

From: Roger Gough, Leader of the Council
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Sue Chandler, Cabinet Member for Integrated Children's Services

To: Children's Young People and Education Cabinet Committee
21st November 2024

Subject: **Draft Revenue Budget 2025-26 and Medium Term Financial Plan (MTFP) 2025-28**

Classification: **Unrestricted**

Summary:

This report sets out key policy considerations within the administration's draft revenue budget proposals for 2025-26 (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 Children's, Young People and Education Cabinet Committee is asked to:

- a) NOTE the administration's draft revenue budgets including responses to consultation
- 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 30th January 2025 and presented to Full County Council on 13th 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 MTFP covering the entirety of the resources available to the Council is the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that 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 30th 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 2025-26 and MTFP over the three years are 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 2024-25 budget. These two factors are covered in more depth in Appendix A. Other than these issues, the 2025-26 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 focussed 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 2025-26 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 CYPE directorate for 2025-26 (appendix F)
- a detailed list of the key policy considerations for CYPE directorate (spending and savings proposals) (appendix G)
- an assessment of financial resilience (appendix H)

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 7th August 2024, is provided as a background document.

1.8 Following the November scrutiny process, a revised draft of the administration’s final budget proposals will be published in January 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

Wherever possible, draft key decisions will be presented for consideration by Cabinet Committees in principle (pending final budget approval) in January together with the opportunity for scrutiny of the key changes arising from the above points, with those draft key decisions that cannot be considered in January reported to the March round of meetings.

2. Key Policy Considerations

2.1 Appendix F outlines the draft spending and saving proposals for the CYPE Directorate with spending proposals totalling £35.5m and savings of -£22.1m for 2025-26 financial year. The table below (table 1) summarises this by Cabinet Member:

Table 1	Rory Love (Education) £’ms	Sue Chandler (Integrated Children’s Services) £’ms	CYPE Directorate Total £’ms
Spending Proposals	£18.3m	£17.2m	£35.5m
Savings & Income Proposals	-£14.1m	-£8.1m	-£22.1m
NET TOTAL CHANGE	£4.2m	£9.2m	£13.4m

2.2 The spending proposals of £35.5m where there is considered to be an element of ‘choice’ are shown in Table 2a & Table 3a and comprise of provisions for the following areas: annual contractual price uplift and price increase negotiations; increased costs arising from increased demand from population growth, and; estimated cost pressures relating above the minimum contractual annual price uplift due to either complexities or market pressures. 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 children services & transport 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 in these areas.

2.3 Education Specific Budget Proposals

2.3.1 The Education Portfolio draft budget proposals includes a total of £18.3m spending proposals and -£14m of savings proposals. Key proposals have been outlined in Appendix G with a further summarised in table 2a & 2b below.

2.3.2 The proposed MTFP reflects the historic trend in previous years of high demand and cost rises in SEN transport (+£14.6m), along with possible price increases link to service sector inflation from the commissioning of new or altered transport contracts (+£4m). These pressures are currently proposed to be offset to an extent through the anticipated savings from the ongoing impact of initiatives to avoid costs associated with these rises through wider work of SEN transformation to educate more children closer to home (-£10.6m), along with continuing to promote the usage of alternative transport options (personal transport budgets) (-£0.4m), and the full year effect of the September 2024 Post 16 transport policy (-£0.5m). Leaving a net requirement of approximately £7m. However, forecast underspends on SEN transport for 24-25 is anticipated to continue (currently -£3m rebasing) reducing this net requirement further and giving further reassurance the high level of savings for 24-25 can be achieved.

2.3.3 The draft proposals continue to reflect the anticipation that the Kent 16+ Travel Saver charge will increase in line with inflation, along with the proposal to reduce the current subsidy paid by this Council, by moving towards a full cost recovery offer (-£0.4m).

2.3.4 Savings relating to the possible financial outcomes of the Directorate's review of services to schools have been included in these draft proposals. These savings are focused on ensuring parity of the use of Council tax across the education school system and reflecting government priorities following prior years reduction in Department of Education (DfE) specific grant contribution towards these services (-£1.3m), along with continuing to ensure value for money of services provided by The Education Programme (-£0.3m).

2.3.5 The Directorate are expected to continue to use temporary accommodation (including mobiles) to ensure there are sufficient school places, where there are unavoidable delays on capital basic need projects. The proposal includes an additional budget requirement of £1m to more accurately reflect the recent demand and costs of providing this accommodation.

2.4 Integrated Children's Services Budget Proposals

2.4.1 The Integrated Children's Services Portfolio draft budget proposals includes a total of £17.2m spending proposals and -£8m of savings proposals. Key proposals have been outlined in Appendix G and further summarised in Table 3a & 3b below.

2.4.2 Both Disabled and Non-Disabled Children Services are anticipated to require additional funding (estimated to be +£10m) for demographic pressures. Whilst there is expected to be a small estimated increase in demand arising from future population growth, there is expected to be much bigger financial cost from the higher expected placement costs for new and, in some cases, existing placements. Continued reductions in the number of available in-house carers is placing a greater reliance on the external market, where costs are increasing at greater rate than inflationary pressures due to low supply and high demand for places. In Kent, this is partially resulting from the excessive placing of children from other local authorities in

Kent, due to a shortfall of suitable placements in their own area. The national shortage of placements for our most complex children is also leading higher costs and to children being placed at greater distances from their community and, often outside of Kent. These pressures are particularly acute in Disabled Children's Services and are reflected in an additional spending proposal of +£3m to fund the current pressures in this service.

2.4.3 The prices uplifts for children social care (+£2.7m) include contractual price uplifts; anticipated price uplifts for new placements spot purchased in the market where price uplifts will be applied automatically; and assumed uplifts for our in-house foster carers, permanency payments and direct payments. The fostering uplifts have been set in-line with the historic practice of tracking CPI or for Direct Payments, in line with national living wage increases.

2.4.4 To help reduce some of these cost pressures, the MTFP proposals include a number of savings initiatives. The Kinship Service has been established during 2024 and is anticipated to help support the delivery of -£1.5m saving through the avoidance of children coming into care, or returning children in care more quickly, by identifying a suitable extended family setting sooner, resulting in a net reduction in the number of children being looked after. Efficiency savings have not been listed in detail in this report but do include the anticipated continual reduction in legal costs through a combination of reduced legal proceedings and improved court proceedings, partially linked to this policy and other service efficiencies (-£0.9m).

2.4.5 To counter some of the impact of the current market conditions a saving from the introduction of an in-house residential offer for high complex children is being proposed (with an estimated cost saving of -£0.9m subject to identification of suitable buildings). Along with continued pursuit of efficiencies from the regular review of placements and joint funding opportunities across disabled children's services (-£0.6m).

2.4.6 Options to maximise the respite in-house offer, by reducing the option for respite from every 4 to 6 weeks, to enable more children to be supported and reduce our reliance on externally commissioned placements have also been proposed (-£0.2m in 25-26).

2.4.7 Proposals in Appendix G also includes the full year impact of a number of savings where policy decisions and subsequent actions have either already been taken, or are currently being debated, including: the review of open access services (-£1.6m), the ceasing of the contract for fast tracking mental health assessments for looked after children (-£1.1m) and adults charging policy changes (-£0.1m).

2.4.8 These draft proposals also include a number of adjustments to the 18-25 adult social care budget (for young people with learning and physical disability), which forms part of the Supporting Independence Service under CYPE. These include both demographic pressures arising from increases in complexity & market conditions (rather than numbers), prices increases, and ongoing efficiencies.

Table 2a: Cabinet Member for Education Key Spending Proposals

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k) * #		
		£k	£k	£k	Gross	Income	Net
2025-26 MIXTURE OF LOCAL CHOICE & UNAVOIDABLE SPENDING PROPOSALS							
Home to School Transport	Underlying underspend from 24-25 monitoring on SEN Home to School Transport Budget: lower increases in the costs of transport	-3,000.0	0.0	0.0	84,528.2	-1,632.5	82,895.7
Home to School Transport - Price	Provision for inflation on contracted services and season tickets for Mainstream & SEN Home to School and College Transport	4,761.0	2,633.0	1,861.0	101,235.6	0.0	101,235.6
Home to School transport - SEN – Cost & Demand	Estimated impact of rising pupil population on SEN Home to School and College Transport	14,600.0	13,100.0	13,100.0	84,528.2	-1,632.5	82,895.7
Schools' Services - Temporary Accommodation	Use of temporary accommodation (normally mobiles or other temporary buildings) to ensure there are sufficient school places to meet basic need requirements, where these costs cannot be charged to capital.	1,000.0	0.0	0.0	1,103.0	0.0	1,103.0
		17,361.0	15,733.0	14,961.0			

Table 2b: Cabinet Member for Education Key Savings Proposals

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k) * #		
		£k	£k	£k	Gross	Income	Net
2025-26 POLICY (SUBJECT TO KEY DECISION) & OTHER TRANSFORMATION SAVINGS PROPOSALS							
Home to School transport - SEN	Estimated reduction to the impact of rising pupil population on SEN Home to School and College Transport	-10,600.0	-10,300.0	-10,300.0	84,528.2	-1,632.5	82,895.7
Home to School Transport - Personal Transport Budgets	Initiatives to increase use of Personal Transport Budgets to reduce demand for Hired Transport	-400.0	-400.0	-400.0	73,209.9	-1,631.0	71,578.9
The Education People (TEP)	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	-250.0	0.0	0.0	8,842.6	-4,880.6	3,962.0
Services for Schools	Review of services for schools including contribution to TEP, facilities management costs, staff care services and any other services for schools	-1,322.8	-2,223.5	0.0	14,671.2	-6,582.5	8,088.7
Kent 16+ Travel Saver	Review of Kent 16+ Travel Saver - above inflation increase to cover full cost of the pass	-385.0	204.8	0.0	4,157.9	-3,499.1	658.8
		-12,957.8	-12,718.7	-10,700.0			

Table 3a. Cabinet Member for Integrated Children's Services Key Spending Proposals

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k) * #		
		£k	£k	£k	Gross	Income	Net
2025-26 MIXTURE OF LOCAL CHOICE & UNAVOIDABLE SPENDING PROPOSALS							
Children's Social Care - Disabled Children (Placements & Support)	Realignment of the Children's Disability budget to reflect the increase in cost of supporting children in 2024-25	3,000.0	0.0	0.0	52,177.4	-6,097.2	46,080.2
Children's Social Care - Non-disabled & Disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand of services for children's social work (higher number of children requiring support & Increased cost of packages)	10,210.9	10,239.2	10,239.2	233,586.9	-18,348.4	215,238.5
Children's Social Care – Disabled & Non-disabled Children	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance	2,668.0	2,742.0	2,085.0	149,600.7	-6,597.5	143,003.2
Adult Social Care - Placements for clients aged 18-25	Realignment of the 18-25 Adult Learning & Physical Disability Community Services budget reflecting forecast underspend in 2024-25	-3,000.0	0.0	0.0	48,425.8	-1,736.6	46,689.2
Adult Social Care	Provision for impact of the full year effect of all current costs of care, further increases in client numbers expected through transition into adulthood from Children's Social Care, additional costs arising for existing clients and for those new clients whose needs are becoming more complex.	2,500.0	2,500.0	2,500.0	57,903.8	-2,164.4	55,739.4
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 - Vulnerable Adults 18-25	1,643.0	1,399.0	955.0	56,593.8	0.0	56,593.8
		17,021.9	16,880.2	15,779.2			

Table 3b. Cabinet Member for Integrated Children's Services Key Savings Proposals

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k) * #		
		£k	£k	£k	Gross	Income	Net
2025-26 KEY NEW POLICY (SUBJECT TO KEY DECISION) & OTHER TRANSFORMATION SAVINGS PROPOSALS							
Disabled Children's Placement and Support	Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health	-550.0	0.0	0.0	34,924.2	-3,850.0	31,074.2
Looked After Children	Reduce the recent increase in the number of Looked After Children placements through practice reviews & improved court proceedings	-1,500.0	0.0	0.0	16,349.2	0.0	16,349.2
Children's Residential Care	Development of in-house residential units to provide an alternative to independent sector residential care placements (invest to save)	-875.0	-725.0	0.0	56,298.4	-4,729.4	51,569.0
Review of Open Access - Youth Services & Children's Centres	Review of open access services in light of implementing the Family Hub model (incl. Commissioned Services)	-1,600.0	0.0	0.0	15,516.3	-7,110.0	8,406.3
Family Support - Disabled Children	Review of Respite Offer	-200.0	-200.0	0.0	12,161.7	-1,681.1	10,480.6
		-4,725.0	-925.0	0.0			

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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)