



# Finance Monitoring Report

As at September 22-23

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By Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services,  
Peter Oakford  
Corporate Director Finance, Zena Cooke  
Cabinet Members  
Corporate Directors

To Cabinet – 1 December 2022

Unrestricted

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# 1 Introduction

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This report sets out the Council's financial position for the year as at the end of September 2022-23. The Revenue General Fund is projecting a +£60.9m overspend for the full financial year. Adult Social Care and Children, Young People and Education are projecting significant overspends of +£27.7m and +£33.9m respectively.

The size of the overspend is of serious concern and will require significant management action, minimising spend as far as possible to ensure we are as close to a balanced budget as possible by the year end. This is particularly important given the 2023-24 and medium-term budget challenge. Inflationary and demand pressures, combined with non-delivery of some agreed savings, are impacting on both income and expenditure.

Any overspend at the end of the financial year will need to be met from general or earmarked reserves, but this approach is not sustainable in the medium term. A new section 12 has been added to this report which details the actions that are being and will be taken that are not yet reflected in this report but which will reduce the overspend position. This section 12 also highlights the impact of these actions on the 2023-34 budget position.

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1.1	The overall Revenue General Fund projection is a +£60.9m overspend.	<p>The Revenue General Fund projected year end position is a net overspend of +£60.9m.</p> <p>Overspends are projected in all Directorates except CED &amp; NAC. The largest variances are +£33.9m in CYPE and +£27.7m in ASCH, with overspends in GET of +£5.1m, and DCED +£1.4m. NAC is projecting an underspend of -£6.5m. Details can be found in the individual directorate sections.</p>
1.2	There is £11m of spend that will be funded from the Covid-19 emergency grant reserve.	<p>The projected net spend of £1,260.0m includes £11m of Covid-19, and committed Helping Hands and COMF spend which will be funded from the Covid-19 emergency grant reserve. £11m of this is reflected in this report as a drawdown from the reserve as it relates to the committed spend identified in the 2021-22 outturn report.</p>
1.3	The Schools' Delegated Budgets are reporting a +£50.4m overspend.	<p>The overspend position of +£50.4m reflects the impact of high demand for additional SEN support and high cost per child resulting from greater demand for more specialist provision. The projected deficit on the High Needs budget has increased by £46m in this year from £101m at the end of the 2021-22 and estimated to increase to around £147m by the end of this financial year. The High Needs deficit is the Council's single most significant financial risk and is now part of the DfE's Safety Valve Programme which requires a robust deficit reduction plan to bring the deficit back into balance within 5 years.</p>

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# 1 Introduction

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1.4 The Capital projection is a net underspend of -£74.6m. The Capital Programme continues to experience significant slippage. The net underspend is made up of +£29.1m real overspend and -£103.7m slippage, which represents almost 20% of the budget.

The largest real variance is an overspend of +£19.3m in GET. Details can be found in the capital sections.

The major slippage is -£66.1m in GET and -£23.2 in CYPE. Details can be found in the capital section.

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## 2 Recommendations

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### Cabinet is asked to:

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|-----|--|---------------------------------|
| 2.1 | Note the projected Revenue monitoring position of £60.9m overspend                                       | Please refer to sections 3 to 9 |
| 2.2 | Note the projected Schools' monitoring position of £50.4m overspend                                      | Please refer to section 10      |
| 2.3 | Approve the use of reserves in this year to fund the £1.1m timing difference in Kent Travel Saver income | Please refer to section 6       |
| 2.4 | Note the progress on the delivery of £41.2m in-year savings  | Please refer to section 11      |
| 2.5 | Note the actions being taken to reduce the projected overspend as far as possible                        | Please refer to Section 12      |
| 2.6 | Note the projected Capital monitoring position of £74.6m underspend                                      | Please refer to Section 13      |
| 2.7 | Note the Prudential Indicators report  | Please refer to Appendix 2      |
| 2.8 | Note the Reserves monitoring position  | Please refer to Appendix 3      |
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## General Fund

## Projected position as overspend/(underspend)

Directorate	Revenue Budget	Revenue Projected Outturn	Net Revenue Projected Variance	Last reported position	Movement (+/-)
	£m	£m	£m	£m	£m
Adult Social Care & Health	460.6	488.3	27.7	25.6	2.1
Children, Young People & Education	321.0	354.9	33.9	24.5	9.4
Growth, Environment & Transport	178.7	183.8	5.1	5.7	(0.6)
Deputy Chief Executive Department	71.7	73.2	1.4	0.5	0.9
Chief Executive Department	33.5	32.7	(0.7)	0.1	(0.8)
Non-Attributable Costs	129.4	123.0	(6.5)	(5.7)	(0.8)
Corporately Held Budgets	4.1	4.1	0	0.	0
<b>General Fund</b>	<b>1,199.1</b>	<b>1,260.0</b>	<b>60.9</b>	<b>50.6</b>	<b>10.3</b>
<b>Ringfenced Items</b>					
Schools' Delegated Budgets	0.0	50.4	50.4	0.0	50.4
<b>Overall Position</b>	<b>1,199.1</b>	<b>1,310.4</b>	<b>111.3</b>	<b>50.6</b>	<b>59.4</b>

## General Fund

The General Fund projected position is a net overspend of +£60.9m, with the most significant overspends in Children, Young People and Education of £33.9m and Adult Social Care & Health of £27.7m. The projected overspend represents 5% of the Revenue Budget and presents a serious and significant risk to the Council's financial resilience if it is not addressed. More detail is provided in the Covid-19 section below. There is £25m set aside in a risk reserve that can be used to mitigate in part the projected overspend, but action will be required to address the remaining overspend.

## Covid-19

The 2021-22 Outturn position set aside £15m for the continuation of Contain Outbreak Management (COMF), £8.3m for Helping Hands, £6.8m for Reconnect, £5m for Market Sustainability and £3.7m Covid-19 related roll forward requests. There is £14.9m set aside that is available to support unavoidable future Covid-19 related spend, loss of income and unrealised savings that have been impacted by Covid-19. The £5m for Market Sustainability is available to offset the overspend as it is unlikely that there will be a call on this in this financial year.

The projected Revenue net spend of £1260.0m includes £11.0m spend relating to Covid-19 and committed COMF and Helping Hands off set by £11m (a £10.4m drawdown from the Covid-19 emergency grant reserve and a £0.6m budget allocation).

## Collection Fund

Council Tax remains a significant source of income and the 2023-24 budget will be dependent on the improved levels budgeted for in 2022-23 for Council Tax Reduction Scheme discounts and the collection rate materialising.

At this early stage, we can gain some confidence that the projected collection fund deficit is relatively minor (0.8% of the budget). There have also been some changes to the payment arrangements for Council Tax which affect the profile of collections; this has not been factored into this projection and is likely to improve the position further. For more information, please refer to section 15.

### **Schools' Delegated Budgets**

The projected overspend is +£50.4m. The DSG deficit will increase from £97.6m to £146.6m in 2022-23. This is almost entirely due to an increase in the High Needs budget deficit, which is the Council's single biggest financial risk and the finalisation and successful delivery of the Council's deficit recovery plan is critical to bring the budget into balance. The Council is working with the Department for Education (DfE) in the second round of the Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery. For more information, please refer to section 10.

	Budget	Projected Variance		Last reported position (June)	Movement (+/-)
		Revenue Projected Outturn	Net Revenue Projected Variance		
	£m	£m	£m	£m	£m
Adult Social Care & Health Operations	411.6	448.9	37.3	31.3	6.0
Strategic Management & Directorate Budgets (ASCH)	40.1	30.9	(9.2)	(5.2)	(4.0)
Public Health	0.0	0.0	0.0	0.0	0.0
Business Delivery	9.0	8.5	(0.5)	(0.5)	0.1
<b>Adult Social Care &amp; Health</b>	<b>460.6</b>	<b>488.3</b>	<b>27.7</b>	<b>25.6</b>	<b>2.1</b>
Earmarked Budgets Held Corporately	4.2	4.2	0.0	0.0	0.0
<b>Net Total incl provisional share of CHB</b>	<b>464.9</b>	<b>492.5</b>	<b>27.7</b>	<b>25.6</b>	<b>2.1</b>

The Adult Social Care & Health directorate is projecting a net overspend of +£27.7m, which includes a net contribution to reserves of +£2m.

The Adult Social Care & Health Operations division has a projected net overspend of +£37.3m, which is predominantly due to Older People – Residential Care Services which are projecting a net overspend of +£22.5m.

Projected contributions to the provision for bad and doubtful debts is contributing +£2.1m to the overall overspend, with this pressure arising due to both an increase in levels of debt owed to the council as well as the requirement to set aside an amount for debts not yet due. This is based on the bad debt provision policy, so as debt rises, so will the provision required.

£5.6m has been released from unrealised creditors that are not anticipated to be required. The creditor position at the end of each year is based on the activity position known as at 31 March.

Details of the significant variances on the General Fund are shown below and details of where savings have not been achieved can be found in the Savings Section 11.

Key Service (Division)	Variance	Summary	Detail
Older People - Residential Care Services	+£22.5m	High levels of complexity requiring additional support	<p>+£22.5m of this overspend is driven by increased demand in higher needs placements which are costing more, possibly due to a requirement to pay more due to a shortage in the social care workforce and costs for older people accessing residential and nursing care services, including +£10.4m from the increasing use of short-term beds which are significantly more expensive than long term beds.</p> <p>These are in part due to individuals leaving hospital with increased complex needs requiring additional support and an increase in situations where having been placed in a short term bed, it is considered detrimental to move an individual to a lower cost placement.</p> <p>+£0.9m of this overspend relates to the £2.1m projected contribution to the provision for bad and doubtful debts.</p>



A further overspend of +£0.9m relates to contract and commissioning savings which are no longer expected to be realised against this service line.

The above overspends are partly offset by -£1.8m released from centrally held funds, such as prices and winter pressures and provisions.

Adult Mental Health - Community Based Services	+£5.2m	Increases in Supported Living care packages & non-achievement of savings	<p>+£3.3m of this overspend relates to clients receiving supported living care packages, including an increase in average hours provided per client to meet more complex needs.</p> <p>A further +£2.7m relates to savings which are no longer expected to be realised against this service line. £1.4m is due to arranging care and support where achievement of savings has been impacted by demand and pressures in the social care market. And +£1.3m is due to delays in the procurement of new models of care relating to microenterprises and Technology Enabled Care (TEC).</p> <p>The above overspends are partly offset by -£0.9m which relates to unrealised creditors.</p>
Adult Learning Disability - Community Based Services & Support for Carers	+£4.4m	Increased complexity and higher costs than anticipated.	<p>+£6.6m of the overspend relates to clients receiving supported living and day care packages with higher costs mainly driven by increasing complexity of needs.</p> <p>+£0.2m of this overspend is due to unrealised savings, mainly due to contract and commissioning savings which are no longer expected to be achieved this financial year.</p> <p>+£0.1m due to an increase to projected contributions to the provision for bad and doubtful debts.</p> <p>The above overspends are partly offset by -£2.5m which related to unrealised creditors (-£2.2m) and centrally held funds (£0.3m).</p>
Older People - Community Based Services	+£2.7m	Non-achievement of savings	<p>The overspend is largely due to +£8.7m of savings which are no longer expected to be realised in-year against this service line. +£4.3m is due to arranging care and support where achievement of savings has been impacted by demand and pressures in the social care market and +£4.4m is due to delays in the procurement of new models of care relating to microenterprises and Technology Enabled Care (TEC).</p> <p>+£0.9m of the overspend relates to an increase in projected contributions to the provision for bad and doubtful debts.</p> <p>The overspends are partly offset by -£2.4m released from centrally held funds and provisions, and -£1.9m from the unrealised creditors.</p> <p>The underlying service activity is projecting an underspend of -£2.6m where continuing workforce shortages in the social care</p>

market have reduced the availability of suitable homecare packages and resulted in more clients receiving alternative support.

Adult Mental Health - Residential Care Services	+£2.1m	Increasing complexity of need and costs and non-achievement of savings	<p>+£1.8m of the overspend is due to service activity exceeding budgeted levels.</p> <p>+£0.3m of this overspend is due to contract and commissioning savings which are no longer expected to be achieved this financial year.</p> <p>The above overspends are partly offset by -£0.1m unrealised creditor position and centrally held funds.</p>
Adult Physical Disability – Community Based Services	+£1.8m	Increasing complexity of need and costs and non-achievement of savings	<p>+£1.1m of the overspend is due to service activity exceeding budgeted levels, and +£1.0m relates to savings which are no longer expected to be realised against this service line.</p> <p>The above overspend from service activity and unrealised savings are partly offset by -£0.2m unrealised creditor position and centrally held funds.</p>
Adult Physical Disability - Residential Care Services	+£1.2m	Increasing complexity of need and costs and non-achievement of savings	<p>+£1.2m of this overspend is due to service activity exceeding budgeted levels, and +£0.2m relates to savings which are no longer expected to be realised against this service line.</p> <p>A further +£0.2m pressure relates to contract and commissioning savings which are no longer expected to be realised against this service line.</p> <p>The above overspends are partly offset by -£0.2m released from centrally held funds and provisions.</p>
Strategic Management & Directorate Support (ASCH)	-£2.2m	Release of centrally held funds.	There is a -£2.2m projected underspend on this service due to the release of centrally held funds to partly offset pressures across ASCH operations.
Adaptive & Assistive Technology	-£3.9m	Re-alignment of savings	-£3.1m of this projected underspend relates to savings, with -£2.9m relating to planned expenditure to achieve efficiencies through greater use of technology enabled care being deferred to the following financial year, and -£0.2m from realigned savings which are now expected to be achieved against this service line.
Provision for Demographic Growth - Community Based Services	-£6.7m	Release of centrally held funds.	This is the release of centrally held funds to partly offset pressures across ASCH operations.



	Budget £m	Revenue Projected Outturn £m	Projected Variance		Movement (+/-) £m
			Net Revenue Projected Variance £m	Last reported position (June) £m	
Integrated Children's Services (East & West)	165.8	175.7	9.9	5.6	4.3
Special Educational Needs & Disabilities	91.8	100.2	8.4	7.5	0.9
Education	61.2	76.7	15.5	11.0	4.5
Strategic Management & Directorate Budgets (CYPE)	2.3	2.3	0.0	0.3	(0.3)
<b>Children, Young People &amp; Education</b>	<b>321.0</b>	<b>354.9</b>	<b>33.9</b>	<b>24.5</b>	<b>9.4</b>
Earmarked Budgets Held Corporately	0.0	0.0	0.0	0.0	0.0
<b>Net Total incl provisional share of CHB</b>	<b>321.0</b>	<b>354.9</b>	<b>33.9</b>	<b>24.5</b>	<b>9.4</b>

The Children, Young People & Education directorate is projected to be overspent by +£33.9m

This is due to significant inflationary pressures in school transport services along with higher costs of supporting both looked after children and disabled children and young people.

The £354.9m forecast includes £6.8m in relation to the Reconnect project and £0.1m of Contain Outbreak Management Fund spend. Both have been covered by a drawdown from the Covid-19 emergency grant reserve as agreed in the 2021-22 outturn report.

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

Key Service (Division)	Variance	Summary	Detail
Home to School Transport (Education)	+£13.6m	Significant inflationary increases on transport contracts and increase in demand	The projection includes +£1.3m overspend on mainstream home to school transport and +£12.7m on Special Education Needs (SEN) transport services. Significant inflationary increases on new transport contracts due to higher operating costs and a reducing supplier base, along with increasing bus ticket prices have led to price rises of between 10-20% and pressures of approximately +£1.1m and +£9.3m on mainstream and SEN transport services respectively. The projection assumes the number of children requiring SEN transport will continue to increase in line with historic trends with nearly 10% year on year increase in the number travelling. This is a consequence of the higher Education Health and Care Plan numbers and greater number of children with SEN not being educated in their local school. The forecast assumes work to slow this trend will not start to impact significantly until 2023 (leading to a total pressure of +£3.1m).

The mainstream home to school transport projection also assumes a rise in the number of pupils travelling from the Autumn term due to a combination of rises in secondary population, greater automation of the eligibility process that may result in more children being identified to receive free transport, and wider changes in bus services (leading to a pressure of +£0.3m).

Other School Services (Education) +£1.6m Various school related costs

Delays in basic need capital projects have resulted in use of more temporary accommodation to ensure sufficient school places are available (+£1.0m). Projected estimates of +£0.4m pressure on essential maintenance of school properties that do not meet the threshold for capital projects. There is a further risk of costs associated with feasibility costs or capital surveys that may result in additional works updates; however these will be forecast once there is clarity regarding the safety valve programme. Further updates will be given in future reports.

Children's Social Work Services - Assessment & Safeguarding Service (Integrated Children Services) +£1.9m High use of agency required to meet demand and inflationary cost increases of agency workers

Recruitment and retention of social workers continues to be a challenge, along with the need to provide sufficient cover for high levels of maternity leave. This has led to a higher number of agency staff to meet demand, coupled with higher costs following high inflationary increases.

Looked After Children - Care & Support (Integrated Children Services) +£8.1m Increase in number and cost of looked after children. High costs of legal services.

The number of looked after children has increased slightly over the past 6 months (6%) resulting in a higher use of independent fostering agency placements (increases in demand +£1.6m overspend). The cost of placements continues to rise with a greater number being placed in more expensive external settings as no suitable alternative is available. In addition, the use of unregulated placements has also become more common where it has become more difficult to find suitable residential placements and at significant cost (increases in cost of placements +£3.1m). Campaigns are continuing to recruit more in-house foster carers but based on current success rates it is likely some savings may not be achieved whilst some will be delayed to 2023-24 (+£1.0m). The cost of legal services has increased significantly since COVID-19 and initial projections suggest similar levels of activity will occur in 2022/23 due to the continual backlog in court proceedings (+£2.3m).

<p>Adult Learning &amp; Physical Disability Pathway – Community Based Services (Special Educational Needs &amp; Disabilities)</p>	<p>+£4.5m</p>	<p>Increasing cost of Supported Living and Homecare packages</p>	<p>The number of supported living and homecare packages have remained relatively static, however the average cost of packages continue to increase in response to the level of support required. The service has seen a reduction in the use of residential care but this has resulted in higher packages of community support contributing to the higher cost.</p>
<p>Children in Need (Disability) - Care &amp; Support (Special Educational Needs &amp; Disabilities)</p>	<p>+£0.5m</p>	<p>Increasing number of Direct Payments and cost of homecare packages</p>	<p>The number and cost of packages for disabled children have increased, this is partly due to inflationary increases and additional support required during to COVID.</p>
<p>Looked After Children (with Disability) - Care &amp; Support (Special Educational Needs &amp; Disabilities)</p>	<p>+£1.8m</p>	<p>Increased number and cost of residential and unregulated placements</p>	<p>The projection assumes the number of residential &amp; unregulated placements continue to increase in line with historic trends. The projection recognises the increasing cost of new placements.</p>
<p>Special Educational Needs &amp; Psychology Services (Special Educational Needs &amp; Disabilities)</p>	<p>+£1.4m</p>	<p>Increased use of agency</p>	<p>Difficulties in the recruitment of suitably qualified Education Psychologists and SEN officers has led to an increasing use of agency staff.</p>

	Budget	Revenue Projected Outturn	Net Revenue Projected Variance	Projected Variance	
				Last reported position (June)	Movement (+/-)
	£m	£m	£m	£m	£m
Highways & Transportation	66.3	69.9	3.6	1.7	1.9
Growth & Communities	29.1	30.3	1.2	1.9	(0.8)
Environment & Waste	81.9	82.2	0.3	2.0	(1.7)
Strategic Management & Directorate Budgets (GET)	1.4	1.4	0.0	0.1	0.0
<b>Growth, Environment &amp; Transport</b>	<b>178.7</b>	<b>183.8</b>	<b>5.1</b>	<b>5.7</b>	<b>(0.6)</b>
Earmarked Budgets Held Corporately	0.2	0.2	0.0	0.0	0.0
<b>Net Total incl provisional share of CHB</b>	<b>178.9</b>	<b>184.0</b>	<b>5.1</b>	<b>5.7</b>	<b>(0.6)</b>

The Growth, Environment & Transport Directorate is projected to be overspent by £5.1m with significant inflationary pressures (over £5m) contributing to this position. There is a recommendation to fund £1.1m of the overspend from reserves due to the timing of income received in relation to Kent Travel Saver. The income received in 2023-24 will repay the reserve.

The projected variance now reflects that all Contain Outbreak Management Fund (COMF) and Helping Hands projects (£1.0m) are funded from the Covid-19 emergency grant reserve. This is offset by a £1.5m non-delivered income target for recouping business rates to support expenditure on economic development and COVID recovery projects/strategies.

The projection continues to show that bus operators are being supported through this period of recovery and transition and continue to be paid at budgeted levels of activity, which are significantly above actual levels of activity. These payments are being paid on a phased reducing basis down towards the actual level of activity in line with the Government request. For Kent Travel Saver (KTS) and the English National Concessionary Travel Scheme (ENCTS) this is a combined cost of £2.8m. This is included in the projections and is within the existing cash limits. The GET Directorate Management Team (DMT) have also enacted other mitigations, for example, extended vacancy management, delaying non-essential projects/pilots and spend to bring the overspend position into balance by the year-end. More detail on future actions can be found in Section 12.

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

Key Service (Division)	Variance	Summary	Detail
Supported Bus Services (Highways & Transportation)	+£2.7m	Undelivered saving	A budget reduction of £2.2m was agreed at County Council but a delay in progressing the decision has meant that the profiled savings have not been delivered as planned. The decision was confirmed at October's County Council and 90 days' notice has been given to operators with savings assumed to be made from February. The quantum of routes that require withdrawal (to achieve the net £2.2m budget reduction) is in excess of £3m.

Kent Travel Saver (Highways & Transportation)	+£2.1m	Delays in income and increased operator costs	System issues have resulted in direct debits for the first two monthly instalments not being taken from parents who pay the full cost of the pass. It was decided that the instalments would therefore slip by two months with the final payments being taken in April and May. This means the income falls into the next financial year leaving a significant shortfall this financial year (+£1.1m). Due to the timing nature of this overspend, it will be met from reserves in 2022-23 and the reserve repaid with late income received in 2023-24.  The remaining overspend relates to increased payments to operators, including additional capacity payments, following an increased take up of passes, offset in part by additional income (+£1.0m). The position would be improved should the service not be required to pay bus operators at budgeted levels for the summer term in line with a request from Government (+£0.4m).
Highway Assets Management (Highways & Transportation)	+£1.2m	Energy inflationary pressure, partially offset by income.	The cost of energy for streetlighting, tunnels and traffic signals has increased significantly since the budget was set (+£1.7m). The projection is based on a known summer price and an estimated winter price as advised by LASER, although the latter is expected to be confirmed shortly. Increases in street works and permit income partially offset the additional energy costs plus small overspends in Highways Managers and Soft Landscaping.
Growth and Support to Businesses (Growth & Communities)	+£1.2m	Non-achieved income target	The business rate pool between KCC and districts and boroughs funds a range of regeneration and economic development projects. To date it has not been possible to identify and agree projects and spend that could be funded by the Business Rate pool. Further work will be undertaken to achieve this income target, this shortfall in income relates to (+£1.5m). This is partially offset by other small variances including vacancies in staffing.
Residual Waste, (Environment & Waste)	+£0.5m	Inflationary pressure partially offset by reduced volumes	This overspend relates to the significant price pressure for Allington Waste to Energy plant as the contractual uplift based on April RPI was much higher than the budgeted estimate (£2.6m). This is offset by reduced tonnes (-£2.0m).
Public Protection (Enforcement) (Growth & Communities)	+£0.2m	Trading Standards new burdens grant not received	The budget for this service was built on the assumption that funding would accompany the additional burdens being placed on Trading Standards following EU Exit (including Border Ports, Animal Health, and Feed Officers/Teams) but no Government funding has been forthcoming. (+£0.5m). This is partially offset by other small underspends including vacancies in staffing.



Waste Facilities & Recycling Centres (Environment & Waste)	-£0.2m	Favourable recycling prices offsetting other pressures	This underspend is due to favourable prices relating to the material recycling facility as well as additional income for recyclables (-£1.7m) and a reduction in tonnes primarily composting and food waste (-£0.5m). However, these savings are almost entirely offset by pressures within haulage (£0.4m), increased price of composted waste (£0.4m), inflationary increases in the costs of managing Transfer Stations and Household Waste Recycling Centres (£0.4m), and shortfalls in some areas of income (£0.5m).
Libraries, Registration & Archives (Growth & Communities)	-£0.3m	Registration income offset by reduced Library income	Levels of Registration income remain high post pandemic (-£0.6m) but Library usage has not returned to pre-pandemic levels, with income lower in areas such as fines and printing (+£0.5m). There are several other smaller variances including staffing underspends due to vacancies. No government funding for the new burden costs resulting from increased demands on the Registration service, following the introduction of the Marriage Schedule Act 2021 (+£0.1m) has been forthcoming.
Transportation (Highways & Transportation)	-£0.4m	Underspend on Driver Diversion Schemes	This is largely due to an underspend within Driver Diversion Schemes resulting from vacancy management, an increase in client numbers and a reduction in venue costs (-£0.2m), together with small underspends across a range of budgets. The increased cost of energy for traffic signals has resulted in a small overspend (+£0.1m).
English National Concessionary Travel Scheme (ENCTS) (Highways & Transportation)	-£1.9m	Activity is below budgeted level	The service is projecting an underspend (-£1.9m) as activity is projected to be below the levels built into the budget.  The Government's expectation is that bus operators are paid at pre pandemic rates, reducing towards actual activity by the end of the financial year. Without this request, the service would have been projecting an additional underspend of around (-£2.4m), (-£4.3m in total).

	Budget £m	Revenue Projected Outturn £m	Projected Variance		Movement (+/-) £m
			Net Revenue Projected Variance £m	Last reported position (June) £m	
Finance	12.7	12.8	0.1	0.2	(0.1)
Strategic Commissioning	8.0	8.0	(0.1)	0.1	(0.2)
Governance, Law & Democracy	8.3	8.1	(0.2)	(0.2)	0.0
Strategy, Policy, Relationships & Corporate Assurance	4.4	4.3	(0.1)	0.0	(0.1)
Strategic Management & Directorate Budgets (S&CS)	0.0	(0.4)	(0.4)	0.0	(0.4)
<b>Chief Executive's Department</b>	<b>33.5</b>	<b>32.7</b>	<b>(0.7)</b>	<b>0.1</b>	<b>(0.8)</b>

The Chief Executive's Department is projected to underspend by -0.7m

This consists of the following variances within several key services as below:

Key Service (Division)	Variance	Summary	Detail
Strategic Management & Directorate Budgets (S&CS)	-£0.4m	Reduced Early Retirement Costs	This projected underspend is due primarily to reduced early retirement costs.
Governance, Law & Democracy	-£0.2m	Additional income	Increased income from Schools' appeals together with reduced cost of provision.
Strategic Commissioning	-£0.1m	Difficulties recruiting commissioning staff	Staffing underspend due to difficulties recruiting commissioning staff.
Strategy, Policy, Relationships & Corporate Assurance	-£0.1m	Release of contingencies	Release of contingency budget (held against unpredictable risk exposure), which is no longer required.
Finance	+£0.1m	Overspend against staffing.	This projected overspend relates to staffing and is due primarily to currently unfunded trainee costs.

	Budget	Revenue Projected Outturn	Projected Net Revenue Variance	Projected Variance Last reported position (June)	Movement (+/-)
	£m	£m	£m	£m	£m
Infrastructure	6.2	6.2	0.0	0.0	0.0
Strategic Management & Departmental Budgets (DCED)	3.3	3.3	0.0		
Technology	24.0	23.8	(0.2)	(0.6)	0.4
Corporate Landlord	27.1	28.9	1.9	1.3	0.5
Marketing & Resident Experience	6.0	6.0	0.0		
Human Resources & Organisational Development	5.1	4.9	(0.2)	(0.3)	0.1
<b>Deputy Chief Executive's Department</b>	<b>71.7</b>	<b>73.2</b>	<b>1.4</b>	<b>0.4</b>	<b>1.0</b>

The Deputy Chief Executive's Department is projected to overspend by +£1.4m.

This is mainly due to a projected overspend within Corporate Landlord, with minor projected underspends within the Technology, and Human Resources & Organisational Development Key Service lines.

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

Key Service (Division)	Variance	Summary	Detail
Corporate Landlord	+£1.9m	Inflationary Pressure on Utilities	<p>There is a +£1.9m projected overspend which is due to an anticipated increase in utility costs across all properties. These increases are related to the current national trend and are significantly higher than the budgeted price increase funded as part of the 2022-23 budget. The projected overspend has been modelled by Laser.</p> <p>This position does not show the effect of the government's energy support scheme (the position will be updated in future reports).</p>

	Projected Variance				
	Budget £m	Revenue Projected Outturn £m	Net Revenue Projected Variance £m	Last reported position (June) £m	Movement (+/-) £m
Non-Attributable Costs	129.4	123.0	(6.5)	(5.7)	(0.8)
Earmarked Budgets Held Corporately	(0.3)	(0.3)	0	0.0	0.0
<b>Net Total incl provisional share of CHB</b>	<b>129.2</b>	<b>123.0</b>	<b>(6.5)</b>	<b>(5.7)</b>	<b>(0.8)</b>

Non-Attributable Costs are projected to be underspent by (£6.5m). -£3m of the underspend relates to a drawdown from reserves of the S31 grant for Covid Additional Relief Fund (CARF) which was accrued for in 2021-22.

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

Key Service (Division)	Variance	Summary	Detail
Non-Attributable Costs	-£6.5m	S31 grant for Covid Additional Relief Fund (CARF), net debt costs and increase in Extended Rights to Travel grant	<p>-£3.0m of the underspend is due to the drawdown from reserves of the S31 grant for Covid Additional Relief Fund (CARF) which was accrued for in 2021-22 based on a government data collection exercise and the final figure has not been confirmed. This funding had not been built into the 2022-23 budget and will be an in-year underspend.</p> <p>-£2.4m net debt costs due to the estimated impact of the increase in the Bank of England base rate on our interest on cash balances.</p> <p>-£1.0m increase in the Extended Rights to Travel grant compared to the budget assumption.</p>

**The latest forecast for the Schools' Delegated Budget reserves is a surplus of £59.9m on individual maintained school balances, and a deficit on the central schools' reserve of £146.6m.**

The balances of individual schools cannot be used to offset the overspend on the central schools reserves and therefore should be viewed separately. The table below provides the detailed movements on each reserve.

The Central Schools Reserve holds the balance of any over or underspend relating to the Dedicated Schools Grant (DSG). This is a specific ring-fenced grant payable to local authorities to support the schools' budget. It is split into four main funding blocks, schools, early years, high needs and central, each with a different purpose and specific rules attached. The Council is required to hold any under or overspend relating to this grant in a specific reserve and is expected to deal with any surplus or deficits through future years' spending plans.

	Individual School Reserves	Central Schools Reserve	<i>Note: a negative figure indicates a drawdown from reserves/deficit</i>
Balance brought forward	61.3	-97.6	
Forecast movement in reserves:			
Academy conversions and closing school deficits	-1.4		
School Block Related Spend		-3.1	
High Needs Placements, Support & Inclusion Fund		-44.9	
Underspend on Early Years		0.2	
Overspend on Central DSG Budgets		-1.1	
Forecast reserve balance	59.9	-146.6	

In accordance with the statutory override implemented by the then Ministry of Housing, Communities & Local Government (MHCLG) during 2020-21, and in line with the Department for Education (DfE) advice that local authorities are not expected to repay deficits on the DSG from the General Fund and can only do so with Secretary of State approval, the central DSG deficit of £146.6m will be held in a separate unusable reserve from the main council reserves. This statutory override is currently in place until April 2023 and may be further extended whilst Councils implement recovery plans. The Council continues to work with the Schools Funding Forum to address the deficit. The DfE have invited the Council to take part in the second round of the Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery; this may include further funding from the DfE to pay off part of the deficit but only if the Council can demonstrate a credible plan. The DSG deficit is the Council's single biggest financial risk; therefore, the finalisation and successful implementation of the Council's deficit recovery plan is critical. The SEND Green Paper published earlier this year sets out the Governments proposed reforms to the SEND and alternative provision (AP) system which in part is expected to support a more sustainable high needs funding system although it is recognised this will not impact immediately and local actions are required.

Key Issues	Details
School Block: One-off Settlement	<p>The DSG Reserve as at 31<sup>st</sup> March 2022 of £98m is formed from a net surplus on the Schools Block of £3m and a net deficit on the High Needs block of £101m. The two blocks of funding have different purposes and rules and Secretary of State Approval is needed to transfer funding from the schools' block to other funding blocks. The Schools Block funds primary and secondary schools' budgets, and the accumulated balance from previous years underspend, has been fully committed to be paid to schools, as a one-off additional payment to support the cost of changes to the calculation of pay for term time only staff. Payments began in 2021-22 and the remaining payments are expected to be paid in 2022-23.</p>
Early Years: general underspend	<p>The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds. Each year, when setting the funding rate an estimate must be made as to likely hours that will be provided to ensure it is affordable within the grant provided. This can lead to minor under or overspends if activity is slightly lower or higher than expected. This has led to a small underspend of £0.2m, which will be used to partly fund spend on the Early Years SEN Inclusion Fund which is currently funded from the High Needs Block.</p>
Reduction in government funding for Central Services	<p>Since 2020-21, the Government has reduced the funding used to support some of the central services currently funded from the DSG (£3.3m). Although some of this has been addressed through the Medium-Term Financial Plan (£1.5m) and other short term alternative funding sources (£1.3m) without any direct impact to schools; we are currently undertaking an initial scoping of the areas we may need to review in terms of our future relationship with schools in line with Government policy, funding and wider DSG deficit recovery plan and implement changes that will eliminate the funding shortfall.</p>
Higher demand and higher cost for high needs placements	<p>The High Needs Block (HNB) is intended to support the educational attainment of children and young people with special educational needs and disabilities (SEND) and pupils attending alternative education provision. The HNB funds payments to maintained schools and academies (both mainstream and special), independent schools, further education colleges, specialist independent providers and pupil referral units. Some of the HNB is also retained by KCC to support some SEND services (staffing/centrally commissioned services) and overheads.</p> <p>The net deficit on the high needs block was £101m as at 31st March 2022 and is estimated to increase to around £147m by 31st March 2023. The overspend on the high needs block has been growing significantly over recent years and is the most significant financial risk to the council.</p> <p>The forecast in-year funding shortfall for High Needs placements and support in 2022-23 is +£46m due to a combination of both higher demand for additional SEN support and higher cost per child resulting from greater demand for more specialist provision. The forecast levels of growth are expected to be similar to previous years, since the introduction of the legislative changes in 2014, which also saw the expansion of duties to the age of 25 without sufficient extra funding. Many other local authorities are also reporting deficits on their high needs block resulting from significant increases in their number of EHCPs and demand for SEN services. However, the increases locally are increasing at a significantly faster rate than the other comparative councils and the council is now placing a greater proportion of children in both special and independent schools compared to other local authorities, and a smaller proportion of children with</p>

SEND included in mainstream schools. The tables below detail the trend in both spend and number of HNB funded places or additional support across the main placement types.

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Table: Total Spend on High Needs Block by main spend type

	19-20 £'ms	20-21 £'ms	21-22 £'ms	22-23 £'ms
Maintained Special School	97	106	123	136
Independent Schools	40	49	60	70
Mainstream Individual Support & SRP* **	38	46	54	62
Post 16 institutions***	16	17	19	21
Other SEN Support Services	44	49	43	49
Total Spend	234	264	299	338

\*Specialist Resource Provision

\*\* Please note this data excludes any costs incurred by primary & secondary schools from their own school budget.

\*\*\*Individual support for students at FE College and Specialist Provision Institutions (SPIs)

Table: Average number of HNB funded pupils receiving individualised SEN Support/placements. This is not the total number of children with SEN or number of EHCPs.

	19-20 No	20-21 No	21-22 No	22-23 No
Maintained Special School	4,751	5,118	5,591	5,760
Independent Schools	907	1,126	1,348	1,554
Mainstream Individual Support & SRP*	3,922	4,510	5,258	5,938
Post 16 institutions***	1,196	1,281	1,453	1,516
Total Number of Pupils	10,776	12,035	13,650	15,069

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

	19-20 £s per pupil	20-21 £s per pupil	21-22 £s per pupil	22-23 £s per pupil
Maintained Special School	£20,330	£20,629	£21,648	£22,066
Independent Schools	£43,851	£43,734	£44,799	£45,349
Mainstream Individual Support & SRP*	£9,691	£10,294	£15,464	£16,326
Post 16 institutions***	£13,393	£13,309	£13,090	£13,865

Since 2020-21 the Government has provided further funding; however, as can be seen from the projection, this has been insufficient to meet the demand and we will need to take further actions to ensure we are able to support children with SEN sustainably, in partnership with the Schools Funding Forum. The Council, with support from Schools, Schools Funding Forum and the Secretary of State have continued to transfer £10m from the schools' budget to the high needs budget each year to fund activities to support inclusive practices in mainstream schools. These activities are being implemented and their impact monitored.

Our response to the Written Statement of Action (WSOA), put in place to address a number of areas of concern raised in the 2019 Ofsted/CQC Local Area SEND Inspection,



overlaps in a number of places with our strategy for reducing the pressure on the High Needs budget. The recent re-inspection has identified further accelerated progress is required to address these concerns and a renewed focus on actions to support improvements across the SEN system. Overlapping actions include:

- Reviewing our commissioning strategy for SEN provision across the county including supporting the development of new special schools and Specialist Resource Provisions to reduce our increasing reliance on independent schools including the opening of two new special schools last year which when fully opened will avoid over 350 higher cost placements.
- Reviewing commissioning arrangements including independent providers, home tuition and therapy services.
- Improving parental confidence through supporting inclusive practice and capacity building in mainstream schools and FE Colleges to reduce reliance on special and independent schools. This will support the council's ambition set out in the report presented to Cabinet in January setting out the council's intention to support a model of provision where the proportion of children and young people supported in each provision type (mainstream and specialist provision) will more closely reflect both statistical neighbours and national averages.
- Further collaborative working with Health and Social Care partners

The longer-term impact of children being out of school during the COVID pandemic on this budget is starting to be evidenced though increasing demand for Social Emotional and Mental Health (SEMH) services.



# 11 Savings

Target for year £51.6m  
£35.3m savings to be delivered

The budget agreed at County Council included the requirement to deliver savings totalling £41m during 2022-23. A further £10.6m of undelivered savings from the previous year are included in the overall 2022-23 savings requirement of £51.6m. £24.7m of the total £41m agreed savings are on track to be delivered, with the breakdown of the position as follows:

- A net position of £14.3m is forecast for ASCH, CYPE and GET as not achieved in 2022-23 and will slip into future years;
- £4.5m has been identified by ASCH, CYPE, and GET as undeliverable in 2022-23;
- The Public Health, CED and DCED savings for 2022-23 are £2.6m and are on track to be delivered;
- The NAC overachieved saving is due to £2m relating to additional MRP saving due to fewer assets becoming operational in 2021-22 as a result of slippage in the capital programme and £0.5m over-achievement of forecast dividends from our wholly-owned companies.
- £10.6m of undelivered savings from the previous year have been delivered

Directorate	Previous year saving delivered in 2022-23 £m	2022-23 Target £m	Not achieved in 2022-23 £m	Saving no longer required £m	Not Deliverable £m	Over Recovery £m	Forecast Savings 2022-23 £m
Adult Social Care & Health	5.4	22.2	(11.0)		(1.4)		15.1
Public Health		2.2		(0.1)			2.1
Children, Young People & Education	5.2	2.7	(0.8)		(0.9)		6.1
Growth, Environment & Transport		7.1	(2.5)		(2.2)	0.2	2.6
Deputy Chief Executive's Department		0.1					0.1
Chief Executive's Department		0.4					0.4
Non Attributable Costs		6.1				2.5	8.6
Corporately Held Budget		0.3					0.3
<b>Total</b>	<b>10.6</b>	<b>41.0</b>	<b>(14.3)</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>2.7</b>	<b>35.3</b>

Directorate	2022-23 Target £m	Previous year saving delivered in 2022- 23 £m	Not achieved in 2022- 23 £m	Saving no longer required £m	Not Deliverab le £m	Over Recovery £m	Forecast Savings 2022-23 £m	Split of Forecast savings 2022-23		
								As planned £m	from alternative s (ongoing) £m	from alternati ves (one-off) £m
<b>Adult Social Care &amp; Health</b>	<b>22.2</b>	<b>5.4</b>	<b>(11.0)</b>		<b>(1.4)</b>		<b>15.1</b>	<b>12.5</b>	<b>2.0</b>	<b>0.6</b>
Transformation: Service Redesign	8.4	5.4	(6.6)		(1.0)		6.2	3.7	1.9	0.6
Efficiency: review of existing contracts for commissioned services	5.0		(4.4)		(0.3)		0.3	0.2	0.1	
Income: uplift in social care client contributions	2.5						2.5	2.5		
Policy: Housing Related Support - Homelessness	2.3						2.3	2.3		
Policy: Strategic Review of in-house services	3.4						3.4	3.4		
Policy: review existing contracts & grants with voluntary sector	0.6				(0.1)		0.4	0.4		
Policy: Adult social care non residential charging										
<b>Public Health</b>	<b>2.2</b>				<b>(0.1)</b>		<b>2.1</b>	<b>2.1</b>		
Grant Income: Increase in Public Health Grant	2.0						2.0	2.0		
Income: increase in income for externally funded posts	0.1						0.1	0.1		
Small efficiency savings	0.2				(0.1)		0.1	0.1		

<b>Children, Young People &amp; Education</b>	<b>2.7</b>	<b>5.2</b>	<b>(0.8)</b>	<b>(0.9)</b>	<b>6.1</b>	<b>4.0</b>	<b>1.4</b>	<b>0.7</b>	
Transformation: Change for Kent Children (In-house fostering, newly qualified social workers & social work establishment)		3.1	(0.2)	(0.9)	2.0	0.2	1.4	0.4	
Transformation: Community Learning & Skills Efficiency: SEN Transport re-procurement		2.0			2.0	2.0			
Efficiency: savings to offset reduction in Central Services for Schools Block DSG	0.8		(0.5)		0.3			0.3	
Efficiency: efficiency measures within Community Learning & Skills Grant income: new Supporting Families grant	0.2				0.2	0.2			
Income: uplift in social care client contributions	0.8				0.8	0.8			
Policy: Care Leavers placement cost reductions	0.1				0.1	0.1			
Policy: above inflation increase in price of Kent 16+ Travel Saver	0.4				0.4	0.4			
Policy: Adult social care non residential charging	0.4				0.4	0.4			
Policy: introduce HTST hubs for SEN children		0.1	(0.1)						
<b>Growth, Environment &amp; Transport</b>	<b>7.1</b>		<b>(2.5)</b>	<b>(2.2)</b>	<b>0.2</b>	<b>2.6</b>	<b>2.2</b>	<b>0.3</b>	<b>0.1</b>
Transformation: re-focus Sports & Physical activity service to deliver Public Health outcomes with grant funding allocated accordingly	0.2				0.2	0.2			

Transformation: introduction of use of Digital Autopsy within Coroners service	0.1	(0.1)			
Transformation of Country Parks					
Efficiency: Waste renegotiation of gate fee	0.2	0.2	0.3	0.2	
Efficiency: Waste dampening of impact of new recycling performance payments	0.2		0.2	0.3	
Efficiency: Review of school road crossing patrol service	0.1	0.1	0.1	0.1	
Efficiency: Release of LRA ambition delivery budget	0.1	0.1	0.1	0.1	
Efficiency: review of early retirement budget					
Efficiency: Kent Scientific Services savings from expanding toxicology service					
Efficiency: Review of LRA non staffing spend					
Efficiencies within Heritage Conservation Service					
Grant Income: Assumed new burdens grant for ongoing EU Exit costs incl Border Ports and new responsibilities under the Marriage Schedule Act 2021	0.7	(0.6)	0.1		0.1
Income: Reprioritise external income to support the wider economic recovery within Kent	1.5	(1.5)			
Income: Increase in net income for street works and permit scheme	0.4		0.4	0.4	
Income: Kent Travel Saver price increase to offset bus operator inflationary fare increases	0.1		0.1	0.1	
Income: surplus generated from Solar Park					

Income: Review of charges for service users (Coroners SLA with Medway & Highways charges)	0.1		0.1	0.1
Policy: Review and reduction in subsidised bus contracts	2.2	(2.2)		
Policy: above inflation increase in the price of the Kent Travel Saver pass	0.9		0.9	0.7
Policy: HWRC booking system	0.2	-0.2		
Policy: Charge all non-Kent residents for using HWRCs	0.1		0.1	0.1
Policy: Reduction in Trading Standards budget	0.1	(0.1)		
Policy: Review of book start service to nursery settings				
Policy: Change neighbourhood notification as part of determination of planning applications				
<b>Deputy Chief Executive's Department</b>	<b>0.1</b>		<b>0.1</b>	<b>0.1</b>
Efficiency: Emergency Planning deletion of temporary post				
Policy: Review of on-call payments for tactical managers & emergency response team	0.1		0.1	0.1
<b>Chief Executive's Department</b>	<b>0.4</b>		<b>0.4</b>	<b>0.4</b>
Transformation: Automation of Adult Social Care payment system	0.1		0.1	0.1
Efficiency: Review of early retirement budget	0.3		0.3	0.3
<b>Non Attributable Costs</b>	<b>6.1</b>		<b>2.5</b>	<b>8.6</b>
Income: Return from our companies	4.0		0.5	4.5
Financing: Reduction in overall level of	2.1		2.0	4.1

## 11 Savings

Target for year £51.6m  
£35.3m savings to be delivered

prudential borrowing including review of amounts set aside for debt repayment (MRP)											
	<b>Corporately Held Budget</b>	<b>0.3</b>					<b>0.3</b>				<b>0.3</b>
	Efficiency: Workforce Management	0.3					0.3				0.3
	<b>Total</b>	<b>41.0</b>	<b>10.6</b>	<b>(14.3)</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>2.7</b>	<b>35.3</b>	<b>29.8</b>	<b>3.7</b>	<b>1.6</b>

Explanation of the Directorate Savings variances are shown below:

- 11.1 The ASCH budget savings for 2022-23 are £22.1m plus £5.4m previous year saving. Of the overall £27.5m £15.1m is identified as being on track to be delivered with £11.0m forecast to slip into future years, and £1.4m assumed at this stage not to be achievable.
- £11.0m of slippage is due to delays in the procurement of new models of care; Digital Front Door, Microenterprises and Technology Enabled Care (TEC) £4.8m, Commissioning activity £4.4m and a further £1.9m on 'Arranging support', both which are anticipated to be achieved fully once the new adult social care and health operating model is implemented fully next year, which has been delayed due to the scale and size of the restructure.
- Overall it is felt that £1.4m will not be achieved over the medium term £1m relates to 'Arranging Support' and £0.4m relates to Commissioning activity this will not be achieved over the medium term primarily due to the demand and pressures in the social care market, increased unit costs and potential overlap with other commissioning and review work that is underway.
- 11.2 The CYPE budget savings for 2022-23 £2.7m plus a £5.2m previous year saving. £6.1m has been identified as on track to be achieved, £0.9m will not be achieved and the remaining £0.8m has been slipped into future years.
- CYPE budget savings for 2022-23 were set at £2.7m and £5.2m of a prior year savings target has been added to the 2022-23 target, a total of £7.9m. £6.1m is forecast to be achieved this year, of which £2.1m relates to CFKC CSW agency and staffing savings that were not achieved and has been covered through alternative actions including use of MTFP funding and one-off grants.
- The remaining £0.8m savings has slipped into future years and is due to:
- delays in the piloting of standard pick up points for some SEN transport services until 2023-24 to allow more time to explore and plan for any changes.
  - efficiency savings to offset the anticipated 20% annual reduction in Dedicated Schools Grant: Central Services for Schools Block has not been achieved and is to be considered as part of a wider review of the



DSG and services currently paid for on behalf of the schools. This has been delayed further to reflect any requirements of the DSG safety valve plan.

- £0.2m of CFKC savings relating to foster carer recruitment has been slipped to future years where COVID has delayed delivery.

<p>11.3 The GET budget savings for 2022-23 are £7.1m. £2.7m is identified as being on track to be delivered with £2.2m forecast to slip into future years, £2.2m assumed at this stage not to be achievable.</p>	<p>The £2.2m saving that has not been delivered relates to a budget reduction to Subsidised/Supported Bus services that was agreed at County Council. A delay in progressing the decision has meant that the profiled savings have not been delivered as planned. The decision has now been taken and 90 days notice shortly to be given to operators so the saving will commence from mid February 2023.</p> <p>The £2.2m saving that has not been delivered comprises of two elements:</p> <ul style="list-style-type: none"> <li>• £0.7m was primarily an income target from a grant expected from Government for new burdens in relation to a new border control team that was a required following Brexit/Transition. No new burdens monies have been provided.</li> <li>• £1.5m was a proposal to try and utilise Business Rates income to fund regenerative and environmental activities. This has not been delivered in-year. The proposal will look to be rolled out to fund future growth pressures and projects going forward but this will be worked up working collaboratively with districts on certain projects/initiatives rather than having a target set.</li> </ul>
<p>11.4 The NAC budget savings for 2022-23 are £6.1m with £8.6m forecast to be achieved.</p>	<p>£2.0m over achievement relates to additional Minimum Revenue Provision (MRP) saving due to fewer assets becoming operational in 2021-22 due to slippage in the capital programme, but this is simply re-phasing of MRP into future years. £0.5m over-achievement of forecast dividends from our wholly-owned companies.</p>

## 12 Reducing the gap

This section sets out the management action being taken to reduce the Council's projected overspend of £60.9m, which are not yet reflected in this report. The actions identified to date are expected to deliver a reduction of £7.9m in spend by the end of the financial year, £6.2m one-off reductions and £1.7m that will have an on-going impact. Work is continuing to identify more actions to reduce the overspend further, to be as close as a possible to a balanced budget position. This is particularly important given the 2023-24 and medium term budget challenge. This section 12 also highlights the impact of these actions on the 2023-34 budget position.

Any overspend at the end of the financial year will need to be met from general or earmarked reserves, but this approach is not sustainable in the medium term.

Corporate Board Agreed Action	ASCH	CYPE	GET	CED	DCED	TOTAL	22-23 one-off	22-23 recurring	2023-26 MTFP impact		
									23-24	24-25	25-26
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
Corporate Directors to continue to work with their DMTs and services to substantially reduce the current gap e.g. reduced activity in non-essential areas,		+12.5	-600.0	-36.9	0.0	<b>-624.4</b>	-210.9	-413.5	-1,382.0	-300.0	250.0
"Deep dives" in key areas of demand led spend to identify options for savings / spending reductions through reducing future activity forecasts	-1,615.0	-415.0				<b>-2,030.0</b>	-1,615.0	-415.0	-2,243.8	-845.6	
Maximising use of grant funding and other income for existing eligible spend	-1,345.0	-2,000.0			-115.0	<b>--3,460.0</b>	-3,405.0	-55.0	0.0	0.0	0.0
Reviewing contract forward plan to identify contracts where quality / quantity can be amended to deliver savings or decommissioned entirely	0.0	0.0	0.0	0.0	-20.0	<b>-20.0</b>	-20.0	0.0	0.0	0.0	0.0
Ensuring potential discretionary spend over a particular threshold is avoided, largely non staffing	0.0	-250.0	0.0	0.0	0.0	<b>-250.0</b>	-250.0	0.0	0.0	0.0	0.0
Reviewing and monitoring agreed savings and cost reduction proposals to ensure they are delivered	0.0	0.0	0.0	0.0	-98.0	<b>-98.0</b>	-98.0	0.0	0.0	0.0	0.0
Formal process to approve workforce spend e.g. vacancy management, use of interims/agency etc.	0.0	-220.8	0.0	-700.0	0.0	<b>-920.8</b>	-620.9	-300.0	-300.0	0.0	0.0

## 12 Reducing the gap

Resource Review Panels to review spending for key demand led budgets e.g. care placements and packages	0.0	-480.2	0.0	0.0	0.0	-480.2	0.0	-480.2	-3,284.1	-2,400.2	0.0
	-2,960.0	-3,353.5	-600.0	-736.9	-233.0	-7,883.4	-6,219.8	-1,663.7	-7,209.9	-3,545.8	250.0

Directorate & Division	Details of Actions to be taken	22-23 one-off	22-23 Recurring	23-24	24-25	25-26
		£k	£k	£k	£k	£k
ASCH - Operations	Review of day care forecast	-900.0				
ASCH - Operations	Review of forecast for clients in receipt of more than one type of service	-715.0				
ASCH - Strat Mgmt.	Alternative eligible use of non-ringfenced grant	-845.0				
ASCH - Operations	Public Health Contribution to discretionary preventative services	-500.0				
		-2,960.0				

## 12 Reducing the gap

Directorate & Division	Details of Actions to be taken	22-23 one-off	22-23 Recurring	23-24	24-25	25-26
		£k	£k	£k	£k	£k
CYPE - ICS	Explore strategies, including statutory guidance, to reduce dependency on social work agency staff		12.5	-1,005.0	-300.0	
CYPE - ICS	Review of Integrated Children's Placements: Reduce dependence on high levels of additional support and seek enhanced contributions from health.		-225.0	-1,000.0		
CYPE - ICS	Reduction in Legal Services Spend through cost efficiencies by Invicta Law and review of the use of legal services by social workers		-169.1	-1,014.6	-845.6	
CYPE - ICS	Section 17 payments will only be made in exceptional circumstances where there is a clear statutory responsibility or where this avoids children coming into care		-20.8	-229.2		
CYPE - ICS	Maximise use of grants to meet statutory responsibilities	-2,000.0				
CYPE - ICS	Review all non-essential non-staffing spend across open access services	-250.0				
CYPE - ICS	Review of vacancies across the directorate	-220.9				
CYPE - SEND	Review of 18-25 community-based services (including daycare, transport, direct payments and supported living): ensuring strict adherence to policy, increased use of framework providers and enhanced contributions from health.		-165.9	-1,754.8	-1,334.1	
CYPE - SEND	Review of Children with disability packages: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health		-314.4	-1,529.3	-1,066.1	
		<b>-2,470.9</b>	<b>-882.7</b>	<b>-6,532.9</b>	<b>-3,545.8</b>	

## 12 Reducing the gap

Directorate & Division	Details of Actions to be taken	22-23 one-off	22-23 Recurring	23-24	24-25	25-26
		£k	£k	£k	£k	£k
GET - H&T	Increased income from Technology bagging-up to offset rise in activity		-100.0	-100.0		
GET - H&T	Developer Agreements contribution to part-offset cost increases		-300.0	-250.0		250.0
GET - H&T	Stop in-year road safety campaigns	-100.0				
GET - H&T	Public Protection staff/vacancy management and income opportunities	-100.0				
		<b>-200.0</b>	<b>-400.0</b>	<b>-350.0</b>		<b>250.0</b>

Directorate & Division	Details of Actions to be taken	22-23 one-off	22-23 Recurring	23-24	24-25	25-26
		£k	£k	£k	£k	£k
CED - Strat Comm	Management action to reduce non-essential spend	-10.9	-26.0	-27.0		
CED - Strat Comm	Hold vacancies in year pending the review of the Strategic Commissioning structure.	-400.0	-300.0	-300.0		
		<b>-410.9</b>	<b>-326.0</b>	<b>-327.0</b>		

## 12 Reducing the gap

Directorate & Division	Details of Actions to be taken	22-23 one-off	22-23 Recurring	23-24	24-25	25-26
		£k	£k	£k	£k	£k
DCED - Property	Increased cost retrieval from industry for regulatory compliance interventions	-60.0				
DCED - Property	Recharge a proportion of team members' time spent working on EU Exit / KRF Pilot		-55.0			
DCED - CLL	Temporary Closure of part floors of buildings or on certain days of the week where occupancy levels are low. Targeted Utilities saving	-20.0				
DCED - CLL	Temporary closure of Henwood and Aylesford Offices in 2022/3 with consolidation into other offices	-98.0				
		<b>-178.0</b>	<b>-55.0</b>			

Directorate	Capital Budget	Variance	Real Variance	Rephasing Variance
Adult Social Care & Health	1.8	-0.5	0.2	-0.7
Children, Young People & Education	96.7	-18.4	4.8	-23.2
Growth, Environment & Transport	255.1	-46.8	19.3	-66.1
Chief Executive's Department	0.6	-0.1	0.0	-0.1
Deputy Chief Executive's Department	37.0	-8.8	4.8	-13.6
<b>TOTAL</b>	<b>391.2</b>	<b>-74.6</b>	<b>29.1</b>	<b>-103.7</b>

The total approved General Fund capital programme including roll forwards for 2022-23 is £391.2m

The current estimated capital programme spend for the year as at the end of September is projected at £316.6m, which represents 81% of the approved budget. The spend to date as at the end of September is £120.8m, representing 31% of the total approved budget.

The directorates are projecting a £74.6m underspend against the budget, this is split between a +£29.1m real variance and -£103.7m slippage.

### Inflation

Across the capital programme there are inflationary pressures that are forecast to hit predominantly from 2023-24. The main areas impacted are below:

Education capital projects - £18m forecast inflation pressure based on the latest information from quantity surveyors, of which, £8.1m is included within the current forecast. The majority of the inflation pressure is likely to hit in 2023-24 and 2024-25.

### Highways Asset Management (HAM)

The resurfacing element of HAM will not be impacted by inflation until after January 2023 when the contract is renewed for next year's programme of works. The impact could be as much as 20% increase. If there is no additional funding available then less works will be able to be done within the resource available, accelerating the maintenance backlog.

For structures and other areas within this budget the inflation increase will result in less work being done within the budget available and things will have to get pushed back to future years.

### Major Highways Schemes - schemes in delivery

The Major Capital Programme team are currently delivering seven schemes which have achieved funding, awarded a construction contract and are currently being delivered on site through a contractor. Where the existing scheme allowance for inflation and cost increases cannot be met by risk and contingency budgets, projects have been descoped to meet the available funding. In all cases, the Council will be a last resort for covering increased costs and additional funding options will be explored and requested from Central Government or the District Council that KCC are delivering on behalf of.

Major Highways Schemes - schemes not yet in delivery

The Major Capital Programme Team are currently progressing 13 schemes which have unlocked external funding, been designed and have either achieved or are very close to achieving planning. The KCC Commissioning Team have been engaged and a contract award is required in the next 12 to 18 months. An increase in cost due to inflation is dependent on how the market prices each scheme through the procurement phase and whether KCC is willing to potentially accept further risk and award a construction contract, noting that this increase may not be fully felt until delivery begins on site.

2022-23 Variances

The major variances (>£1m rephasing and >£0.1m real variances) are described below:

**Adult, Social Care & Health:**

Project	Real Variance £m	£m	Detail
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New variances to report:

There are no variances to report.

**Children, Young People & Education:**

Project	Real Variance £m	Slippage£m	Detail
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New Variances to Report:

Annual Planned Enhancement Programme	2.0	-0.5	Real variance represents decarbonisation projects for which Salix funding may be available but has not yet been bid for. If unsuccessful there will be a funding gap. There is also a projected overspend of £6.2m across 2023-24 and 2024-25 due to facilities management referrals which have been identified as priority 1's.
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Basic Need Kent Commissioning Plan 2017	3.2	-6.3	The real variance is due to: -£2.7m Deal School and -£1m Oakley Satellite now being reported under High Needs Provision 22-24. +£0.3m Ebbsfleet Green Primary – correction of prior years costs. +£0.2m Sunny Bank Primary due to additional works agreed to finalise the project. +£6.2m correction to overall budget due to funding re Royal School for the Deaf inadvertently added back twice into basic need, which was highlighted during the closure of accounts.
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			Slippage due to: -£3.3m Meopham School – the contract has only recently been awarded. -£3.0m Thamesview School due to a delay going out to tender. (Previously reported -£1.8m real and -£0.5m slippage).
Basic Need Kent Commissioning Plan 2018	-0.8	-2.2	The real variance is due to -£ 1.2m Garlinge Primary now being reported under the High Needs Provision line and +£0.4m Tunbridge Wells Boys Annex where the previous forecast was incorrect but it was completed within the Record of Decision (ROD). The slippage is due to Dartford Bridge Primary – offices within the school site are being used by other services and need to be vacated before the expansion can proceed. (Previously reported -£1.2m real and -£0.9m slippage).
Basic Need Kent Commissioning Plan 2019	1.0	-12.0	Real overspend due to: +£0.9m Towers School – previous forecast too low but is within ROD. +£0.6m Whitstable & Seasalter Junior which includes improvement and modernisation works from Annual Planned Enhancement. -£0.5m Nexus Special School now being reported under High Needs Provision 2022-24. Rephasing is due to: -£4.0m Borden Grammar due to a review of design required. -£2.9m Chilmington Green Secondary – initial service installation works have not yet been started. -£1.6m Queen Elizabeth’s Grammar – a school managed project where expenditure is dependant on parties agreeing and signing a funding agreement. -£1.5m Maidstone Girls Grammar- the costs came in high and the quantity surveyor is now reviewing the project which has delayed works. (Previously reported +£3.5m real variance).
Basic Need Kent Commissioning Plan 2020 (2021-25)	-0.5	-2.8	The real variance is due to Dover Christ Church as places are not needed until 2028-29 so it has been removed. The slippage is due to St Mary of Charity Primary where places are not needed until 2024 at the earliest. (Previously reported -£1m slippage).
Basic Need Kent Commissioning Plan 2021 (2022-26)	-0.3	-2.3	The real variance is due to: +£1.0m Archbishop’s School – an urgent bulge year is required. -£0.6m Parkside Primary where expansion is no longer needed. -£0.4m Towers School where expansion is no longer required. -£0.3m Meadowfield School satellite now reported under High Needs Provision 22-24.

£1.8m of the slippage is due to Marden Primary where the timing of expenditure is dependent on parties agreeing and signing a funding agreement, and delivery timescales by the school.

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Overall Basic Need Programmes

Across the basic need programmes over the next three years, there is a projection in excess of current budget of approximately £11m. Of this, £6m is due to forecast inflation pressures, which are not expected to materialise until 2023/24 and 2024/25. There are sufficient basic need grant allocations to cover the expected overspend in the current programme, however cash limit changes are on hold pending discussions around total pressures on the capital programme.

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High Needs Provision

0.6

The variance is due to:  
 +£0.4m Tenders for the Canterbury Academy are higher than expected due to the requirement of a steel frame.  
 +£0.1m Parkside Primary where design changes have increased costs.  
 (Previously reported +£0.3m real variance).

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High Needs Provision 2022-24

-0.6

+6.3

The real variance of -£0.6m is to be used to fund the overspend on the High Needs Provision 21-22 line.

The slippage is due to a number of projects that have been added and brought forward: Deal Special School, Garlinge Primary, Oakley Satellite, Nexus Satellite and Sunny Bank Primary. Expenditure is to be funded from the high needs grant which is due to be received in 2022/23.  
 (Previously reported +£5.8m slippage).

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School Roofs

-2.6

Birchington CEPS is not commencing until the completion of Lunsford Primary as the mobiles purchased are to be used at Birchington. There is also a forecast overspend of £1m across later years and a revised ROD is being sought.

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*Previously reported variances:*

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*Modernisation Programme*

+0.1

*The real variance is due to a project which has been transferred from the Annual Planned Enhancement Programme. Funding will be transferred and listed in the cash limit changes section of the report.*

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*Basic Need Kent Commissioning Plan 2016*

+0.2

*The real variance is due to the addition of a school managed project to enable additional places.*

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Overall Basic Need Programmes

Across the basic need programmes over the next three years, there is a forecast in excess of current budget of approximately £15m. Of this, £7m is due to forecast inflation pressures, the majority of which are not expected

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to materialise until 2023/24 and 2024/25. There are sufficient basic need grant allocations to cover the expected overspend, however cash limit changes are on hold pending discussions around other pressures on the capital programme.

Nest 2 -1.6 Slippage due to land being sought and the project is still at discussion/planning stage.

### Growth, Environment & Transport:

Project	Real Variance £m	Slippage £m	Detail
<u>New Variances to Report:</u>			
Highways Asset Management and Programme of Urgent Safety Critical Works (Highways & Transportation)		-16.8	The slippage includes £4.9m of Challenge Fund grant relating to tunnels/structures lighting and re-construction of the Thanet Way. The remaining slippage of £11.88m is due to a lack of Senior Resource in the Structures Operation Team due to the inability to recruit specialist staff and rolling forward funds due to the scale of some projects and lead in time for design, tendering and commissioning. There are also delays with Amey delivery times.
A229 Bluebell Hill M2 and M20 Interchange Upgrades (Highways & Transportation)		-4.4	This project is awaiting commitment of funding from the Department for Transport therefore it has been profiled across future years
Bath Street Fastrack (Highways & Transportation)		-2.0	The invitation to tender (ITT) has been delayed due to last minute design changes due to statutory undertake requirements. The ITT is now being issued October 22 meaning the likely start for the contractor will be mid February 23.

Bearsted Road (National Productivity Investment Fund) – Kent Medical Campus (Highways & Transportation)	1.4	-7.9	Significant challenges have been encountered during the design phase which has delayed the programme and contract award. The current profiling reflects expected construction to commence in January 2023 (delayed from April and then August 2022), however since the original pricing of the contract, there have been significant increases in construction costs, notably due to increase in energy and fuel prices and on top of this inflation costs have increased significantly along with changes to red diesel tax and National Insurance increases. Until the price and programme is agreed there could be further changes to the profiling and the overall cost The predicted overspend is due to delays and loss of income due to COVID. (Previously reported -£1.9m slippage).
Dartford Town Centre (Highways & Transportation)		-2.9	The project has been delayed due to partner project management changes, that are now resolved, therefore budget has been reprofiled to 2023/24.
Dover Inter Border facility (Highways & Transportation)	0.7		The real variance is due to additional grant that needs to be added to the cash limit.
Fastrack Full Network (Highways and Transportation)		-8.1	Over the last year or so Balfour Beatty have been slow completing the Preconstruction stage and reviewing internal governance regarding their ability to deliver the works etc. We have therefore been unable to start the tunnel works and have been moving costs back. We have now reached the situation where the project costs have increased significantly, particularly due to inflation pressures. The works are now beyond the available budget and a review is in hand to determine if our funders will/can provide additional budget. At this stage little construction spend is now forecast for FY22/23. (Previously reported -£6.0m)
Faversham Swing Bridge (Highways & Transportation)		-1.2	There are ongoing discussions with Peel Ports relating to this project.
Government Transition Works (Highways & Transportation)	2.0		The variance is due to additional grant funding for the works at Sevington, which will be added to the cash limit.
Herne Relief Road (Highways & Transportation)		1.0	The spend on this project has been reprofiled to more accurately report the anticipated monthly spend for the works based on the current programme for the scheme. Funding is available to cover this spend being brought forward.

Housing Infrastructure Fund – Swale (Highways & Transportation)		-1.3	There are programme delays on Grovehurst Road and Key Street. The contract award was delayed by two months on Grovehurst Rd and by 6 months on Key Street due to ongoing works at M2 junction 5 and awaiting the planning consent of the adjacent development roundabout with an impact on the final proposals.
Sturry Link Road (Highways & Transportation)		-1.7	Delays in appointing the principal contractor has resulted in reprofiling to future years.
Leigh (Medway) Flood Storage Areas (Environment & Waste)	-0.1	-0.8	The funding originally allocated to this project (£2.5m) has now been split between this and a new line – Surface Water Flood Risk Management. The real variance therefore shows the amount to be transferred in this financial year.
Surface Water Flood Risk Management (Environment & Waste)	0.1		Funding to be vired from Leigh (Medway) Flood Storage Areas.
Local Authority Treescape Fund (Environment & Waste)	0.1		Additional grant has been received that needs adding to the cash limit.
Country Parks Access & Development (Growth & Communities)	0.2		Additional external funding has been received that needs adding to the cash limit.
Broadband Contract 2 (Growth & Communities)		-1.3	Invoice from BDUK is expected in 2023-24.
Digital Autopsy (Growth & Communities)		-2.5	The slippage is due to the project tender (ITT) for the DA and body store delivery failing. The project is now looking at alternative options to bring in the necessary providers. Given the amount of time this will take to bring forward, the capital spend has been deferred as the capital element can only be entered into at the same time as the revenue contracts to ensure the project is de-risked. (Previously reported -£1.9m slippage).
Innovation Investment Initiative (i3) (Growth & Communities)		-2.6	Due to the launch of the new Kent and Medway Business Fund scheme and the time constraints this has placed on the team it is not possible to also promote the i3 scheme this year so any forecasted expenditure has been pushed back to future years.
Kent & Medway Business Fund (Growth & Communities)		-3.0	Slippage is due to profiling now in line with anticipated loan applications and approvals.
Kent Empty Property Initiative (Growth & Communities)	1.6	0.6	The real variance is due to additional external funding expected to be received.

*Previously reported variances:*

<i>Highways Asset Management and Programme of Urgent Safety Critical Works (Highways &amp; Transportation)</i>	7.0	<i>The majority of the real variance is due to the re-establishment of the £7m Pothole Blitz programme. A solution for funding this is being worked up. +£0.5m relates to additional grant which has been awarded from the Department of Transport for traffic signal maintenance. +£0.2m relates to additional external funding which has been received towards the Urban Tree Challenge to reinstate tree loss. (Previously reported +£7.6m)</i>
<i>Integrated Transport Schemes (Highways &amp; Transportation)</i>	0.7	<i>The real variance is due to the addition of a number of minor schemes which will be externally funded and the cash limit will be increased when the funding is banked. (Previously reported +0.6m)</i>
<i>A226 St Clements Way (Highways &amp; Transportation)</i>	-0.2	<i>The defects period of the main works has been completed and retention has been released. An allowance has been held back this year to complete some minor works and for landscape works. The underspend is to be released back to the Strategic Transport Infrastructure Programme (formerly known as Kent Thameside Strategic Transport Programme) as these are the conditions of the funding.</i>
<i>Dover Bus Rapid Transit (Highways &amp; Transportation)</i>	-3.9	<i>The profiling of the scheme has been updated to reflect the latest works programme from Colas, and has resulted in slippage following slow mobilisation.</i>
<i>Green Corridors (Highways and Transportation)</i>	-2.4	<i>The slippage is due to the construction of the three largest sites (sites 6, 8 and 11) will span 2022/23 and 2023/24 financial years. The construction periods have been delayed so that the sites can be procured together and constructed by a single contractor. Other works nearby mean that the construction of these sites cannot begin before January 2023 due to road space availability and procurement timescales.</i>
<i>Kent Active Travel Fund Phase 3 (Highways &amp; Transportation)</i>	-1.2	<i>The areas covered by this grant are Herne Bay Seafront and Sevenoaks Urban area. Timeframes suggest £1.2m of the funding received will be in contract by the end of this financial year but spend will incur in 2023-24, hence the slippage. (Previously reported -£1.1m).</i>
<i>Thanet Parkway (Highways &amp; Transportation)</i>	5.4	<i>The costs in excess of budget are expected to start crystallising in this financial year with an anticipated overspend of £5.4m, and another £1.2m in 2022-23. Funding options are being sought and the position will continue to be closely monitored.</i>
<i>Kings Hill Solar Farm (Growth &amp; Communities)</i>	0.6	<i>Higher than anticipated costs have resulted in a forecast overspend, funding options are being explored. (Previously reported +£0.2m)</i>

*Javelin Way Development (Growth & Communities)*

-0.01

*Slippage is due to delays in finalising the legal agreements, and limited capacity of UKPN following the storms. (Previously reported -£1.0m).*

*Marsh Million (Growth & Communities)*

-0.3

*The project has now come to an end and distributions will be made to the contributors of the scheme.*

**Chief Executive’s Department:**

Project	Real Variance £m	Slippage £m	Detail
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New variances to report:

There are no variances to report

**Deputy Chief Executive’s Department:**

Project	Real Variance £m	Slippage£m	Detail
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New variances to report:

No new variances to report.

Previously reported variances:

<i>Modernisation of Assets</i>	+4.8	<i>The real variance is due to inflation (approximately £0.7m) and addressing category 1 and urgent works. Funding from the Public Sector Decarbonisation Fund will offset approximately 0.6m of the variance. There is a £0.3m revenue contribution towards works at Turner Contemporary. Funding options for the remainder of the overspend are being considered as part of the Capital Budget process to address the remainder of the overspend alongside other pressures identified on the Capital Programme. (Previously reported +£5.4m).</i>
<i>Dover Discovery Centre</i>	-4.1	<i>The project is reporting slippage as there have been delays in planning approval. The forecast for this year is for design costs only. (Previously reported -£2.4m).</i>
<i>Strategic Estate Programme</i>	-9.0	<i>The slippage reflects the descoping of initial Stage 2 proposals for Sessions and Invicta refurbishment to keep costs in line with the approved budget, which alongside a delay in the release of the Sessions House Masterplan means a postponement of the original planned commencement date for any refurbishment.</i>



**The purpose of this section is to monitor actual Council Tax discounts and collection rates against the budget throughout the year and to use this to inform collection fund and the Council Tax Base estimates to be included in next financial year's budget.**

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14.1 Council Tax income is vital source of funding for the Council's revenue budget

Council Tax income is a key source of funding for council services and makes up almost 70% of our net budget (and just under 50% of our gross budget). The amount generated through Council Tax is principally determined by the Council Taxbase. The Council Taxbase is the number of properties (expressed as the number of weighted band D equivalent properties) adjusted for exemptions, discounts and premiums, other minor adjustments (e.g. estimated new builds), the band D charge per property and the collection rate. The most significant discounts are the 25% single persons discount and the Council Tax Reduction Scheme (CTRS) for low income households.

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14.2 The budget is based on estimated Council Tax collection. Actual collections are managed through local district collection funds

The twelve Kent districts provide the budgeted Council Taxbase. This forms the basis for the County Council precept after applying the county's share of the Council Tax charge (including a separate precept for adult social care), which is included in the Council's annual budget. Districts must provide the budgeted precept to the County Council in-year and any difference between the budgeted precept and the actual Council Tax collected is accounted for by districts through their local collection funds.

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14.3 Following an unprecedented collection fund deficit in 2021-22 due to the pandemic, the budgeted taxbase for 2022-23 has increased by 2.63%

From 2015-16 to 2020-21 the budgeted taxbase increased each year by an average of 1.95%. During this period we also saw collection fund surpluses ranging from £3.9m to £12.5m, reflecting over-collection on the budgeted precept. The Covid-19 pandemic significantly affected both the discounts provided through the CTRS and the collection rate, and this resulted in an unprecedented collection fund deficit of £13.9m in 2021-22. This deficit is being accounted for over three years from 2021-22 to 2023-24.

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The budgeted increase in taxbase for 2022-23 is 2.63%. This increase reflects a return to pre-pandemic levels for the budget assumptions for CTRS discounts, and an improvement on collection rates from last financial year, from 97.8% to 98.2%.

The purpose of this section of the monitoring report is to provide an early indication of whether CTRS discounts and collection rates during the year are consistent with the amounts in the 2022-23 budget estimates, and to have early oversight of the likely impact of any variances on the collection fund and the Council Taxbase to be included in the forthcoming year's budget.

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## Budgeted Tax Base 2022-23

- 14.4 563,284.89 band D Equivalents = £823.1m for the County Council precept
- The 2022-23 net budgeted Council Taxbase for Kent is 563,284.89 band D equivalents which produces the County Council precept of £823.1m. The precept includes the following reductions: £74.2m due to single persons discount, £77.8m relating to Council Tax Reduction Scheme, and £15.4m for the expected collection rate loss. The table below shows the composition of the budgeted Council Taxbase for the Kent County Council precept:

	Band D equivalent	Total Precept @ £1,461.24
Number of Dwellings (692,361)	685,572.00	£1,001.8m
Less Exemptions & Disabled	-14,338.11	£-21.0m
Less Single Persons Discount	-50,801.21	£-74.2m
Less Council Tax Reduction Discounts	-53,216.26	£-77.8m
Less Other Discounts	-1,880.42	£-2.7m
Add Premiums, New Builds, etc	8,508.38	£12.4m
Less Collection Losses	-10,559.49	£-15.4m
Net Taxbase/Precept	563,284.89	£823.1m

The net precept of £823.1m includes £97.6m for the Adult Social Care precept.

## Council Tax Charge Increase

- 14.5 KCC's element of individual household Council Tax charge for 2022-23 increased by 2.994% compared to 2021-22
- The 2022-23 budget, which was approved by full council on 10th February 2022, included a 2.994% increase to the Council Tax charge. This increased the band D charge by £42.48, from £1,418.76 to £1,461.24. This increase consists of a £28.35 (1.998%) general increase up to the referendum limit and a £14.13 (0.996%) maximum permitted increase for the Adult Social Care Precept.
- Kent County Council and Kent Fire and Rescue Service have a total band D charge of £1,543.59. It is essential to include the Fire Authority's share of Council Tax for comparison purposes with other Shire Counties because some are still responsible for Fire & Rescue Services and do not levy a separate precept. The charge in Kent is ranked 10th out of 24 when compared with other Shire Counties, the highest charge is £1,728.66 and the lowest is £1,432.17.

### Monitoring

14.6 Quarter 2 monitoring is showing a forecast collection fund deficit of £6.2m, largely as a result of lower than estimated collection rates to date.

The twelve Kent Districts have provided an update as at quarter 2 on the Council Tax collection and level of CTRS claimants, and this information has been used to produce a forecast against the budget. The forecast is based on actual collection rates to date and the original projected collection rate for the remainder of the year, which is generally consistent with forecasting methodology for the rest of the Council's budgets.

The table below shows a forecast collection fund deficit of £6.2m (0.8%). This is predominantly due to lower than estimated collection rates (average collection rate 56.2% to date, compared to budgeted 57.0%).

	Budget	Forecast	Variance
CTRS	-£77.8m	-£77.7m	£0.1m
Collection Rate	98.2%	97.4%	-£6.3m
Forecast Collection Fund Deficit			-£6.2m

This projected variance is concerning and could indicate that we are starting to see the impact of the increase in cost of living and economic downturn in the form of lower than budgeted Council Tax collection rates. If this forecast was to materialise and not recover, then the Council would have to account for a deficit on the 2022-23 council tax collection in the 2023-24 budget, and potentially face a lower tax base for 2023-24 in what is already going to be an extremely challenging budget to balance.

It is worth noting that the forecast collection rate does not take into consideration any payments against 2021-22 arrears or the impact of the option for Council Tax payers to change to making payments over twelve monthly instalments (which changes the profile of collection compared to the standard 10 monthly payments). These factors are likely to reduce the forecast collection fund deficit by the end of the year, although data is not available to establish how much of an impact this will have.

In the context of the national cost of living crisis, CTRS and collection fund rates will continue to be closely monitored throughout the rest of the financial year. In addition, significant movements in forecast between quarter 1 and quarter 2 for individual districts are being investigated further. An update will be provided at quarter 3.

### 14.7 Conclusion

Council Tax remains a significant source of income and the 2023-24 budget currently assumes that the improved levels budgeted for in 2022-23 for CTRS discounts and collection rates will materialise. The forecast deficit of £6.2m is a concern, because both the 2022-23 deficit and reduced council tax collection rate will impact on the 2023-24 budget.

This position will continue to be monitored closely and an updated position, along with the outcome of the discussions with individual districts where significant movements have been seen from one quarter to the next, will be provided at quarter 3.

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## 15 Treasury Management Monitoring

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Treasury management relates to the management of the Council's debt portfolio (accumulated borrowing to fund previous and current capital infrastructure investments) and investment of cash balances. The Council has a comparatively high level of very long-term debt, a significant proportion of which was undertaken through the previous supported borrowing regime.

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15.1 Total external debt outstanding in September was £822.09m down by £3.88m since 31<sup>st</sup> March 2022

KCC debt includes £425.61m of borrowing from the Public Works Loans Board (PWLB). The vast majority is maturity debt (debt is only repaid upon maturity) at a fixed rate of interest. The average length to maturity of PWLB debt is 15.20 years at an average interest rate of 4.70%.

Outstanding loans from banks amount to £291.8m. This is also at fixed term rates with average length to maturity of 36.01 years at an average interest rate of 4.40%.

The council has £90m of Lender Option Borrower Option (LOBO) loans. These loans can only be renegotiated should the lender propose an increase in interest rates. The average length to maturity of LOBO loans is 38.97 years at an average interest rate of 4.15%.

The balance of debt relates to loans for the LED streetlighting programme. The outstanding balance is £14.68m with average of 11.74 years to maturity at an average rate of 1.80%.

KCC's principal objective for borrowing is to achieve an appropriately low risk balance between securing low interest rates and certainty of financing costs. This is achieved by seeking to fund capital spending from internal resources and short-term borrowing, only considering external long-term borrowing at advantageous interest rates.

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15.2 Majority is long term debt with 12.47% due to mature within 5 years

Maturity 0 to 5 years £102.49m (12.47%)<sup>1</sup>  
Maturity 5 to 10 years is minimal  
Maturity 10 to 20 years £212.00m (25.79%)  
Maturity over 20 years £507.60m (61.75%)

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15.3 Total cash balance at end of September was £476.1m, up by £12.3m from the end of March

Cash balances accrue from the council's reserves and timing differences between the receipt of grants and other income and expenditure. Balances are forecast to decline over the remainder of the year in line with the typical trend observed in previous years.

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<sup>1</sup> Split across the next five years is as follows: Year 1 £16.70m, Year 2 £20.60m, Year 3 £24.18m, Year 4 £24.00m, and Year 5 £17.00m

15.4 Cash balances are invested in a range of short-term, medium term and long-term deposits

Investments are made in accordance with the Treasury Management Strategy agreed by full Council alongside the revenue and capital budgets. The treasury strategy represents a prudent approach to achieve an appropriate balance between risk, liquidity and return, minimising the risk of incurring losses on the sum invested. Longer term investments aim to achieve a rate of return equal or exceeding prevailing inflation rates.

Short term deposits (same day availability) are held in bank accounts and money market funds. Current balances in short-term deposits in September were £113.7m (23.89% of cash balances). Short-term deposits enable the Council to manage liquidity. Bank accounts and money market funds are currently earning an average rate of return of 2.04%.

Deposits are made through the Debt Management Office (an executive agency responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds). As at the end of September, the Council had £31.8m in government bonds. These deposits represent 6.68% of cash investments with an average rate of return of 1.59%.

Medium term deposits include covered bonds, a form of secured bond issued by a financial institution that is backed by mortgages or public sector loans. In the UK the covered bond programmes are supervised by the Financial Conduct Authority (FCA). King and Shaxson acts as the Council's broker and custodian for its covered bond portfolio. As at the end of September, the Council has £132.3m invested in covered bonds earning an average rate of return of 2.60%.

The Council has lent £19.2m through the No Use Empty Loans programme which achieve a return of 2.50% that is available to fund general services. This total includes £4.6m of loans made since March.

The Council has now agreed 3 rolling credit facilities (RCF) with registered providers totalling £25m, for which we are receiving a fee ranging from 0.25% to 0.40%. None of the facilities have been drawn so far.

Long term investments are made through Strategic Pooled Funds. These include a variety of UK and Global Equity Funds, Multi Asset Funds and Property Funds. In total the Council has £177.8m invested in pooled funds (37.34% of cash balances). Excluding capital returns, these funds have earned a total income of £40.6m since inception, at an average annual rate of 4.11%. Returns on pooled funds can be volatile.

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## 15 Treasury Management Monitoring

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15.5	Treasury Management Advice	The Council secures external specialist treasury management advice from Arlingclose. They advise on the overall strategy as well as borrowing options and investment opportunities. Arlingclose provide regular performance monitoring reports.
15.6	Quarterly and Bi-annual reports	A fuller report is presented to Governance and Audit Committee on a regular quarterly basis. A report on treasury performance is reported twice a year to full Council.

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## Appendix 1 - Key Service Summary

	Revenue Budget £m	Forecast £m	Variance £m
Community Based Preventative Services	13.3	13.1	-0.2
Housing Related Support	4.6	4.6	0.0
Statutory and Policy Support	1.2	1.6	0.3
Provision for Demographic Growth - Community Based Services	10.2	3.5	-6.7
Strategic Management & Directorate Support (ASCH)	6.8	4.6	-2.2
Social Support for Carers	3.2	3.0	-0.2
Partnership Support Services	0.0	0.0	0.0
Strategic Safeguarding	0.7	0.5	-0.2
<b>Strategic Management &amp; Directorate Budgets</b>	<b>40.1</b>	<b>30.9</b>	<b>-9.2</b>
Public Health - Advice and Other Staffing	0.0	0.0	0.0
Public Health - Children's Programme	0.0	0.0	0.0
Public Health - Healthy Lifestyles	0.0	0.0	0.0
Public Health - Mental Health, Substance Misuse & Community Safety	0.0	0.0	0.0
Public Health - Sexual Health	0.0	0.0	0.0
<b>Public Health</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Adult In House Carer Services	2.4	2.5	0.1
Adult In House Community Services	5.9	5.5	-0.4
Adult In House Enablement Services	7.4	7.0	-0.4
Adult Learning Disability - Case Management & Assessment Service	5.6	5.6	0.0
Adult Learning Disability - Community Based Services & Support for Carers	101.7	106.1	4.4
Adult Learning Disability - Residential Care Services & Support for Carers	72.3	72.4	0.1
Adult Mental Health - Case Management & Assessment Services	10.0	10.0	0.0
Adult Mental Health - Community Based Services	11.4	16.6	5.2
Adult Mental Health - Residential Care Services	15.6	17.7	2.1
Adult Physical Disability - Community Based Services	21.0	22.8	1.8
Adult Physical Disability - Residential Care Services	17.9	19.0	1.2
ASCH Operations - Divisional Management & Support	6.8	6.7	-0.2
Older People - Community Based Services	37.4	40.1	2.7
Older People - In House Provision	14.5	15.2	0.7
Older People - Residential Care Services	45.9	68.4	22.5
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	21.7	22.2	0.5
Older People & Physical Disability - In House Community Homecare Service	0.0	0.0	0.0
Older People & Physical Disability Carer Support - Commissioned	1.2	1.6	0.4
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	5.9	6.5	0.6
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	1.1	1.1	0.0
Sensory & Autism - Assessment Service	0.7	0.7	0.0
Service Provision - Divisional Management & Support	0.0	0.0	0.0
Adaptive & Assistive Technology	5.1	1.2	-3.9
<b>Adult Social Care &amp; Health Operations</b>	<b>411.6</b>	<b>448.9</b>	<b>37.3</b>
Business Delivery	8.3	7.8	-0.5
Independent Living Support	0.7	0.7	0.1
<b>Business Delivery Unit</b>	<b>9.0</b>	<b>8.5</b>	<b>-0.5</b>
<b>Adult Social Care &amp; Health</b>	<b>460.6</b>	<b>488.3</b>	<b>27.7</b>
<b>Earmarked Budgets Held Corporately</b>	<b>4.2</b>	<b>4.2</b>	<b>0.0</b>



## Appendix 1 - Key Service Summary

	Revenue Budget £m	Forecast £m	Variance £m
Strategic Management & Directorate Budgets	2.3	2.3	0.0
Community Learning & Skills (CLS)	-0.4	-0.3	0.1
Early Years Education	0.0	0.0	0.0
Education Management & Division Support	1.4	1.2	-0.2
Education Services provided by The Education People	4.5	4.5	0.0
Fair Access & Planning Services	0.3	0.5	0.3
Home to School & College Transport	49.7	63.3	13.6
Other School Services	5.8	7.4	1.6
<b>Education</b>	<b>61.2</b>	<b>76.7</b>	<b>15.5</b>
Adoption & Special Guardianship Arrangements & Service	15.5	15.7	0.2
Asylum	-0.1	-0.1	0.0
Care Leavers Service	6.0	6.2	0.1
Children in Need - Care & Support	3.3	3.3	0.0
Children's Centres	4.6	4.5	-0.1
Children's Social Work Services - Assessment & Safeguarding Service	51.2	53.0	1.9
Early Help & Preventative Services	6.9	7.0	0.1
Integrated Services (Children's) Management & Directorate Support	5.7	5.3	-0.4
Looked After Children - Care & Support	66.8	74.9	8.1
Pupil Referral Units & Inclusion	0.1	0.1	0.0
Youth Services	5.7	5.7	0.0
<b>Integrated Children's Services (East &amp; West)</b>	<b>165.8</b>	<b>175.7</b>	<b>9.9</b>
Adult Learning & Physical Disability Pathway - Community Based Services	32.7	37.2	4.5
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	9.3	9.3	0.0
Children in Need (Disability) - Care & Support	5.5	6.0	0.5
Children's Disability 0-18 Commissioning	1.7	1.7	0.0
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9.0	9.3	0.3
Looked After Children (with Disability) - Care & Support	16.4	18.2	1.8
Looked After Children (with Disability) - In House Provision	3.6	3.7	0.0
Special Educational Needs & Disability Management & Divisional Support	0.2	0.2	0.0
Special Educational Needs & Psychology Services	13.2	14.6	1.4
<b>Special Educational Needs &amp; Disabilities</b>	<b>91.8</b>	<b>100.2</b>	<b>8.4</b>
<b>Children, Young People &amp; Education</b>	<b>321.0</b>	<b>354.9</b>	<b>33.9</b>
<b>Earmarked Budgets Held Corporately</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Appendix 1 - Key Service Summary

	Revenue Budget £m	Forecast £m	Variance £m
Strategic Management & Directorate Budgets	1.4	1.4	0.0
Growth and Support to Businesses	4.7	5.9	1.2
Community (Assets & Services)	2.8	2.9	0.1
Public Protection	11.4	11.5	0.2
Libraries, Registration & Archives	9.5	9.2	-0.3
Growth and Communities Divisional management costs	0.8	0.8	0.0
Growth & Communities	29.1	30.3	1.2
Highway Assets Management	33.0	34.3	1.2
Transportation	6.6	6.2	-0.4
Supported Bus Services	4.5	7.2	2.7
English National Concessionary Travel Scheme (ENCTS)	13.8	11.9	-1.9
Kent Travel Saver (KTS)	4.8	6.9	2.1
Highways & Transportation divisional management costs	3.6	3.5	-0.2
Highways & Transportation	66.3	69.9	3.6
Environment	2.4	2.4	0.0
Residual Waste	45.8	46.2	0.5
Waste Facilities & Recycling Centres	31.9	31.7	-0.2
Environment and Waste Divisional management costs	1.8	1.9	0.1
Environment & Waste	81.9	82.2	0.3
Growth, Environment & Transport	178.7	183.8	5.1
Earmarked Budgets Held Corporately	0.2	0.2	0.0

## Appendix 1 - Key Service Summary

	Revenue Budget £m	Forecast £m	Variance £m
Strategic Refresh Programme	0.0	0.0	0.0
Strategic Management & Departmental Support	0.6	0.5	0.0
Health & Safety	0.4	0.4	0.0
Business & Client Relationships	2.4	2.4	0.0
Strategic Management & Departmental Budgets (DCED)	3.3	3.3	0.0
Human Resources & Organisational Development	5.1	4.9	-0.2
Marketing & Resident Experience	6.0	6.0	0.0
Property related services	5.9	6.0	0.1
Emergency Planning	0.2	0.2	0.0
Infrastructure	6.2	6.2	0.1
Technology	24.0	23.8	-0.2
Business Services Centre	0.0	0.0	0.0
Corporate Landlord	27.1	28.9	1.9
<b>Total - Deputy Chief Executive Department</b>	<b>71.7</b>	<b>73.2</b>	<b>1.4</b>
Strategic Management & Directorate Budgets	0.0	-0.4	-0.4
Grants to Kent District Councils to maximise Council Tax collection	3.2	3.1	0.0
Finance	9.6	9.7	0.1
Finance	12.7	12.8	0.1
Governance & Law	6.9	6.7	-0.2
Local Member Grants	1.4	1.4	0.0
Governance, Law & Democracy	8.3	8.1	-0.2
Strategic Commissioning	8.0	8.0	-0.1
Strategy, Policy, Relationships & Corporate Assurance	4.4	4.3	-0.1
<b>Total - Chief Executive Department</b>	<b>33.5</b>	<b>32.7</b>	<b>-0.7</b>
Non Attributable Costs	129.4	123.0	-6.5
Corporately Held Budgets (to be allocated)	-0.3	-0.3	0.0
Total excluding Schools' Delegated Budgets	1,199.1	1,260.0	+60.9
Total Including Schools' Delegated Budgets	0.0	50.4	+50.4

## Appendix 2 - Monitoring of Prudential Indicators as at 30 Sept 2022

The prudential indicators consider the affordability and impact of capital expenditure plans, in line with the prudential code.

### Prudential Indicator 1 : Estimates of Capital Expenditure (£m)

	21-22 Actuals	22-23 Budget	22-23 Forecast
Total	335.3	339.3	316.60

### Prudential Indicator 2: Estimate of Capital Financing Requirement (CFR) (£m)

The CFR is the total outstanding capital expenditure not yet financed by revenue or capital resources. It is a measure of the Council's underlying borrowing need.

	21-22 Actuals	22-23 Budget	22-23 Forecast
Total CFR	1,294.10	1,364.00	1,293.27

### Prudential Indicator 3: Gross Debt and the Capital Financing Requirement (£m)

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the CFR.

	21-22 Actuals	22-23 Budget	22-23 Forecast
Other Long-term Liabilities	232.07	235.80	232.07
External Borrowing	825.97	802.50	802.29
Total Debt	1,058.04	1,038.30	1,034.36
Capital Financing Requirement	1,294.10	1,364.00	1,293.27
Internal Borrowing	236.06	325.70	258.91

### Prudential Indicator 4 : Authorised Limit and Operation Boundary for External Debt (£m)

The Authority is legally obliged to set an affordable borrowing limit (the authorised limit for external debt). A lower "operation boundary" is set should debt approach the limit.

	21-22 Actuals	22-23 Limit	22-23 Forecast
Authorised Limit - borrowing	826	876	822
Authorised Limit - PFI and leases	232	245	232
Authorised Limit - total external debt	1,058	1,121	1,054
Operational Boundary - borrowing	826	851	822
Operational Boundary - PFI and leases	232	245	232
Operation Boundary - total external debt	1,058	1,096	1,054

### Prudential Indicator 5: Proportion of Finance Costs to Net Revenue Stream (%)

Financing costs comprise interest on loans and minimum revenue provision (MRP) and are charged to revenue. This indicator compares the net financing costs of the Authority to the net revenue stream.

	21-22 Actual	22-23 Budget	22-23 Forecast
Proportion of net revenue stream	9.18%	9.06%	8.57%

### Appendix 3 - Reserves Monitoring as at 31 September 2022

	Balance as at 1 April 2022 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2023 £m
<b>General Fund (GF) Balance</b>	56.2		56.2
Budgeted contribution to/(from) in MTFP		3.0	3.0
	<b>56.2</b>	<b>3.0</b>	<b>59.2</b>

#### Earmarked reserves :

Vehicle, Plant & Equipment (VPE)	18.7	0.7	<b>19.4</b>
Smoothing	124.7	(13.5)	<b>111.2</b>
Major Projects	62.3	9.9	<b>72.1</b>
Partnerships	26.3	4.6	<b>30.9</b>
Grant/External Funds	79.1	(58.1)	<b>20.9</b>
Departmental Under/Overspends	8.4	(41.8)	<b>(33.4)</b>
Insurance	13.8	(0.8)	<b>13.0</b>
Public Health	16.8	(3.5)	<b>13.3</b>
Trading	1.2	0.0	<b>1.2</b>
Special Funds	0.6	0.1	<b>0.7</b>

<b>Total Earmarked Reserves</b>	<b>351.9</b>	<b>(102.4)</b>	<b>249.4</b>
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<b>Total GF and Earmarked Reserves</b>	<b>408.1</b>	<b>(99.5)</b>	<b>308.6</b>
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	Balance as at 1 April 2022 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2023 £m
<b>Schools Reserves</b>			
School delegated revenue budget reserve - committed	21.8	0.0	21.8
School delegated revenue budget reserve - uncommitted	39.3	0.0	39.3
Community Focussed Extended Schools Reserves	0.2	0.0	0.2
<b>Total School Reserves</b>	<b>61.3</b>	<b>(1.4)</b>	<b>59.9</b>

## DSG Adjustment Account - Unusable Reserve

	Balance as at 1 April 2022 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2023 £m
<b>Unallocated Schools Budget</b>	<b>(97.6)</b>	<b>(49.0)</b>	<b>(146.6)</b>

The General fund Reserve has been increased as agreed by County Council in the 2022-23 MTFP.

The earmarked reserves are decreasing mainly due to the following:

- Funding of £59.7m underlying overspend including using the £24.9m set aside in the risk reserve. The balance is currently being reflected in the Departmental under/overspends until year end when it will be decided which reserves the balance should be funded from.
- £12.2m drawdown from the Covid-19 emergency grant reserve as reflected in this report.

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

The net £102.4m drawdown reflected in the table above covers more than the reserve drawdowns set out in the Directorate sections of this report, as this includes funding elements, which are roll forwards and the S31 Compensation grants.