

**From:** Roger Gough, Leader of the Council  
Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services  
Dan Watkins, Cabinet Member for Adult Social Care and Public Health

**To:** Adult Social Care Cabinet Committee -15 January 2025

**Subject:** **Draft Revenue Budget 2025/2026 and Medium Term Financial Plan 2025/2028 Update, and Draft Capital Programme 2025/2035**

**Classification:** Unrestricted

**Summary:** This report sets out for further consideration the material changes to the administration's draft revenue budget proposals for 2025/2026 from those presented to committees in November 2024 for the Cabinet portfolios and directorates relevant to this committee. As with the November report this is a tailored report for each committee. The update includes the following information relevant to the Cabinet Committee's portfolio(s):

- Full year effect of variances reported in quarter two 2024/2025 budget monitoring report
- Latest projections for price indices applied for contractual price uplifts
- Latest activity/demand/cost trends
- Spending and income arising from Autumn 2024 Budget statement, Provisional Local Government Finance Settlement (PLGFS) and departmental grant announcements
- Updated savings and income forecasts including further progress on £19.8m policy savings to replace one-offs in 2024/2025

Appendices to the report set out the draft capital programme and significant changes to the revenue budget since the draft published in November. The appendices include a schedule of draft key decisions necessary for the policy decisions within the administration's proposals for consideration in principle pending full Council approval.

The administration's final 2025/2026 draft budget, 2025/2028 Medium Term Financial Plan (MTFP) and Capital Programme 2025/2035 will be published in full for Cabinet endorsement on 30 January 2025. This will need to show a balanced revenue position for 2025/2026 and fully funded capital programme.

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

- a) **NOTE** the update to administration's draft revenue budget proposals
- b) **NOTE** and **COMMENT** on draft capital programme; and
- c) **PROPOSE**, to the Executive, any changes which should be made to the administration's draft budget proposals related to the Cabinet Committee's portfolio area before the final 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 Constitution requires that a draft Budget is issued for consideration to Cabinet Committees and the Scrutiny Committee to allow for their comments and any recommendations 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 purpose of the budget is to ensure that the Council continues to plan for revenue and capital spending which is affordable, reflects the Council's strategic priorities, allows the Council to fulfil its statutory responsibilities and continues to maintain and improve the Council's financial resilience.
- 1.3 A 3-year Medium Term Financial Plan (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 updated draft revenue budget 2025/2026 proposals are now balanced in principle pending Cabinet endorsement. This includes resolution of the £11.4m unresolved balances in the November draft. The resolution comes from a mix of updated spending growth, updated savings and income plans, and increased/new grants in the Provisional Local Government Finance Settlement (PLGFS) and other departmental grants. The timing of the £19.8m policy savings required to replace the use of one-offs to balance 2024/2025 budget remains an issue for 2025/2026 although this is now proposed to be resolved through a combination of funding qualifying revenue expenditure from capital receipts and extension of New Homes Bonus grant, with significantly less required from a loan from reserves.
- 1.5 The plans for 2026/2027 and 2027/2028 in the MTFP continue to be indicative based upon a set of assumptions for spending/savings and income, and funding. The plans for 2026/2027 and 2027/2028 are broadly balanced albeit at a high-level at this stage pending further detail of reforms to local authority funding and multi-year settlement. The illustrative plans set out the possible trajectory based upon current policy assumptions, although other scenarios are possible. 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 (including update and reform of current methodologies) or improved tax returns, with the risk being managed through reserves.

- 1.6 The draft Capital Programme has been prepared on the basis that only fully funded projects are included, with a separate schedule of potential projects which could be considered for inclusion in future programmes once funding has been secured. The programme is based on the presumption that there will be no new borrowing to fund new schemes. The plan includes the rephasing of projects as result of 2023/2024 outturn as well as new fully funded schemes, invest to save projects, and resolution of outstanding funding on essential commitments arising since the original programme was published.
- 1.7 This report focuses on the key policy considerations within the administration's draft budget proposals (updated revenue plans and capital programme) for each Cabinet portfolio. This focused report allows cabinet committees to specifically consider the parts of the Budget that fall within their remit. The Scrutiny Committee will receive the budget proposals for the whole Council as the role of the Scrutiny Committee is to review and challenge the overall budget. An updated interactive dashboard is also available, via the link in the background documents, to Members, enabling the details of revenue proposals to be examined and scrutinised, including a new dashboard covering the £19.8m required savings to replace one-off used to balance 2024/2025 budget.
- 1.8 Separate appendices are included which set out:
- High Level Summary of draft capital programme 2025/2035 (Appendix A)
  - Detail of capital programme 2025/2035 (Appendix B)
  - Projects under consideration for future capital programmes (Appendix C)
  - An updated high-level summary of the administration's draft revenue plans 2025/2028 (Appendix D)
  - a summary of the updated revenue plan for the Adult Social Care and Health Directorate for 2025/2026 (Appendix E)
  - Budget risk register (Appendix F)
- 1.8.1 These, together with the previous reports in November, provide the same level of background information as presented to Cabinet Committees and the Scrutiny Committee in previous years.
- 1.9 Following consideration of updated revenue plans and draft capital programme, a revised draft of the administration's final budget proposals will be published for Cabinet endorsement at the meeting on 30 January 2025 (including consideration of issues raised and alternative proposals raised at Cabinet Committees and the Scrutiny Committee) prior to final approval at County Council in February 2025.

## 2. Key Policy Considerations and Changes for Adult Social Care Cabinet Committee

### Updated Revenue Proposals

2.1 Since the initial draft revenue budget for Adult Social Care that was reported to this Cabinet Committee on 13 November 2024, there have been some changes proposed.

2.2 The table below shows in summary the changes:

<b>Proposed Budget Changes Summary</b>	<b>Nov 24</b>	<b>Jan 25</b>	<b>Movement</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Growth Pressures</b>	<b>66,141.4</b>	<b>80,298.4</b>	<b>14,157.0</b>
<b>Savings &amp; Income</b>	<b>-38,958.7</b>	<b>-38,807.8</b>	<b>150.9</b>
<b>Removal &amp; Realignment of Previous Year Savings &amp; Income</b>	14,942.2	14,942.2	<b>0.0</b>
<b>Net Savings</b>	<b>-24,016.5</b>	<b>-23,865.6</b>	<b>150.9</b>
<b>Removal of Prior year Drawdown of Reserves</b>	<b>567.2</b>	<b>567.2</b>	<b>0.0</b>
<b>Net Change to Budget</b>	<b>42,692.1</b>	<b>57,000.0</b>	<b>14,307.9</b>

2.3 The net £150.9k reduction in savings above comprises of:

- A reduction in transformation savings - +£1,541.4k
- A new saving for Home Improvement Agencies - £294k, which will require a key decision
- Additional new savings against core KCC budget – Domestic Abuse - £796.5k
- Additional estimated income in line with benefits uplift - £300k

2.4 The two new areas of savings proposed :

- Domestic Abuse £796.5k – The grant is now being transferred to KCC un-ringfenced which allows Adult Social Care to fund the top up previously made for community based services from un-ringfenced grant rather than core budget, enabling a saving against the KCC £19.8m requirement to replace one-offs used to balance 2024/2025 budget.
- Home Improvement Agencies £0.3m – this has been a discretionary contribution from Adult Social Care to Home Improvement Agencies which is now being brought to an end due to pressures on statutory services. This saving is against the KCC £19.8m requirement to replace one-offs used to balance 2024/2025 budget

- 2.5 The savings and income required to be delivered in 2025/2026 can be summarised as follows. It should be noted that the roll-forward savings may change once later forecast positions are reported.

<b>Summary of Savings &amp; Income to be Delivered in 25-26</b>	<b>£000</b>
Savings as included in the MTFP	-32,600.7
Income as included in the MTFP	-6,207.1
<b>Total Savings &amp; Income as in MTFP</b>	<b>-38,807.8</b>
Savings Rolled Forward from 24-25	-12,879.8
<b>Total Savings &amp; income to be delivered</b>	<b>-51,687.6</b>
<b>Total Savings excluding income</b>	<b>-45,480.5</b>

- 2.6 The changes overall have mainly been made possible by the confirmation of additional funding originally announced in the Autumn Budget 2024 on 30 October 2024 as part of the PLGFS published on 18 December 2024 which provided local authorities with an additional £880m through Social Care Grant. KCC's share of this additional £880m is £20.1m. In recognition of the significant challenges in adult social care the strategy has been agreed that all of this will be passported into the Adult Social Care budget along with the Adult Social Care council tax levy increase for 2025/2026 and pro rata share of other non-specific funding (including the general council tax precept).
- 2.7 The additional funding has enabled Adult Social Care and Health to both balance their share of the Council's budget gap relating to irretrievable savings of £8,650k and also cover increased growth pressures of £11,196.5k:
- I. The offset of underlying increased pressures since the initial draft budget - £2,800k
  - II. Additional 1% Price Provision - £7,600k in recognition of the increased National Living Wage and National Insurance increases that the care sector will incur from April 2025, and the revised baseline based on latest forecast position.
  - III. Increase Spending on Domestic Abuse to match new funding allocation £796.5k
- 2.8 Within the £14,157k growth pressures shown in the table in 2.2 there is £2,960.5k, which relates to the removal to the specific grant income for domestic abuse as this is now un-ringfenced and included within the general funding of the Council.
- 2.9 A separate report on Fee Uplifts for Adult Social Care Providers for 2025/2026 is due to be considered at the Adult Social Care Cabinet Committee on 15 January 2025. A Forward Plan Entry (FED) has been published.

### 3. Recommendations

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

- a) **NOTE** the update to administration's draft revenue budget proposals;
- b) **NOTE** and **COMMENT** on draft capital programme; and
- c) **PROPOSE**, to the Executive, any changes which should be made to the administration's draft budget proposals related to the Cabinet Committee's portfolio area before the final draft is considered by Cabinet on 30 January 2025 and presented to Full County Council on 13 February 2025.

### 4. Background documents

- 1 [KCC's Budget webpage](#)
- 2 [KCC's Corporate Risk Register](#) (Governance and Audit Committee 16 May 2024)
- 3 [KCC's Risk Management Strategy, Policy and Programme](#) (Governance and Audit Committee 19 March 2024)
- 4 [KCC's approved 2024-25 Budget](#)
- 5 Q2 Budget monitoring Report [Cabinet Paper](#)
- 6 [Securing Kent's Future – Budget Recovery Strategy](#)
- 7 [Securing Kent's Future – Budget Recovery Report](#)
- 8 Dashboard – [Dashboard](#)

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