

# Final Draft Budget 2023-24 and 2023-26 MTFP

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### Directorates – abbreviations in this report

|  |   |
|--|---|
| ASCH - Adult Social Care and Health        | CYPE - Children, Young People and Education |
| GET - Growth, Environment & Transport      | CED - Chief Executive's Department          |
| DCED – Deputy Chief Executive's Department | NAC - Non-Attributable Costs                |

1.1 This report sets out the proposals in the administration's final draft revenue budget 2023-24, medium term plan (MTFP) 2023-26 and ten-year capital programme 2023-33. The report and appendices provide the essential information about the draft revenue budget, MTFP and capital programme for County Council approval on 9<sup>th</sup> February 2023. The revenue budget includes £216.8m spending growth, £39.1m of savings, £15.6m increase in income (primarily fees and charges), £31.9m of anticipated increases in specific grants and £10.7m change in reserves. This final draft report updates and replaces the earlier draft published on 3<sup>rd</sup> January 2023.

1.2 The administration's final draft capital programme sets out planned infrastructure investments and funding over the 10 years 2023-33. The capital planning horizon up to 10 years also applies for rolling programmes. This longer planning horizon together with a reserve to fund feasibility costs is intended to help reduce slippage by creating a more realistic programme. A new capital monitoring and reporting solution is being developed to provide more detail and transparency on the capital programme. In the programme the administration has sought to minimise additional borrowing, especially in the earlier years to avoid adding additional revenue pressures for financing costs, and only borrowing where absolutely essential to meet statutory obligations. The inclusion of a schedule of potential projects ensures schemes in the initial stages of development and/or where funding has not yet been secured are not formally included in the programme too early in their development.

1.3 The administration's final draft revenue budget and MTFP set out planned spending on day to day services and is prepared on an incremental basis. The starting point is the approved net budget for 2022-23 which is updated for known and forecast changes to derive the final draft budget for 2023-24. The changes are set out showing planned spending growth and net spending reductions from savings and income (including specific grants) separately. Planned net changes to reserves are also shown separately.

1.4 The administration's final draft 2023-24 revenue proposals include £216.8m of spending growth (18.2% of the 2022-23 net budget). This growth is exceptionally higher than we would normally expect from population demographic changes and inflation at the government target level. This excess growth comes from the full year effect of current year forecast overspends, which themselves arise from a combination of higher prices (driven by inflation and market instability) and in some cases higher demand (including increased complexity), and forecasts for future price and demand increases.

1.5 The extraordinary economic consequences of global and national circumstances have had a significant impact on public spending and borrowing, and have impacted on local spending. The greatest areas of spending growth pressures are in Adult Social Care services and Children's services. In Adult Social Care the most significant forecast overspend is on older persons residential and nursing care where the weekly costs for new clients have been rising throughout the year and are significantly higher than costs for existing clients. This arises from a combination of factors including increased complexity of need of clients leaving hospital, increased use of short-term beds and recruitment shortages in the sector pushing up wages. The most significant overspends in Children's services are home to school transport and children in care. In both cases this is a combination of higher prices (in the case of transport higher contract prices and for children in care more expensive placements) and higher than budgeted demand.

1.6 Inflation has risen dramatically since the 2022-23 budget was set. In July 2021 CPI inflation was 2%, but in the subsequent months had risen sharply to 5.4% by December 2021 i.e. at the time the budget was set. Inflation had risen further to 7% by March 2022 i.e. before the main impacts of the war in Ukraine. This increased to 9% by April 2022 with further rises in the succeeding months to 11.1% by October 2022, with a slight fall to 10.7% annual rate of increase in November 2022 and further fall to an annual rate of increase of 10.5% in December. CPIH (which includes housing costs) followed a similar pattern (albeit slightly lower figures) increasing from 4.8% in December 2021 to 9.6% in October 2022, with a slight fall to 9.3% in November 2022 and further fall to 9.2% in December.

1.7 The Council has a number of contracts which include indexation clauses as well as negotiated uplifts. An example of index linked contracts are those for waste recycling and disposal where uplifts for 2023-24 range between 2.5% and 12.7%. Energy prices (affecting Council buildings and streetlights) are budgeted to increase between 112% to 185% compared to 2022-23 budget (with some of this increase being felt in the current financial year and some forecast for further increases in 2023-24). Facilities Management contracts have between 10.2% and 11.45% indexation clause for 2023-24. The budget assumes that negotiated contract uplifts will have a closer link to pay inflation.

1.8 The administration's final draft 2023-24 budget includes the impact of activity/cost forecasts in the current year as well as forecasts for the forthcoming year. Due to the high levels of uncertainty and volatility in the current year (which look likely to continue into 2023-24) and in a change from the usual approach spending growth based on future estimates will be held in a way that ensures it is separately identified so that it can be revised as necessary once the estimates become more certain and have been reviewed. The draft budget includes a notional allocation at directorate/service levels to show the potential year on year changes based on those estimates but should not be taken as indicative budgets for these services.

1.9 Whilst the provisional Local Government Finance Settlement (LGFS) for 2023-24 has prioritised maintaining financial stability in the immediate term (with funding for the delayed social care charging reforms repurposed for current social care pressures through increased grants, additional funding to support capacity within the social care sector and improve hospital discharges, additional council tax flexibility, and compensation for the impact of reductions in retained business rates) it is not enough to fund all the spending growth and still requires significant savings and increases in income generation.

1.10 The provisional LGFS is only for one year 2023-24 (with some guiding principles and additional amounts identified for 2024-25) which makes medium term financial planning highly unpredictable. We know from the overall government spending plans that future growth is limited and that further savings are likely to be required although without detailed spending plans it is difficult to predict how significant these will be or how much of the additional funding for 2023-24 and 2024-25 will be included in the baseline for future settlements.

1.11 The administration's draft budget includes a 4.995% proposed increase in Council Tax charge for 2023-24. This would increase the county council share of the bill for a typical band D household by £1.40 per week (£72.99 per year). Council Tax is the council's most significant source of income to fund essential services, and whilst the administration seeks to keep increases to a minimum, the proposed amount is in line with the government's expectation of a 3% referendum limit and 2% adult social care precept. The estimated tax base (the number of dwellings liable for council tax after discounts, exemptions and assumed collection rates) shows an increase of 1.45% which is around the normal level we would expect from population demographics.

1.12 The combination of additional grants from central government and increased Council Tax (household charge and tax base) is not enough to fully fund the increased spending growth and changes in reserves. The administration's final draft budget for 2023-24 includes £86.6m of savings and other income (including increases in specific grants and contributions) to reduce net costs and help balance the budget. Of this £39.1m relates to proposed savings, £15.6m additional income generation (mainly fees and charges), and £31.9m anticipated increases in specific grants (including Household Support Fund and Public Health grants yet to be confirmed). Delivering a savings programme of this magnitude will be extremely challenging and require some very difficult decisions as it comes on top of £820m of savings over the last 12 years.

1.13 The administration's final draft budget 2023-24 includes a £9.9m net increase from changes in the use of reserves. This includes additional contributions to reserves of £22.4m, (including a £12m contribution to the risk reserve, £4.5m to local taxation smoothing reserve from excess estimated council tax collection fund surplus, and a one-off additional contribution of £5.8m to general reserves in line with the policy to maintain these at 5% of net revenue budget for 2023-24). In the MTFP for 2024-25 there are further planned increases in the general reserve to comply with the 5% policy. These additional contributions are offset by £12.5m additional drawdown from public health and corporate reserves to balance the 2023-24 budget. The MTFP for 2024-25 includes planned replacement of the amount drawn down in 2023-24 to fund core spending, and an amount to replenish the reserves. The budget also reflects a net £20.7m removal of one-off contributions and drawdowns in 2022-23.

1.14 The MTFP for 2024-25 and 2025-26 includes high level estimates and a more detailed county level three-year plan showing forecast changes in spending, savings, income, reserves and funding. The plans include the full year effect of savings and income in the 2023-24 budget where there is a part year impact, and new savings/income necessary to balance changes in spending and reserves against forecast future funding from local government settlement and local taxation. At this early stage it is not considered appropriate to include detailed estimates for all the new savings in later years until options have been further developed although the areas of spending that would be under review have been identified. The MTFP assumes the maximum permitted Council Tax increases for planning purposes. If the actual increases are lower than planned, further savings or additional income will be required.

2.1 The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Cabinet and Scrutiny Committees to allow for their comments to be considered before the final budget proposals are made to Full Council. Feedback from Scrutiny Committees was considered by Cabinet on 26<sup>th</sup> January 2023 and reflected in this version of administration's final draft budget proposals.

2.2 The overall strategy for the budget is to ensure that the Council continues to plan for revenue and capital budgets which are affordable, reflect the Council's strategic priorities, allow the Council to fulfil its statutory responsibilities and continue to maintain and improve the Council's financial resilience (albeit the proposed net contributions to reserves in the administration's proposed final draft budget 2023-24 are less than recent years, and a risk remains of significant draw down at the end of 2022-23 which would mean the Council is less resilient). However, it is also important that spending plans take account of the local priorities of the Council, Kent residents and businesses, and local communities. This is not always an easy combination and involves some difficult decisions about service levels and provision both for the forthcoming year and over the medium term. In reaching this balance it is essential that the Council has regard to bearing down on spending growth (particularly future price and demand increases) while making the necessary investments to support improvement and delivering savings/income generation. The proposed final draft budget should be assessed against these aims.

2.3 The Council is under a legal duty to set a balanced and sustainable budget and maintain adequate reserves such that it can deliver its statutory responsibilities and priorities. A MTFP covering the entirety of the resources available to the Council is considered to be the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty. However, it must also be acknowledged that the Government's Autumn Budget statement only covers a 2-year period, and the provisional Local Government Finance settlement (LGFS) only has firm core spending power and grant figures for 2023-24 with high level principles for 2024-25. This means that the funding for later years remains highly uncertain and planning has to be sufficiently flexible to respond accordingly. 2024-25 and 2025-26 are likely to continue to be exceptionally challenging (especially 2025-26) due to economic uncertainties and the lack of detailed government spending plans. These challenges are reflected in the MTFP.

2.4 As the Council develops its detailed proposals it must continue to keep under review those key financial assumptions which underpin the Council's MTFP; in particular as the Council has become ever more dependent over the last decade on locally raised sources of income through the Council Tax and retained business rates these become fundamental elements of its approach and strategies.

2.5 In accordance with Financial Regulations, a medium-term capital programme and financing plan is prepared on an annual basis. Where capital estimates are included, funding must be secured and approved prior to any expenditure being incurred.

2.6 Setting the annual budget is one of the most significant decisions the County Council takes each year. It sets the County Council's share of council tax and the overall resource framework in which the Council operates. The administration's budget is the financial expression of the council's strategic priorities. The budget gives delegated authority to manage the budget to Corporate Directors and Directors within the parameters set out in the Council's Constitution and Financial Regulations. Corporate Directors and Directors are accountable for spending decisions within delegated powers reporting to the Chief Executive, and these are monitored through the council's budget monitoring arrangements regularly reported to Cabinet.

### **A) Strategic Priorities – Strategic Statement**

2.7 The County Council approved a new strategic statement "Framing Kent's Future (FKF)" on 26th May 2022. The statement sets out the challenges and opportunities Kent is faced with and the actions the Council will prioritise to address them over the next four years. The statement identified four key priorities:

#### **Levelling up Kent**

We will use the momentum of the national Levelling Up agenda to make Kent a successful place and narrow the gaps in outcomes between different parts of Kent and between Kent and the rest of the South East.

#### **Infrastructure for communities**

As the county continues to grow, we will seek to ensure that all communities, new and existing, have the right infrastructure around them for a good quality of life.

#### **Environmental step change**

We will build on the work we've begun to reach our ambitious Net Zero targets, while managing climate impacts that the county is already experiencing.

#### **New models of care and support**

We will seize the important opportunities to work differently to manage the demand and resource challenges facing our people-based services and provide better care and support for the people of Kent.

2.8 Whilst these remain our strategic priorities over the four-year period (2022-26) which Framing Kent's Future covers, the significant shift in the financial and operating landscape facing the council since its approval due to the economic consequences of global and national circumstances means there will be policy and service decisions that must be taken to balance the budget which will impact on our residents, service users and our partners and could run counter to the priorities and ambition set out in Framing Kent's Future.

2.9 The statutory duty on the council to set a balanced budget against significant cost and demand led pressures will also reduce the scope to make progress against all the priorities set out in Framing Kent's Future concurrently. Delivery of some priorities may be deferred to later in the four-year cycle, with greater focus in the short-term on ensuring the council's financial position is sustainable in the medium term. There will also be a short-term focus on delivering the enabling activity to support stronger integration with health partners to better manage and reduce demand and further engagement with partners and Government on both the opportunities and challenges for Kent from the devolution/levelling up agenda. The strategic statement is kept under constant review, and should it be considered necessary to amend Framing Kent's Future consequential to the financial and operating pressures facing the council, these changes will be brought to Full Council for approval.

2.10 In the early stages of budget planning, and as a first step towards moving to an Outcomes Based Budgeting (OBB) approach, directorates were provided with resource envelopes i.e. a total budget allocation. These resource envelopes were calculated based partly on the traditional approach of previously identified spending growth and savings/income, with a proportion allocated according to those specific priorities within the Strategic Statement requiring the most investment/resources and those identified as most urgent to deliver.

2.11 The draft budget for 2023-24 and for the MTFP period reflects the challenges and opportunities set out in the Strategic Statement and how the Council plans to respond to them.

The five main challenges for the Council are:

Financial – the Council continues to face a highly uncertain medium term financial position. The provisional LGFS has been announced with firm figures for 2023-24 but only high level principles for 2024-25. In the settlement the government has set out that the objective for 2023-24 in providing councils with greater certainty on key aspects of their funding is incredibly important for their budget setting process and their ability to plan for the future. For 2024-25 the government has confirmed that core council tax referendum principles will continue to be the same as 2023-24 and that the major grants will continue as set out for 2023-24 with inflationary uplifts and further increases as set out in the Autumn Statement. This means the Council can make relatively robust estimates for the first two years of the medium-term financial plan with some certainty but still needs to make some very difficult decisions in the short-to medium-term based on prudent forecasts, while maintaining a longer-term view of what is best for the county.

Economic – global and national circumstances have caused widespread economic impacts. The economy recovered in 2021 from the downturn during the Covid-19 pandemic, but the rate of growth has slowed significantly towards the end of 2021 and has largely stagnated during 2022. Gross Domestic Product (GDP) is forecast to fall during the remainder of 2022 and throughout most of 2023 as the economy falls into recession. Inflation has risen sharply towards the end of 2021 and during 2022. Inflation is forecast to peak at a 40 year high by the end of 2022 (with an average for the year of 9.1%) before starting to fall back during 2023 (to an average of 7.4%) although the largest decline in rate of growth in prices is forecast in quarters 3 and 4. Inflation has a significant impact on the Council's budget especially through commissioned services and energy costs.

Demand – there is increasing demand for some of our key services, particularly those for the most vulnerable. In particular we have seen increased spending on both adults and children’s social care services partly due to additional complexity of cases following the pandemic and hospital discharges, increases for home to school transport and numbers of children in care, and increases in household waste to be recycled/disposed. There have been some reductions in demand, most notably concessionary bus travel but this has not resulted in proportionately lower costs.

Partnership – the cost of living crisis presents important opportunities to build on strengthened relationships and rethink how we work with partners to better manage demand and improve efficiency and reduce costs. Working effectively with the NHS locally, with districts and boroughs, parishes and the voluntary and community sector will be key in this regard.

Environmental – tackling the climate emergency and protecting the natural environment continues to be an urgent priority, as well as investing in the built environment and creating communities to be proud of.

## **B) Requirement to set a balanced budget**

2.12 The Local Government Finance Act 1992 requires the Council to consult on and ultimately set a legal budget and Council Tax precept for the forthcoming financial year, 2023-24. Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice with an expectation that the financial strategy is based on a balanced plan in the medium term (the Autumn Statement and provisional LGFS still leaves the overall resource equation uncertain with the reforms to local government funding delayed further until at least 2025-26).

2.13 Setting the Council’s revenue and capital budgets for the forthcoming year has been incredibly challenging due to the exceptional economic circumstances and growth pressures. This has made current year budgets significantly more volatile due to unpredictable demand for council services and increases in costs arising from inflation and recruitment shortages, with knock-on consequences for our ability to forecast future spending requirements and income levels.

2.14 The Government’s Autumn Statement announced on 17<sup>th</sup> November 2022 provided some additional certainty and increase in the resources available to the local government sector as a whole (and social care in particular). It included a delay in the introduction of the reforms to social care charging with funding repurposed in the short term towards current pressures in social care and additional flexibility over council tax. The government published a LGFS policy statement on 12<sup>th</sup> December which was largely as had been anticipated confirming the increased council tax referendum principles for 2023-24 and 2024-25, the national amounts for the additional social care grants, repurposed funding from delayed social care reforms, inflationary uplifts in Revenue Support grant (RSG) and Business Rate baseline in line with CPI (albeit this late change to CPI means less grant than would have been the case had the previous link to RPI been maintained), and reduction in the Services grant to reflect the reversal of the increase in employer’s National Insurance contributions. The policy statement confirmed that the repurposed social care grant is “in addition to existing social care grant”, and a further round of New Homes Bonus grant.



These were better than anticipated, however, the detail of individual authorities' allocations was not available until the provisional LGFS announcement on 19<sup>th</sup> December 2022.

2.15 The Council has a statutory duty to set a balanced budget. However, what is meant by 'balanced' is not defined in law and relies on the professional judgement of the Chief Financial Officer to ensure that the budget is robust and sustainable. A prudent definition of a balanced budget would be a financial plan based on sound assumptions which shows how planned spending and income equals the available funding for the forthcoming year. Plans can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. The Government's policy statement issued on 12<sup>th</sup> December noted that local authority reserves have increased significantly in recent years and should be applied to address funding pressures. The policy statement also confirmed that the Statutory Override for the Dedicated Schools Grant deficits will be extended for a further 3 years from 2023-24 to 2025-26. However, despite this extension under the Safety Valve programme the Council will have to start to make provision for a contribution from reserves from 2023-24 onwards towards the accumulated DSG deficit.

2.16 While there is no legal definition of a balanced budget, legislation does provide a description to illustrate when a budget is considered not to balance:

- where the increased uncertainty leads to budget overspends of a level which reduce reserves to unacceptably low levels, or
- where an authority demonstrates the characteristics of an insolvent organisation, such as an inability to pay creditors.

2.17 The administration's draft budget does include a significant increase in risks, particularly as a result of the magnitude of overspends in the current year (including under delivery of savings plans) and the magnitude of savings/income required to deliver a balanced budget for 2023-24. This means there will need to be a very robust approach to negotiating and agreeing prices for a range of council services to stay within the growth allocations in the draft budget, a more rigorous approach to managing, monitoring and reporting on demand for council services and greater oversight, monitoring and reporting of savings delivery. The level of savings required in 2023-24 and over the medium term is much higher than in previous years. It is therefore critical that the savings are realistic and deliverable. An independent review of the savings proposals as well as the growth allocations has been undertaken to provide assurance that the proposals are sound.

2.18 To avoid the risk of an unbalanced budget the Council has to be financially resilient. Good financial management is fundamental in establishing confidence in the budget and ensuring that the finances can withstand unexpected pressures. The Council undertook a review of each Directorate's financial management arrangements, following the Council wide financial management review undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Council is also developing Outcomes Based Budgeting which will see a more integrated approach to budget and service planning over the MTFP period focussing on priority outcomes and value for money.

2.19 Setting a clear medium-term financial plan (MTFP) also strengthens the Council's financial resilience by identifying financial issues early and options for potential solutions.

## C) Budget Consultation

2.20 The Council launched a consultation on the 2023-24 budget on 19<sup>th</sup> July 2022. The consultation was open until 5<sup>th</sup> September 2022 and can still be viewed via the [Council's website](#).

2.21 2,161 responses were received which is higher than the 2,028 responses to last year's budget consultation but less than previous year (2,985 responses). Responses were received from Kent residents, KCC staff and local businesses. 37% of respondents found out about the consultation via Facebook advertising, 32% via a KCC e-mail and/or website.

2.22 The consultation focused on the financial challenge the Council potentially faces. The consultation sought views on council tax increases for both the general precept and adult social care levy up to the levels permitted without a referendum (with a clear statement that referendum limits could change from the current levels) as well as what increases would be supported if there was no referendum level set. The consultation on council tax also sought further information about the reasons behind responses on council tax increases. The consultation also sought responses about savings options in a more open manner than previous consultations. The feedback from the public consultation has been taken into account in the draft budget proposals.

2.23 The consultation also included engagement events with the council's wider management cohort (T200 group) and the Voluntary, Community and Social Enterprise Sector steering group.

2.24 A separate detailed report setting out the responses received is included as a background document to this report. The budget report presented to full Council will be considered by Cabinet on 27<sup>th</sup> January 2023 and will take account of any feedback following Cabinet Committee and Scrutiny Committee consideration.

## D) Equalities Considerations

2.25 The Equality Act 2010 requires the Council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

2.26 To help meet its duty under the Equality Act the council undertakes equality impact assessments to analyse a proposed change to assess whether it has a disproportionate impact on persons who share a protected characteristic. As part of our budget setting process an equality impact assessment screening will be completed for each savings proposal to determine which proposals will require a full equality impact analysis (with mitigating actions set out against any equality risks) prior to a decision to implement being made.

2.27 The amounts for some savings can only be confirmed following consultation and completion of an equalities impact assessment. Consequently, amounts are only planned at the time the budget is approved and can change. Any changes will be reported through the in-year budget monitoring reports which will include separate and specific consideration of delivery of savings plans.

### **E) Treasury Management Strategy**

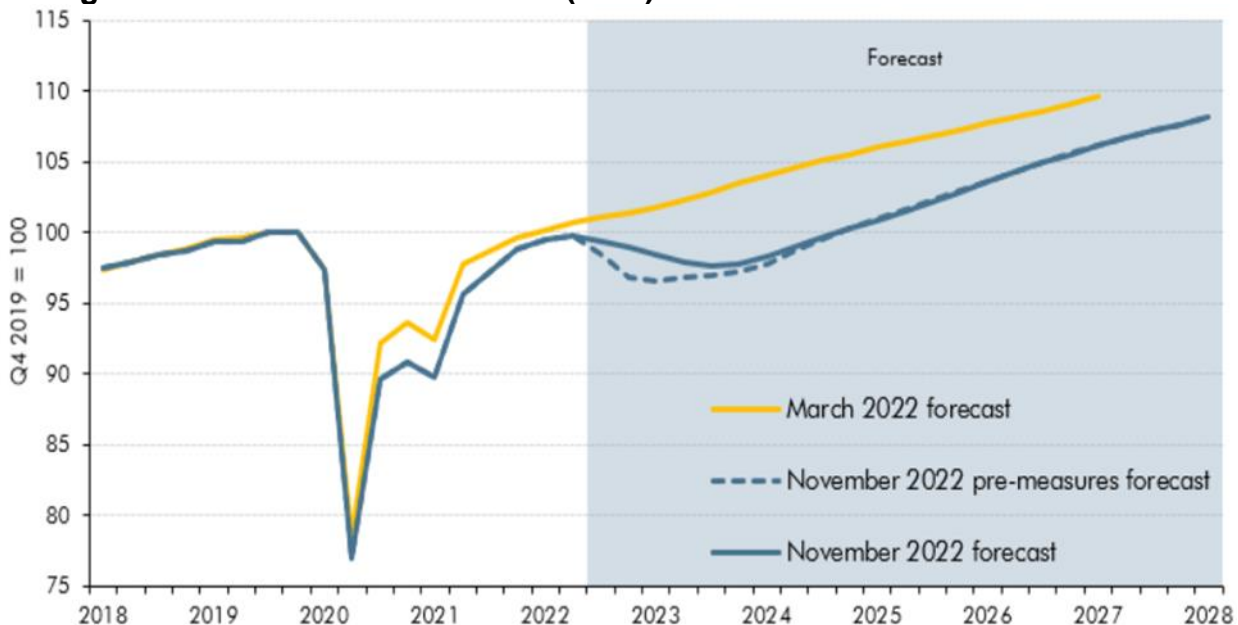
2.28 The Treasury Management Strategy Statement is included as an appendix to this report for approval by full Council in accordance with the CIPFA Treasury Management Code of Practice. The Statement sets out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.

2.29 The prudential indicators set out in the Treasury Management Strategy and Capital Strategy are based on the first three years of the 10 year Capital Programme.

3.1 The national fiscal and economic context is an important consideration for the Council in setting the budget. This context not only determines the amount received through central government grants, it also sets out how local government spending fits in within the totality of public spending and the wider economy. The Autumn Statement and LGFS set the government's expectations of how much local authorities can raise through local taxation. The Office for Budget Responsibility (OBR) produces an Economic and Fiscal Outlook (EFO) report to provide the Chancellor of the Exchequer with an independent and up to date fiscal and economic forecast including impact of government policy decisions. This section of the report highlights the key elements for economic growth, inflation, and public sector spending/borrowing.

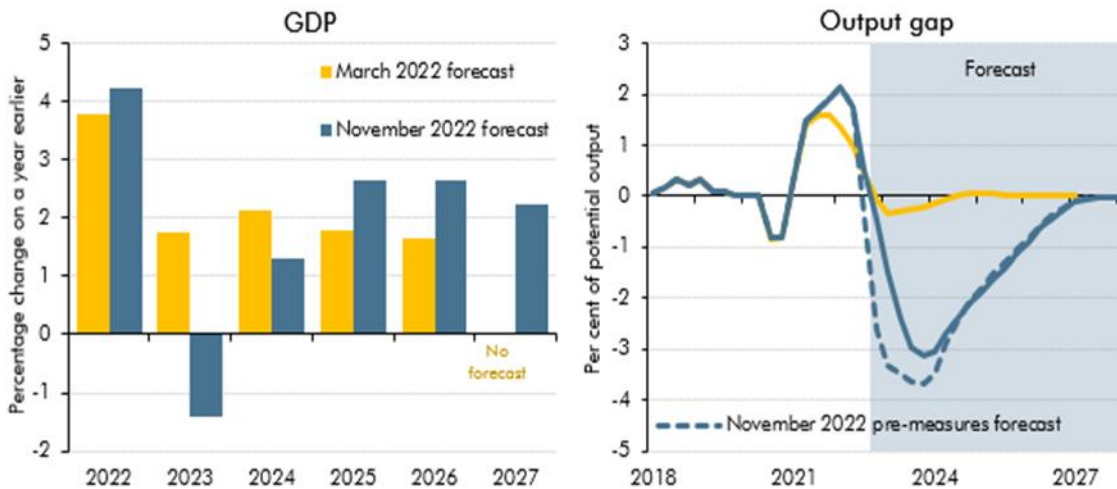
3.2 The OBR is forecasting that the impact of high inflation and rising interest rates will weigh on demand and anticipate that the economy will fall into recession for just over a year from the third quarter of this year. The gross domestic product (GDP) is forecast to fall by around 0.5% per quarter (after the measures announced in the Autumn Statement) with a peak to trough fall of 2.1%. This is demonstrated in two charts in the EFO.

### Changes in Gross Domestic Product (GDP)



Source: ONS, OBR

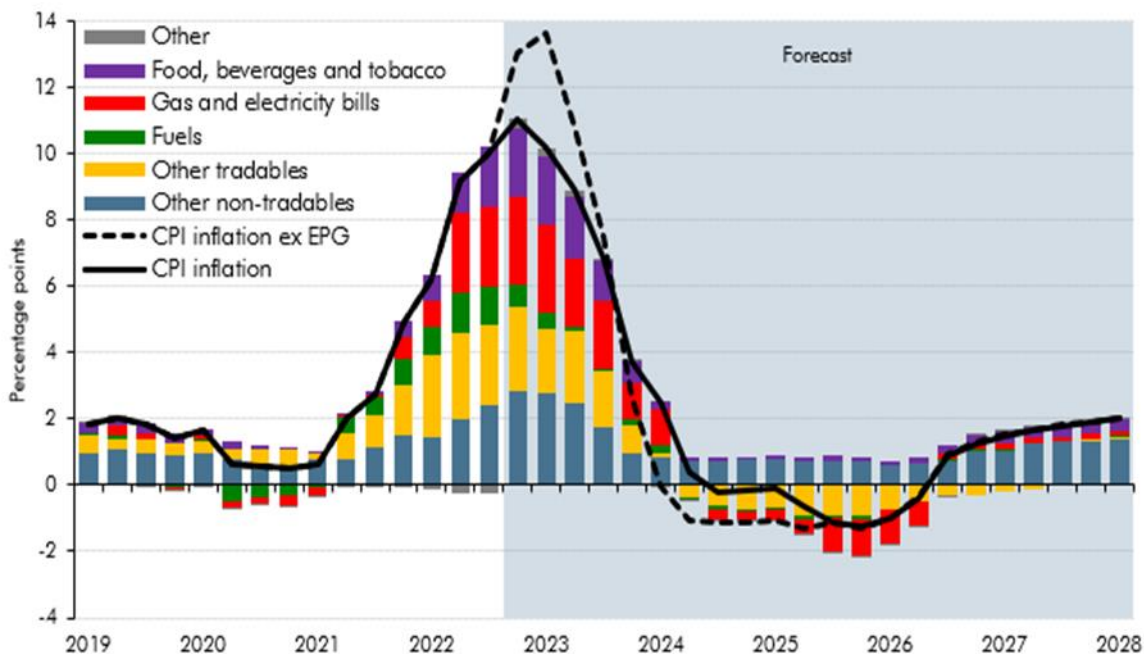
### Real GDP growth and the Output Gap



Source: ONS, OBR

3.3 The OBR forecasts that consumer price index (CPI) inflation is set to peak at a 40 year high of 11% in the 4<sup>th</sup> quarter of 2022, thereafter the rate of increases in prices is forecast to decline in 2023 with periods of negative inflation forecast in 2024 and 2025. The inflation forecast together with the contributory factors is included in the EFO report.

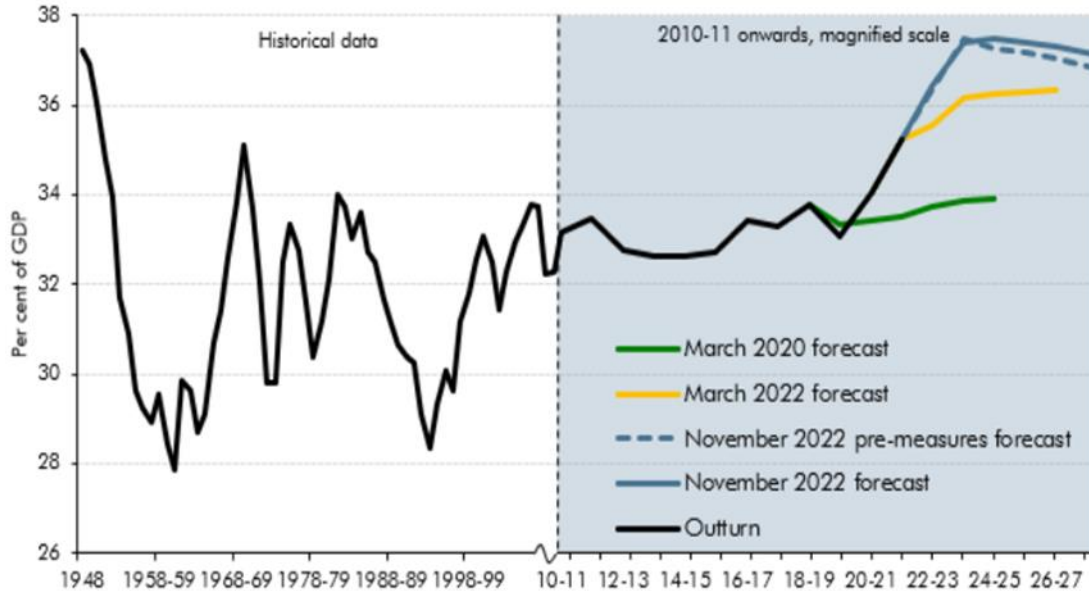
### Contributions to CPI Inflation



3.4 The OBR forecasts that unemployment will rise to a peak of 4.9% in the third quarter of 2024. The OBR forecasts that nominal earnings will increase by 5.9% in 2022 and 4.2% in 2023.

3.5 The OBR fiscal forecasts show that National Account taxation is forecast to peak at 37.5% of GDP in 2024-25, thereafter falling slightly but remains 4.1% higher than pre-pandemic levels and at its highest sustained level for seven decades.

### National Accounts taxes as a share of GDP

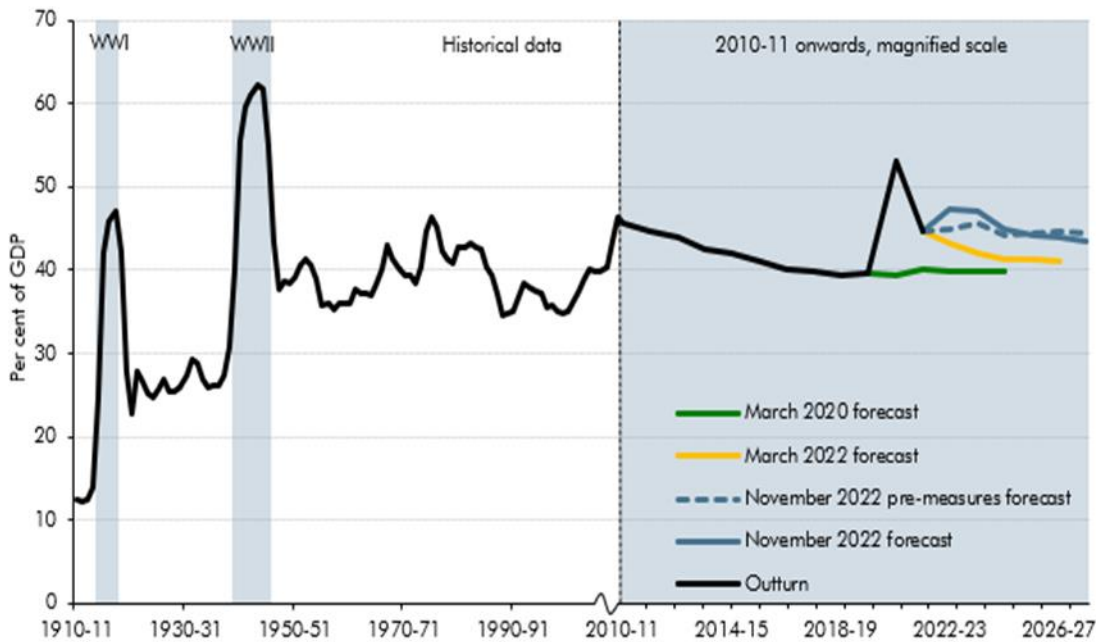


Note: We have increased the GDP denominator in forecast years for our previous forecasts by the upward revision to 2020-21 nominal GDP in the Quarterly National Accounts data. This is to enable like-for-like comparisons with our subsequent forecasts.

Source: ONS, OBR

3.6 The OBR forecasts that total public spending will rise to 47.3% of GDP in the current year and remain at 47.2% in the next year, before falling in 2024-25 as temporary support ends. Thereafter spending is forecast to fall further as % of GDP to 43.4% by 2027-28.

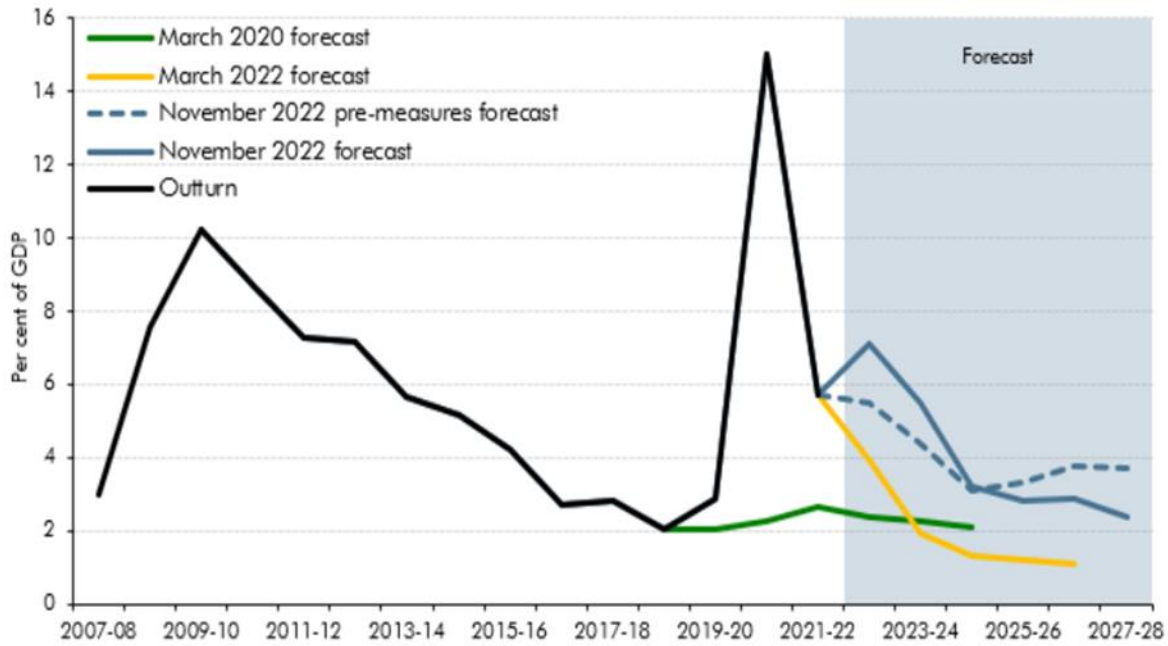
### Public Spending as a share of GDP



Note: We have increased the GDP denominator in forecast years for our previous forecasts by the upward revision to 2020-21 nominal GDP in the recent Quarterly National Accounts data. This is to enable like-for-like comparisons with our subsequent forecasts.  
Source: Bank of England, ONS, OBR

3.7 The EFO report identifies that government borrowing will increase from £133.3 billion in 2021-22 (5.7% of GDP) to £177.0 billion in 2022-23 (7.1%) of GDP. Borrowing is then forecast to reduce to £140.0 billion in 2023-24 (5.5% of GDP) and continues to reduce to £69.2 billion in 2027-28 (2.4% of GDP). In the Autumn Statement the Chancellor set two revised fiscal rules for total public sector net debt as a % of GDP to be falling and for public sector net borrowing to be no more than 3% of GDP by 2027-28. The OBR forecasts would see these targets met a year earlier. The OBR forecasts for public sector net borrowing in the EFO report are shown below.

## Public Sector Net Borrowing



Source: ONS, OBR



4.1 The Secretary of State for Levelling Up, Housing and Communities published a written statement on the provisional LGFS on 19<sup>th</sup> December 2022. The settlement sets out the core spending power (CSP) including main grant allocations for individual authorities from the Department for Levelling-up, Housing and Communities (DLUHC) and forecast council tax precepts for 2023-24. The announcement is a one-year settlement and does not include indicative allocations for subsequent years (2024-25 and 2025-26) although the principles for council tax referendum and grant settlements for 2024-25 were also announced.

4.2 The Autumn Statement announced the freezing of the Business Rates Multiplier for 2023-24 at 49.9p. Local authorities are compensated for the reduction in income and in a late change from previous years in 2023-24 this is based on the CPI measure rather than the Retail Price Index (RPI). This means councils receive less compensation. This is reflected partly in the retained business rate baseline (the assumed local share and top-up for KCC) and partly in the section 31 Business Rate Compensation grant. Revenue Support Grant (RSG) is also increased in line with CPI. RSG includes the transfer of 3 separate grants, of which only the Food Safety Enforcement grant is relevant for KCC.

4.3 The referendum threshold for council tax increases has been raised from 2% to 3% per year from April 2023 for shire counties, unitary authorities, London boroughs, and the Greater London Authority. Any council setting a higher increase will require consent via a local referendum. Local authorities with social care responsibilities are able to set an adult social care precept of up to 2% per year (previously 1%), without a referendum.

4.4 The Autumn Statement announced additional funding of up to £2.8 billion in 2023-2024 in England and £4.7 billion in 2024-2025 for social care and discharge. This includes £1 billion of new grant funding in 2023-24 and £1.7 billion in 2024-25, further flexibility for local authorities on council tax and repurposed funding from delaying the rollout of adult social care charging reform from October 2023 to October 2025.

4.5 £1.345 billion in 2023-24 and £1.877 billion in 2024-25 of repurposed funding from the delayed social care reforms is distributed to local authorities through the Social Care Grant for adult and children's social care in the provisional settlement. This is in addition to the existing Social Care Support Grant. This includes an element based on historic relative needs formula (RNF) and an element of equalisation for the adult social care precept. The Social Care Grant now also includes the transfer of £160m nationally (£1.9m for KCC) from the Independent Living Fund (ILF) which will continue to fund ILF related responsibilities.

4.6 £600 million of the new funding for social care capacity and hospital discharge for 2023-24 (£1 billion in 2024-25) is provided through the Better Care Fund to get people out of hospital on time into care settings. The funding is split 50:50 between the Department for Levelling Up Housing and Communities for local government and the Department of Health and Social Care for the NHS. The £300m local government share in 2023-24 (£500 million in 2024-25) is included in the provisional LGFS and allocated via a new Adult Social Care Discharge Fund based on the 2022-23 allocations from the Improved Better Care Fund.

4.7 The remaining £400 million of new funding in 2023-24 (£683 million in 2024-25) is also included in the provisional LGFS allocated through the Market Sustainability and Improvement Fund to support social care capacity and discharge. Alongside this additional funding £162 million in 2022-23 (£4.161m for KCC) for the Fair Cost of Care has been rolled forward into the Market Sustainability and Improvement Fund for 2023-24 to reflect the progress councils and providers have made this year on fees and cost of care exercises.

4.8 The government expects this new grant funding to enable local authorities to make tangible improvements to adult social care in particular to address discharge delays, social care waiting times, low fee rates and workforce pressures in the adult social care sector. There will be reporting requirements placed on the new ASC Discharge Fund and the Better Care Fund regarding performance and use of funding to support improvement against these objectives. The government will provide further details on reporting in due course.

4.9 The Services Grant has reduced in 2023-24. This is in part because there will no longer be an increase in employer's National Insurance contributions, therefore the government will not be compensating local government for these contributions from 2023-24. In addition, some funding from the Services Grant has been reallocated within other elements of the settlement. The Services grant continues to be allocated to individual authorities based on the Settlement Funding Assessment.

4.10 The Lower Tier Services Grant and a proportion of the expired New Homes Bonus legacy payments have been repurposed to create a new one-off funding guarantee. This will ensure that all authorities will see at least a 3% increase in their Core Spending Power before any decision they make about organisational efficiencies, use of reserves, and council tax levels. This does not affect KCC's settlement and is primarily aimed at district and borough councils.

4.11 The New Homes Bonus (NHB) grant includes a further round of payments in 2023-24 (although, as with this year, the new round will not attract new legacy payments). NHB had been expected to cease. For 2023-24 the administration's draft budget assumes this continued NHB will be used to support the core budget.

4.12 The provisional LGFS has confirmed that the government will be extending the Statutory Override for the Dedicated Schools Grant for the next 3 years from 2023-24 to 2025-26. All the current 100% business rates retention areas will continue for 2023-24. Business Rates pools will also continue for 2023-24 where requested, which means the Kent pool will continue.

4.13 The business rate baseline will be adjusted to reflect the impact of the 2023 business rate revaluation. This includes a provisional adjustment for 2023-24, with a further adjustment for Outturn Business Rates data for 2022-23 in the 2024-25 LGFS, and a final adjustment in the 2025-26 settlement.

4.14 For 2024-25, the core council tax referendum principles will continue the same as for 2023-24. The major grants will continue as set out for 2023-24. RSG will continue and be uplifted in line with Baseline Funding Levels (business rate multiplier uplift linked to CPI), the Social Care Grant and other social care grants will increase as set out at the Autumn Statement. Business rates pools will continue in 2024-25.

4.15 The government had previously committed to carry out a review of the Relative Needs and Resources formula and a reset of accumulated business rates growth. This review will be deferred again until 2025-26 at the earliest.

4.16 The provisional settlement includes the government's calculation of Core Spending Power (CSP). The CSP is a measure of the financial resources technically available to local authorities to fund service delivery. It comprises council tax and the main government grants, including the baseline for business rate retention. Comparison of the main elements of CSP for KCC for 2022-23 and 2023-24 are set out in table 1 below (note the 2022-23 CSP has been recalculated from the original 2022-23 settlement to reflect the final council tax precept). This represents an increase in overall resources of just under 10% in the provisional settlement CSP.

| <b>Table 1 – KCC Core Spending Power</b>   | 2023-24 CSP      | 2022-23 Revised CSP | Change          | <i>Memo Original 2022-23 CSP</i> |
|--|------------------|---------------------|-----------------|----------------------------------|
| Business Rate Baseline                     | £194.9m          | £187.9m             | +£7.0m          | £187.9m                          |
| Revenue Support Grant                      | £11.1m           | £10.0m              | +£1.1m          | £10.0m                           |
| Sub total Settlement Funding Assessment    | £206.0m          | £197.9m             | +£8.1m          | £197.9m                          |
| Improved Better Care Fund                  | £50.0m           | £50.0m              | -               | £50.0m                           |
| Social Care Grant                          | £88.8m           | £54.5m              | +£34.3m         | £54.5m                           |
| ASC Discharge Fund                         | £7.0m            | -                   | +£7.0m          | -                                |
| Compensation for Business Rates            | £33.2m           | £19.2m              | +£14.0m         | £15.4m                           |
| New Homes Bonus                            | £2.3m            | £4.4m               | -£2.1m          | £4.4m                            |
| Services Grant                             | £7.3m            | £13.0m              | -£5.7m          | £13.0m                           |
| Market Sustainability and Improvement Fund | £14.4m           | £4.2m               | +£10.3m         | £4.2m                            |
| Grants rolled in                           |                  | £2.0m               | -£2.0m          | -                                |
| Council Tax                                | £874.4m          | £823.1m             | +£51.3m         | £810.6m                          |
| <b>Total</b>                               | <b>£1,283.4m</b> | <b>£1,168.2m</b>    | <b>+£115.2m</b> | <b>£1,149.9m</b>                 |

5.1 The largest single grant received by the Council is the Dedicated Schools Grant (DSG), which is ring-fenced to fund school budgets and services that directly support the education of pupils. The Local Authority receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for Academies to pay them directly, based on the same formula as the funding allocations made to local authority maintained schools.

5.2 The DSG is allocated through four blocks: The Schools Block, Central School Services Block, High Needs Block and Early Years Block. All elements of the DSG are calculated based on a national funding formula, however these are calculated using historic funding as a baseline.

5.3 Whilst the Schools Block allocation for 2023-24 is based on allocating a school level budget calculation, the method of distribution to schools is still through a local formula methodology.

5.4 In July 2022 the ESFA published provisional allocations for 2023-24 for the Schools Block, Central School Services Block, and the High Needs Block. The allocations have been updated on 16<sup>th</sup> December with the October 2022 pupil data.

5.5 The early years block is currently only an indicative allocation as this is updated post year end based on the census of January 2023 pupil numbers, with the current indicative allocation based on January 2022 numbers. The hourly rate which is the basis of the allocation was confirmed as £5.06 per hour for 3 and 4 year-olds and £5.94 per hour for 2 year-olds. This equates to a 5% increase when compared to the 2022-23 rates. In 2023-24 the average funding increase across all Local authorities was 3.4% for the 3 and 4-year-old free childcare entitlements and 4% for the 2- year-old entitlement (with no Local Authority receiving less than a 1% increase in their funding rates).

5.6 The primary pupil funding rate in the Schools Block has increased by 1.9%. The secondary pupil funding rate has increased by 2.2%. The per pupil rates in the main calculation vary for individual authorities. The Schools Block also includes a non-pupil element for premises factors in the National Funding Formula, along with a growth element based on changes in pupil numbers at a fixed national amount weighted for area costs. The amounts are before deductions for academies. The total schools block for Kent has increased by £40.2m (3.5%) to £1.202bn on the comparable figure for 2022-23. In addition, following the Chancellor's Autumn Statement, mainstream schools receive additional funding through the Mainstream School's Additional Grant (MSAG) in 2023-24. This is in addition to schools' allocations through the Schools block. Indicative allocations for individual schools are due to be published in May 2023, but it has been estimated to be the equivalent to a further 3.5% increase on the pupil funding rate (bringing the total average increase in funding for a primary pupil to 5.4% and 5.7% for a secondary aged pupil in 2023-24, compared to the 2022-23 figure).

5.7 The High Needs Block is funding to support costs of pupils with additional educational needs, across mainstream and special schools as well as the associated support costs. The allocation of the high needs block for 2023-24 has increased by £29.8m (10.6%) on the comparable figure for 2022-23. However, this is insufficient to ease the pressure on current spend and will not bring us to a position bringing spending in the high needs block into balance within the next financial year or in the medium term plan period.

5.8 The most significant financial risk for the Council at the start of 2022-23 was the continuing and increasing underlying deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG), a total of £97.6m as at March 2022. Since the introduction of the Children and Families Act 2014, the Council has seen an unprecedented rise in the number of children and young people assessed for Education Health and Care Plans (EHCPs) and the increasing proportion of children being educated in special and independent schools and a smaller proportion educated in mainstream schools. The high needs funding within the DSG has not kept pace, resulting in in-year overspends and an accumulated deficit on the unallocated DSG reserve. Whilst this is recognised as a national problem it has been particularly acute in Kent with numbers significantly higher than the national and nearest neighbours' average.

5.9 The Government has provided additional high needs funding, but this has been insufficient in addressing the funding gap. Following the Special Educational Needs & Disability (SEND) and Alternative Provision Green Paper consultation in Summer 2022, the Government plans to publish its Improvement Plan in early 2023 which is expected to set the direction needed to create a financially sustainable high needs system. In the meantime, the government has started a process to consider contributing towards historic debts for those local authorities with the most significant overspends (known as the Safety Valve agreement), but only where local authorities can demonstrate they can balance their future annual budget. Interim arrangements have also been introduced to avoid the impact on Council accounts whilst a solution is found and has recently been extended to the end of March 2026. Due to the size of the accumulated overspend on this grant, this Council is currently taking part in the Safety Valve process and is putting in place a plan to return to a sustainable financial position. At present, however, the level of debt remains unsustainable, posing a considerable risk to the Council in the absence of funding, national structural reforms and the need for local changes in practice.

5.10 The Council recognises it needs to take further actions to ensure children with SEN are supported and that this is sustainable within the funding provided, and significant work is being undertaken to identify efficiencies and improvements in high needs provision, including:

- Reviewing the commissioning strategy to ensure greater consistency in offer of SEN provision across the county including reviewing both special schools and Specialist Resource Provision (SRP) to reduce the increasing reliance on independent schools
- Reviewing commissioning arrangements with independent providers.
- Improving parental confidence through supporting inclusive practice and capacity building in mainstream schools
- Further collaborative working with Health and Social Care partners

The Council is updating its DSG deficit recovery plan in light of further projected overspends during 2022-23. This will be formally monitored and reported on as part of the Council's budget monitoring reports to Cabinet.

5.11 The Schools' Funding Forum were requested to consider a 1% transfer from Schools Block to the High Needs Block to help to support the system of SEN support in mainstream schools across the county including ensuring sufficient funding for the County Approaches to Inclusive Education. This was considered by the Forum in early December and the Forum agreed this transfer on the basis of the following:

1. Supporting a school led system to deliver the highest quality core inclusive education
2. Providing additional intervention and support with engagement
3. Inclusive Education is part of a broader, holistic, and joined-up offer of support
4. Ensuring smooth transition between education phases

5.12 This transfer must be approved by the Secretary of State, and the Council is waiting for the outcome of this request. The Schools Block calculation outlined in paragraph 5.6 is the basis for this transfer before academy deductions.

5.13 The Central School Services Block (CSSB) was introduced in 2018-19 to fund councils for their statutory duties relating to maintained schools and academies. The CSSB has been consistently reduced each year since it was introduced. The CSSB brings together funding previously allocated through the retained statutory duties element of the Education Services Grant (ESG) funding for ongoing central functions e.g. admissions and funding for historic commitments including items previously agreed locally such as termination of employment costs. The element of the CSSB that funds ongoing services has increased by 2.7%

5.14 The table below sets out the latest DSG allocation over the funding blocks for 2023-24.

**Table 2 - Dedicated Schools Grant 2023-24 and Final DSG 2022-23**

| <b>Block</b>      | <b>2023-24<br/>£m</b> | <b>2022-23<br/>£m</b> | <b>Gross<br/>Change<br/>£m</b> |
|-------------------|-----------------------|-----------------------|--------------------------------|
| Schools Block     | 1,202.1               | 1,161.9*              | 40.2                           |
| CSSB              | 11.9                  | 11.5                  | 0.3                            |
| High Needs Block  | 312.0                 | 282.1                 | 29.8                           |
| Early Years Block | 97.9                  | 92.6                  | 5.3                            |
| <b>Total</b>      | <b>1,623.9</b>        | <b>1,548.2</b>        | <b>75.7</b>                    |

\*This includes both Schools Block and additional Schools Funding received through a separate grant in 2022-23 (supplementary funding) which is included within the main Schools Block in 2023-24.

5.15 In addition, the Council receives, and passports fully to schools, other specific grants including funding for the pupil premium (£71.1m in 2022-23). The rates are expected to increase by 5% for 2023-24 and for 6th form funding (£20.9m in 2022-23). Final allocations for the pupil premium are expected to be confirmed in Spring 2023 and 6th form funding in March 2023.

6.1 Council Tax income is a key source of funding for council services. The amount generated through Council Tax is principally determined by the Council Tax Base (the number of properties in the council area adjusted for exemptions and discounts), the rate of charge per property and the collection rate.

6.2 A significant proportion of the funding towards the revenue budget is derived from the County Council's share of council tax. The County Council share of council tax typically amounts to around 70% of a household council tax bill. The County Council charge is the same for all households in the county (as is the share for Police & Crime Commissioner and Fire and Rescue authority), the amount for district/borough and town/parish councils will vary depending on the local area and the individual decisions of these councils.

6.3 The Council currently can, subject to legislative constraints, increase its Council Tax rate through two mechanisms, the Adult Social Care (ASC) precept and general tax rate increases. Each 1% increase in the Council Tax rate generated circa £8.2m per annum in 2022-23, which equates to an extra 28 pence per week for a band D property.

6.4 The Autumn Statement and provisional LGFS have confirmed the referendum level of 3% for general tax rate increases and permitted Councils to add an ASC precept of up to 2%. The government assumes in the Core Spending Power calculation that Councils will increase Council Tax to the maximum allowed. If the Council, therefore, did not implement the maximum level, then its spending power to provide services would be reduced going forward with no funding from government to mitigate this. The administration's draft budget 2023-24 includes a proposed 2.9995% increase in the general precept (up to but not exceeding the referendum level) and a further 1.9956% increase in the adult social care precept. It is currently assumed for planning purposes that the 2024-25 budget will include a proposed 2.9976% increase in the general precept (up to but not exceeding the referendum level) and a further 1.9945% increase in the adult social care precept, with the 2025-26 budget returning to the previous referendum limits of 2% and 1% respectively.

6.5 The County Council's council tax level is currently 10<sup>th</sup> highest of the 24 counties and 4<sup>th</sup> of the 7 south east counties. Even after implementing the administration's proposed increases for 2023-24, the Council's relative position will depend on the extent to which other councils agree increases up to the 2023-24 referendum level/social care precept. We will not know KCC's relative position on Council Tax until all county councils have agreed their precept and Council Tax charge for 2023-24.

6.6 Before the Covid-19 pandemic, the county had seen consistent increases in the number of new homes over recent years. The pandemic had a material impact on the 2021-22 tax base, because it impacted the number of people in work or receiving low pay and as a consequence increased significantly those claiming welfare benefits, including through the Local Council Tax Reduction Scheme (LCTRS). There was also a drop in the collection rate as residents' income levels were affected by Covid-19 restrictions. The impact of this was a reduced tax base in 2021-22, and although 2022-23 has seen a return to the pre-pandemic level of LCTRS and an improvement on collection rates, collection rates have not quite returned to pre-pandemic levels. It is not yet clear how the cost of living crisis will impact LCTRS levels and collection rates.

6.7 The 2023-24 tax base notifications provided by district councils represents an overall increase of 1.45% providing an additional £12.0m of Council Tax income. This is £0.4m less than the provisional estimate in the administration's draft budget published on 3<sup>rd</sup> January, this difference is reflected in a revised figure for the draw down from corporate reserves. This increase is broadly in line with what was expected based on average pre-pandemic growth. The higher tax base means the amount generated from a 1% increase in Council Tax rate rises to £8.4m in 2023-24. A fuller analysis of changes in the tax base will be provided once the final notification of the detailed information from districts has been received.

6.8 The Council Tax Collection Fund deficit in 2020-21 is accounted for over the three-year period 2021-24. A separate compensation grant has been provided by Government equivalent to 75% of irrecoverable losses due to the pandemic over the same three-year period. The Council has previously included estimated collection fund surpluses as part of the funding towards the budget as legislation requires that any surpluses or losses on collection must be taken into account in the following year's budget and council tax setting considerations. In the administration's final proposed draft budget for 2023-24 and 2023-26 MTFP a consistent level of collection fund balance is assumed to support the core budget (based on the average of previous years) and any variation from this is proposed to be added to/drawn down from the local taxation smoothing reserve. The estimated collection fund for 2022-23 notified by districts i.e. excluding the final tranche of the deficit from 2020-21, shows a surplus of £11.5m meaning a £4.5m one-off contribution is proposed to be added to the local taxation smoothing reserve in the administration's final draft budget 2023-24. This is considered a more appropriate treatment of collection fund balances and still satisfies the statutory requirement. The administration's proposed final draft budget 2023-24 includes the third year of the 2020-21 deficit (£4.6m) and compensation (£2.3m).

6.9 The council tax charge for 2023-24 must be agreed by County Council. Council tax is raised through a precept through each district based on the band D charge for the year multiplied by the estimated band D equivalent tax base for each district. The tax base estimate is calculated by each district and the County Council has no discretion to vary this amount. County Council must agree the precept as part of the budget approval. District Councils are responsible for collection and must pay the amount of the precept in monthly instalments to the County Council. The individual district changes between 2022-23 and 2023-24 tax base estimates, and the 2023-24 council tax precept are shown in table 3 for the agreement of individual district precepts at full Council on 9<sup>th</sup> February.



**Table 3 Council Tax Base Changes & 2023-24 Precept**

| <u>District</u>     | <u>2022-23<br/>Band D<br/>Equivalent<br/>Taxbase</u> | <u>2023-24<br/>Band D<br/>Equivalent<br/>Taxbase</u> | <u>2023-24 Precept<br/>@ £1,534.23<br/>(incl. ASCL)<br/>£000s</u> | <u>% change</u> |
|---------------------|--|--|---|-----------------|
| Ashford             | 48,664.00  | 48,906.00  | 75,033.1  | 0.50%           |
| Canterbury          | 51,259.80  | 52,372.76  | 80,351.9  | 2.17%           |
| Dartford            | 39,544.25  | 40,288.37  | 61,811.6  | 1.88%           |
| Dover               | 39,763.21  | 39,974.37  | 61,329.9  | 0.53%           |
| Folkestone & Hythe  | 39,172.25  | 39,977.10  | 61,334.1  | 2.05%           |
| Gravesham           | 34,829.66  | 35,266.50  | 54,106.9  | 1.25%           |
| Maidstone           | 65,896.22  | 67,161.69  | 103,041.5   | 1.92%           |
| Sevenoaks           | 51,514.27  | 51,990.30  | 79,765.1  | 0.92%           |
| Swale               | 48,939.46  | 49,673.46  | 76,210.5  | 1.50%           |
| Thanet              | 44,975.20  | 45,759.46  | 70,205.5  | 1.74%           |
| Tonbridge & Malling | 52,246.97  | 52,706.29  | 80,863.6  | 0.88%           |
| Tunbridge Wells     | 46,479.60  | 47,402.10  | 72,725.7  | 1.98%           |
| <b>Total</b>        | <b>563,284.89</b>                                    | <b>571,478.40</b>                                    | <b>876,779.3</b>  | <b>1.45%</b>    |

Note: ASCL = Adult Social Care Levy

6.10 In the administration's proposed final draft 2023-24 budget the County Council will be asked to approve an increase up to but not exceeding the 3% referendum limit. It is also proposed that the County Council be asked to approve taking up the Adult Social Care levy in full. These increases would take the annual total band D charge for 2023-24 to £1,534.23 of which £202.41 would be for the Adult Social Care levy. The proposed increases are the equivalent of £1.40 per week for a band D household. The impact of the proposed increase to individual bands is shown in table 4 and these are presented for agreement to full Council on 9<sup>th</sup> February.

**Table 4 Proposed Council Tax increases**

| Band | Proportion of<br>Band D Tax Rate | 2022-23<br>(incl. ASCL) | 2023-24<br>(excl. increase in<br>ASCL) | 2023-24<br>(incl. increase in<br>ASCL) |
|------|----------------------------------|-------------------------|--|--|
| A    | 6/9                              | £974.16                 | £1,003.38                              | £1,022.82                              |
| B    | 7/9                              | £1,136.52               | £1,170.61                              | £1,193.29                              |
| C    | 8/9                              | £1,298.88               | £1,337.84                              | £1,363.76                              |
| D    | 9/9                              | £1,461.24               | £1,505.07                              | £1,534.23                              |
| E    | 11/9                             | £1,785.96               | £1,839.53                              | £1,875.17                              |
| F    | 13/9                             | £2,110.68               | £2,173.99                              | £2,216.11                              |
| G    | 15/9                             | £2,435.40               | £2,508.45                              | £2,557.05                              |
| H    | 18/9                             | £2,922.48               | £3,010.14                              | £3,068.46                              |

Note: ASCL = Adult Social Care Levy

7.1 The administration's draft capital and revenue budgets are subject to the budget scrutiny process in January. Following the scrutiny process the administration's final draft budget for approval by County Council will be published by 1<sup>st</sup> February. The full Council is responsible for agreeing the budget at the County Council meeting on 9<sup>th</sup> February. As required by the Council's Constitution and Financial Regulations, the final draft budget for County Council approval will be proposed by the Leader and published in a format recommended by the Corporate Director, Finance and agreed by the Leader.

7.2 The administration's draft budget proposals in appendices A and B of this report set out the proposed ten-year capital spending plans for 2022-32. Appendix A provides a high-level summary of the proposed capital programme and financing requirements. The spending plans in Appendix B set out proposed spending on individual projects and rolling programmes by directorate. The financing is a combination of government departmental capital grants, forecast developer contributions, external funding, capital receipts and borrowing. Inflationary and other cost pressures have significantly impacted the capital programme on both rolling programmes and individual schemes. In recognition of the financial challenge facing the Council the additional unfunded cost estimates have been absorbed within the existing programme other than for schools' modernisation of assets (MOA) and annual planned enhancements (APE) where the programme has been increased. This has been achieved by reducing prudential borrowing through alternative funding, rephasing and reducing other schemes resulting in a small net reduction in borrowing levels, which results in a small reduction in the budgeted revenue debt costs. No new schemes with prudential borrowing have been added to the programme to avoid increasing the revenue burden of borrowing to fund capital expenditure. As a result, planned maintenance will only be carried out on the highest priority sites (those dealing with safeguarding issues and highways/waste operations) and the modernisation of assets work will need to be prioritised which is likely to result in the closure of non priority sites. There will be consequential impact on risks and maintenance backlogs, but these will continue to be managed to mitigate risks as far as possible. This is a necessary short-term expedient while the Council reviews its estate over the medium term which in turn will impact on future maintenance and modernisation requirements.

7.3 Appendix C of this report provides an indication of new potential capital projects which could come forward within the next 10 years. These have not been included in the administration's draft capital programme and will only be added in later years subject to business cases being completed and reviewed and affordable funding solutions being identified. Indicative costings have been provided as a guide, however, no funding or budget is being set aside for these projects at this time.

7.4 The presentation of the administration's draft revenue budget 2023-24 and 2023-26 MTFP focuses on the key policy and strategic implications of the proposals. The revenue proposals are set out in appendices D and E of this report. These appendices show the spending, income and savings changes from the current year's approved budget (2022-23) and the financing requirements as well as proposed directorate budgets. Appendix D provides a high-level summary of the proposed three-year plan for the whole council. Appendix E shows the more detailed directorate budget changes between 2022-23 and 2023-24.

7.5 The final draft budget presented to County Council includes the key service analysis. The original planned spending on key services is set out in section 8 (Appendix E of the final budget report) of the final approved Budget Book for 2022-23 (published in March) and available on KCC website at [KCC Finance Budget Book 2022-23 \(kent.gov.uk\)](https://www.kent.gov.uk/finance/budget-book-2022-23). The half year monitoring report for 2022-23 was reported to Cabinet on 1<sup>st</sup> December, this showed the variances from the approved budget for both capital and revenue. Appendix 1 of the Cabinet report shows the revenue variances for key services. [Sept 2022-23 Monitoring Report.pdf \(kent.gov.uk\)](#).

7.6 It is important that scrutiny of the initial draft budget focusses on the key variations in the administration's proposed budget for 2023-24 arising either from the in-year monitoring or from forecast spending, income and saving requirements for the forthcoming year. These key variations will in turn determine the administration's final budget proposals for key services in 2023-24. The key service information will be included in the administration's final draft reflecting any changes arising from the scrutiny process or any other points that may arise between the publication of this initial draft and the final draft budget.

7.7 Additional proposed spending growth includes the impact of decisions and activities already being delivered in the current year not included in the current base budget and known future contractual obligations. It also includes forecasts for future cost or activity changes for the forthcoming year, or changes in Council policy. These are set out in fuller detail in the appendices to this report including an explanation of the reasons for the change. The proposed spending growth will include the impact of the Personnel Committee recommendations on changes to the Kent Pay Scheme which will be confirmed later in January.

7.8 The proposed spending growth in the administration's proposed final draft budget includes the impact of the Personnel Committee recommendations on the changes to the Kent Pay Scheme:

- An increase of £2,000 for grades KR3 to KR11 and tapered percentage increases from 4.4% to 3.8% for grades KR12 to KR20
- Pay increases to be consolidated for all staff with the corresponding adjustment to our pay scales
- increase in the basic annual leave entitlement for staff in KR3-7 and those with less than 5 years' service in KR8-12 by one additional day

7.9 The cost of the increase in pay is made up from explicit budget provision included in the administration's final draft budget 2023-24 published on 1<sup>st</sup> February 2023, supplemented as in previous years by the headroom within Directorates' staffing budgets as a result of new appointments being made at the bottom of pay scales. The proposed increase in annual leave has associated costs and also needs to be met from the overall pay provision that has been included in the final draft budget for 2023-24. A consequence of this approach is that it will remove the link to pay from TCP assessments for 2022-23 only, however, the appraisal process would continue as part of the annual cycle.

7.10 The County Council agreed the Members Allowances Scheme for 2021-2025 on 4th November 2021. This included agreement to an annual indexation formula. The annual increase under this formula is the average of two figures. The first is the average of the increases arising in sectors covered by 8 national public sector pay review bodies. The second is the percentage awarded to staff awarded 'Successful' in the Total Contribution Pay scheme. Under the proposals from Personnel Committee there is no actual "Successful" award for 2023-24. Therefore, in identifying the figure for the second formula, the draft "Successful" award within the overall pay provision in the Administration's final draft budget 2023-24 has been used. Accordingly, the Basic Allowance, Special Responsibility Allowances, and Dependents' Carers' Allowance will be raised by 4.5% for 2023-24 with effect from 1 April 2023.

7.11 The presentation of proposed savings and income in the appendices to this report follows a similar pattern with proposed savings amounts identified separately for the full year effect of 2022-23 plans already agreed; savings/income from the application of existing policies; savings/income that do not require any changes in policy; and those that require policy changes. The growth and savings in the administration's proposed final draft budget 2023-24 will be independently reviewed to give assurance on deliverability, and to verify the delivery plans for each one including the key milestones such as consultation, key decisions, and implementation. Given the scale of the savings, enhanced monitoring arrangements will be put in place in addition to the arrangements already embedded through the monthly monitoring with budget managers and regular quarterly budget monitoring reports to Cabinet. These enhanced arrangements will include quarterly progress meetings with Cabinet Members and regular monthly updates from Corporate Directors on progress to deliver savings plans identifying where key milestones have been met (and where any have not been met), and feedback from any consultation leading to variations from the original plan. Where milestones have not been met or plans changed following consultation the updates will identify remedial actions necessary to ensure the overall budget can be delivered as well as further management action.

7.12 The high-level equation for changes in planned revenue spending for 2023-24 (growth and savings), income and net budget, together with the balancing changes in funding is shown in table 5 below. This summarises how the requirement to set a balanced budget has been met.

Table 5 – Net Change in Spending and Funding

| <b>Change in Net Spending</b>             |                 | <b>Change in Net Funding</b>                            |                 |
|---|-----------------|---|-----------------|
| Proposed additional spending              | £216.8m         | Net Increase in government grants                       | £62.3m          |
| Proposed savings from spending reductions | -£39.1m         | Change in council tax base                              | £12.0m          |
| Proposed changes in income                | -£15.7m         | Proposed increase in council tax charge                 | £41.7m          |
| Increases in specific government grants   | -£31.9m         | Change in retained business rates                       | £5.2m           |
| Proposed net change in reserves           | -£10.7m         | Change in net collection fund balances/S31 compensation | -£1.8m          |
| <b>Total Change in Net Spending</b>       | <b>+£119.4m</b> | <b>Total Change in Net Funding</b>                      | <b>+£119.4m</b> |

7.13 The increased and additional grants have been set out in more detail in the section on the Provisional Settlement. This includes the new ASC Discharge Fund, increases in Social Care Grant (including rolled in ILF) and Market Sustainability and Improvement Fund, RSG (including rolled in grant), Business Rate top-up and compensation, as well as changes to Services Grant and NHB.

7.14 The MTFP shows a balanced 3 year plan. Within this there is a limited draw down of £12.5m from corporate and public health reserves in 2023-24 (as part of £9.9m net proposed increase in reserves in 2023-24) which are replaced and replenished in the plans for 2024-25. This is based on a reasonable estimate of the possible funding settlement from central government for 2024-25 based on the principles set out in the provisional LGFS together with best estimates for 2025-26 (which come with high degree of caution). Spending growth has been forecast for years 2 and 3 together with detail of the full year effect of savings/income proposed for 2023-24 and the roll-out of further savings/income in later years under existing policies and target for new savings to balance the plan. Spending, savings and income plans are likely to need to be updated by the time these become the draft budget for each year in light of changes to forecasts.

7.15 Where required consultation and Equality Impact Assessments (EQIA) will need to be undertaken on individual new savings and income proposals. The final planned amounts can only be confirmed following consultation and EQIA. Any variances between the approved budget and final planned amounts will be included in the budget monitoring report to Cabinet, together with progress on delivery.

7.16 Similarly new savings and income under consideration for future years will require further development before consultation and EQIA. Consequently, individual amounts have not been presented at this stage although a combined overall amount for these options has been presented to show the overall amount which is likely to be needed to achieve a balanced budget against the estimated financing over the medium term.

## Income generation through fees and charges

7.17 The majority of discretionary fees and charges are raised annually by a minimum of inflation (CPI or RPI). Both of these inflation measures have increased significantly due to global and national circumstances. For example, CPI inflation is currently around 10.5% compared to 4.2% in October 2021. RPI inflation is around 13.4% compared to 7.1% in October 2021. A new Fees and Charges policy is included in the administration's draft 2023-24 budget proposals as appendix L of this report. If this is agreed all of the current fees and charges will be mapped against the policy before proposing any should change in future in line with the different fee categories in the new policy. The default position in the new policy is an expectation of full cost recovery for discretionary services with greater clarity where decisions have been made to offer concessions or subsidies which impact on the revenue budget. This policy also includes options for nominal and free provision for completeness although these are unlikely to apply other than in exceptional cases.

## Proposed Final Draft 2023-33 Capital Programme – key numbers

|         |  |
|---------|--|
| £1,624m | Total planned capital spending over the ten years 2023-24 to 2032-33.  |
| -£9.6m  | Prudential borrowing reduced in the 10-year programme. This includes increased spend on school's modernisation of assets and annual planned enhancement, offset by reduced borrowing on other programmes/schemes |
| £959m   | Confirmed or indicative government grants to fund capital expenditure.   |
| £400m   | Total proposed borrowing to fund the programme.  |
| £265m   | Funding from other sources (capital receipts, developer contributions, external funding and revenue).  |

8.1 The ten-year Capital Programme 2022-32 was approved by County Council in February 2022. This took into account the need to set a realistic and deliverable programme and avoid the significant over-programming and subsequent underspending against capital that has been a feature for several years. The ten-year horizon allows for a longer-term plan for capital investment, taking into consideration an updated assessment of the capital financing requirements and the consequent impact on the revenue budget and borrowing strategy.

8.2 The extraordinary economic consequences of global and national circumstances have a similar impact on capital as revenue, if anything these consequences are more significant due to the longer-term nature of capital plans. Inflationary pressures and overspends on existing schemes have been absorbed within the existing programme other than for the schools Modernisation of Assets and Annual Planned Enhancement. This has been necessary in order to avoid additional prudential borrowing and has reduced borrowing by £9.6m over the 4 years 2022-23 to 2025-26. This reduces revenue pressure to finance borrowing by £0.7m per annum. The spending pressures that have been built into the schools' programmes add £8.5m in 2023-24 and 2024-25. This approach does not come without increased risks.

8.3 The increased risks which include danger to life and limb if repair works are not completed, an increase in maintenance backlogs which in turn could lead to additional revenue costs for reactive works, increased future costs of works due to inflation, and costs relating to climate change resilience/adaptation will be mitigated as far as possible. For example, prioritising emergency works that would avoid risk of death or serious harm, prioritising maintenance on essential assets (although this means non-essential assets would not be maintained leading to possible closures on safety grounds) and doing the minimum to meet statutory requirements at lowest cost. This is only a short term necessity while the Council reviews its estate over the medium term which in turn will impact on future maintenance and modernisation requirements. The programme will continue to be regularly reviewed and re-prioritised within the funding available.

8.4 Further mitigation will be investigated through alternative funding mechanisms for maintenance works avoiding the need for borrowing to fund what are essentially recurring costs.

8.5 Appendix A of this report sets out a summary of the administration's proposed 2023-33 programme and associated financing requirements for each year. The summary provides a high-level overview for the whole council. The individual directorate pages in appendix B provide more detail of rolling programmes and individual projects.

**Capital spending: a reminder of what it is**

Capital spending is expenditure on the purchase or enhancement of physical assets where the benefit will last longer than the year in which it is incurred e.g. school buildings, roads, economic development schemes, IT systems, etc. It includes the cost of purchasing land, construction costs, professional fees, plant and equipment and grants for capital expenditure to third parties. Capital spending plans are determined according to the Council's statutory responsibilities and local priorities as set out in the MTFP, with the aim of delivering the vision set out in the Strategic Plan.

Capital spending is funded via a variety of sources including government grants, capital receipts, external contributions and borrowing. Borrowing has to be affordable as the cost of interest and setting aside sufficient provision to cover the loan repayments are borne by the revenue budget each year based on the life of the asset.

8.6 A significant proportion of the capital programme is funded by grants from government departments, particularly Department for Education (DfE) and Department for Transport (DfT). In many cases future years' grant allocation notifications have not been received and the capital programme is therefore based on estimates. Some schemes also require external funding e.g. Heritage Lottery Fund (HLF) or Developer Contributions, which may not yet have been secured. Schemes that include significant elements of unsecured funding can be identified through note 1 in the capital programme (appendix B) and will only go ahead if the funding is secured.

8.7 Appendix C of this report provides an indication of Potential Capital Projects which may come forward within the next 10 years. These projects are currently very high level and commencement is subject to business case review and affordable funding solutions being identified. Indicative costings have been provided as a guide, however no funding or budget is set aside for these projects at this time.



**Proposed Final Draft 2023-24 Revenue Budget – key numbers**

|           |   |
|-----------|---|
| £1,310.9m | Net revenue budget proposed for 2023-24. This represents a £119.4m increase on the approved budget for 2022-23 of £1,191.5m.  |
| £216.8m   | Additional proposed spending growth – see paragraph 9.1 for more detail.  |
| £86.6m    | Proposed savings and income. Of this £39.1m relates to proposed savings, £15.6m additional income generation (mainly fees and charges), and £31.9m anticipated increases in specific grants (including Household Support Fund and Public Health grants yet to be confirmed).  |
| £10.7m    | Net impact on the budget of changes in use of reserves. This comprises: <ul style="list-style-type: none"> <li>• £5.8m one-off contribution to general reserves to maintain these at the agreed policy level of 5% of the net revenue budget.</li> <li>• £12.2m contributions to earmarked reserves to recognise the increased risk in the 2023-24 budget and the impact of smoothing of contract costs.</li> <li>• £4.5m one-off contribution to local taxation smoothing reserve from the excess council tax collection fund surplus from 2022-23.</li> <li>• -£12.5m drawdown from earmarked and public health reserves to help achieve a balanced budget in 2023-24.</li> <li>• -£20.7m removal of one-off contributions to and drawdowns from reserves in 2022-23.</li> </ul>                                  |
| £876.8m   | Proposed to be raised from Council Tax precept. An increase of £53.7m on 2022-23. £12.0m is due to a 1.45% increase in the tax base due to increased dwellings, changes in discounts and exemptions and assumed collection rates, £41.7m is raised from the proposed increase the in household charge up to but not exceeding 5% (including £16.7m from the adult social care levy).  |
| £63.9m    | Increase in the Provisional government grant settlement. This comprises: <ul style="list-style-type: none"> <li>• £32.4m increase in Social Care Grant from repurposed funding from social care charging reforms, and £1.9m rolled in grant from the Independent Living Fund</li> <li>• £10.3m increase in Market Sustainability and Improvement Fund to support capacity and discharge</li> <li>• £7.0m new ASC Discharge Fund</li> <li>• £7.0m increase in business rate baseline from indexed uplift</li> <li>• £1.1m increase in Revenue Support Grant linked to CPI</li> <li>• £14.0m additional compensation for business rate freeze and additional discounts</li> <li>• -£5.7m change in Services Grant</li> <li>• -£2.1m change in New Homes Bonus Grant</li> <li>• -£2.0 from rolled in grants</li> </ul> |

**Revenue spending: a reminder of what it is**

Revenue spending is spent on the provision of day to day services, either directly through KCC staff and operational buildings, or commissioned from third parties. Revenue spending is identified as gross spend and net spend after taking account of service income and specific government grants. The net revenue budget requirement is funded by a combination of council tax, locally retained business rates and un-ring-fenced grants from the Department for Levelling-up, Housing and Communities (DLUHC) included in the local government finance settlement. Grants from other government departments are ring-fenced to specific activities and are shown as income to offset the related spending.

9.1 The additional spending growth of £216.8m for 2023-24 is summarised in appendix D and set out in more detail in appendices F (one-year) & G (three years). It has been subdivided into the following categories:

|  |   |
|--|---|
| Net base budget changes<br>£63.5m              | Changes to reflect full year effect of known variations in the current year's forecast outturn compared to approved budget. These adjustments are necessary to ensure the budget continues to be based on a robust and sustainable basis. |
| Service Strategies and Improvements<br>£3.9m   | Various changes to address non-inflationary or demand pressures on services and includes the additional revenue cost of borrowing to support the existing capital programme.  |
| Pay pot<br>£16.3m                              | This pot would need to cover the proposed £2,000 increase for all staff in KR3 to KR11 and the tapered % increases for staff in KR12 and above, and the change to annual leave entitlements.  |
| National Insurance<br>-£1.6m                   | Remove the provision in 2022-23 base budget for the planned increase in employer's National Insurance Contributions.  |
| Pension Contributions<br>-£1.6m                | 0.8% reduction in employer's pension contributions following the 2022 actuarial review of the Pension Fund.   |
| Public Health and Apprenticeship Levy<br>£0.8m | This is an uplift for Public Health staff which will be funded from Public Health Grant and an increase to the budgeted apprenticeship levy based on the pay pot.   |
| Price inflation<br>£70.4m                      | Forecast estimates for future contractual and negotiated price increases.   |
| Increased demand and cost drivers<br>£34.0m    | Forecast estimates for future demand-led increases across a range of services including adult social care, integrated children's services, home to school transport and waste tonnage.  |
| Government & Legislative<br>£28.0m             | Includes additional spending associated with the announcement of the extension of Household Support Fund in 2023-24.  |
| Reduction in specific grants<br>£3.1m          | Loss of income due to previously announced reductions in specific grants. The consequential reductions in spending are shown as savings.  |

9.2 The proposed savings and income of £86.6m for 2023-24 (£54.8m excluding increases in specific grants and contributions) is summarised in appendix D and set out in more detail in appendices F (one year) and G (three years). It has been subdivided into the following categories:

|                                 |  |
|---------------------------------|--|
| Policy Savings<br>£23.9m        | These savings arise due to changes in KCC policies including full year effect of 2022-23 proposals and new proposals for 2023-24. Policy savings include a review of a number of service areas including in house adult social care services, discretionary services in adult social care, children's services, highways maintenance/drainage/winter service, household waste recycling centres, and services for schools. A number of policy savings include staffing changes.  |
| Transformation Savings<br>£1.7m | These savings aim to achieve improved outcomes at less cost including full year effect of 2022-23 proposals and new proposals for 2023-24. The transformation savings include proposed changes to children's social care and include staffing changes.   |
| Efficiency Savings<br>£9.6m     | These savings aim to achieve the same outcomes at less cost including full year effect of 2022-23 proposals and new proposals for 2023-24. The efficiency savings include staffing reductions and contracted & commissioned services.  |
| Financing Savings<br>£3.9m      | Reduction in prudential borrowing costs due to rephasing of capital projects from prior years and review of amounts set aside for debt repayment (MRP) based on asset life and increased investment income returns.  |
| Income Generation<br>£15.6m     | Increases in fees and charges for council services from applying existing policies and changes in policies. Income generation includes uplifts in client contributions in line with estimated 2023-24 benefits and other personal income increases, inflationary uplifts in other fees and charges, increases in contributions to Kent Travel Saver and 16+ pass linked to fare increases (this is the existing arrangement and separate from the proposed policy change for further increases in KTS), increased contribution from external income, including health. |
| Specific Grant Income<br>£31.9m | Estimated increases in grants for household support fund, public health, and domestic abuse.   |

10.1 Reserves are an important part of the Council's financial strategy and are held to create long-term financial stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its financial standing and resilience.

10.2 The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance to mitigate future financial risks.

10.3 There are two main types of reserves:

- Earmarked Reserves – held for identified purposes and are used to maintain a resource in order to provide for expenditure in a future year(s).
- General Reserves – these are held for 'unforeseen' events.

10.4 The Council maintains reserves both for its General Fund activities and it accounts for the reserves of schools. The Statutory Override on DSG deficits has been extended for 3 years from 2023-24 to 2025-26, however during this period it is essential that the Council identifies a specific reserve to cover the contribution to the Safety Valve to contain high needs spending within the block of funding available within DSG. As identified in the Section 25 assurance statement and the assessment of budget risks and adequacy of reserves (appendices J and K of this report) there remains a significant risk to reserves from the forecast overspend for 2022-23. The level of reserves held is a matter of judgment which takes into account the reasons why reserves are maintained and the Council's potential financial exposure to risks. A Reserves Policy is included as Appendix I to this report. An analysis of budget risks is included as Appendix K.

10.5 The Council holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to initially resource policy developments and initiatives without a disruptive impact on Council Tax. Capital reserves play a similar role in funding the Council's capital investment strategy.

10.6 The Council also relies on interest earned through holding cash and investment balances to support its general spending plans.

10.7 Reserves are one-off monies and, therefore, the Council generally aims to avoid using reserves to meet on-going financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

10.8 Reserves are therefore held for the following purposes:

- Providing a working balance
- Smoothing the impact of uneven expenditure profiles between years e.g. collection fund surpluses or deficits, local elections, structural building maintenance and carrying forward expenditure between years.
- Holding funds for future spending plans e.g. capital expenditure plans, and for the renewal of operational assets e.g. information technology renewal.
- Meeting future costs and liabilities where an accounting 'provision' cannot be justified.
- Meeting future costs and liabilities so as to cushion the effect on services e.g. the Insurance Reserve for self-funded liabilities arising from insurance claims.
- To provide resilience against future risks.
- To create policy capacity in the context of forecast declining future external resources.

10.9 All earmarked reserves are held for a specific purpose. A summary of the movement on each category of reserves is published annually, to accompany the annual Statement of Accounts.

10.10 Within the administration's final budget it is proposed to suspend the policy previously agreed that insecure and variable funding sources should not be used to fund base budget core activities e.g. New Homes Bonus grant and should instead be held in reserve. This is a temporary measure for 2023-24 in light of the extraordinary budget growth pressures and the government's intention that reserves should be used to support funding pressures. This will mean that spending supported by this insecure and volatile funding in 2023-24 will be a pressure on the core budget for 2024-25.

10.11 The administration's draft budget 2023-24 includes a proposed £5.8m increase in general reserves in line with the policy to maintain these at 5% of the net revenue budget. The administration's draft budget 2023-24 also includes additional contributions in earmarked reserves of £12.2m, £4.5m one-off contribution to local taxation smoothing reserves from the estimated excess surplus in the council tax collection fund for 2022-23, and proposed draw downs from corporate and public health reserves totalling £12.5m to balance spending. The combination of additional contributions and draw down represents a net increase in reserves of £9.9m.

**Appendices**

|   |   |
|---|---|
| <a href="#">Summary of Draft Capital Programme &amp; Financing 2023-24 to 2032-33</a> | A |
| <a href="#">Draft Capital Programme by Directorate 2023-24 to 2032-33</a>             | B |
| <a href="#">Potential New Capital Projects 2023-24 to 2032-33</a>                     | C |
| <a href="#">High Level Summary 3 Year Draft Revenue Plan and Financing 2023-26</a>    | D |
| <a href="#">Draft Directorate Revenue Budget 2023-24 Key Service Analysis</a>         | E |
| <a href="#">Draft Directorate Revenue Budget Changes 2023-24</a>                      | F |
| <a href="#">Draft 3 Year Budget Changes</a>   | G |
| <a href="#">Core Grants in Local Government Finance Settlement</a>                    | H |
| <a href="#">Reserves Policy</a>   | I |
| <a href="#">Budget Risks and Adequacy of Reserves</a>                                 | J |
| <a href="#">Budget Risk Register</a>  | K |
| <a href="#">Draft Fees and Charges Income Policy</a>                                  | L |
| <a href="#">Capital Strategy</a>  | M |
| <a href="#">Treasury Management Strategy</a>  | N |
| <a href="#">Investment Strategy</a>   | O |
| <a href="#">Annual Minimum Revenue Provision Statement</a>                            | P |

**Background documents**

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

|   |   |
|---|---|
| <a href="#">KCC's Budget webpage</a>  | 1 |
| <a href="#">KCC's Corporate Risk Register and Risk Management Policy &amp; Strategy</a> | 2 |
| <a href="#">KCC's approved 2022-23 Budget</a>   | 3 |
| <a href="#">2023-24 Budget Consultation (Let's Talk Kent)</a>                           | 4 |
| <a href="#">2023-24 Budget Consultation Report</a>                                      | 5 |
| <a href="#">Sept 2022-23 Monitoring Report.pdf (kent.gov.uk)</a>                        | 6 |