



Revenue and Capital Budget Outturn 2022-23

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Unrestricted

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1 Introduction

This report presents the provisional budget outturn position for 2022-23 for both Revenue and Capital budgets.

The revenue estimates for the 2022-23 budget approved in February 2022 were prepared against the backdrop of increased uncertainty and risk following recovery from the Covid-19 pandemic. It was noted the Council faced increased spending pressures associated with latent demand and increased complexity post pandemic, as well rising inflation during autumn 2021. Spending growth forecasts were based on these expectations. The risk reserve established in 2021-22 continued to be available to mitigate risks in the 2022-23 budget.

Two reports were taken to Cabinet on 31st March 2022 affecting the 2022-23 budget. The first report set out the latest inflation forecasts and the potential further economic impacts following the invasion of Ukraine including the likely higher inflation impacting on revenue and capital spending as well as risks to investment earnings and potential supply chain disruption. The second report set out the final share of retained business rates and final local government finance settlement. These increased the funding by £8.8m on the approved budget in February and enabled a further £8m to be added to the risk reserve for 2022-23 reflecting the higher risk profile identified in the previous report.

Despite the additional spending growth allocated in 2022-23, the provisional revenue budget outturn position for 2022-23 is an overspend of £44.424m (excluding schools and roll forward requests of £1.960m). Within the overall outturn position there are significant overspends in Children's, Young People and Education totalling £32.721m, and in Adult Social Care & Health totalling £24.414m.

The outturn position for 2021-22 was an underspend of £7.620m, this included an overspend of £7.958m in the CYPE Directorate which was offset by underspends in other Directorates. There was also an underlying overspend in the ASCH Directorate of £9.7m which was offset by one-off grant income resulting in a net underspend for the ASCH Directorate of £0.882m.

Roll forwards totalling £1.960m have been requested as detailed in Appendix 1. These roll forwards meet the agreed criteria of projects where there is already a commitment in 2023-24, increasing the overspend to £46.384m. There is an additional request to roll forward a further £0.726m which would increase the provisional revenue budget outturn position to an overspend of £47.110m.

This level of overspend will require the full utilisation of the risk reserve of £24.966m with the remaining up to £22.114m being drawn down from the General Fund reserve. The impact on our reserves is set out in Appendix 4.

The impact of the forecast revenue overspend was taken into account when determining the 2023-24 budget and the outturn position will inform future medium term plans.

The capital outturn position is an underspend of £158.4m, £159.2m of slippage and rephasing and £0.8m real net overspend. Also included in this report are the capital re-phasing and budget adjustments which require Cabinet approval.

1.1	The provisional revenue outturn for 2022-23 is an overspend of £44.424m before roll forward requests. After roll forward requests the overspend is £46.384m. A further £0.726m roll forward has been requested which would increase the overspend to £47.110m.	The provisional revenue outturn before roll forwards is an overspend of +£44.424m. After roll forwards of +£1.960m the overspend increases to +£46.384m. A further +£0.726m roll forward of the member grant underspend has been requested which would increase the overspend to +£47.110m. Overspends are recorded in most directorates with the exception of CED (-£3.466m excluding roll forwards (-£3.362m after roll forwards) and NAC including Corporately Held Budgets (-£11.790m).
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1 Introduction

All other directorates are showing overspends, before taking into account roll forwards; the largest is +£32.721m in CYPE, followed by ASCH (+£24.414m), DCED (+£1.598m) and GET +£0.947m).

There may be minor variations to the figures during the final stages of the year end processes and external audit.

1.2 Up to £47.110m overspend is proposed to be funded from reserves. It is proposed that the +£46.384m underlying overspend is funded corporately by drawing down £24.966m from the Risk Reserve and up to £22.114m from the General Fund.

The General Fund will require contributions to return it to a balance that equates to 5% of the Net Revenue Budget.

A review of our reserves will be undertaken to strengthen the council's financial resilience. More detail can be found in Appendix 4.

1.3 The provisional capital outturn position is an underspend of £158.4m. The underspend is made up of +£0.8m real overspend and -£159.2m rephasing variance. This represents 39.7% of the capital budget.

The largest real variance is an overspend of +£7.7m GET (mainly due to +£3.5m relating to Government Transition Works and have been funded from Government Grants, +£2.1m for Thanet Parkway and +£1.0m on Public Rights of Way). CYPE is reporting a real overspend of +£0.8m this is made up of a number of real under and overspends and ASCH is reporting a real overspend of +£0.2m. DCED is reporting a real underspend of -£7.9m (-£10.0m relating to the Strategic Estate Programme due to postponement of the original planned commencement date)

The major rephasing variances are -£100.6m in GET, -£41.2m in CYPE and -£15.8m in DCED.

1.4 Schools' Delegated Budgets are reporting a £19.263m net underspend. The in year overspend position is £36.6m against a budget of £1,519.5m and reflects the combination of high demand for additional SEN support and high cost per child due to greater demand for more specialist provision. This is in part due to the impact of legislative changes introduced in 2014 and funding shortages.

On the 16th March 2023 the Department for Education (DfE) announced that the authority had successfully secured £140m of High Needs Funding over the next five years to help contribute towards the historical deficit. We received £56.3m in 2022-23 and this has been reflected in the interim outturn position but has been netted off as a contribution to the DSG reserve to reduce the deficit. The Council's contribution in 2022-23 was £17m and has been funded from earmarked reserves.

Section 10 of the report provides more detail.

2 Recommendations

Cabinet is asked to:

2.1	Note the provisional Revenue out-turn position for 2022-23	The provisional Revenue out-turn for 2022-23 is an overspend of £46.384m. Please refer to Section 3 for details.
2.2	Note the provisional Capital position for 2022-23	The provisional Capital out-turn for 2022-23 is an underspend of - £158.4m Please refer to Section 11 for details.
2.3	Agree that £1.655m is rolled forward to fund existing commitments in line with the agreed roll forward criteria	12 roll forward requests that meet the roll forward criteria have been submitted for approval. Please refer to Section 2 of Appendix 1.
2.4	Agree that £0.305m is rolled forward to fund the re-phasing of grants in line with the agreed roll forward criteria.	1 roll forward request that meets the roll forward request criteria relating to the rephasing of grant income has been submitted for approval. Please refer to Section 3 of Appendix 1.
2.5	Consider the roll forward request of the member grant underspend of £0.726m	1 roll forward request to carry forward uncommitted member grants has been requested for approval. Please refer to Section 4 of Appendix 1
2.6	Agree the drawing down of £24.996m from the Risk Reserve and up to £22.114m from the General Fund reserve to fund the overspend.	The overspend will require the full utilisation of the £24.996m risk reserve and a further up to £22.114m from the General Fund reserve to balance the 2022-23 budget. Please refer to section 3.
2.7	Agree the £159.215m of capital slippage/re-phasing from 2022-23 will be added to the 2023-24 and later years capital budgets and to note the review of the capital programme to address the high levels of slippage and rephasing and its funding requirements and sustainability.	The capital programme budget for 2022-23 has an underspend of £159.215m which will need to be added to future years as the majority relates to slippage/rephasing. Please refer to section 11 and Appendix 2.
2.8	Agree the proposed capital cash limit changes totalling £22.834m as set out in Appendix 3.	There are a number of capital cash limit changes that are required since the budget was set in February 2022. Please refer to Appendix 3.

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| 2.9 | Agree the contributions to and from reserves and note the impact on the council's financial resilience.. | There are a number of movements in reserves that are required including those to balance the 2022-23 budget and these need to be approved. Please refer to Appendix 4. |
| 2.10 | Note the review of reserves to strengthen the council's financial resilience during 2023-24 and as part of the budget setting process for 2024-25 and the MTFP period | A review of the council's reserves will be undertaken In order to strengthen as far as possible the council's overall financial resilience. |
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Provisional outturn position as overspend/(underspend)

Directorate	Budget £m	Provisional Outturn £m	Net Revenue Forecast Variance £m
Adult Social Care & Health	455.073	479.488	24.415
Children, Young People & Education	305.372	338.294	32.722
Growth, Environment & Transport	178.662	179.608	0.946
Deputy Chief Executive's Department	70.110	71.707	1.597
Chief Executive's Department	33.372	29.906	(3.466)
Non Attributable Costs	156.700	144.660	(12.040)
Corporately Held Budgets	(0.250)	0.000	0.250
Initial General Fund	1,199.239	1,243.663	44.424
Roll forward requests			1.960
Revised Variance			46.384
Member Grant underspend roll forward request			0.726
Revised Variance (incl Member Grants roll forward)			47.110

Variance Funded by:

Drawdown from Risk Reserve	(24.966)
Drawdown from General Fund	(21.418)
Drawdown from General Fund	(0.726)

Ringfenced Items

Schools' Delegated Budgets	0.000	(19.263)	(19.263)
Overall Position	1,199.242	1,224.403	(19.263)

Roll Forwards

Directorate	£m	Variance	Committed	Re-Phased	Bid	Revised Variance
Adult Social Care & Health		24.415	0.073			24.488
Children, Young People & Education		32.722	0.660	0.305		33.687
Growth, Environment & Transport		0.946	0.818			1.764
Deputy Chief Executive's Department		1.597				1.597
Chief Executive's Department		(3.466)	0.104			(3.362)
Non Attributable Costs		(12.040)				(12.040)
Corporately Held Budgets		0.250				0.250
Total excluding Schools		44.424	1.655	0.305	0.000	46.384
Member Grant underspend					0.726	0.726
		44.424	1.655	0.305	0.726	47.110

General Fund

Despite the additional spending growth allocated in 2022-23, the provisional outturn variance is an overspend of +£44.424m on the 2022-23 revenue budget before roll forwards. There are Directorate roll forward requests of £1.960m, that meet the roll forward criteria as set out below. These requests increase the overspend to £46.384m. There is also a bid of £0.726m to roll forward the underspend on member grants which would increase the overspend to £47.110m.

Overspends are reported across all directorates with the exception of the Chief Executive's Department (-£3.466m) and Non Attributable Costs including Corporately Held Budgets (-£11.790m). The CYPE directorate is showing a net overspend of +£32.721m (+£19.772m in the Education division, +£7.921m in the Special Educational Needs and Disabilities division and +£5.350m in the Integrated Children's Services division). The ASCH directorate is showing a net overspend of +£24.414m (+£40.823m in the Adult Social Care & Health Operations division and -£15.863 in Strategic Management and Directorate Budgets). DCED is showing a net overspend of +£1.598m (+£2.485m in the Corporate Landlord divisions; all other divisions are recording an underspend). The GET directorate is showing a net overspend of +£0.947m (+£1.232m in the Environment & Waste division, +£0.570m in the Highways & Transportation division and -£0.753 in the Growth & Communities Division). The provisional outturn position includes £10.038m relating to Covid-19, committed COMF, Helping Hands and Reconnect and this has been offset by a drawdown from the Covid-19 Emergency Grant reserve.

The overspend is proposed to be funded corporately by drawing down £24.966m from the Risk Reserve that was established in recognition of the increased risks in the budget. However, the overall overspend is significantly greater than what is available in the risk reserve and therefore up to £22.114m will need to be funded from the General Fund reserve. A review of our reserves will be undertaken to strengthen the council's financial resilience, taking into consideration our policy to retain reserves at 5% of our net revenue budget.

Roll forward requests

The £1.960m proposed roll forward requests that meet the agreed criteria are as follows:

- £1.655m of contractually committed items
- £0.305 relating to rephasing of grant income

In addition to the roll forward requests set out above, there is a request to roll forward £0.726m of member grant underspend from 22-23.

Schools' Delegated Budgets

The Schools' Delegated budget of £1,519.5m has an underspend of -£19.263m. The in year DSG overspend was £36.6m. This is almost entirely due to an increase in the High Needs budget deficit, which is the Council's single biggest financial risk. On the 16th March 2023 the Department for Education (DfE) announced that the council as part of the Safety Valve programme had successfully secured £140m of High Needs Funding over the next five years to help contribute towards the historical deficit. This funding is dependent on the council delivering its deficit recovery plan over the same period. We received £56.3m in 2022-23 and this has been reflected in the provisional outturn position. As part of the agreement with the DfE the council has to contribute £84m to the deficit over the same 5 year period; in 2022-23 our contribution was £17m, which was funded from Earmarked Reserves. For more information, please refer to section 10 and the Reserves position in Appendix 4.

Provisional Outturn Variance

	Budget £m	Provisional Outturn £m	Net Revenue Variance £m
Adult Social Care & Health Operations	405.839	446.662	+40.823
Strategic Management & Directorate Budgets	39.916	24.053	(15.863)
Business Delivery	9.287	8.845	(0.442)
Public Health	0.031	(0.072)	(0.102)
Adult Social Care & Health	455.073	479.488	+24.415
Roll forward requests			+0.073
Revised Variance			+24.488

The ASCH directorate provisional revenue outturn variance is £24.488m after roll forwards. Details of the underspend of £24.415m before roll forwards of +£0.073m is detailed below and the roll forwards are set out in Appendix 1.

Pressures across the directorate were alleviated by outstanding costs relating to the previous year being lower than estimated, which resulted in lowering the variances in the current year. The directorate also holds funding at directorate level which is released throughout the year as activity forecasts increase (any increases in clients or underlying unit costs). This includes prices funding for non-framework providers, winter schemes & activities, demography funding.

Contributions to the £14.0m provision for bad and doubtful debts have added +£2.6m to the overall overspend, with this pressure arising due to both an increase in levels of debt owed to the council as well as the requirement to set aside an amount for debts not yet due. This is based on the bad debt provision policy, so as debt rises, so will the provision required. The arrangements for reviewing and recovering debt are being strengthened to

The 23-24 budget has been realigned to address underlying service pressures that are expected to carry forward into the new financial year, and the 23-24 savings programme also addresses a number of service areas under pressure.

Explanation of Divisional variance, in numerical order:

Division	Variance	Summary	Detail
Older People - Residential Care Services (Adult Social Care & Health Operations)	+£30.471m	High levels of complexity requiring additional support and increased use of expensive short-term beds	+£32.2m of this overspend is largely driven by increasing cost pressures due to a combination of market conditions such as workforce shortages and increasing complexity of those older people accessing residential and nursing care services. Within the total figure, +£12.8m is from increasing use of short-term beds as part of the hospital discharge arrangements,

Division	Variance	Summary	Detail
			<p>where individuals leave hospital with increasingly complex needs.</p> <p>Other pressures on this service line include a +£1.2m increase in contributions to the provision for bad and doubtful debts and +£1.0m relating to contract and commissioning savings which were not realised against this service line.</p> <p>The above overspends are partly offset by -£2.1m released from centrally held funds such as prices, winter pressures and provisions, and -£3.4m additional funding from the ICB for Hospital Discharges.</p>
Adult Mental Health - Community Based Services (Adult Social Care & Health Operations)	+£6.370m	Increases in Supported Living care packages & non-achievement of savings	<p>+£4.4m of this overspend relates to clients receiving supported living care packages, including an increase in average hours provided per client to meet more complex needs.</p> <p>A further +£2.8m relates to savings which were not realised against this service line, with +£1.4m due to arranging care and support where achievement of savings has been impacted by demand and pressures in the social care market, and +£1.4m due to delays in the procurement of new models of care relating to microenterprises and Technology Enabled Care (TEC).</p>
Adult Learning Disability - Community Based Services & Support for Carers (Adult Social Care & Health Operations)	+£3.663m	Increased complexity and higher costs than anticipated.	<p>+£6.2m of the overspend relates to clients receiving supported living and day services with higher cost packages.</p> <p>+£0.7m of this overspend is due to unrealised savings, mainly due to contract and commissioning savings which were not achieved this financial year.</p> <p>+£0.2m of the overspend is due to an increase in contributions to the provision for bad and doubtful debts.</p> <p>The above overspends are partly offset by -£0.5m released from centrally held funds.</p>
Adult Physical Disability - Residential Care Services (Adult Social Care & Health Operations)	+£2.960m	Increasing costs and complexity of need, and non-achievement of savings	<p>+£2.3m of the overspend is due to service activity arising from higher client numbers exceeding budgeted levels.</p> <p>A further pressure of +£0.1m relates to an increase in contributions to the provision for bad and doubtful debts, and +£0.2m from contract and commissioning savings which were not achieved this financial year.</p>

Division	Variance	Summary	Detail
			The above pressures are partly offset by -£0.2m released from centrally held funds.
Adult Mental Health - Residential Care Services (Adult Social Care & Health Operations)	+£2.341m	Increasing costs and complexity of need, and non-achievement of savings	+£2.2m of the overspend is due to the cost of client care packages increasing beyond budgeted levels, arising from higher levels of complexity in the client group. +£0.3m of this overspend is due to contract and commissioning savings which were not achieved this financial year.
Adult In House Enablement Services (Adult Social Care & Health Operations)	-£1.091m	Reduced staffing expenditure	Staffing underspends across In-House Enablement Services have been realised due to continuing workforce shortages in the social care market and difficulties in recruiting and retaining staff.
Community Based Preventative Services (Strategic Management & Directorate Budgets)	-£1.560m	Reduced commitments and additional funding.	An underspend has been realised on this service line due to a reduction in contractual commitments (-£0.6m), use of Public Health funding for Mental Health Community & Wellbeing services (-£0.7m), and expenditure funded from the COVID-19 emergency grant reserve (-£0.3m).
Older People - Community Based Services (Adult Social Care & Health Operations)	-£1.841m	Reduced utilisation of services due to market capacity, and release of centrally held funds.	This service line has underspent by -£2.8m, where continuing workforce shortages in the social care market have reduced the availability of suitable homecare packages and resulted in more clients receiving alternative support. A release of -£6.9m from centrally held funds to offset pressures across the directorate is contributing to the underspend. The above underspends are partly offset by +£8.6m from savings which were not realised in-year against this service line, which were delayed due to the scale and size of the ASCH restructure. There is also a pressure of +£0.6m from an increase in contributions to the provision for bad and doubtful debts.
Strategic Management & Directorate Support (ASCH) (Strategic Management & Directorate Budgets)	-£2.895m	Release of centrally held funds.	There is a -£2.9m underspend on this service due to the release of centrally held funds to partly offset pressures across ASCH operations.
Adaptive & Assistive Technology	-£3.440m	Re-alignment of savings	-£3.1m of the underspend on this service line relates to -£2.9m of slippage of planned expenditure which would have achieved wider efficiencies through

Division	Variance	Summary	Detail
(Adult Social Care & Health Operations)			greater use of technology enabled care now being deferred to the following financial year, and -£0.2m from realigned savings which were not achieved against this service line.
Provision for Demographic Growth - Community Based Services (Strategic Management & Directorate Budgets)	-£10.172m	Release of centrally held funds.	This is the release of centrally held funds to partly offset pressures across ASCH operations.

Provisional Outturn Variance

	Budget £m	Provisional Outturn £m	Net Revenue Variance £m
Integrated Children's Services	165.785	171.135	+5.351
Special Education Needs & Disabilities	91.934	99.866	+7.932
Education	45.595	65.367	+19.772
Strategic Management & Directorate Budgets	2.258	1.926	(0.332)
Children, Young People & Education	305.572	338.294	+32.722
Roll forward requests			+0.965
Revised Variance			+33.687

The CPYE directorate provisional revenue outturn variance is £33.687m after roll forwards. Details of the overspend of £32.722m before roll forwards of +£0.965m is detailed below and the roll forwards are set out in Appendix 1.

The 23-24 budget has been realigned to address underlying service pressures that are expected to carry forward into the new financial year, and the 23-24 savings programme also addresses a number of service areas under pressure.

Explanation of Significant Divisional variances (over £0.5m), in numerical order:

Division	Variance	Summary	Detail
Home to School Transport (Education)	+£16.125m	Significant inflationary increases on transport contracts and increase in demand	<p>+£1.9m of the overspend relates to mainstream home to school transport and +£14.5m on Special Education Needs (SEN) transport services, with an underspend of -£0.2m on Kent Travel Saver for 16+.</p> <p>Significant inflationary increases on new transport contracts due to higher operating costs and reducing supplier base, increasing bus ticket prices and transport requirements have contributed towards price rises of between 10-40% and pressures of approximately +£1.7m and +£11.2m on mainstream and SEN transport services respectively. Work continues to explore alternative more cost effective strategies for transporting children to school where possible, including a review of the SEN school led transport arrangements.</p> <p>The number of children requiring SEN transport has continued to increase in line with historic trends with</p>

Division	Variance	Summary	Detail
Looked After Children - Care & Support (Integrated Children Services)	+£9.935m	Increase in number and cost of looked after children. High costs of legal services.	<p>12% year on year increase in the number travelling. This is a consequence of the higher Education Health and Care Plan numbers and greater number of children with SEN not being educated in their local school. Work to slow this trend is not expected to start to impact until the latter months of 2023 (leading to a total pressure of +£2.8m in 2022-23).</p> <p>The mainstream home to school transport position reflects the rise in the number of pupils travelling from the Autumn term due to a combination of rises in secondary population, impact of cost of living, and wider changes in bus services (leading to a pressure of +£0.4m).</p> <p>The number of looked after children has increased over the past 6 months (6%), and is now the highest in over 5 years, resulting in a greater number being placed in more expensive external settings as no suitable alternative is available including higher use of independent fostering agency placements (+£7.1m). The cost of placements continues to rise and the use of unregulated placements, at significant cost, has also become more common where it is more difficult to find suitable residential placements.</p> <p>Campaigns are continuing to recruit more in-house foster carers but based on success rates during 2022-23 savings have not been achieved whilst some will be delayed to 2023-24 (+£1.0m). The service continues to look for opportunity to place children in the most cost-effective placements through practice reviews, reducing dependence on high levels of additional support and seeking enhanced contributions from health.</p> <p>The cost of legal services has increased significantly since COVID-19 and similar levels of activity have occurred in 2022-23 due to the continual backlog in court proceedings (+£2.5m). A review of legal services demand has resulted in greater oversight of both the scrutiny and approval process of legal requests within Integrated Children's Services to ensure legal services are used most effectively, along with closer working with Invicta Law to stabilise spending moving forward. Delays in court proceedings following COVID are also expected to improve which should result in both lower legal and placement costs, where outcomes are reached more quickly.</p> <p>One-off underspends totalling around £0.7m resulting from use of external grants & prior year</p>

Division	Variance	Summary	Detail
			accounting adjustments has partially offset these pressures.
Adult Learning & Physical Disability Pathway – Community Based Services (Special Educational Needs & Disabilities)	+£4.440m	Increasing cost of Supported Living and Homecare packages	The number of supported living, direct payments and homecare packages have remained relatively static. However, the average cost of packages continues to increase in response to the level of support required. The service has seen a reduction in the use of residential care, but this has resulted in higher packages of community support contributing to the higher cost. The service is continuing to review packages of care ensuring strict adherence to policy, regular reviews of those with high levels of support and seeking enhanced contributions from health
Other School Services (Education)	+£3.095m	Various school related costs	Delays in basic need capital projects have resulted in the use of more temporary accommodation to ensure sufficient school places are available (+£1.7m). +£0.5m pressure on essential maintenance and temporary works on school properties that do not meet the threshold for capital projects. In addition, there are +£1.0m of costs associated with capital surveys to inform future additional works and +£0.7m for feasibility costs relating to capital works that are no longer progressing. All are partly offset by a -£0.6m underspend from the statutory testing contract for schools. Also included is a -£0.6m underspend on the historic School Improvement Grant to be requested as a roll forward to 2023-24 for known future year commitments.
Looked After Children (with Disability) - Care & Support (Special Educational Needs & Disabilities)	+£1.316m	Increased cost of residential and unregulated placements	The continual difficulties in recruiting specialist foster carers to support children with disabilities coupled with shortages in cost effective residential care placements is leading to increasing cost of new placements and continual dependency on high-cost unregulated placements.
Children's Social Work Services - Assessment & Safeguarding Service (Integrated Children Services)	+£0.680m	High use of agency staff required to meet demand and inflationary cost increases of agency staff	Recruitment and retention of social workers continues to be a challenge, along with the need to provide sufficient cover for maternity leave. This has led to a higher number of agency staff to meet demand, coupled with higher costs following inflationary increases.
Special Educational Needs & Psychology Services (Special Educational Needs & Disabilities)	+£1.056m	Increased use of agency staff	Difficulties in the recruitment of suitably qualified Education Psychologists and SEN officers has led to an increasing use of agency staff.

Division	Variance	Summary	Detail
Children in Need (Disability) - Care & Support (Special Educational Needs & Disabilities)	+£1.127m	Increasing number of direct payments and cost of homecare packages	The number and cost of packages for disabled children have increased, this is partly due to inflationary increases and additional support required during to COVID-19.
Children's Centres (Integrated Children Services)	-£0.992m	Management of vacancies & non-essential spend	Impact of Council wide management action to delay the recruitment to vacant posts and the halting of all non-essential spend.
Children's Disability 0-18 Commissioning (Special Educational Needs & Disabilities)	-£0.606m	Use of external grant to fund services	Underspend mainly due to one-off use of an external grant to partially fund services (-£0.4m).
Management & Directorate Support (Integrated Children Services)	-0.759m	Staffing vacancies	Delays in the recruitment to vacancies across practice development and management information, along with halting of other non-essential spend.
Care Leavers Service (Integrated Children Services)	-£0.799m	Reduced demand for accommodation services	Work has continued to support young people to secure independence leading to reduction in demand for placements post 18.
Early Help & Preventative Services (Integrated Children Services)	-£0.832m	Cessation of Positive Behaviour Service	A review of the Positive Behaviour Service led to the ending of the current service level agreement and integration of practices across existing early help units (-£0.4m). Other general underspends across the service lead to a further -£0.4m underspend.
Youth Services (Integrated Children Services)	-£1.456m	Underspend on secure accommodation & delay in the recruitment to vacancies	Delay in the recruitment of detached youth workers (-£0.3m), general underspends across the service (-£0.3m) and a lower number of placements in remand secure accommodation (-£0.9m).

	Provisional Outturn Variance		
	Budget £m	Provisional Outturn £m	Net Revenue Variance £m
Environment & Waste	81.603	82.835	+1.232
Highways & Transportation	66.568	67.138	+0.569
Growth & Communities	29.104	28.351	(0.753)
Strategic Management & Directorate Budgets	1.387	1.285	(0.102)
Growth, Environment & Transport	178.622	179.608	+0.946
Roll forward requests			+0.818
Revised Variance			+1.754

The GET directorate's provisional revenue outturn variance is +£1.754m, after roll forwards. Details of the overspend of +£0.946m, before roll-forwards of +£0.818m, is detailed below and the roll forwards are set out in Appendix 1.

The roll forwards primarily relate to committed grant and partnership funding for project delivery in 2023-24.

The 23-24 budget has been realigned to address underlying service pressures that are expected to carry forward into the new financial year, and the 23-24 savings programme also addresses a number of service areas under pressure.

Explanation of Divisional variance, in numerical order:

Division	Variance	Summary	Detail
Supported Bus Services (Highways & Transportation)	+£1.459m	Undelivered saving partially offset by grant income	A net budget reduction of £2.2m was agreed at County Council (February 2022), but a delay in progressing the decision meant that the profiled savings were not delivered as planned, with the cost reduction only being delivered from mid-February 2023. The quantum of routes that required withdrawal (to achieve the net £2.2m budget reduction) is in excess of £3m. Additional grant funding of £1.0m has helped to mitigate some of this pressure, as additional routes were taken on from April 2022 and therefore the grant was used for service continuity and to sustain the market.
Kent Travel Saver (Highways & Transportation)	+£1.394m	Increased operator costs	+£1.1m of the overspend relates to increased payments to operators, including additional capacity payments (+£0.8m), following an increased take up of passes, offset in part by -£0.2m of additional income.

Division	Variance	Summary	Detail
			The position would have been improved if the service had not paid bus operators at budgeted levels for the summer term, in line with a request from Government (+£0.4m).
Waste Facilities & Recycling Centres (Environment & Waste)	+£1.210m	Haulage and price pressures offset by favourable recycling prices	Favourable prices relating to the material recycling facility as well as additional income for recyclables (-£1.1m) and a reduction in tonnes primarily composting and food waste (-£0.6m) have been more than offset by other pressures. There are overspends within haulage (+£1.0m), increased price of composted waste (+£0.5m), higher than budgeted inflationary increases in the costs of managing Transfer Stations and Household Waste Recycling Centres (+£0.7m), and shortfalls in some areas of income (+£0.5m).
Highway Assets Management (Highways & Transportation)	+£0.729m	Energy inflation and other pressures, partially offset by income	The cost of energy for streetlighting and tunnels has increased significantly since the budget was set (+£2.6m). There are also overspends in Highways Management, including late costs resulting from Storm Eunice in February 2022 and increased works across Inspections and District Manager budgets, largely due to emergency repairs to the road network following winter snow/heavy rainfall from the November 2022 storms. Overspends were also reported for Drainage and Non-Recoverable Damage, although increases in income, primarily street works and permits – (£1.7m), and a rebate from a solar farm (-£0.8m), have helped to offset the overspends.
Growth and Support to Businesses (Growth & Communities)	+£0.447m	Non-achieved income target largely offset by underspends	The business rate pool (KCC, districts and boroughs) funds a range of regeneration and economic development projects. A budget reduction of £1.5m was agreed on the basis of securing some of this funding to offset the cost of county-wide projects and programmes but it has not, to date, been possible to identify and agree alternative projects and spend. The shortfall in income is therefore +£1.5m. This is partially offset by underspends including vacancies in staffing (-£1.0m). There are also underspends totalling -£0.4m of committed funding for on-going projects. These are requested to be rolled forward.
Residual Waste, (Environment & Waste)	+£0.169m	Inflationary pressure offset by reduced volumes and underspend on works at closed landfill sites	This position includes a significant price pressure for Allington Waste to Energy plant, as the contractual uplift based on April RPI was much higher than the budgeted estimate (+£2.6m). In addition, there are overspends on other prices and increased costs of paint, clinical waste, asbestos, and other hazardous/toxic waste (+£0.5m). This is partially offset by reduced tonnes (-£2.0m). Also within this

Division	Variance	Summary	Detail
			position is an underspend on the environmental and other works at Closed Landfill Sites (including at North Farm) following delays in procurement (-£0.8m).
Public Protection (Enforcement) (Growth & Communities)	-£0.387m	Trading Standards new burdens grant not received offset by vacancies and income	The budget for this service was built on the assumption that funding would accompany the additional burdens being placed on Trading Standards following EU Exit (including Border Ports, Animal Health, and Feed Officers/Teams) but no additional Government funding has been forthcoming (+£0.5m). This is more than offset by underspends, across the group of services, including vacancy management (-£0.5m) and additional income (-£0.3m). There is also a -£0.1m underspend of committed funding for an on-going project which is requested to be rolled forward.
Highways & Transportation Divisional Management Costs (Highways & Transportation)	-£0.391m	Additional income and other minor variances	Additional grant income within the Public Transport budget plus vacancies and other minor variances.
Transportation (Highways & Transportation)	-£0.604m	Management action and an underspend on Driver Diversion Schemes partly offset by a contribution to capital	<p>This position includes the impact of management action identified to reduce the Council's projected overspend, including a contribution towards costs from Developer Agreements, as well as reduced costs comprising vacancy management, additional staff capitalisation, and other reductions in expenditure (totalling -£1.2m). There is also an underspend within Driver Diversion Schemes resulting from vacancy management, an increase in client numbers and a reduction in venue costs (-£0.3m).</p> <p>However, these underspends have been offset in part by the need for a revenue contribution to capital due to a funding shortfall with the Bearsted Road scheme (+£0.9m).</p>
Libraries, Registration & Archives (Growth & Communities)	-£0.914m	Registration income offset by reduced Library income	<p>Levels of Registration income remains above budgeted levels post pandemic (-£1.1m), but Library usage has not returned to pre-pandemic levels, with income lower in areas such as fines and printing (+£0.4m). Registration income will continue to be reviewed but it is not expected that this level of activity will continue e.g., delayed ceremonies and/or a short term spike in marriages due to Covid.</p> <p>No government funding has been received for the new burden costs resulting from increased demands on the Registration service, following the introduction of the Marriage Schedule Act 2021, (+£0.1m).</p>

Division	Variance	Summary	Detail
English National Concessionary Travel Scheme (ENCTS) (Highways & Transportation)	-£2.017m	Activity is below budgeted level	<p>Activity has remained below the levels built into the budget e.g., the projected upturn has not occurred at the levels expected.</p> <p>The Government's expectation was that bus operators were paid at pre pandemic rates/levels, reducing towards actual activity by the end of the financial year as part of sustaining the market/industry. Without this request, the service would have been projecting an additional underspend of around -£2.1m.</p>

	Provisional Outturn Variance		
	Budget £m	Provisional Outturn £m	Net Revenue Variance £m
Human Resources & Organisational Development	5.089	4.798	(0.291)
Marketing & Resident Experience	5.996	5.836	(0.160)
Infrastructure	6.189	5.756	(0.433)
Technology	23.471	23.455	(0.016)
Corporate Landlord	26.466	28.951	+2.485
Strategic Management & Departmental Budgets	2.899	2.922	+0.023
Deputy Chief Executive's Department	70.110	71.707	+1.597
Roll forward requests			0.000
Revised Variance			+1.597

The DCED Directorate provisional revenue outturn variance is +£1.597m. Detail of the overspend is set out below.

The 23-24 budget has been realigned to address underlying service pressures that are expected to carry forward into the new financial year.

Explanation of Divisional variance, in numerical order:

Division	Variance	Summary	Detail
Corporate Landlord	+£2.485m	Inflationary Pressure on Utilities	<p>There is a +£2.859m overspend which is due to an increase in utility costs across all properties. These increases are related to the current national trend and are significantly higher than the budgeted price increase funded as part of the 2022/23 budget. Where possible work is being undertaken to improve efficiencies and reduce energy consumption across the estate. Additional funding for unavoidable energy price increases has been allocated in the 2023-24 budget setting process.</p> <p>The utilities pressure is partially offset by increased income over budgeted levels due to rental income from district health authorities and recharging to tenants.</p>

Division	Variance	Summary	Detail
Infrastructure	-£0.433m	Vacancy management and increased income over budgeted levels.	There is a £0.930m underspend in staffing netted off against +£0.606m pressure on hybrid working. -£0.324m underspend against staffing budgets in Property due to vacancy management and increased capitalisation of staff time; -£0.312m additional benefit of one-off in year income from school meals contract rebates and recharging for regulatory compliance interventions. These underspends were offset by overspends of +£0.218m against building condition surveys and estates legal service costs.
Human Resources & Organisational Development	-£0.291m	Additional income from several sources	Underspend due to a number of smaller items: internal income from reallocation above budgeted figure offsetting pressures elsewhere within the division; and income from sales, fees and charges.

Provisional Outturn Variance

	Budget £m	Provisional Outturn £m	Net Revenue Variance £m
Finance	12.411	12.231	(0.180)
Strategic Commissioning	8.108	7.200	(0.908)
Governance, Law & Democracy	8.308	7.097	(1.211)
Strategy, Policy, Relationships & Corporate Assurance	4.517	4.033	(0.484)
Strategic Management & Departmental Budgets	0.028	(0.655)	(0.683)
Chief Executive's Department	33.372	29.906	(3.466)
Roll forward requests			+0.104
Revised Variance			(3.362)
Member Grant underspend roll forward request			+0.726
Revised Variance (incl Member Grants roll forward)			(2.636)

The CED Directorate provisional revenue outturn variance is -£3.362m after roll forwards. The revenue outturn variance including the roll forward of the Member Grant underspend is -£2.636. Detail of the underspend of -£3.466m before roll forwards of +£0.104m and the Member Grant underspend roll forward request of £0.726m is detailed below and the roll forwards are set out in Appendix 1.

Explanation of Divisional variance, in numerical order:

Division	Variance	Summary	Detail
Governance, Law & Democracy	-£0.451m	Staff vacancies not appointed and additional income.	Increased income from Schools' appeals together with reduced cost of provision due to appeals being held virtually post pandemic. Staffing underspend due to unappointed vacancies.
	-£0.726m	Unspent Member Grants.	The outturn shows an underspend against unspent Local Member Grants, which has been requested as a roll forward request.
Strategic Commissioning	-£0.908m	Primarily staffing underspend pending service reorganisation.	Staffing underspend due to vacancy management pending service reorganisation and release of rolled forward funding for

Division	Variance	Summary	Detail
			commercial resource not used. Additional grant income above budget.
Strategic Management & Departmental Budgets (CED)	-£0.683m	Reduced early retirement costs and management action to reduce spend.	This underspend is due primarily to reduced early retirement costs.
Strategy, Policy, Relationships & Corporate Assurance	-£0.484m	Management action to reduce spend.	-£0.484m of this underspend is due to staffing vacancy management savings and other management actions allowing contingency funds to be released. There is also -£0.104m against safeguarding budgets which is subject to a roll forward request, details of which can be found in Appendix 1.

	Provisional Outturn		
	Budget	Provisional	Net
	£m	Outturn	Revenue
			Variance
		£m	£m
Non Attributable Costs	156.700	144.660	(12.040)
Earmarked Budgets Held Corporately	(0.250)	0.000	0.250
Net Total incl provisional share of CHB	156.450	144.660	(11.790)

Non-Attributable Costs, including Earmarked Budgets Held Corporately, have a provisional outturn variance of -£11.790m. -£4.5m of the underspend relates to net debt costs largely due to the estimated impact of the increase in the Bank of England base rate on the Council’s cash balances and savings from debt restructuring.

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

Key Service (Division)	Variance	Summary	Detail
Non-Attributable Costs	-£12.040m	Net debt costs, S31 grant for Covid Additional Relief Fund (CARF) and an increase in Extended Rights to Travel grant.	<p>-£4.5m net debt costs due to the estimated impact of the increase in the Bank of England base rate on our interest on cash balances and savings from debt restructuring.</p> <p>-£3.5m of the underspend is due to the drawdown from reserves of the S31 grant for Covid Additional Relief Fund (CARF) which was accrued for in 2021-22 based on a government data collection exercise. This funding had not been built into the 2022-23 budget so has led to an in-year underspend.</p> <p>-£1.6m reflects our share of the business rates levy account surplus distribution by government as notified in the final local government finance settlement for 2023-24 on 6th February.</p> <p>-£1.0m increase in the Extended Rights to Travel grant compared to the budget assumption.</p> <p>In addition to the £12m underspend there are other significant items to report that have a net nil impact on the NAC projected position.</p> <p>Minimum Revenue Provision (MRP) has been recalculated based on assets completed in 2021-22. This has resulted in a saving of £2.0m. In line with usual practice, it is intended that this underspend is transferred to the MRP smoothing reserve to be used to fund future fluctuations in MRP, therefore there is no overall impact in the current year.</p>

An overspend of £0.6m against the Insurance Fund mainly due to increased cost of premiums including Insurance Premium Tax has been offset by a drawdown from the Insurance Reserve.

An increase of £0.8m in the Retained Business Rates levy for 2021-22 compared to the accrual included in the 2021-22 accounts was transferred to the Economic Development/Regeneration reserve in line with agreed practice after funding the payment to Kent Fire of their 3% share. This is still an estimated figure and will not be confirmed until the Kent District Councils' NNDR3 figures have been audited.

Variances against the Workforce Reduction budget are managed via the Workforce Reduction reserve and as such an underspend of £0.6m has been transferred to the Workforce Reduction reserve.

A net £1.1m increase in the return from our limited companies. All proceeds from our companies are transferred to the Strategic Priorities reserve

Earmarked Budgets Held
Corporately

+£0.250m

Workforce management
savings not achieved.

Workforce management savings are now considered to be a non-cashable productivity gain. Initiatives such as automation programme have freed up staff time but not entire roles.

10 Schools' Delegated Budgets

The Schools' Delegated Budget reserves have ended the financial year with a surplus of £61.1m on individual maintained school balances, and a deficit on the central schools' reserve of £61.4m. The year end position on the Dedicated Schools Grant of £1,519.5m is a £36.6m overspend.

The balances of individual schools cannot be used to offset the overspend on the central schools' reserve and therefore should be viewed separately.

The Central Schools Reserve holds the balance of any over or underspend relating to the Dedicated Schools Grant (DSG). This is a specific ring-fenced grant payable to local authorities to support the schools' budget. It is split into four main funding blocks: schools, early years, high needs and central, each with a different purpose and specific rules attached. The Council is required to hold any under or overspend relating to this grant in a specific reserve and is expected to deal with any surplus or deficits through future years' spending plans. The tables below provide the overall position for the DSG in 2022-23 and detailed movements on both the central schools' reserve and individual schools' reserves.

Dedicated Schools Grant (DSG) 2022-23 Outturn Summary:

DSG Block	2022-23 Total Budget* £'ms	2022-23 Outturn £'ms	2022-23 Variance £'ms
Schools Block	1,119.1	1,120.1	+1.0
High Needs Block	296.1	333.4	+37.3
Early Years Block	92.6	90.9	-1.7
Central Services to Schools Block	11.5	11.5	0.0
Total DSG 2022-23	1,519.5	1,555.9	+36.6

*Before recoupment and other DfE adjustments including additional funding from the Safety Valve Programme. Budgets include the impact of moving £10m from the Schools block to the High Needs Block as agreed by the Secretary of State.

The table below provides the overall position for central schools' budget detailed movements on each reserve.	Individual School Reserves £'ms	Central Schools Reserve £'ms	<i>Note: a negative figure indicates a drawdown from reserves/deficit</i>
Balance brought forward	61.3	-97.6	
Forecast movement in reserves:			
Academy conversions	-1.5		
Increase in School surplus balances	1.7		
Increase in School deficit balances	-0.4		
School Block Related Spend		-1.0	
High Needs Placements, Support & Inclusion Fund		-37.3	
Underspend on Early Years		1.7	
Local Authority Contribution		17.0	
Safety Valve Payment from DfE		56.8	

10 Schools' Delegated Budgets

Reserve Balance 61.1 -61.4

In accordance with the statutory override implemented by the then Ministry of Housing, Communities & Local Government (MHCLG) during 2020-21, and in line with the Department for Education (DfE) advice that local authorities are not expected to repay deficits on the DSG from the General Fund and can only do so with Secretary of State approval, the central DSG deficit of £61.4m will be held in a separate unusable reserve from the main council reserves. DLUHC have confirmed this statutory override has been extended for three years to March 2026 whilst Councils implement recovery plans. The Council continues to work with the Schools Funding Forum and other partners to implement the plan to address the deficit.

The Council is part of the DfE's Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery; this includes funding from the DfE, totalling £140m over five years, to pay off part of the deficit but only if the Council can demonstrate and deliver a credible plan. The Council is also expected to contribute towards the residual deficit which totals over £80m. The DSG deficit is the Council's single biggest financial risk; therefore, the successful implementation of the Council's deficit recovery plan is critical. The SEND Green Paper and the recently published SEND Implementation Plan sets out the Government's proposed reforms to the SEND and alternative provision (AP) system which in part is expected to support a more sustainable high needs funding system although it is recognised this will not impact immediately and local actions are required.

In 2022-23, the Council has received £56.3m from the DfE, the first tranche of the £140m safety valve commitment, and the Council has been required to contribute a further £17m from reserves. This additional funding has helped to reduce the accumulated deficit from £136m to £61m as at 31st March 2023.

Key Issues	Details
School Block: One-off Settlement & underspends on growth & de-delegated funding	<p>The DSG Reserve as at 31st March 2022 of £98m is formed from a net surplus on the Schools Block of £3.6m and a net deficit on the High Needs block of £101m. The two blocks of funding have different purposes and rules and Secretary of State Approval is needed to transfer funding from the schools' block to other funding blocks. The Schools Block funds primary and secondary schools' budgets, and the accumulated balance from previous years' underspend, has been fully paid to schools during 2022-23 (total costs +£3.6m), as a one-off additional payment to support the cost of changes to the calculation of pay for term time only staff.</p> <p>Underspends on funding for school places required to meet basic need and de-delegated funding linked to schools' improvement have resulted in a net surplus of £2.5m as of March 2023 on the Schools' Block. This is expected to be held as a contingency.</p>
Early Years: general underspend	<p>The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds. Each year, when setting the funding rate an estimate must be made as to likely hours that will be provided to ensure it is affordable within the grant provided. This can lead to under or overspends if activity is slightly lower or higher than expected. This has led to an underspend of £1.7m against a budget of £93m, options for the future use of this underspend will be considered including the possibility of utilising some of the underspend to partly fund spend on the Early Years SEN Inclusion Fund, which is currently funded from the High Needs Block, and reduces the overspend on High Needs Block.</p>
Reduction in government	<p>Since 2020-21, the Government has reduced the funding used to support some of the central services currently funded from the DSG (from £14.8m to £11.3m, a reduction of</p>

10 Schools' Delegated Budgets

funding for Central Services £3.3m). Although some of this has been addressed through the Medium-Term Financial Plan (£1.5m) and other short term alternative funding sources (£1.8m) without any direct impact to schools; we are currently undertaking an initial scoping of the areas we may need to review in terms of our relationship with schools in line with Government policy, funding and the wider DSG deficit recovery plan and implement changes that will eliminate the funding shortfall. Changes are expected to be consulted with schools during the Autumn term.

Higher demand and higher cost for high needs placements. The High Needs Block (HNB) is intended to support the educational attainment of children and young people with special educational needs and disabilities (SEND) and pupils attending alternative education provision. The HNB funds payments to maintained schools and academies (both mainstream and special), independent schools, further education colleges, specialist independent providers and pupil referral units. Some of the HNB is also retained by KCC to support some SEND services (staffing/centrally commissioned services) and overheads.

Safety Valve Payment & Local Authority Contribution. The net deficit on the high needs block was £101m as at 31st March 2022 and has increased to £136m as at 31st March 2023. The overspend on the high needs block has been growing rapidly over recent years and is the most significant financial risk to the council.

The in-year funding shortfall for High Needs placements and support in 2022-23 is +£38m due to a combination of both higher demand for additional SEN support and higher cost per child resulting from greater demand for more specialist provision. Levels of growth are similar to previous years, since the introduction of the legislative changes in 2014, which also saw the expansion of statutory duties to the age of 25 without sufficient extra government funding. Many other councils are also reporting deficits on their high needs block resulting from significant increases in their number of EHCPs and demand for SEN services. However, the increases locally have been increasing at a significantly faster rate than other comparative councils and the council is placing a greater proportion of children in both special and independent schools compared to other councils, and a smaller proportion of children with SEND in mainstream schools. The tables below detail the trend in both spend and number of HNB funded places or additional support across the main placement types.

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

	19-20 £'ms	20-21 £'ms	21-22 £'ms	22-23 £'ms
Maintained Special School	97	106	123	137
Independent Schools	40	49	60	68
Mainstream Individual Support & SRP* **	38	46	54	61
Post 16 institutions***	16	17	19	21
Other SEN Support Services	44	49	43	48
Total Spend	234	264	299	334

*Specialist Resource Provision

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

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

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

	19-20 No	20-21 No	21-22 No	22-23 No
Maintained Special School	4,751	5,118	5,591	6,007
Independent Schools	907	1,126	1,348	1,450
Mainstream Individual Support & SRP*	3,922	4,510	5,258	5,818
Post 16 institutions***	1,196	1,281	1,453	1,586
Total Number of Pupils	10,776	12,035	13,650	14,861

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

	19-20 £s per pupil	20-21 £s per pupil	21-22 £s per pupil	22-23 £s per pupil
Maintained Special School	£20,330	£20,629	£21,648	£22,789
Independent Schools	£43,851	£43,734	£44,799	£46,897
Mainstream Individual Support & SRP*	£9,691	£10,294	£10,245	£10,414
Post 16 institutions***	£13,393	£13,309	£13,090	£13,101

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

The actions to address the recently published SEN Improvement Notice, overlaps in a number of places with our strategy for reducing the pressure on the High Needs budget by supporting improvements across the SEN system. Overlapping actions include:

- Reviewing our commissioning strategy for SEN provision across the county including supporting the development of new special schools and Specialist Resource Provisions to reduce our increasing reliance on independent schools including the opening of two new special schools in 2021 which when fully opened will avoid over 350 higher cost placements.
- Reviewing commissioning arrangements including independent providers, home tuition and therapy services.
- Improving parental confidence through supporting inclusive practice and capacity building in early years, mainstream schools and FE Colleges to reduce reliance on special and independent schools. This will support the council's ambition set out in the report presented to Cabinet in January setting out the council's intention to support a model of provision where the proportion of children and young people supported in each provision type (mainstream and specialist provision) will more closely reflect both statistical neighbours and national averages.
- Restructuring the SEN Service and process review to better meet and manage current & future demand;
- Further collaborative working with Health and Social Care partners

The impact of these actions will not be immediate and could take a number of years to be fully embedded, however, during 2022-23 there have been slightly more children with an EHCP supported in a mainstream school than historic trends indicating the impact of some of the initial changes.

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

Directorate	Capital Budget £m	Variance £m	Real Variance £m	Slippage/Rephasing Variance £m
Adult Social Care & Health	1.8	-0.4	0.2	-0.6
Children, Young People & Education	96.7	-41.2	0.8	-42.0
Growth, Environment & Transport	255.4	-100.6	7.7	-108.3
Chief Executive's Department	0.6	-0.4	0.0	-0.4
Deputy Chief Executive's Department	39.3	-15.8	-7.9	-7.9
TOTAL	393.8	-158.4	0.8	-159.2

The total approved General Fund capital programme including roll forwards for 2022-23 is £393.8m

The total capital programme spend for the year is £235.4m, which represents 60% of the approved budget. This is a £158.4m underspend against the budget, which is split between a +£0.8m real variance and -£159.2m slippage/rephasing variance. Of the -£159.2m, £29m is funded from borrowing, from a total budget assumption of £107m.

The 10 year capital programme continues to be developed to address the high levels of slippage and rephasing and the funding requirements and sustainability of key elements of the programme such as Highways and Basic Need will be reviewed during 2023-24.

The split of the real and rephasing variance reflects the position after significant in-year overspends have been funded, as described in the Growth, Environment and Transport section of the report. The funding of in-year overspends has largely been covered by what would have been rephasing and therefore the amount available to carry forward into future years has been reduced. Inflation has been the cause of some of the in-year overspends, and the impact of this is likely to continue into 2023-24 and beyond. The basic need programme is currently forecasting a £10.4m pressure over the next three years as a result of inflation. Inflationary increases have impacted the rolling programmes budgets and these have been managed where possible by reducing the amount of works that are done, this has increased maintenance backlogs and has resulted in some building closures.

2022-23 Variances

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

Adult, Social Care & Health:

Project	Real Variance £m	Rephasing Variance £m	Detail
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Major variances to report:

There are no major variances to report.

Children, Young People & Education:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>Major Variances to Report:</u>			
Basic Need Kent Commissioning Plan 2017	3.0	-7.5	<p>The real variance is due to:</p> <ul style="list-style-type: none"> -£2.7m Deal School and -£1m Oakley Satellite now being reported under High Needs Provision 22-24. +£0.5m Ebbsfleet Green Primary – correction of prior years costs. +£0.2m Sunny Bank Primary due to additional works agreed to finalise the project. +£0.3m Westlands School, a contribution was made to the school for early works prior to the basic needs project. -£0.3m Tunbridge Wells Boys Grammar – project is complete. +£6.2m correction to overall budget due to funding re Royal School for the Deaf inadvertently added back twice into basic need, which was highlighted during the 21-22 closure of accounts. <p>Rephasing due to:</p> <ul style="list-style-type: none"> -£3.8m Meopham School – the original costs were high. A contract has only recently been awarded following a re-tendering process. -£3.6m Thamesview School due to a delay going out to tender due to a change in moving from SCAPE framework to the Kent Framework, and high costs including inflation.
Basic Need Kent Commissioning Plan 2018	-1.3	-2.7	<p>The real variance is due to:</p> <ul style="list-style-type: none"> -£ 1.2m Garlinge Primary now being reported under the High Needs Provision line, +£0.8m Tunbridge Wells Boys Annex where the previous forecast was incorrect, and additional works were carried out which are to be funded from Community Infrastructure Levy (CIL). -£1.0m Simon Langton Boys – the school has now met the additional contractor costs for additional works requested by the school. <p>The main rephasing variance is due to:</p> <ul style="list-style-type: none"> -£2.4m Dartford Bridge Primary – offices within the school site are being used by other services and need to be vacated before the expansion can proceed, -£0.5m Isle of Sheppey Special School – this is a DfE managed project.

Basic Need Kent Commissioning Plan 2019	0.3	-21.8	<p>Real overspend due to:</p> <ul style="list-style-type: none"> +£0.7m Towers School – previous forecast too low but the revised amount is still within the amount agreed in the decision report. +£0.4m Whitstable & Seasalter Junior which includes improvement and modernisation works from Annual Planned Enhancement. -£0.5m Nexus Special School now being reported under High Needs Provision 2022-24. -£0.3m Teynham Primary School a change of scope led to redesign and a new contractor being appointed. <p>Rephasing is due to:</p> <ul style="list-style-type: none"> -£4.0m Highstead Grammar – this is a school managed project. -£3.9m Borden Grammar due to a review of design required. -£3.1m Chilmington Green Secondary – initial service installation works have not yet been started. -£1.2m Maidstone Girls Grammar- the costs came in high and the quantity surveyor is now reviewing the project which has delayed works. -£1.5m Cable Wharf Primary due to a replacement school for Rosherville which has been selected under the school rebuild programme. KCC are to add just 1FE. -£10.4m relates to five school managed projects where delivery timescales are not in KCC control: Highstead Grammar, Queen Elizabeth’s Grammar, The Sittingbourne School, Westlands School and Fulston Manor School.
Basic Need Kent Commissioning Plan 2020 (2021-25)	-3.5		<p>The real variance is due to:</p> <ul style="list-style-type: none"> -£0.5m Dover Christ Church as places are not needed until 2028-29 so it has been removed. -£2.4m St Mary of Charity Primary where places are not needed until 2026. -£0.5m Guston CEPS as places are not needed until 2027-30.
Basic Need Kent Commissioning Plan 2021 (2022-26)		-£5.2	<p>The rephasing variance is due to project lead times, planning issues and the signing of funding agreements.</p>
Overall Basic Need Programmes			<p>Across the basic need programmes over the next three years, there is a forecast in excess of current budget of approximately £14m. Of this, £10.4m is due to forecast inflation pressures which are expected to materialise in 2023-24 and 2024-25.</p> <p>An additional £7.5m of banked developer contributions which were not included in the budget have been applied as funding in 2022-23. This additional funding has been switched with prudential funding which has therefore been reduced by £7.5m. The overall programme and its presentation will be reviewed during 2023-24 to identify how the forecast overspend will be addressed and to provide greater transparency of variances at project level.</p>

High Needs Provision	0.2	-1.1	<p>The real variance is made up of: +£0.4m Canterbury Academy – tenders are higher than expected due to the requirement of a steel frame, +£0.1m Parkside Primary – design changes have increased costs, -£0.3m St Nicholas SRP – works completed under budget. The real variance in 22-23 will be funded by High Needs Provision grant.</p> <p>The main element of rephasing variance relates to: -£0.8m Cherry Orchard – this is a school managed project and KCC has no control over timescales.</p>
High Needs Provision 22-24	2.9		A number of projects previously reported in Basic Need are now being reported in High Needs. This primarily relates to Deal Special School +£2.7m.
School Roofs		-2.5	Rephasing: Birchington CEPS has been selected under the school rebuild programme. The delivery date is currently unknown. Confirmation that no KCC funding is required is pending.
Nest 2	-1.6		The project is no longer going ahead due to insufficient funding.
Family Hubs and Start for Life Programme	0.1		Grant funding is provided for this new joint programme by the Department for Education and the Department of Health and Social Care.
Annual Planned Enhancement	0.6		Real variance funded by schools' condition allocation grant. This includes budget adjustments between other budget lines to cover maintenance works.
Modernisation Programme	0.1		Real variance funded by schools' condition allocation grant.

Growth, Environment & Transport:

Project	Real Variance £m	Rephasing Variance £m	Detail
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Major Variances to Report:

Highways and Transportation:

Highways Asset Management and Programme of Urgent Safety Critical Works			The Highways Asset Management and Programme of Urgent Safety Critical Works is made up of many different budget lines, on some of which there are significant variances which are explained below:
Original variance position	17.8	-25.5	
Revised variance position having covered overspends	-0.9	-6.8	<p>Pothole Blitz – this has overspent by £8.1m in 2022-23 due to there being no budget identified for this programme of works when the capital programme was approved. This has been funded from what would have been rephasing on Structures which will need to be reimbursed as the works on structures were only delayed to allow sufficient engineering and design, as well as conducting the works in dry weather.</p> <p>Thanet Way – overspend of £1.5m due to emergency works. This again, is funded from what would have been rephasing on Structures.</p> <p>Resurfacing – this has overspent by £7.9m, due to: double-digit inflation (plus no inflation uplift on Department of Transport grant funding, nor KCC funding), additional costs for inspectors, emergency works in Tenterden, and the purchase of steel piling and construction of Boughton Hill. This has been funded by bringing forward part of the 2023-24 resurfacing budget.</p> <p>Structures – before funding overspends there was rephasing of £17.3m: £3.4m of which relates to challenge fund grant and the rest is due to a lack of Senior Resource in the Structures Operation Team due to the inability to recruit specialist staff and rolling forward funds due to the scale of some projects and lead in time for design, tendering and commissioning. There are also delays with contractor delivery times. However the rephasing has had to be used to fund overspends on Pothole Blitz (£8.1m), Thanet Way (£1.5m) and Thanet Parkway (£1.2m). This has resulted in a revised roll forward against Structures of £6.5m which will have an impact on the 2023-24 budget.</p> <p>The overspends on both this budget line and Thanet Parkway have resulted in reduced roll forwards of £10.8m and a reduction to the overall Highways Asset Management and Programme of Urgent Safety Critical Works budget of £7.9m in 2023-24.</p>

Dover Bus Rapid Transit		-10.3	The profiling of the scheme has been updated to reflect the latest works programme from Colas and has resulted in rephasing following slow mobilisation. This is fully grant funded.
Fastrack Full Network		-8.8	Delays to the Preconstruction stage and a review of the ability of a contractor to deliver the works has prevented the start of the tunnel works. The project costs have increased significantly, particularly due to inflation pressures, and are now beyond the available budget. A review has begun to determine if further funding is available from external partners to provide the required budget.
Bearsted Road (National Productivity Investment Fund) – Kent Medical Campus	1.0	-8.5	Significant challenges have been encountered during the design phase which has delayed the programme and contract award. The current profiling reflects expected construction to commence in January 2023 (delayed from April and then August 2022), however since the original pricing of the contract, there have been significant increases in construction costs, notably due to increases in energy and fuel prices and on top of this inflation costs have increased significantly along with changes to red diesel tax and National Insurance increases. Until the price and programme is agreed there could be further changes to the profiling and the overall cost The overspend is due to delays and loss of income due to COVID.
Zero Emission Bus Regional Areas (ZEBRA)		-8.5	The procurement timeframe for the electric buses was extended by a month to allow bidders more time to prepare what are considered very complex bids, this has subsequently pushed the spend to 23/24.
A299 Bluebell Hill M2 and M20 Interchange Upgrades		-4.4	This project is awaiting commitment of funding from the Department for Transport therefore it has been profiled across future years.
Dartford Town Centre		-4.2	The project has been delayed due to partner project management changes, that are now resolved, therefore budget has been reprofiled to 2023/24.

Green Corridors	0.1	-3.6	<p>The rephasing is due to the construction of the three largest sites (sites 2, 6, 8 and 11) will span 2022/23 and 2023/24 financial years. The construction periods have been delayed so that the sites can be procured together and constructed by a single contractor. Other works nearby mean that the construction of these sites cannot begin before January 2023 due to road space availability and procurement timescales.</p> <p>The real variance is due to £0.1m of grant being transferred from the external schemes budget in order for further sites to be progressed within this scheme.</p>
Sturry Link Road		-3.6	<p>Delays in appointing the principal contractor and the associated development delivering a portion of the Sturry link Road has resulted in reprofiling to future years.</p>
Government Transition Works	3.5	-3.5	<p>The real variance relates to additional funding received to implement the works at Sevington. Final costs are awaited to establish if any grant is required to be repaid to the funder. This is fully grant funded.</p>
Housing Infrastructure Fund – Swale		-3.4	<p>The rephasing is due to reprogramming of the Key Street works avoiding the M2 Junction 5 traffic management issues. This will be approximately an 8-month delay. There is also an approximate 3-month delay to the Grovehurst Road contract award.</p>
Thanet Parkway	2.1		<p>The costs in excess of budget have started crystallising in the 2022-23 financial year. The £2.1m overspend has been funded from additional funding from Get Building Fund (£0.875m) and the remainder (£1.2m) from rephasing on structures within the Highways Asset Management and Programme of Urgent Critical Safety Works budget line. An estimate of overspend has been calculated at £5.4m however costs are still yet to be confirmed by Network Rail.</p>
Dover Inter Border facility	-1.0	-2.6	<p>The real variance is due to adjusted funding from various grant providers. The rephasing of grant to 2023-24 is required to complete the scheme. Any remaining funds will need to be repaid to the funder once the scheme has completed.</p>
Urban Traffic Management Control		-2.5	<p>The rephasing is due to three junctions in Dartford being postponed until the Dartford Town Centre Scheme progresses.</p>

Bath Street Fastrack		-2.4	The rephasing was due to design delays due to statutory undertaking requirements. The construction contract has now been awarded in February 2023.
Integrated Transport Schemes	0.5	-2.1	The real variance is due to a number of additional schemes for which there is additional external funding. The rephasing is due to staff vacancies, bad weather conditions and inability to book road space due to other schemes progressing. Increased costs due to double-digit inflation have also caused delays as new quotes have had to be provided from sub-contractors and alternative funding secured.
Kent Active Travel Fund Phase 2		-1.8	KCC were not able to construct 4 of the 5 active travel tranche 2 funded schemes during 2022-23 due to lack of support at consultation stage by the community and local Councillors for the initial designs. A change control request for the 4 schemes delayed was sent to Active Travel England (ATE) by KCC which has now been agreed.
Faversham Swing Bridge		-1.8	There are ongoing discussions with Peel Ports relating to this project.
LED Conversion		-1.4	Re-phasing is required as the budget is to convert newly adopted assets to LED where the approved design was prior to the LED conversion project. The date for adopting new developments is an unknown quantity, therefore the carry forward reflects that fewer assets have been adopted and converted this year than expected.
A28 Chart Road, Ashford		-1.4	The profile has been updated on the current assumption that construction will now start in March 2024. However, this is still subject to the bond being provided by the developer for KCC to forward fund the project. A review and update of the design is being carried out which, once complete, will allow a full review of project costs to be undertaken. This is all due to be funded from developer contributions.
Kent Active Travel Fund Phase 3		-1.2	The areas covered by this grant are Herne Bay Seafront and Sevenoaks Urban area. Timeframes suggest £1.2m of the funding received will be in contract by the end of this financial year but spend will incur in 2023-24, hence the rephasing.

Kent Thameside Strategic Transport Programme (STIPS)	0.7	-1.2	The real variance is due to £0.2m grant funding from this programme being returned from an underspend on Rathmore Road as this project is now almost complete. £0.5m is being refunded from Kent Thameside LSTF. This grant is specific to this programme. This grant and S106s rephased will be used towards the Thamesway part of the programme that is being progressed in 2023/24.
Kent Thameside LSTF – Integrated Door to Door Journeys	-0.7		Gravesend Bus Hub is £0.7m underspent due to the tender cost being lower than the pre-tender estimate and the construction risk allowance for the project was only partially realised. We also had reductions in Statutory Undertakers costs following the on-site review of the proposed diversionary works. The grant has been passed back to the STiPS programme and the revenue will not be drawn from the Fastrack reserve.
A226 St Clements Way	-0.2		The defects period of the main works has been completed and retention has been released. An allowance has been held back this year to complete some minor works and for landscape works. The underspend is to be released back to the Strategic Transport Infrastructure Programme (formerly known as Kent Thameside Strategic Transport Programme) as these are the conditions of the funding.
Rathmore Road Link)	-0.2		This project is almost complete. The £0.2m underspend is transferred back to the Kent Thameside Strategic Transport (STIPS) budget line as this is specific grant for that programme.
Folkestone – A Brighter Future	0.1		This is a new project that KCC are delivery on behalf of Folkestone and Hythe District Council. Using Levelling Up funding awarded to Folkestone & Hythe District Council it seeks to 'level up' Folkestone's town centre by supporting active travel, creating a high-quality environment that supports civic pride and reverses years of disparity in investment by transforming the fortunes of the town's primary retail areas. The real variance is due to the grant not yet being in the cash limits.
<u>Growth & Communities</u>			
Kent & Medway Business Fund		-5.4	Rephasing is due to profiling now in line with anticipated loan applications and approvals.

Digital Autopsy (DA)		-2.9	The rephasing is due to the project tender (ITT) for the DA and body store delivery failing to identify sufficient interest to build and run the facility. The project is now looking at alternative options to bring in the necessary providers. Given the amount of time this will take to bring forward, the capital spend has been deferred as the capital element can only be entered into at the same time as the revenue contracts to ensure the project is de-risked.
Innovation Investment Initiative (i3)		-2.6	Due to the launch of the new Kent and Medway Business Fund scheme and the time constraints this has placed on the team it is not possible to also promote the i3 scheme this year so any forecasted expenditure has been pushed back to future years.
Kent Empty Property Initiative	2.0	-0.6	The real variance is due to additional loans expected to be issued, to be funded by additional grant and external funding.
Kent Broadband Voucher Scheme		-1.3	The forecasting for this project is inherently difficult due to it being a demand-led scheme. A revised profile has now been agreed.
Broadband Contract 2		-1.3	This has been rephased in line with an expected invoice due for 2023-24 from BDUK.
Public Rights of Way	1.0	-1.1	The real and rephasing variance reflects additional funds (mainly developer contributions and external fundings) received for future projects.
Kent & Medway Business Fund – Small Business Boost	0.7		This is a sub-fund of the main Kent & Medway Business Fund and is funded from the recycled loan repayments.
Javelin Way Development	0.3		The real variance is due to the increased costs of the fit out to Kent Music which is being funded by additional income from them. There have also been additional costs due to UKPN delays and the extension of time accrued by WWM because of delays to the project. This will be funded by increased income from sales values and a further grant.
Marsh Million		-0.3	The project has now come to an end and distributions will be made to the contributors of the scheme.
Kings Hill Solar Farm	0.2		Higher than anticipated costs due to double digit inflation have resulted in a forecast overspend, which will be funded from reserves.

Environment & Waste:

Folkestone & Hythe Waste Transfer Station	-4.8		The project has been delayed due to securing the funding required through the S106 development agreement from Otterpool LLP in addition to securing appropriate wider planning conditions to secure the preferred site for the scheme. Once this has been secured, a revised cost and funding profile will be established.
Leigh (Medway) Flood Storage Areas	-1.5	0.6	The funding originally allocated to this project has now been split between this and a new line – Surface Water Flood Risk Management. The real and rephasing variances reflect the amount transferred and the revised timing of expected spend.
Local Authority Treescape Fund	0.1		Additional grant has been received to fund this project.

Chief Executive’s Department:

Project	Real Variance £m	Rephasing Variance £m	Detail
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Major variances to report:

There are no major variances to report.

Deputy Chief Executive's Department:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>Major variances to report:</u>			
Modernisation of Assets	0.5	4.0	The real variance is works on projects where there has been additional funding that was not included in the cash limit e.g. £0.3m revenue contribution for Turner. Overall there has been significant spend above budgeted levels in 2022-23, which has been necessary to address category 1 and urgent works across the estate. This has resulted in £4m of funding being brought forward from the 23-24 budget, resulting in the 2023-24 budget being reduced by £4m.
Strategic Estate Programme	-10.0	-0.8	The real variance reflects the descoping of the initial stage 2 proposals to keep costs in line with the approved budget, which, alongside a delay in the release of the Masterplan, has resulted in postponement of the original planned commencement date.
Dover Discovery Centre		-4.6	The project has been rephased as there have been delays in planning approval. The forecast for this year is for design costs only.
Strategic Reset Programme		-3.0	The revised timelines for going out to Public Consultation for the Community Assets Programme has resulted in a re-phasing of the capital works for the delivery of this programme.
Live Margate		-2.1	The rephasing is in line with expected loan distributions relating to bringing properties back in use in the Margate area.
Asset Utilisation		-1.4	Feasibility consultancy works have been rephased to 2023-24.
LAN refresh	1.4		This relates to the purchase of laptops which has been funded from revenue.
Oakwood House Transformation	0.8		In reality this is not an overspend on the Oakwood House project. Costs have been identified that should have been coded to Modernisation of Assets in prior years. This has resulted in an "overspend" showing on Oakwood House, the funding for which has now been correctly allocated from the MOA 23-24 budget.

Corporate Property Strategic Capital	-0.6	The real variance is due to lower than expected capitalised staff costs through the year.
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2022-23 REVENUE BUDGET PROPOSED ROLL FORWARDS

		£'m
1	2022-23 provisional overspend	44.424
2	Details of committed projects where we have a legal obligation or contractual commitment:	
a)	Adult Social Care & Health	
i)	Various external funded projects This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.	0.056
ii)	Public Health - Various external funded projects This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.	0.017
b)	Children, Young People & Education	
i)	CEC (Careers Enterprise Company) Hub Funding Committed funding from the 2021-22 school improvement grant for the delivery of a 3 year project: to cover the costs of the contract with TEP from April 2023 until August 2024	0.115
ii)	Effective Kent Project Committed funding from the 2021-22 school improvement grant for the delivery of the 3 year Effective Kent Project (this project was extended due to COVID): match funded project with EEF (originally agreed in 2019) - schemes will end for new applicants in August 2023. Costs will continue to end of training courses.	0.189
iii)	Pathways For All Committed funding from the 2021-22 school improvement grant for the delivery of the Pathways for All (Post 16 strategic priority) in 2023-24. Following the publication of the Pathways to All KCC strategic document. Costs have been incurred to support implementation of recommendations. Commissioning of independent Chair & contracted expertise to August 2023.	0.032
iv)	Regional Adoption Agency Committed for ongoing delivery of the RAA Project.	0.193
v)	Secure Accommodation Committed funding from the 2021-22 Secure Accommodation Grant to fund 5 posts for 2 years up to September 2023 to enhance resources and reduce secure remands and to improve the management of highest risk (an area of improvement from the OFSTED inspection).	0.100
vi)	BHC21 - INTERREG VA 2 SEAS externally funded project Committed match-funding for on-going project delivery	0.031
c)	Growth, Environment & Transport Directorate	
i)	Various external funded projects This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.	0.747
ii)	Kent Resource Partnership KCC's element of underspend on KRP project	0.071
d)	Chief Executive's Department	
i)	Kent Safeguarding Adults Board KCC's element of underspend on project.	0.074
ii)	Kent Safeguarding Childrens Board KCC's element of underspend on project.	0.030
Total of committed projects		1.655

3 Details of re-phasing required to continue/complete an initiative where we are not yet legally/contractually committed**£'000****a) Children, Young People & Education**

i) Pathways For All	Committed funding from the 2021-22 school improvement grant for the delivery of the Pathways for All (Post 16 strategic priority) in 2023-24. Following the publication of the Pathways to All KCC strategic document. Costs have been incurred to support implementation of recommendations. Commissioning of independent Chair (Sept 23 to Mar 24). Estimated costs for establishment and operations of working groups including project support, communications, data development, training and access	0.305
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Total of re-phasing**0.305**

4 Details of Bids**£'000****a) Chief Executive's Department**

i) Combined Member Grants	Unspent Member grant from 2022/23 for allocation in 2023/24	0.726
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Total of Bids**0.726**

5 Revised overspend after roll forwards**47.110**

6 Funded by

i) Drawdown from Risk Reserve	(24.966)
ii) Drawdown from General Fund	(21.418)
iii) Funding for Member Grants TBC if approved	(0.726)

7 Revised Outturn Position**0.000**

**APPENDIX 2
CAPITAL REPHASING**

The tables below identify the requested roll forwards by budget line, which reflect the rephasing as described in section 11 of the report. Some of this rephasing has already been reflected as part of the 23-26 budget, therefore only the rephasing since then is to be actioned.

CYPE	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
School Roofs	-2,533	2,026	507		0
Basic Need KCP16	-340	340			0
Basic Need KCP17	-7,547	7,547			0
Basic Need KCP18	-2,711	-3,662	6,373		0
Basic Need KCP19	-21,845	4,154	17,691		0
Basic Need KCP21-25	-355	-1,749	2,104		0
Basic Need KCP22-26	-5,198	4,719	479		0
High Needs Provision	-1,073	1,073			0
High Needs Provision 22-24	44	8,818	4,951	-13,813	0
John Wallis Academy	-338	338			0
Management & Modernisation of Assets - Youth	-122	122			0
Special School Review Phase2	-6	6			0
					0
TOTAL CYPE REPHASING	-42,025	23,734	32,104	-13,813	0
Rephasing already actioned through Budget Build	-34,815	62,786	-8,539	-19,433	0
Remaining rephasing to action from outturn	-7,210	-39,052	40,643	5,620	0

ASCH	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
					0
Learning Disability Good Day Programme	-199	-616	815		0
Hedgerows	-365	365			0
TOTAL ASCH REPHASING	-564	-251	815	0	0
Rephasing already actioned through Budget Build	-692	-270	962		0
Remaining rephasing to action from outturn	128	19	-147	0	0

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
GET - Highways & Transportation					
Major Schemes Prelim Design Fees	-23	23			0
Highway Major Enhancement	-6,818	6,818			0
Integrated Transport	-2,057	2,057			0
Old Schemes Residual	-293	261	21	12	0
Government Transition Works Ashford	-3,472	3,472			0
Dover IBF	-2,576	2,576			0
Kent Medical Campus (NPIF)/Bearsted Road LED	-8,526	8,514	12		0
	-1,445	1,445			0
Kent Thameside Strategic Transport (STIPS)	-1,195	1,195			0
Urban Traffic Mangement Control	-2,510	2,510			0
Rathmore Road Link	-63	87	-24		0
A226 St Clements Way	-19	29	-10		0
A28 Chart Road	-1,354	-6,870	-106	8,331	0
Maidstone Integrated Transport	-480	-843	1,323		0
M20 J4 Eastern Overbridge	-13	13			0
Sturry Link Road, Canterbury	-3,600	-3,522	-32	7,154	0
Kent Thameside LSTF - Integrated Door to Door Journeys	-73	73			0
Dartford Town Centre	-4,241	4,241			0
A2500 Lower Road Improvements	-78	78			0
Herne Relief Road	291	-80	-326	115	0
A252 Safer Rds Fund	-89	89			0
A290 Safer Rds Fund	-17	17			0
Housing Infrastructure Fund - Swale Infrastructure Projects	-3,447	3,014	112	322	0
Dover Bus Rapid Transit	-10,270	10,290	-20		0
Fastrack Full Network - Bean Road Tunnels	-8,829	7,470	1,359		0
Faversham Swing Bridge	-1,815	1,815			0
A229 Bluebell Hill M2 & M20 Interchange Upgrades	-4,442	1,510	-1,997	4,929	0
A28 Birchington, Acol and Westgate-on-Sea Relief Road	-295	-275	-26,930	27,500	0
Kent Active Travel Fund Ph2	-1,838	1,838			0
Green Corridors	-3,630	3,630			0
Bath Street Gravesend	-2,354	35	2,319		0
Trees Outside Woodlands	-20	20			0
Market Square Dover	-469	454	15		0
A228 and B2160 Junction Imps	-722	-1,259	1,981		0
Zebra Funding - electric buses and infrastructure	-8,453	8,453			0
Kent Active Travel Fund Ph3	-1,223	1,223			0
					0
TOTAL HIGHWAYS & TRANSPORTATION REPHASING	-86,458	60,400	-22,305	48,363	0
Rephasing already actioned through Budget Build	-54,668	30,515	-20,229	44,383	0
Remaining rephasing to action from outturn	-31,790	29,885	-2,076	3,980	0

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
GET - Environment & Waste					
Electric Vans	-239	239			0
Energy & Water Efficiency (External)	-179	179			0
Energy & Water Efficiency (KCC)	-156	156			0
Leigh Flood Storage Areas	602	-1,674	625	447	0
Surface Water Flood Risk man		-1,000	500	500	0
New Transfer station folkestone & hythe	-4,770	-4,706	9,476		0
Windmill Weatherproofing	-39	-161	200		0
Maidstone Heat Network	-76	76			0
Waste Compactor Replacement	-204	204			0
TOTAL ENVIRONMENT & WASTE REPHASING	-5,061	-6,687	10,801	947	0
Rephasing already actioned through Budget Build	-4,826	-7,044	10,923	947	0
Remaining rephasing to action from outturn	-235	357	-122	0	0

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
GET - Growth & Communities					
Country Parks	-41	41			0
PROW	-1,123	1,123			0
Herne Bay Library Plus	-526	26	500		0
Public Sports Facilities Improvement grants	-7	7			0
Essella Road Bridge	-144	144			0
Digital Autopsy	-2,886	2,886			0
Village Halls	42	-42			0
Broadband Contract 2 Superfast Extension Prog	-1,349	1,349			0
I3	-2,635	-1,596	600	3,631	0
Kent & Medway Business Fund	-5,403	-4,842	-5,918	16,163	0
Kent Empty Property Initiative	-637	637			0
Kent Broadband Voucher Scheme	-1,348	-1,000	546	1,802	0
Marsh Million	-43	43			0
TW Cultural Hub	-199	199			0
Kent Working Spaces	-175	175			0
					0
					0
TOTAL GROWTH & COMMUNITIES REPHASING	-16,474	-850	-4,272	21,596	0
Rephasing already actioned through Budget Build	-12,979	-3,083	-3,560	19,622	0
Remaining rephasing to action from outturn	-3,495	2,234	-712	1,974	0

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
DCED					
MOA	3,992	-2,906	-1,778	692	0
Asset Utilisation	-1,390	1,390			0
Dover Discovery Centre	-4,593	1,681	2,912		0
LIVE Margate	-2,113	2,113			0
Strategic Estate Programme	-807	-13,431	9,737	4,501	0
Strategic Re-Set Programme	-3,000	-2,000	5,000		0
TOTAL DCED REPHASING	-7,911	-13,153	15,871	5,193	0
Rephasing already actioned through Budget Build	-8,020	-11,580	19,600	0	0
Remaining rephasing to action from outturn	109	-1,573	-3,729	5,193	0

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
CED					
Feasibility Fund	-245	-414	137	522	0
PIF	-170	170			0
TOTAL CED REPHASING	-415	-244	137	522	0
Rephasing already actioned through Budget Build	-150	150			0
Remaining rephasing to action from outturn	-265	-394	137	522	0

GRAND TOTAL

TOTAL REPHASING	-158,908	62,949	33,151	62,808	0
Total Rephasing already actioned through Budget Build	-116,150	71,473	-843	45,520	0
Total Remaining rephasing to action from outturn	-42,758	-8,524	33,994	17,288	0

APPENDIX 3

CAPITAL CASH LIMIT CHANGES

To reflect revised funding/phasing since budget

The tables below reflect changes and timing in available funding, such as additional grant and external funding, since the 2023-24 budget was agreed.

	2022-23	2023-24	2024-25	Future years	Total
CYPE	£'000	£'000	£'000	£'000	£'000
Annual Planned Enhancement	245	4,196	-5,036	8,000	7,405
Modernisation Prog	164	1,457	-1,418	2,000	2,203
Basic Need KCP16	-192	14	0	0	-178
Basic Need KCP17	861	-2,228	1,006	0	-361
Basic Need KCP18	-1,362	1,548	0	0	186
Basic Need KCP19	-6,273	-1,083	8,781	0	1,425
Basic Need KCP21-25	-1,443	2,692	-1,889	0	-640
Basic Need KCP22-26	2,806	-1,684	-1,265	0	-143
Basic Need KCP23-27	-244	-6,163	-1,321	7,259	-468
Barton Court Free School	4	0	0	0	4
School Roofs	0	-939	0	0	-939
High Needs Provision	-151	123	0	0	-27
High Needs Provision 22-24	3,251	-45	0	0	3,206
John Wallis Academy	0	300	0	0	300
Priority School Build Programme	5	0	0	0	5
DfE Fully Funded Projects	9	0	0	0	9
Special Schools review phase 2	-31	0	0	0	-31
Family Hubs and Start for Life Programme	120	18	0	0	138
Nest 2	-1,550	0	0	0	-1,550
Total Other Cash Limit Changes	-3,779	-1,794	-1,142	17,259	10,544

	2022-23	2023-24	2024-25	Future years	Total
ASCH	£'000	£'000	£'000	£'000	£'000
Home Support Fund	-15	0	0	0	-15
LD Good Day Programme	-11	-393	411	0	7
Developer Funded Community Schemes	13	0	0	0	13
Community Sexual Health Services	-148	20	0	0	-128
Total Other Cash Limit Changes	-161	-373	411	0	-123

	2022-23	2023-24	2024-25	Future	Total
GET - Highways & Transportation	£'000	£'000	£'000	years	£'000
				£'000	
Major Schemes Prelim Design Fees	9	0	0	0	9
Highway Major Enhancement	-7,673	5,320	4,772	0	2,419
Integrated Transport Schemes	-248	-548	0	0	-796
Old Schemes Residual	25	0	0	0	25
Government Transition Works Ashford	1,490	0	0	0	1,490
Dover IBF	-1,677	0	0	0	-1,677
Kent Medical Campus (NPIF)/Bearsted Road	-407	0	0	0	-407
Street Lighting Concrete Column Replacment	-12	0	0	0	-12
Thanet Parkway Railway Station	-3,300	-50	0	0	-3,350
Kent Thameside Strategic Transport (STIPS)	712	0	0	0	712
Rathmore Road Link	-200	0	0	0	-200
A226 St Clements Way	-28	18	10	0	0
M20 J4 Eastern Overbridge	-95	0	0	0	-95
Kent Strategic Congestion Management across growth areas	-76	0	0	0	-76
Kent Thameside LSTF - Integrated Door to Door Journeys	-722	0	0	0	-722
Trees Outside Woodlands	-20	0	0	0	-20
Folkestone - Brighter Futures	104	23	0	0	127
National Bus Strategy - Bus Service Improvement Plan	0	12,455	0	0	12,455
Green Corridors	149	0	0	0	149
Total Other Cash Limit Changes	-11,969	17,218	4,782	0	10,031

	2022-23	2023-24	2024-25	Future years	Total
	£'000	£'000	£'000	£'000	£'000
GET - Environment & Waste					
Energy & Water Efficiency (External)	0	3	3	6	13
Energy & Water Efficiency (KCC)	0	3	3	11	18
Surface Water Flood Risk management	-80	80	0	500	500
Windmill Weatherproofing	6	7	0	0	13
Treescape Fund	115	1	0	0	116
New Transfer Station Folkestone & Hythe	0	-122	122	0	0
					0
Total Other Cash Limit Changes	41	-27	129	517	660

	2022-23	2023-24	2024-25	Future years	Total
	£'000	£'000	£'000	£'000	£'000
GET - Growth & Communities					
Country Parks	-36	0	0	0	-36
PROW	964	0	0	0	964
Digital Autopsy	0	1	0	0	1
KSS Equipment/vehicles	12	0	0	0	12
Southborough	36	0	0	0	36
Javelin Way	233	244	-142	-334	1
Kent & Medway Business Fund - Recovery loans	-1	0	0	0	-1
KMBF Small Business Boost	743	0	0	0	743
Kent Empty Property Initiative	-213	-750	0	0	-963
Marsh Million	-39	39	0	0	0
Kings Hill Solar Farm	-350	298	0	0	-52
Turner	-3	0	0	0	-3
Total Other Cash Limit Changes	1,346	-168	-142	-334	702

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
DCED					
MOA	121	-960	0	0	-839
Live Margate	-15	0	0	0	-15
MOA plus	-1	0	0	0	-1
Disposal costs	-7	0	0	0	-7
Lan Refresh	1,394	0	0	0	1,394
The Royal School of Deaf	53	0	0	0	53
Corporate Property Strategic Capital	-625	0	0	0	-625
Oakwood House	832	128	0	0	960
Total Other Cash Limit Changes	1,752	-832	0	0	920

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
CED					
					0
Total Other Cash Limit Changes	0	0	0	0	0

	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future years £'000	Total £'000
Total Other Cash Limit Changes	-12,770	14,024	4,038	17,443	22,734

Appendix 4 – 2022-23 Reserves Provisional Outturn Position

	Balance as at 1 April 2023 £m	Contribution to/(from) Reserve £m	Balance at 31 March 2023 £m
General Fund (GF) Balance	56.2	(0.1)	56.1
Budgeted contribution to/(from) in MTFP		2.9	2.9
Drawdown to fund 2023-24 overspend		(21.4)	(21.4)
	56.2	(18.6)	37.6
Earmarked reserves:			
Vehicle, Plant & Equipment (VPE)	18.7	1.5	20.2
Smoothing	124.7	(15.5)	109.2
Major Projects	62.3	6.6	68.9
Partnerships	26.3	5.1	31.4
Grant/External Funds	79.1	(25.9)	53.2
Departmental Under/Overspends	8.4	(5.8)	2.6
Insurance	13.8	(0.5)	13.3
Public Health	16.8	0.1	16.9
Trading	1.2	(0.1)	1.1
Special Funds	0.6	0.1	0.7
Total Earmarked Reserves	351.9	(34.4)	317.5
Total GF and Earmarked Reserves	408.1	(53.0)	355.1

	Balance as at 1 April 2022 £m	Contribution to/(from) Reserve £m	Balance at 31 March 2023 £m
Schools Reserves			
School delegated revenue budget reserve - committed	21.8	(2.8)	19.0
School delegated revenue budget reserve - uncommitted	39.3	2.5	41.8
Community Focussed Extended Schools Reserves	0.2	0.1	0.3
Total School Reserves	61.3	(0.2)	61.1

DSG Adjustment Account - Unusable Reserve

	Balance as at 1 April 2022 £m	Contribution to/(from) Reserve £m	Balance at 31 March 2023 £m
Unallocated Schools Budget	(97.6)	36.3	(61.3)

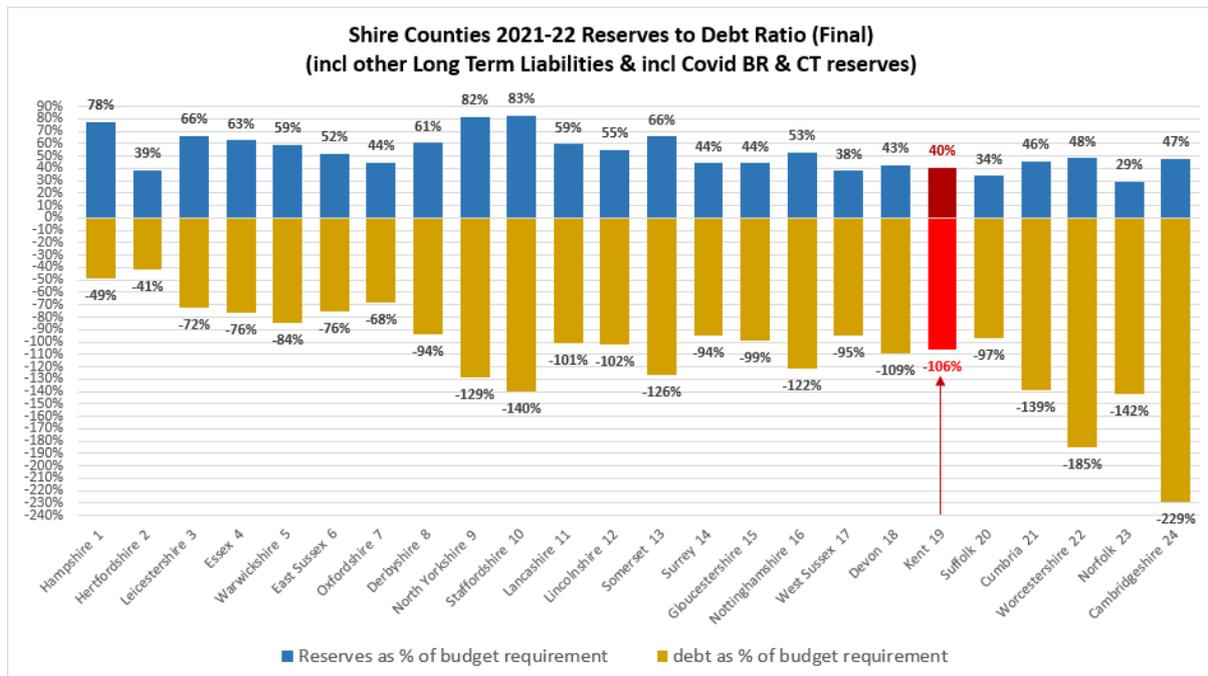
The General Fund Reserve was increased by £2.9m as agreed by County Council in the 2022-23 MTFP. However, £21.4m has been drawn down to help fund the revenue outturn position.

The net reduction in earmarked reserves is mainly due to the use of the Risk Reserve (£25m) within the smoothing category to help balance the revenue outturn position and the required transfer of £17m to the DSG adjustment account, of which more details are provided in the paragraph below.

The DSG Adjustment Account deficit has decreased following the receipt of £56.3m from the Department of Education (DfE), as an agreed contribution towards the historical deficit. As part of the agreement with the DfE, the authority has contributed £17m in 2022-23 which has been transferred from Earmarked Reserves. More details can be found in Section 10.

Following the completion of the analysis of the final 2021-22 Revenue Outturn data we have been able to calculate our Chartered Institute of Public Finance and Accountancy (CIPFA) resilience index.

On the face of it KCC's resilience appears to have deteriorated in 2021-22 compared to other councils, particularly the levels of reserves as a proportion of net revenue budget as shown in the table below. However, the Revenue Outturn data from which this is drawn is particularly complex and potentially inconsistent following the Covid-19 pandemic and the payment of grants intended to be used for more than one year (this has been noted by CIPFA).



Within the data there are some significant anomalies that are difficult to unpick largely due to different treatment of Covid monies between individual authorities and therefore caution should be exercised in relation to drawing meaningful conclusions from the reserves to debt analysis shown below. Six counties show no Covid spend in 2021-22. Most other counties are showing significant additional Covid spend in disbursements to providers in both 2020-21 and 2021-22. A revised position will be presented in the quarterly finance monitoring report to Cabinet once further analysis has been completed.

The resilience index measures changes in reserves over 3 years to iron out anomalies and on this measure, we are positioned around the middle of county councils (albeit our levels of reserves as % of net revenue budget are at the low end of the range).

On the CIPFA resilience measures of revenue spending we are around the average of county councils on the ratio of social care spending compared to the rest of council services, but we are slightly lower on the levels of fees and charges as a proportion of revenue spending (although we have agreed a new policy in relation to discretionary fees aimed at improving transparency over decisions on fee charges).

Overall, this mix of potential anomalies in both changes in reserves and changes in spending makes it difficult to draw any firm conclusions on relative resilience. KCC reserves remain at the low end of the spectrum compared to other councils (even before the drawdowns to fund 2022-23 outturn) and we need to continue to take proactive steps as part of the annual review to ensure our reserves remain adequate.

Appendix 3 - Monitoring of Prudential Indicators as at 31 March 2023

The prudential indicators consider the affordability and impact of capital expenditure plans, in line with the prudential code. All indicators are within the set limits at the start of the year which is a positive outcome.

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

	21-22 Actuals	22-23 Budget	22-23 Actual
Total	335.3	339.3	235.30

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

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

	21-22 Actuals	22-23 Budget	22-23 Actual
Total CFR	1,294.10	1,364.00	1,292.42

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

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

	21-22 Actuals	22-23 Budget	22-23 Actual
Other Long-term Liabilities	232.07	235.80	222.40
External Borrowing	825.97	802.50	802.47
Total Debt	1,058.04	1,038.30	1,024.87
Capital Financing Requirement	1,294.10	1,364.00	1,292.42
Internal Borrowing	236.06	325.70	267.55

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

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

	21-22 Actuals	22-23 Limit	22-23 Actual
Authorised Limit - borrowing	826	876	802
Authorised Limit - PFI and leases	232	245	222
Authorised Limit - total external debt	1,058	1,121	1,024
Operational Boundary - borrowing	826	851	802
Operational Boundary - PFI and leases	232	245	232
Operation Boundary - total external debt	1,058	1,096	1,034

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

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

	21-22 Actual	22-23 Budget	22-23 Actual
Proportion of net revenue stream	9.18%	9.06%	8.40%