Adult Social Care	Provision for the impact in Adult Social Care of the full year effect of all current costs of care during 2024-25 in addition to new financial demands that will be placed on adult social care (a) New people requiring a funded package of support (b) Young people transitioning into adulthood from 1 April 2025 to 31 March 2026 (c) Individuals in receipt of a funded package of support on 31 March 2025, and require an increase in funded support following a review or reassessment (d) People no longer eligible for CHC and now require funded support from ASCH from (e) People who have previously funded their own care and support and now require funded support from ASCH	11,300.0	11,300.0	11,300.0	756,711.6	-192,199.4	564,512.2
Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments	18,100.0	15,400.0	10,500.0	679,015.9	0.0	679,015.9
		60,300	57,600.0	52,700.0			

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k) *		
		£k	£k	£k	Gross	Income	Net
2025-26 POLICY AND TRANSFORMATION SAVINGS PROPOSALS INCLUDING REMOVAL& REPLACEMENT OF PREVIOUS YEAR NON DELIVERABLE SAVINGS							
Adult Social Care Contracts with Voluntary Sector	Removal of undelivered prior year saving from review of contracts and grants for discretionary services, to negotiate support from the NHS, and explore possible reductions to some services.	3,216.8	0.0	0.0	10,973.5	0.0	10,973.5
Community Based Preventative Services	Review of preventive services to prevent, reduce and delay care and support. Working with the NHS and wider partners to commission collaboratively to deliver efficiencies	-2,588.6	-862.9	0.0	8,590.0	0.0	8,590.0
Community Based Preventative Services	Explore alternative sources of funding for the Kent Support & Assistance Service	-567.2	0.0	0.0	567.2	0.0	567.2
Adult Social Care Charging	The full year effect of the Adults Charging Policy changes made in line with Care Act Legislation and statutory guidance in September 2024.	-1,370.9	0.0	0.0	1,060.0	-38,517.6	-37,457.6
Mental Health	Temporary contribution from Public Health for Mental Health Live Well Kent contract (£1m in 2024-25 reducing to £0.75m in 2025-26, £0.5m in 26-27 and zero in 2027-28)	250.0	250.0	500.0	4,850.9	-4,764.4	86.5
Adult Social Care	This saving will be achieved through more rigorous monitoring of care assessments at the outset, initial reviews and annual reviews, and the development of a therapy led multi-disciplinary single point of contact, which will provide consistent timely interventions to avoid people accessing on going support. The savings at this stage is a target based on limiting increased net spending on adult social care within the share of resources available from specific sources from ASC council tax levy and government grants and pro rata share of other resources (general council tax precept, retained business rates, general grants). ASC has a legal duty to provide ongoing funded care and support where an individual, or their unpaid carer is assessed as having eligible needs under the Care Act 2014. This legal duty does not set out how the Council must meet those needs, and the duty must also be balanced with the Councils duty to deliver a balanced budget and demonstrate best value principles when utilising public money. We cannot compromise our obligations under the Care Act to undertake a needs based assessment which cannot be influenced by availability of resources.	-13,998.3	0.0	0.0	756,711.6	-192,199.4	564,512.2
Adult social care service redesign	Re-phasing and full year effect of 2024-25 future cost increase avoidance savings to review and reshape ASCH to deliver new models of social care.	-14,526.6	-488.7	0.0	756,711.6	-192,199.4	564,512.2
UNDELIVERED SAVINGS INCLUDED WITHIN THE £8,650.5K UNRESOLVED ADULT SOCIAL CARE FUNDING BALANCE							

Strategic Review of In House Adult Social Care Services	Removal of undelivered prior year savings from review of in-house adult social care services	1,421.5	0.0	0.0	50,963.7	-19,767.0	31,196.7
Adult Social Care service redesign	Removal of £6,749k of undelivered savings from the £30,154.8k savings target in 2024-25 from the review and reshape of ASCH as set out in the sustainability plan to deliver new models of social care	6,749.0	0.0	0.0	756,711.6	-192,199.4	564,512.2
	<i># Sub-total of undelivered savings forming part of the unresolved Adult Social Care funding balance of £8,650.5k</i>	8,170.5	0.0	0.0			
		-21,414.3	-1,101.6	500.0			

* The contextual gross & income budget information includes both core and externally funded but the budget proposal figures focus just on core funded

The total removal of undeliverable savings from previous years which are currently shown as an unresolved balance is £8.65m. In the above table two of these totalling £8.17m are described, with the remaining balance included within efficiency savings (which are not detailed in this table).

The total re-phasing of previous year savings is £11.7m net. The table above shows £14.5m being achievable against transformation and service redesign, there are however two efficiency savings totalling £2.8m which have slipped to a future year, which net this down to the £11.7m, but efficiency savings are not detailed in this table.

3. Background documents

Below are click-throughs to reports, more information, etc.
Click on the item title to be taken to the relevant webpage.

- 1 [KCC's Budget webpage](#)
- 2 [KCC's Corporate Risk Register](#) (Governance and Audit Committee 16th May 2024)
- 3 [KCC's Risk Management Strategy, Policy and Programme](#) (Governance and Audit Committee 19th March 2024)
- 4 [KCC's approved 2024-25 Budget](#)
- 5 [2025-26 Budget Consultation \(Let's Talk Kent\)](#), which includes a report summarising the responses to the recent Budget Consultation
- 6 [Summary of budget engagement exercise with KCC management cohort \(known as T200\)](#)
- 7 [2024-25 Budget Monitoring Report](#) (Cabinet 26th September 2024 – item 5)
- 8 [Securing Kent's Future – Budget Recovery Strategy](#)
- 9 [Securing Kent's Future – Budget Recovery Report](#)
- 10 [Member Budget Dashboards](#) (access restricted and available from 2pm on 30 October)

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