

From: Roger Gough, Leader of the Council
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Finance, Corporate & Traded Services

To: County Council – 13th February 2020

Subject: Capital Programme 2020-23 and Revenue Budget 2020-21
(including Council Tax setting 2020-21)

Classification: Unrestricted

Summary:

This report is a summary of the proposed capital programme for 2020-23 and revenue budget for 2020-21. The one-year settlement from government means it is not viable to produce a meaningful medium term financial plan. The capital and revenue budget plans were set out in the draft Budget Book (black-combed) published on 6th January 2020. This was produced before the Provisional Local Government Finance Settlement announcement on 20th December and before the tax base and collection fund estimates were received from all districts. These have now been incorporated into the final draft presented for approval to full Council together with the impact on spending/savings plans. In order to keep all the information in one place the draft Budget Book has been republished as (white-combed) for Council approval.

The draft budget includes a proposed 1.995% Council Tax increase for 2020-21 i.e. up to the maximum without exceeding the 2% referendum limit. The draft budget also includes a further 1.995% Council Tax increase proposed through the Social Care Levy i.e. the maximum permitted, taking the total social care levy to 8.78% of the County Council share of Council Tax. The final decision on these Council Tax increases will be taken at the County Council meeting.

The draft budget represents the Council's response to the local budget consultation and estimated impact of the 2019 Spending Round and Provisional Local Government Finance Settlement, as well as an update to include the latest spending/saving plans and forecasts.

The County Council has a statutory duty to set an annual budget and the amount to be levied through Council Tax. In approving the budget, the County Council is not only agreeing the total amounts planned to be spent, but is also delegating authority to manage the budget in compliance with the authority's financial regulations.

Members are asked to bring to this meeting the draft Budget Book (white-combed) for Council approval released on 5th February 2020. Members should note this supersedes the black-combed draft published on 6th January 2020

Members are reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to matters relating to, or which might affect, the calculation of Council Tax. Any Member of a local

authority who is liable to pay Council Tax and who has any unpaid Council Tax amount overdue for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that they are in arrears and must not cast their vote on anything related to KCC's Budget or Council Tax.

1. Introduction

- 1.1 The Local Government Finance Act 1992 requires the Council to consult on and ultimately set a legal budget and Council Tax precept for the forthcoming financial year, 2020-21. Setting the Council's revenue and capital budgets is still challenging despite the better settlement from central government. Whilst the revenue settlement has improved (from a combination of increases in government grant, retained business rates and Council Tax) it is still not sufficient to fully cover rising costs and increasing demand for council services, leading to the need to make savings/generate additional income. Similarly, the capital budget can only be delivered with substantial additional borrowing with financing implications which place added pressure on future years' revenue budgets for the next 25 years.
- 1.2 The draft Budget Book sets out the detailed draft capital programme 2020-23 and detailed draft revenue budget 2020-21. The one-year settlement from Government for 2020-21 means that it is not possible to produce a meaningful medium term financial plan (MTFP). This is consistent with 2013-14 (the last time we had a one-year settlement). Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates within the 2020-21 budget calculations, and the adequacy of proposed reserves. This report includes these statutory disclosures.
- 1.3 The legislation does not require the publication of a medium term financial plan (MTFP) although the Chartered Institute of Public Finance and Accountancy (CIPFA) advises that while the statutory requirement is to set an annual budget, a longer term perspective is essential if local authorities are to demonstrate their financial sustainability. CIPFA recognises that while formal publication of the medium term financial plan may only reflect government settlements, it is the responsibility of the leadership of the organisation to have a long-term financial view. A summary of the longer-term scenarios was included in the report to Cabinet on 27th January 2020.
- 1.4 The Council's Constitution specifically defines the role of all Members in defining and agreeing the policy and budgetary framework of the Council in accordance with applicable laws providing sufficiency of resources. The budget approval process includes Cabinet Committee meetings, the Scrutiny Committee meeting and Member briefings leading up to the formal Budget meeting and the recommendations set out in this paper. These are the mechanisms by which all Members have the opportunity at today's Council meeting to define, challenge, amend and ultimately vote on the Council's budgetary framework for the next year and in which all Members have a voice and a vital role to play.

- 1.5 The Council launched a budget communication and consultation campaign on 16th October 2019. The consultation closed on 25th November 2019. A separate report on the results of this campaign was published on 6th January 2020 and is included as a background document to this report. The number of responses continues to be relatively low (1,360) and there were fewer responses than last year (1,717). A majority of responses supported Council Tax increases up to or exceeding the referendum limit to sustain services, and another year of an additional 2% adult social care precept. The consultation also sought views on spending priorities on people and place based services, which showed the highest priority being given to older persons social care, public protection, education & youth services, and highways. These priorities are reflected in both revenue and capital budget proposals.
- 1.6 The draft Budget Book (black combed) was published on 6th January 2020. This publication had been prepared before the Provisional Local Government Finance Settlement was announced on 20th December, or tax base/collection fund estimates from districts had been received. Consequently, it was based on best estimates and included a gap of £1.9m. The draft budget includes provision for £3.5m to invest in high impact priority areas informed by the outcome of consultation on the new Five-Year plan. This original black-combed publication has now been superseded and should no longer be used.
- 1.7 The details of the provisional settlement, tax base and collection fund estimates, and any other issues which had emerged since the original draft publication were reported to Cabinet on 27th January 2020. All these changes have been included in the republished draft Budget Book (white-combed) for Council approval. The settlement and tax base/collection fund estimates were sufficient to close the revenue budget gap, fund additional pressures related to National Living Wage and National Minimum wage announcements and reduce the need to draw down from reserves as a temporary solution.
- 1.8 Since Cabinet on 27th January the final tax base and collection fund estimates have been received from all districts. Districts must notify their final estimates by 31st January. The final estimates include a change to the Council Tax collection fund balance and the notification of locally retained Business Rate growth and collection fund balance (previously the draft budget included in the Council's estimates). The notification of the Council's share of the Business Rate tax base has enabled a revision to the calculation of estimated Business Rate Compensation Grant. The impact of final notification is detailed in section 3 of this report. Overall these changes have increased the net revenue budget by £3.715m compared to the amount reported to Cabinet and have been reflected in revised amount proposed to be drawn down from reserves in the republished draft Budget Book (white-combed) which can be found at https://www.kent.gov.uk/_data/assets/pdf_file/0019/104671/Revised-Budget-Book-2020-21.pdf
- 1.9 The republished draft Budget Book (white-combed) shows an increase in the net revenue budget from £986.4m for 2019-20 to £1,063.7m for 2020-

21. The challenge from rising spending demands and the solution from a combination of savings/income, Council Tax/business rates, and government grant is shown in table 1 below. Fuller details are set out in section 3 of the republished draft Budget Book (white-combed) for Council approval. It should be noted that 2020-21 is the first time in ten years that there has been a net increase in government grant within the settlement.

Table 1 - Budget Equation

2019-20 £m	Revenue Budget Equation	2020-21 £m
72.8	Spending Demands (including replacing one-offs)	107.0
28.2	Government Revenue Support Grant Reductions	
101.0	Total Challenge	107.0
19.0	Government Grant Increases	37.4
37.1	Council Tax & Business Rates	39.9
44.9	Savings, Income and Reserves	29.7
101.0	Total Solution	107.0

- 1.10 The capital programme in the republished draft Budget Book (white-combed) for approval identifies £1,014m investment in infrastructure over the 3 years 2020-21 to 2022-23, this includes £121m of new schemes not included in previous programmes including a significant investment in highways asset management and priority remedial works. Capital investments are funded by a combination of government grants, developer contributions, external funding, capital receipts and borrowing. The plan includes a preliminary figure for the 2019 schools commissioning plan together with assumed basic need grant, but this will be subject to confirmation.
- 1.11 The Council already has a relatively high level of debt to finance previous capital spending and the aim has been to limit additional borrowing as this has long-term revenue consequences for interest costs and setting aside provision for repayment of debt over the lifetime of the asset. Avoiding over committing future revenue is important in view of the one-year settlement from government. Nonetheless, due to the urgent need for additional capital spending, plans for the associated borrowing to support the programme over the three years 2020-23 have been included. This additional borrowing, over and above that required under the previous capital programme adds £0.5m revenue pressure in 2020-21 rising to over £10m per annum when the new programme has been fully delivered. It should be noted that much of the additional capital spending can be reconsidered if this revenue consequence is unsustainable following the Spending Review anticipated later this year.
- 1.12 A capital strategy as required under the Prudential Code 2017 is included as appendix 1 to this report. The code requires that the strategy is agreed by the full Council. The Treasury Management Strategy must also be approved. Whilst this can be through another relevant committee, given the significance of the Treasury Management Strategy, it is proposed that

full Council approves the Strategy for 2020-21 and an updated Strategy is included as appendix 2 to this report.

- 1.13 The Council must also agree the annual Minimum Revenue Provision (MRP) Statement. The MRP statement sets out the Council's policy to make prudent provision for borrowing incurred to finance capital assets. The MRP statement is included as appendix 3 to this report.
- 1.14 The additional flexibility, offered by Government, to be able to use capital receipts from the sale of physical assets to help fund the revenue costs of transformation projects and support the delivery of future savings was originally approved for the three years 2016-17 to 2018-19. KCC's budgets for 2017-18 and 2018-19 included £2.5m of capital receipts in each year to be used in this way. The ability to use receipts has subsequently been extended for a further three years up to 2021-22. KCC is not proposing to use this extension at this stage due to the level of receipts required to fund capital projects, however, the timing of some of the transformation plans means planned spending has been re-phased into 2019-20. Furthermore, it is now proposed not to fully utilise the original £5m included in the 2017-18 and 2018-19 budgets as a transformation reserve has been established to fund such costs meaning the use of receipts can be refocused towards funding capital infrastructure. The individual transformation projects that have been funded through capital receipts flexibility must be reported to full Council. This was first presented to Council in October 2018 and the updated schedule is included as appendix 4 to this report. It is anticipated this will be last time this will be reported providing the rephased amounts are spent as planned.
- 1.15 The pressure on the High Needs spending continues to be identified as the highest revenue budget risk. The demand for supporting children and young people with Special Educational Needs and Disability (SEND) is rising by more than the High Needs block within the Dedicated Schools Grant (DSG) and approved transfers from the Schools Block. The Government has confirmed that local authorities are not required to repay deficits on the DSG from the General Fund but it remains unclear how such deficits will be treated (other than a requirement to report a recovery plan once any deficit exceeds 1% of total DSG). This issue has been raised with Government by the Council along with many other councils experiencing similar challenges. The action to redress this needs to be three-fold; increased funding in both the short and medium term from government, systematic reform to the current legislative requirements, and local reform to provision and practice.

2. National Fiscal and Economic Context

- 2.1 The national fiscal and economic context is an important consideration for the Council in setting the Budget. This context does not just determine the amount received through central government grants, but also sets out how local government spending fits in within the totality of public spending.

This latter aspect essentially sets the government's expectations of how much local authorities would raise through local taxation.

Public Spending

- 2.2 The Chancellor announced on 4th September 2019 the government's spending plans for 2020-21 (SR2019). SR2019 included additional spending compared to the previous plans. The stated aim of SR2019 was to provide stability and certainty in funding in 2020-21 to enable government departments and devolved administrations to focus on delivering Brexit. The Chancellor has confirmed that a multi-year Spending Review will follow in 2020 although the exact timing of this has not been confirmed.
- 2.3 SR2019 was originally set within the previous fiscal targets:
- Maintain the structural deficit below 2 per cent of GDP in 2020-21
 - Total accumulated debt falling as a percentage of GDP in 2020-21
 - Structural deficit to be eliminated and converted to a surplus by the middle of the decade.
- 2.4 The Chancellor would normally be expected to make his annual Budget statement during the autumn in response to forecasts from the Office for Budget Responsibility (OBR) of performance against the targets. The Budget would have included any tax changes necessary to finance spending plans within the targets. In October the Chancellor postponed the Budget statement scheduled for 6th November 2019. In November he announced the introduction of revised fiscal targets:
- Balance current spending (i.e. excluding capital spending) in three years' time
 - Investment limited to 3% of GDP
 - Borrowing plans to be reviewed if total debt interest exceeds 6% of tax revenues.
- The Chancellor's next Budget is scheduled for 11th March 2020.
- 2.5 SR2019 for local government was based on a "roll-forward" concept with the continuation of grants within the Ministry of Housing, Communities and Local Government (MHCLG) settlement received in 2019-20. The grants continuing are listed in table 2 below together with the national and KCC amounts included in the Provisional Local Government Finance Settlement announced on 20th December 2020:

Table 2 – List of 2019-20 grants which are continuing in 2020-21

Description of grant or fund	2019-20		2020-21 Provisional	
	National Amount £'m	KCC Amount £'m	National Amount £'m	KCC Amount £'m
Revenue Support Grant ¹	2,284	9.5	2,321	9.6
Business Rate Top-up ¹	-	136.2	-	138.4
Business Rate Baseline ¹	12,276	48.7	12,476	49.5
New Homes Bonus Grant	918	6.4	907	6.4
Social Care Support	410	10.5	410	10.5
Business Rate Compensation for under indexation of the multiplier	424	6.1	500	7.5
Business Rate Compensation for other reliefs ²	1,373	4.9		
Improved Better Care Fund	1,837	42.4	2,077	48.5
Winter Pressure Grant	240	6.2		
New Social Care Grant			1,000	23.8

- 2.6 SR2019 included an additional £1bn nationally to support Adult and Children's Social Care pressures. The provisional settlement confirmed that this is allocated according to the adult social care relative needs formula (RNF) with up to 15% adjusted to reflect ability to raise Council Tax through the social care levy. For KCC, this equates to £23.8m share of the £1bn total.
- 2.7 SR2019 and provisional settlement also confirmed that the Government intends to set the Council Tax referendum threshold for 2020-21 at 2% (this level is subject to final decision by Parliament). In addition, councils with responsibility for adult social care can choose to levy up to a further 2% increase on Council Tax under the social care precept.
- 2.8 Finally, SR2019 confirmed that the £2bn funding provided to government departments for Brexit will be continued in 2020-21, although at this stage it is not known how much KCC will receive.
- 2.9 There are no indicative spending plans/local government settlement or Council Tax referendum limits for 2021-22 and beyond, meaning the future funding envelope remains incredibly uncertain. These will not be known until after the outcome of the full Spending Review, which was originally anticipated sometime during 2020 but might be delayed. A further roll-forward for 2021-22 settlement is one of many possibilities.
- 2.10 Further details are still awaited on whether the new government will proceed with the proposed 75% business rate retention arrangements, and the reforms following the Fair Funding review. These are likely to

¹ Uplifted by 1.63% uplift to business rate multiplier based on September CPI and adjusted to include notional RSG for business rate retention pilot authorities

² Notified after the final settlement

have a significant impact on future year's settlements and the Council's MTFP, this uncertainty makes forward financial planning very imprecise.

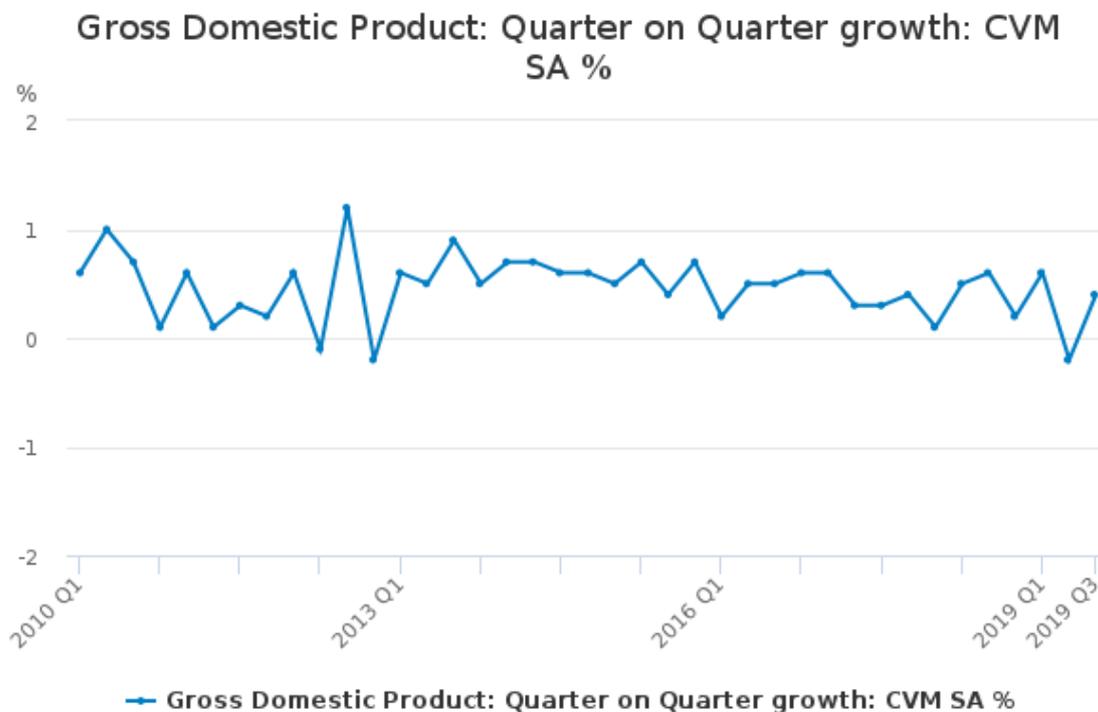
2.11 In view of the uncertainty, a one-year only plan has been published. Section 3 of the draft Budget Book (white-combed) for Council approval provides detail of individual spending pressures and savings. Different scenarios of funding for future years will continue to be modelled so that the potential impact from each scenario is understood.

Economic Trends

2.12 We have previously provided information on key economic trends as these continue to have a significant bearing on both future government settlements and the general economic conditions in which the budget is being set. This includes the latest information from Office for National Statistics (ONS) on economic growth, inflation, employment and earnings, and the Bank of England (BoE) forecasts in their quarterly Monetary Policy Reports.

2.13 Chart 1 below shows the latest quarterly growth in Gross Domestic Product (GDP) over the last 10 years up to quarter 3 of 2019. This was released on 20th December 2019. Growth during 2019 has been low with quarter 2 showing negative growth due to ongoing economic uncertainties. Negative growth in consecutive quarters constitutes a recession.

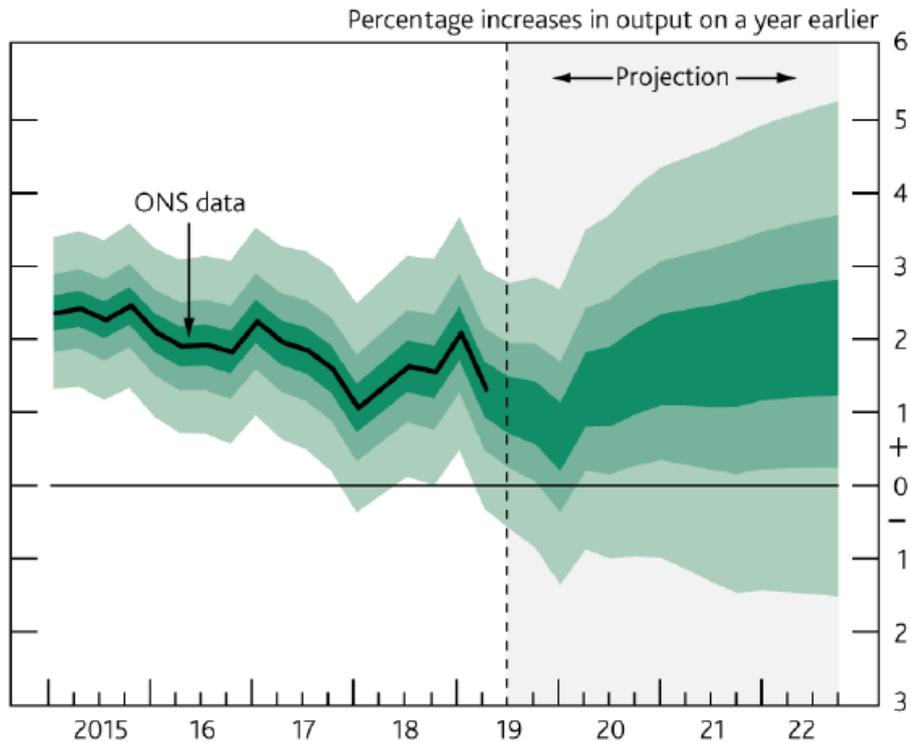
Chart 1



Source:

2.14 Chart 2 shows the growth forecast in the BoE Monetary Policy Report November 2019. This is one month in arrears from the latest ONS release (chart 1). The fan chart depicts the probability of various outcomes for GDP growth in the future.

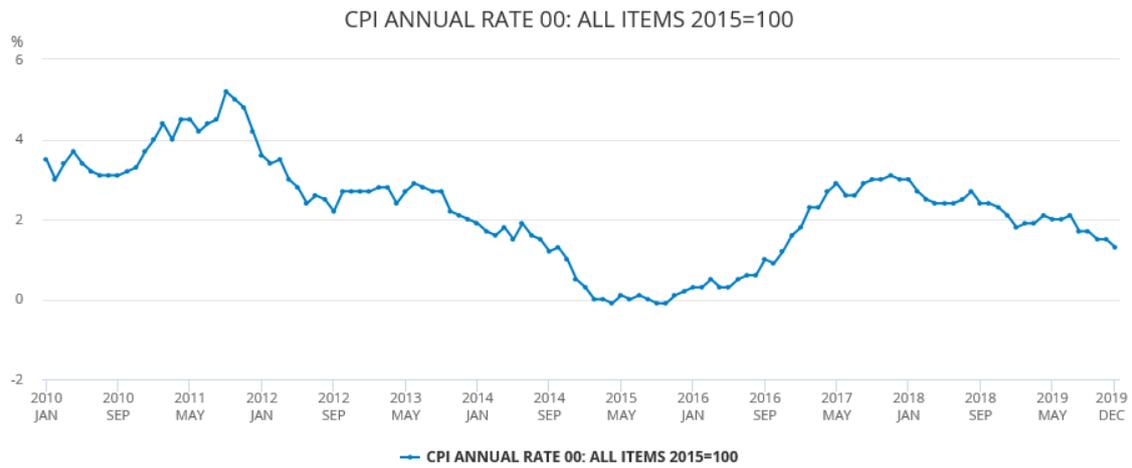
Chart 2 – GDP Growth Forecast



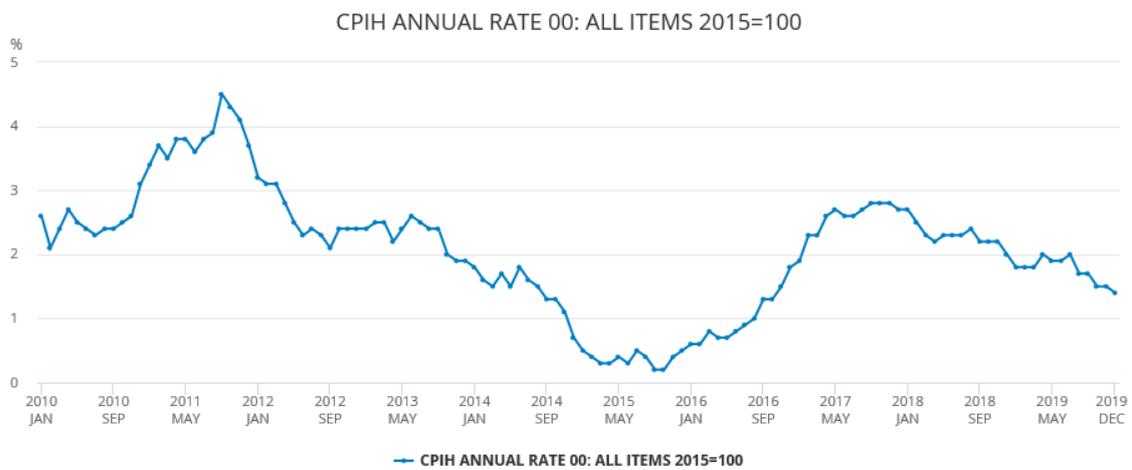
GDP growth has slowed materially reflecting weaker global growth, driven by trade protectionism, and Brexit uncertainty. The Monetary Policy Committee (MPC) projects that GDP growth will pick up during 2020 as Brexit uncertainty falls, supported by easier UK fiscal policy and a modest recovery in global growth.

2.15 Chart 3 shows the annual rate of inflation based on consumer price index (CPI) and CPIH (which includes owner occupier housing costs) up to December 2019. This was released on 15th January 2020. The trend in both CPI measures has been a reducing annual rate of inflation since CPI peaked at 3.1% in November 2017 (with the occasional small monthly increase). CPI has been below the 2% target since July 2019.

Chart 3



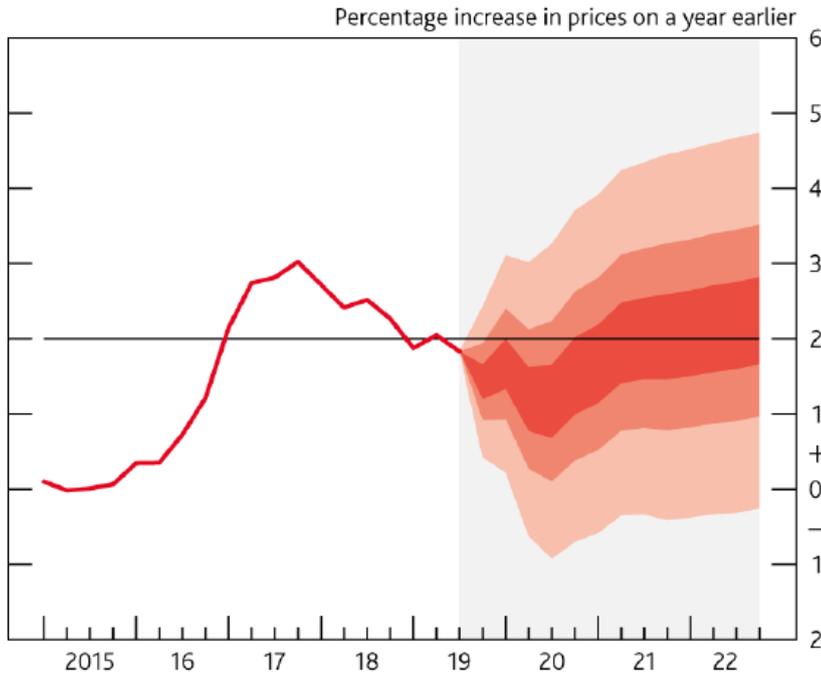
Source:



Source:

2.16 Chart 4 shows the inflation forecast in the BoE Monetary Policy Report November 2019. This is three months in arrears from the latest ONS release (chart 3). The fan chart depicts the probability of various outcomes for CPI inflation in the future.

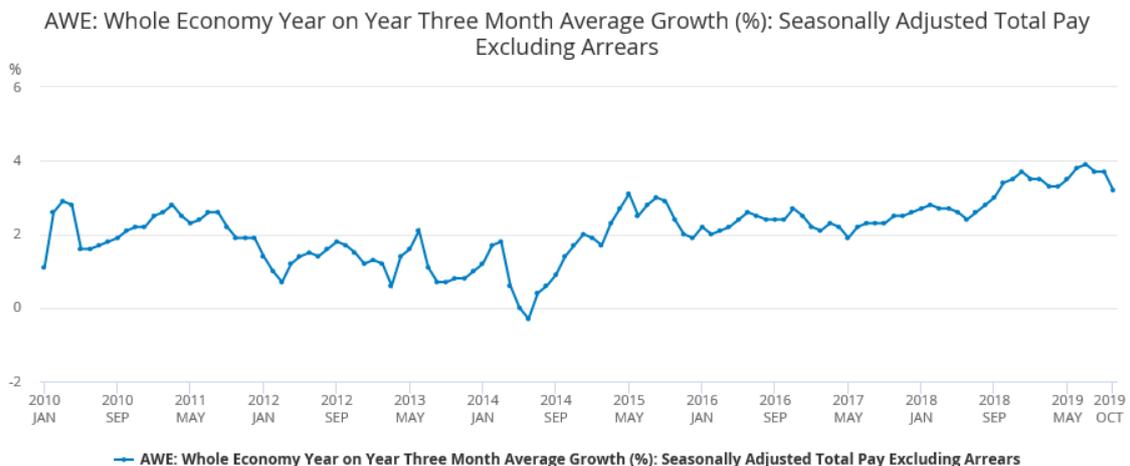
Chart 4 – CPI Inflation Forecast



CPI inflation remained at 1.7% in September and is expected to decline to around 1.25% by the spring, owing to the temporary effect of falls in regulated energy and water prices. The MPC forecasts a margin of excess demand in 2021 and 2022 taking CPI slightly above 2% by the end of the forecast period.

2.17 Chart 5 shows the annual rate of growth in total earnings (regular pay and bonuses but excluding arrears) in the whole economy over the last 10 years up to October 2019. This was released on 17th December 2019. The trend had been for increasing rates of earnings growth in the first half of 2019 although the rate of growth has reduced a little during recent months. Comparison of wage growth in chart 5 and CPI inflation in chart 3 shows that wages have been growing at a faster rate than prices since summer 2018.

Chart 5



Source:

3. Council Tax and Retained Business Rates

Council Tax

- 3.1 Setting the annual budget is one of the most significant decisions the County Council takes each year. It sets the County Council's share of Council Tax and the overall resource framework in which the Council operates. It also gives delegated authority to manage the budget to Corporate Directors and Directors within the parameters set out in the Council's Constitution and Financial Regulations. Corporate Directors and Directors will be held to account for spending decisions within delegated powers via the budget monitoring and reporting arrangements throughout the year.
- 3.2 The budget proposes a Council Tax increase up to the maximum permitted within the 2% referendum limit. This would increase the County Council's band C charge (the most common band) from £1,155.04 to £1,178.08 (1.995%). Consultation responses from 58% of respondents supported a Council Tax increase up to or exceeding the referendum limit to protect services and help meet rising demand for council services. A further 10% supported an increase but less than the referendum limit, whereas 32% of responses did not support any increase.
- 3.3 The budget also proposes to levy an additional 2% Council Tax specifically for adult social care. This would increase the band C charge by a further £23.04 to a total of £1,201.12 for 2020-21. This takes the total increase in the County Council's share of a band C charge to £46.08. Consultation responses from 55% of respondents supported a further increase in the social care levy provided this is spent directly on the care of the most vulnerable adults and older people.
- 3.4 Appendix A of the republished draft Budget Book (white-combed) for Council approval includes more information about Council Tax including the tax base estimates from districts, the charges for each band, and confirmation of compliance with the Council Tax Referendum Principle regulations. Additional information about Council Tax for residents is also provided via an on-line "Council Tax leaflet".
- 3.5 The Council must have regard to in-year collection when setting the Council Tax for the next year. This is done by including the notification of the estimated collection fund balance from districts as part of the overall funding needed to balance the net budget requirement. Some districts have provided revised calculations to the amount reported to Cabinet on 27th January and the Council now has a final estimated Council Tax collection fund balance of £3.898m. This final balance has been reflected in the republished draft Budget Book (white-combed) for Council approval and the amount drawn down from reserves has been adjusted accordingly.

Business Rates

- 3.6 The County Council retains 9% of the business rates raised in Kent (districts retain 40%, Fire authority 1%, and the remaining 50% is returned to central government). This includes the retained growth over and above

the baseline in the settlement and KCC's share of the business rate pool. The retained shares are determined by districts and these had not been received when the budget was reported to Cabinet on 27th January. The district calculations have now been received and have increased the Council's share from the £4.248m in the draft Budget Book to £6.469m. This is an unprecedented increase and further evaluation to understand the underlying reasons will be undertaken. This revised share of retained growth is reflected in the republished draft Budget Book (white-combed) for Council approval and the amount drawn down from reserves has been adjusted accordingly.

- 3.7 As with Council Tax the notification of the Council's share of estimated Business Rates collection fund balances also needs to be included in the budget requirement. This notification had also not been received in time for the Cabinet report on 27th January (an estimate based on the final 2018-19 outturn was included). Notification of our estimated share of £2.563m has now been received and is £0.863m more than the £1.7m previously assumed. This collection fund balance includes the residual impact of the 2018-19 100% retention pilot which will not be repeated. The final balance is reflected this in the republished draft Budget Book (white-combed) for Council approval and the amount drawn down from reserves has been adjusted accordingly.
- 3.8 Government grant to compensate for reductions in business rate yields as a result of national decisions to limit the impact of the tax on individual businesses has also been received. This includes the lower indexation to business rates either through the cap in 2016-17 or the lower indexation based on CPI from April 2018; the doubling of small business rate relief from April 2017; and various reliefs given to particular business activities e.g. smaller high street shops/pubs/restaurants, local newspaper offices, etc. The final grant notification will not be received until later in the year but following the tax base notification the estimate has been revised from £11.4m included in the Cabinet report (already £1.4m more than the estimate in the black-combed draft budget) to £12.662m.
- 3.9 A summary of the Council Tax base/collection fund and business rate growth/collection fund changes is shown in table 3 below.

Table 3 – Final Council Tax and Business Rate Notifications

Black Combed 6 th Jan		Cabinet 27 th Jan	White Combed 4 th Feb	Change
£747.181m	Council Tax Precept	£749.443m	£749.443m	-
£2.500m	Council Tax Collection Fund	£4.530m	£3.898m	-£0.632m
£53.751m	Retained Business Rates	£53.716m	£55.938m	+£2.222m
£1.700m	Business Rate Collection Fund	£1.700m	£2.563m	+£0.863m
£10.000m	Business Rate Compensation Grant	£11.400m	£12.662m	+£1.262m
£815.132m	Total	£820.789m	£824.504m	+£3.715m

4. Capital Budget Strategy and Proposals

- 4.1 Capital expenditure is spent on the purchase or enhancement of physical assets where the benefit will last longer than the year in which it is incurred e.g. school buildings, roads, economic development schemes, IT systems, etc. It includes the cost of purchasing land, construction costs, professional fees, plant and equipment and grants to third parties. Capital spending plans are determined according to the Council's statutory responsibilities and local priorities as set out in the MTFP, with the ultimate aim of delivering the vision set out in the Strategic Statement.
- 4.2 Capital spending has to be affordable as the cost of interest on borrowing and setting aside sufficient provision to cover the initial investment funded by loans over the lifetime of the asset, are borne as revenue spending each year over a very long period. A review of the options available is to be undertaken during 2020-21 to determine the optimum approach for assessing and ensuring affordability. This affordability would also apply to invest to save schemes which need to have a reasonable payback.
- 4.3 Section 1 of the draft Budget Book (white-combed) sets out a summary of the proposed 2020-23 programme and associated financing requirements. The summary provides a high-level overview for the whole council. The individual directorate pages in section 2 provides more detail of rolling programmes and individual projects.
- 4.4 A significant proportion of the capital programme is funded by grants from government departments, particularly Department for Education (DfE) and Department for Transport (DfT). In many cases future year's grant allocation notifications have not been received and the capital programme is therefore based on estimates. Some schemes also require external funding e.g. Heritage Lottery Fund (HLF) which may not yet have been secured. Schemes that include significant elements of unsecured funding are shown in *italics* in the capital programme and will only go ahead if the funding is secured.
- 4.5 The capital programme has been developed to show a longer term 10-year horizon. Inevitably extending planning horizons introduces additional uncertainty and the programme shows the detail of planned spending in each of the first 3 years (2020-23) and a cumulative estimate for years 4 to 10. The later years of the 10 year capital strategy will be further developed during 2020-21. Any revised spending profiles will be reported as revised cash limits through the finance monitoring reports to Cabinet.
- 4.6 The capital strategy in appendix 1 of this report provides a high level overview of the linkages between capital spending, financing and the Council's treasury management. The strategy identifies how financial risks associated with capital investments are managed and the implications for future financial sustainability.
- 4.7 Sitting alongside the capital strategy are the separate Treasury Management Strategy (appendix 2), Investment Strategy (appendix 5),

and Capital Programme Strategy (appendix 6). The capital strategy includes the prudential indicators which must be approved by full Council.

5. Revenue Budget Strategy and Proposals

- 5.1 This section of the report provides further background to the construction of the 2020-21 revenue budget proposals. Revenue expenditure is what is spent on the provision of day to day services provided by the Council e.g. care for the elderly and vulnerable adults, supporting children in care, libraries, maintaining the road network, etc. It includes the cost of salaries for staff, contracts for services procured by the council, the costs of financing borrowing to support the capital programme, and other goods and services used by the council. Revenue spending must have regard to the Council's statutory responsibilities and local priorities set out in the Strategic Statement/Five-Year plan and MTFP.
- 5.2 Revenue spending is funded by a combination of Council Tax, locally retained Business Rates and un-ring-fenced grants from the Ministry of Housing Communities and Local Government (MHCLG) included in the local government finance settlement. Grants from other government departments are ring-fenced to specific areas of spending and are shown as income to offset the related spending.
- 5.3 The original draft Budget Book (black-combed) calculations, published on 6th January 2020, were based on the estimated impact of the local government finance settlement and KCC estimates for Council Tax base, local share of Business Rates and collection fund balances. The changes as a result of the provisional settlement (announced on 20th December) and provisional Council Tax base and collection fund balances from districts were reported to Cabinet on 27th January 2020. There have been some further changes as a result of the final Council Tax base and collection fund, and Business Rates tax base/collection fund balance, as outlined in section 2 of this report. These have been reflected in the republished draft Budget Book (white-combed) for Council approval and the amount drawn down from reserves has been adjusted accordingly.
- 5.4 Section 3 of the draft Budget Book (white-combed) sets out the principal components of the changes in revenue spending between 2019-20 and 2020-21 by directorate. Section 4 of the draft Budget Book (white-combed) provides a high-level summary of planned revenue spending and income by directorate, and high-level analysis of funding from Council Tax, Business Rates and un-ring-fenced grants. More detail of individual directorates is shown in section 5 providing an outline of directorate objectives and resources together with spending and income plans for key services. The main elements of the year on year changes in revenue spending is outlined in the following paragraphs.
- 5.5 The revenue budget strategy continues to be based on an equation which identifies the challenge from increasing spending demands (including replacing the use of one-off savings to support the current year's budget e.g. draw down of corporate and directorate reserves, one off income

dividends, etc.) and the solution from changes in Council Tax, locally retained Business Rates growth, other grant increases/changes in the provisional settlement, and savings (including further use of reserves). This equation is a little simpler now that there is no longer any need to factor in reductions in central government grant and this has been an emerging picture throughout the year as forecasts have become more refined.

- 5.6 Table 4 shows the emerging picture from the 2020-21 estimates in the 2019-22 MTFP presented to Council in February 2019, the autumn budget consultation, original draft Budget Book (black-combed) published on 6th January 2020, the update to Cabinet on 27th January 2020, and the republished draft Budget Book (white-combed) for Council approval presented in this report.

Table 4 – Evolution of Revenue Budget

	2019-20 MTFP	Budget Consult	Black Combed 6 th Jan	Cabinet 27 th Jan	White Combed 4 th Feb
Spending Demands (incl. replacing one-offs)	£64.0m	£101.2m	£104.2m	£107.1m	£107.0m
Government Grant Increases	-£12.8m	£32.5m	£34.8m	£36.1m	£37.4m
Council Tax & Business Rates	£11.8m	£33.4m	£33.2m	£37.5m	£39.9m
Savings, Income & Reserves	£4.9m	£13.7m	£34.3m	£33.5m	£29.7m
Total Solution	£3.9m	£79.6m	£102.3m	£107.1m	£107.0m
Gap	£60.1m	£21.6m	£1.9m	-	-

- 5.7 Any further material changes since this report was produced will be reflected in the Council motion at the meeting. This could include the final Local Government Finance settlement which is due to be agreed before parliament recess begins on 14th February.
- 5.8 The remainder of this section explores each element of the revenue budget equation to support the detailed one-year revenue plan (published as section 3 of the draft Budget Book)

Spending Demands

- 5.9 In the draft Budget Book the spending demands have been split between the following categories:
- Net Budget Realignment
 - Replacement of One-Offs
 - Loss of Specific Grant Income
 - Pay and Prices
 - Demand and Demography
 - Government and Legislative
 - Service Strategies and Improvement

- 5.10 The net budget realignment reflects the “right-sizing” of budgets for known variances in either cost and/or demand which have arisen during the current year. Realignment can either increase or reduce budgets. Without this realignment the budget would not stand up to the robustness test required under the section 25 assurance referred to in paragraph 1.2 as the budget would have been set knowing that it did not reflect current year performance. The proposed budget realignment includes a £2m provision held unallocated to cover any other issues that are reported in monitoring throughout the remainder of the 2019-20 financial year. Allocations from this provision (and other unallocated amounts in the proposed budget) will be subject to the governance arrangements set out in section 6 of this report. The approach to realigning budgets will be reviewed as part of the Council’s move to an outcome-based budgeting approach from 2021-22.
- 5.11 The 2019-20 budget included one-off solutions to support the core spending which need to be replaced in future years’ budgets. Some of these related to use of corporate reserves within financing items and some within directorate budgets. The one-offs and their replacements are shown in table 5. The smoothing of the Improved Better Care Fund (iBCF) relates to the additional funding announced in the 2017-18 settlement (front-loaded) which was agreed to be spread more evenly over three years. Not all the smoothing of iBCF needs to be replaced as some activities were time limited.

Table 5 – One-offs in 2019-20

	2019-20	2020-21	Later Years
Financing Items			
Drawdown from Corporate Reserves	-£7.852m	£7.852m	
Business Rate Levy Account surplus	-£2.836m	£2.836m	
Increased drawdown from Kings Hill (two years)	-£2.000m	£1.000m	£1.000m
Sub Total	-£12.688m	£11.688m	£1.000m
Directorate			
Adult Social Care to smooth phasing of iBCF	-£8.730m	£6.530m	
Adult Social Care directorate reserves	-£2.896m	£2.896m	
Sub Total	-£11.626m	£9.426m	

- 5.12 The loss of income from reductions in specific grants is shown as a pressure. The compensating action to reduce spending (or use of reserves) is shown as a saving.

Pay and Reward

- 5.13 The draft budget includes an additional £7.4m contribution towards the pay and reward package for Kent Scheme staff. This contribution is intended to be sufficient for the total pay and reward package for the majority of staffs’ performance reward being approx. 3.6% (including the net saving on pay from new staff appointed lower in the pay range than staff they replace). This would enable the increases in Kent Scheme staff pay for 2020-21 to keep pace with the September average earnings increase published by the Office for National Statistics (ONS).

- 5.14 The final reward percentages will depend on the number of staff and their current salaries assessed at each TCP level to ensure the cost is contained within the overall allocation. The top and bottom of each pay range are uplifted under a separate process (usually by at least ½ of the successful %). This ensures that pay scales are kept up to date whilst at the same time allowing staff to progress through the range to reach the top (which is considered as the “market rate” for staff fully competent in the role). Decisions on the final proposed distribution of the pay and reward allocation, and uplift to pay ranges, will be agreed by the Cabinet Member for Communications, Engagement & People after consultation with the Leader and Cabinet, under powers delegated by the Council.
- 5.15 The reward payment either increases an individual’s salary via progression through the pay range or is a non-consolidated lump sum payment for staff on the top of the grade (in reality this is a combination of both for staff at the top following the annual uplift to ranges). These arrangements differ from other public sector pay schemes including the National Joint Council (NJC) scheme used by most local authorities. Under the Kent arrangements there is no separate “cost-of living” award and incremental progression.
- 5.16 In 2019-20 the County Council agreed to implement a minimum salary for Kent Scheme staff equivalent to the Living Wage Foundation’s “Real Living Wage”. This resulted in a single pay point for staff in KR2 equivalent to £9 per hour. The County Council did not formally adopt Foundation Living Wage employer status. For 2020 further reforms to the Kent Scheme are proposed which would see the minimum pay increase to £9.35 per hour. This is more than the £9.30 recommendation from the Living Wage Foundation for outside London. This higher increase would result in a higher pay rewards for the lowest paid staff (3.9%) compared to other staff (approx. 3.6%), reflecting the Council’s ongoing commitment to improve the pay for our lowest paid staff and would ensure all of a successful pay reward for these staff is paid in salary (with no non-consolidated lump sum).
- 5.17 The proposed increase in the minimum pay will combine KR2 and KR3 into a new single pay point. A gap of 0.5% between this point and bottom of KR4 will need to be maintained, and the top of KR4 will need to be £1,200 more than the new KR2/3 to ensure staff at the top of the higher range are paid £100 per month more than the minimum pay (there is 0.5% gap and minimum £1,200 difference between the tops of all adjacent pay ranges). The Council will look to make further reforms to Kent Scheme pay ranges in future years once there is the added certainty of multi-year financial settlements.

Price Inflation

- 5.18 The republished draft budget includes provision for specific contractual price increases. In the main, these are index-linked and summarised on page 19 in section 3 of the draft Budget Book (white combed). These have remained largely unchanged in the republished draft Budget Book (white-combed) for Council approval other than increasing the amounts for adults and children’s social care prices to reflect the recent

announcements on National Living Wage (NLW) and National Minimum Wage (NMW).

- 5.19 The budget includes provision for non-specific increases in negotiated contracts. This calculation includes a proportion of the NLW and NMW for under 25s which the Council is passing on to contractors as price increases. The amount is based on the assumed proportion of prices which relate to workers eligible for the confirmed increases e.g. NLW increasing from £8.21 per hour to £8.72 (6.2%), and an appropriate increase for the proportion relating to staff above NLW/NMW, and general inflation on the non-staffing element. The impact of these announcements was reported to Cabinet on 27th January 2020 and has increased social care prices by £2.7m to ensure care providers are funded to be able to meet the new minimum statutory amounts but also to maintain some differential (albeit reduced) between minimum and higher paid employees.
- 5.20 The Public Health prices include £4.1m for the estimated impact on services commissioned from the National Health Service (NHS) due to the Agenda for Change pay and pension increases. The impact in 2019-20 was managed within the health sector with additional funding provided directly to NHS providers. In 2020-21, this funding is envisaged to transfer to Local Authorities (as Commissioners), or at least to be paid for by the NHS directly as in previous years. As yet there has been no confirmation of the 2020-21 Public Health grant. The budget is based on a worst-case scenario with additional costs passed on through commissioned prices with no additional funding. If such increases have to be absorbed from within the ring-fenced Public Health grant and reserves this will present a significant in year challenge for Public Health. The Council is continuing to lobby for sufficient funding to cover the NHS related costs.
- 5.21 Budget holders will be expected to negotiate prices within the inflation parameters outlined in paragraphs 5.18 to 5.20. The budget does not include any provision for general inflation on goods and services procured by the council, budget holders will be expected to cover the impact of any such inflation within their overall budget.

Demand and Demography

- 5.22 The draft budget includes the forecast impact of population changes and estimated additional demand arising during the forthcoming year. These continue to represent a significant cost pressure, particularly within adult social care services. The forecasts not only reflect changes in client numbers/service users but also non-inflationary changes in package costs. For the 2020-21 budget a more detailed breakdown of forecasts has been provided by client groups, and the forecasts have been split between changes in the number of clients/client weeks; changes in unit cost associated with other non-inflationary factors; impact of changing client numbers and settings on income; and other changes.
- 5.23 Rising demand within children's services is continuing, including the numbers receiving disabled children's services, increasing complexity in specialist children's services (impacting on both care costs and casework for social workers), and support for children with special educational needs

and disabilities (SEND) arising from significant growth in the number of Education, Health and Care Plan (EHCP) assessments. The majority of SEND pressures are within the High Heeds Block of Dedicated Schools Grant (DSG) but the Council does have to fund home to school transport costs within the general fund.

- 5.24 A number of other services have identified demand and demography cost pressures such as waste recycling and disposal linked to increased household numbers.

Service Strategies and Improvements

- 5.25 The 2020-21 draft budget includes significant additional spending on service improvements. This includes the impact of external recommendations e.g. joint Written Statement of Action on SEND following inspections from OfSTED and Care Quality Commission; impact of market forces on tendered services e.g. highways term maintenance contract, total facilities management, social care residential contracts; and local priorities e.g. additional debt costs to finance the capital programme, a growth allocation to invest in strategic priorities identified from the feedback from the consultation on the new Five-Year Plan. A summary of the key service strategies and improvements is set out in table 6 below.

Table 6 – Service Strategy and Improvements proposed in 2020-21 Revenue Budget

Implementation of joint Written Statement of Action on SEND	£2.368m
Growth Fund for Five -Year Plan strategic priorities	£3.500m
Climate Change initial contribution to reserve	£1.000m
Young Care Leavers Council Tax exemption	£0.600m
Response to time limited debate on supporting disabled people with travelling to work	£0.200m
Public Health investment in drug related referrals and sexual health services	£0.600m
Highways Term Maintenance Contract one-off costs and retender	£2.222m
Total Facilities Management retender	£0.756m
Social Care Residential Care retender	£4.392m
Financing Capital Programme	£2.962m
Oakwood House redevelopment	£0.550m

- 5.26 A summary of all the additional spending proposals is set out in section 3 of the republished draft Budget Book (white combed) for Council approval (pages 17 to 22).

Savings and Income

- 5.27 The savings and income proposals in the draft budget are set out in section 3 of the republished draft Budget Book (white-combed) for council approval (pages 23 to 26). In total £29.7m of savings and income are needed to balance the 2020-21 budget. This is significantly less than the level of savings which have been needed to be found over the last ten years as a result of the improved settlement. 37% of the total additional spending is funded from Council Tax (tax base and proposed increased charges) and Business Rate increases, 35% from additional government

funding (albeit some of this is not new money as it represents the transfer of ring-fenced Winter Pressures Grant into un-ring-fenced iBCF), and 28% from savings/income and reserves.

- 5.28 £6.9m of the savings derive from the full year effect of savings in the 2019-20 budget; £3.9m from the continuation of existing charging policies; and £5.9m from financing and minor savings under £200k. The remaining £13.0m are new proposals in section 3 of the draft Budget Book (white-combed).
- 5.29 £9.1m of the savings are being found from reserves. £8.4m of this is from directorate reserves; Adult Social Care provision should the winter monies not be repeated (not now needed as winter monies have been built into iBCF) and other uncommitted reserve provisions, and Public Health (see 4.19 above). £0.7m are from corporate reserves.
- 5.30 Detailed consultation and equality impact assessments of specific proposals within each directorate will be undertaken, where necessary, once the budget has been approved and prior to implementation. Approval of the budget includes granting delegated power to Cabinet Members to make changes to the proposals in response to detailed consultation and equality impact assessments. Any such changes will be reflected in the monthly monitoring reports to Cabinet.

Use of Reserves and Debt Repayment

- 5.31 The Council's usable revenue reserves in 2013-14 were £196m (excluding schools, usable capital receipts and unapplied capital grants). 2013-14 was the first year of the current Business Rates retention funding arrangements for local government and thus a reasonable starting point for noting the Council's reserves levels. Total reserves at end of 2018-19 were £223.5m (£186.4m earmarked and £37.1m general).
- 5.32 The reserves at the end of 2018-19 were higher than expected as a result of better than anticipated receipts from the business rate retention pilot, rollforwards from 2018-19 underspend, re-phasing of transformation and other projects, and late grant distributions from central government. Many of these would be drawn in 2019-20 (as well as drawdown to support the budget) and usable revenue reserves are forecast to be at a similar level at the end of 2019-20 (£183.1m earmarked and £37.1m general).
- 5.33 Over the six-year period 2013-14 to 2018-19 KCC's overall usable reserves have been fairly stable. This is after £78.7m drawdown to support the revenue budget, and planned use/contributions to reserves. Table 7 shows the annual changes over this period.

Table 7 – Changes in Reserves

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Reserves	£31.7m	£34.7m	£36.4m	£36.7m	£36.9m	£37.1m
Earmarked Reserves	£157.9m	£166.2m	£163.3m	£157.3m	£155.1m	£179.5m
Trading Account Surpluses	£3.5m	£2.9m	£0.6m	-	£0.2m	£0.9m
Public Health Reserves	£2.9m	£2.1m	£2.0m	£3.8m	£3.6m	£6.0m
Total Usable Revenue Reserves	£196.0m	£205.9m	£202.3m	£197.8m	£195.8m	£223.5m
Breakdown of General Reserves						
Commercial Services	-	-	-£0.8m	-£0.5m	-£0.3m	-£0.1m
KCC	£31.7m	£34.7m	£37.2m	£37.2m	£37.2m	£37.2m
Breakdown of Earmarked						
Directorate	£61.3m	£57.8m	£51.3m	£48.7m	£41.8m	£47.7m
Corporate	£89.5m	£100.6m	£102.8m	£100.4m	£105.1m	£123.6m
Trading Bodies	£7.1m	£7.8m	£9.2m	£8.2m	£8.2m	£8.2m

5.34 As already identified the proposed 2020-21 budget proposes a drawdown of £9.1m from corporate and directorate reserves and there are some changes to planned contributions e.g. one-year holiday on the contribution to the Transformation Reserve. Overall, a net £10.3m reduction in reserves over the course of 2020-21 is anticipated (after taking account of drawdown and planned use/contributions) reducing the forecast level of usable revenue reserves to around £210m by 31st March 2021.

5.35 As with other aspects of the budget the plans to use reserves will need to be adapted to changing circumstances throughout the year. In recent years this has generally meant that the council has not had to use as much from reserves as planned or been able to build up additional reserves. Either can arise from re-phased spending from earmarked reserves or managing in-year underspends. In comparison with other counties, KCC has relied less on reserves to support budgets than the average county in recent years but still has a smaller proportion of the net revenue budget in reserve than other counties. The Council's relative reserves and debt compared to other counties are shown in the Assessment of Levels of Reserves (Appendix B) of the republished draft Budget Book (white-combed) for Council approval.

5.36 The criteria for use of our earmarked reserves are maintained by the Finance Division. These are reviewed each year, but few changes generally come from those reviews. A more comprehensive review of reserves is planned during 2020-21 to include the balance between corporate and directorate reserves, scope to reduce the number of reserves, and the purposes for which reserves are held. The criteria for use of reserves and the balances is ultimately a decision for the Council's Section 151 Officer after consultation with Cabinet and the Corporate Management Team.

5.37 The draft budget proposals also include a reduction in the amount to be set aside for future debt repayments. This reduction is simply a recalculation of the Minimum Revenue Provision (MRP) to cover capital financing requirements based on an updated asset schedule. It does not represent a change to the Council's MRP statement as set out in appendix 3 of this report.

6. Unallocated Spending and Savings

- 6.1 There are an increased number of spending pressures and savings which need to be held unallocated at the time the budget is approved. These have been held centrally within Financing Items budget. This is not uncommon and has happened in previous years. The allocation of these sums has previously been approved by the Section 151 Officer (after consultation with Cabinet Member for Finance, Corporate & Traded Services and Group Leaders) under powers delegated as part of the budget approval. However, due to the expansion of the reasons for holding amounts centrally unallocated this needs a more varied approach to the governance of approvals for allocations. An analysis of all the additional amounts unallocated in excess of £1m is set out in table 7 together with the proposed governance for decision making (amounts under £1m will be subject to virement procedures set out in Financial Regulations).

Table 7 – Changes in Unallocated Allocations

Budget Heading	Amount	Route for Decision Making
Pay & Reward	£7.800m	Cabinet Member decision regarding 2020-21 Performance Rewards as per paragraph 5.14
Care and Support in Home Price Uplift	£2.193m	Delegated Section 151 powers in line with previous procedures (including consultation) and following evaluation of tenders
Residential Care Price Uplift	£3.104m	Delegated Section 151 powers in line with previous procedures (including consultation) and following evaluation of tenders
Emerging Pressures	£2.000m	Delegated Section 151 powers in line with previous procedures (including consultation)
Strategic Statement Priorities	£3.500m	Cabinet decision following the full Council endorsement of the new Five-Year plan objectives after consultation has completed.

7. Robustness of Estimates and Adequacy of Reserves

- 7.1 As required by the Local Government Act 2003, the Section 151 officer (for Kent this is the Corporate Director of Finance) must formally give opinion as to the robustness of the budget estimates and the level of reserves held by the Council.
- 7.2 The estimates have been produced from a comprehensive budget process with Cabinet Members, Corporate Directors and Directors resulting in agreement on the level of service delivery within the identified financial resources. In addition, appendix C of the republished draft Budget Book (white-combed) sets out the main budget risks, alongside the proposed management action for dealing with these.

- 7.3 The republished draft Budget Book also clearly sets out the recommended strategy for ensuring adequate reserves (Appendix B – Assessment of Level of Reserves). This has been set in consideration of key factors, such as the Council’s continued excellent record on budgetary control, the internal financial control framework, and the strong approach to risk management. The planned draw-down from reserves in 2020-21 is now £9.1m rather than £12.9m identified in the Cabinet report as a result of the notification of final estimated Council Tax and Business Rates tax base and collection funds.
- 7.4 The forecast overall level of reserves at the end of 2020-21 is around £210m. This is £10.3m less than the forecast for 2019-20 arising from a combination of draw-down, use of Kings Hill reserves to support revenue and repayment of previous loans from reserves. The level of general reserves is in line with best practice as recommended by CIPFA and the Audit Commission.
- 7.5 To conclude, the Section 151 officer can formally report that the budget estimates are robust and the level of reserves adequate, as required by the Local Government Act 2003. The proposed budget has been formulated following a robust process of internal challenge with Cabinet Members and Corporate Directors, public consultation and scrutiny by Members of all political groups.
- 7.6 There are no immediate concerns about the financial sustainability of the Council, although given the pressures on local government funding, the increasing demands, and the uncertain outcomes from the major national funding reviews (Spending Review, Business Rate Retention, Social Care and Fair Funding), the sustainability of the Council’s finances needs to be kept under close review.

8. Recommendations

Recommendations:

The County Council is asked to agree:

- (a) The net revenue budget requirement of £1,063.654m for 2020-21.
- (b) The 10 year Capital programme and investment proposals of £1,014.339m over three years from 2020-21 to 2022-23 together with the necessary funding and subject to approval to spend arrangements.
- (c) The Capital Strategy as set out in appendix 1 of this report including the Prudential Indicators.
- (d) The Minimum Revenue Provision (MRP) Statement as set out in appendix 3 of this report.
- (e) The directorate capital programmes as set out in sections 1 & 2 of the draft Budget Book (white-combed) for Council approval published on 5th February.
- (f) The directorate revenue budget proposals as set out sections 3, 4 and 5 of the draft Budget Book (white-combed) for Council approval published on 5th February.

- (g) To delegate responsibility to Cabinet Members and Corporate Directors to manage the budget within the parameters set out in the Constitution and Financial Regulations.
- (h) To increase Council Tax band rates up to the maximum permitted without a referendum as set out in table 2 in appendix A of the draft Budget Book (white-combed) for Council approval published on 5th February.
- (i) To levy the additional 2% social care precept (raising an additional £14,375,896 and taking the total social care precept to £65,789,689 out of precept set out in (j) below).
- (j) The total Council Tax requirement of £749,443,400 to be raised through precepts on districts as set out in table 1 in appendix A of the draft Budget Book (white-combed) for Council approval published on 5th February.
- (k) The Treasury Management Strategy as set out in appendix 2 of this report.
- (l) The reforms to the lowest Kent Scheme pay ranges (KR2 and KR3) to a single point paying £9.35 per hour.
- (m) The governance process for the allocation of unallocated amounts within the approved budget set out in paragraph 6.1 of this report.

In addition:

- (n) To note that the Cabinet Member for Communications, Engagement & People after consultation with the Leader and Cabinet, will determine the TCP reward thresholds for staff assessed as successful, excellent, and outstanding, and the uplift to the Kent Ranges in accordance with the 0.5%/£1,200 principles.
- (o) To delegate authority to the Corporate Director of Finance (after consultation with the Leader, Cabinet Member for Finance, Corporate & Traded Services and the political Group Leaders) to resolve any minor technical issues for the final budget publication which do not materially alter the approved budget or change the net budget requirement. This includes approving the distribution of unallocated amounts within the approved budget set out in paragraph 6.1.
- (p) Changes made in (o) above to be reflected in the final version of the Budget Book (blue combed) due to be published in March.
- (q) To note the proposed review of reserves to be conducted by the Council's Section 151 Officer after consultation with Cabinet and Corporate Management Team set out in paragraph 5.36.
- (r) To note the Section 151 Officer's opinion on the robustness of the budget estimates and the level of reserves held by the Council.
- (s) To note the uncertain financial outlook for later years in the absence of a multi-year settlement from government
- (t) To note the development of an outcome-based budgeting approach from 2021-22 onwards
- (u) To note reviews to the realignment of base budgets and treatment of unallocated amounts in future year's budgets

9. List of Appendices

Appendix 1 – Capital Strategy

Appendix 2 – Treasury Management Strategy

Appendix 3 – Minimum Revenue Provision Statement

Appendix 4 – Flexible Use of Capital Receipts

Appendix 5 – Investment Strategy

Appendix 6 – Capital Programme Strategy

10. Background Documents

10.1 KCC's Budget webpage

<https://www.kent.gov.uk/about-the-council/finance-and-budget>

10.2 KCC's Corporate Risk Register and Risk Management Policy & Strategy

<https://democracy.kent.gov.uk/documents/s88701/Item%2009%20Review%20of%20KCCs%20Risk%20Management%20Policy%20and%20Strategy.pdf>

<https://democracy.kent.gov.uk/documents/s88720/Item%2009%20Appendix.pdf>

<https://democracy.kent.gov.uk/documents/s88699/Item%2008%20Corporate%20Risk%20Register.pdf><https://democracy.kent.gov.uk/documents/s88707/Item%2008%20Appendix.pdf>

10.3 KCC's approved 2019-20 Budget and Medium Term Financial Plan

https://www.kent.gov.uk/_data/assets/pdf_file/0006/93390/Budget-Book-2019-20.pdf

10.4 KCC Budget Consultation launched 16th October 2019

https://kccconsultations.inconsult.uk/gf2.ti/f/1073826/57416805.1/PDF/-/2020_21_Budget_Consultation_FINAL.pdf

10.5 KCC report on 2019 Budget Consultation

https://kccconsultations.inconsult.uk/gf2.ti/f/1073826/61281381.1/PDF/-/Budget_Campaign_Consultation_2020_21_final_report_v.final.pdf

10.6 Provisional Local Government Finance Settlement 20th December 2019

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2020-to-2021>

10.7 KCC Draft Budget Book 5th February 2020

10.8 Response to Provisional Local Government Finance Settlement

10.9 Budget reports to Cabinet Committees in January
Policy & Resources
Growth, Economic Development and Communities
Environment and Transport
Adult Social Care
Children's, Young People and Education
Health Reform and Public Health

10.10 Minutes of Scrutiny Committee 24th January 2020

10.11 Cabinet 27th January 2019

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