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To: Cabinet

Subject: Securing Kent's Future – Budget Recovery Strategy & Financial Reporting

Classification: **Unrestricted**

Summary:

This report provides an overview of the first financial forecast position for the current year and details the activity that is already being taken and will be taken in the coming months to secure Kent's future.

The first revenue out-turn forecast for 2023-24 shows a £43.7m overspend before management action. The initial management action set out in the monitoring report reduces the forecast overspend to £26.7m, (£10m from adult social care and £7m from capital programme financing). These management actions are based on an initial assessment of immediately deliverable actions and are the first part of a recovery plan, which is being developed at pace and will be reported to Cabinet in October with further actions already taken and planned in the current year and future years set out as a multi-year programme with the aim of Securing Kent's Future.

This forecast overspend comes on top of the £47.1m overspend in 2022-23 which has already reduced the council's usable reserves. The 2023-24 budget included the full year recurring impact of the 2022-23 spending as well as forecasts for future price and demand growth in 2023-24. The 2023-24 budget did not replenish the general reserves drawn down at the end of 2022-23, this replenishment will need to be included in future budgets. The most significant overspends (and budgeted spending growth) in both 2022-23 and 2023-24 are in adult social care and children's services.

The council's priority is to deliver a budget recovery plan that secures Kent's future, restoring and improving financial resilience. This plan must focus predominantly on the material spending areas of council activity and those areas with the greatest forecast variances from the approved budget in adults and children's services. However, it is unlikely that all the solutions to sufficiently reduce the forecast out-turn within the current financial year will be found in these areas, not least because some (though not all) of these areas may require significant lead times to achieve reductions. Therefore, non-essential spending in other areas of council activity will need to be curtailed to secure the council's financial viability. The budget recovery plan will need to set out the detail of these immediate actions to reduce spending in the short-term as well as the more structural changes necessary over the medium to long term to ensure the council's spending is sustainable within the resources available from central government and local taxation.

The delivery of the budget recovery plan means that the council cannot continue operating in the same way and will need to reprioritise organisational capacity to deliver the plan, this will also require additional external support. Council meetings will need to focus on core

activity relating to the budget including taking the necessary decisions and performance monitoring.

The next meeting of Cabinet on 5 October 2023 will receive a progress update report setting out in more detail the additional actions taken and those actions and decisions requiring Cabinet approval to bring the forecast overspend down to as close to a balanced position as possible. The report will set out the framework for the medium to longer term plan for “Securing Kent’s Future” with sustainable spending and sufficient financial resilience. This report will include a more detailed financial and activity analysis of the most material spending and variances in adult social care and children’s services, updates on the savings delivery plans, and benchmark comparisons with other councils, that will inform the actions and decisions to be taken.

1. Introduction

- 1.1 The attached report sets out the revenue budget monitoring position as at the end of June 2023-24. The revenue budget is showing a forecast overspend of £43.7m before management action. This reduces to £26.7m after the management actions set out in the monitoring report (£10m from adult social care and £7m capital programme financing). The revenue overspend is a significant and pressing concern, and this report outlines the budget recovery strategy, “Securing Kent’s Future” to bring revenue spending down to a sustainable level both within the current financial year and, as importantly, over the medium term to safeguard the council’s financial resilience and viability. The attached monitoring report identifies the immediate actions that are being and will be taken to reduce the overspend. Additional actions and the progress to date will be presented to Cabinet on 5th October.
- 1.2 This report includes the analysis and enhancements to financial reporting that are being introduced to better identify the underlying drivers for the main budget variances and the impacts and dependencies of management action and policy choices to reduce the forecast overspend.

2022-23 Outturn

- 1.3 The final revenue outturn for the previous financial year 2022-23 was reported to Cabinet on 29th June and showed a net overspend of £47.1m. This is compared with a forecast overspend of £50.6m in the first monitoring report presented to Cabinet in September 2022. The most significant overspends were in Children’s, Young People and Education (CYPE) totalling £33.7m, and in Adult Social Care & Health (ASCH) totalling £24.5m.
- 1.4 Within ASCH the largest overspends were on residential and nursing care for older persons due to a combination of market conditions and increasing client complexity. A significant increase in the use of short-term beds was also a major contributory factor. There were lesser but still significant overspends for clients with mental health needs, learning disability and physical disability. Within CYPE the most significant overspends were on home to school transport and placement costs for children in care. In both cases these arose from increases in numbers of children being supported and increased operator costs. There were lesser but still significant overspends on younger adults and children with disabilities for similar reasons to

adult social care, and on school services (most notably premises costs including provision of temporary accommodation).

- 1.5 The 2022-23 overspend required the full utilisation of the risk reserve of £25m with the remaining £22.1m being drawn down from the General Fund reserve. The overspend from 2022-23 has significantly impacted the council's financial resilience with the General Fund reserve level now at £37.4m, well below the amount consistent with the agreed policy of 5% of net revenue budget (£65.8m). The need to replenish the general reserve for this drawdown was not budgeted for in the 2023-24 budget and medium-term plan but will need to be built into future budgets.
- 1.6 The indication from comparable councils is that most are forecasting overspends in 2023-24 in similar areas of activity to Kent (children's and adults' social care) although in many cases these are of a lesser magnitude and other councils have more resilience through their historic level of reserves. Further work is being undertaken to analyse and distinguish between those spending pressures arising from general trends affecting upper tier councils and those spending pressures which specific to Kent.

Current Year 2023-24

- 1.7 The recurring impacts of the forecast revenue overspends in 2022-23 were considered and advised upon by the Section 151 Officer in the build process for the 2023-24 budget and medium-term financial plan together with forecasts for future price and demand growth. This strategy assumed the approved budget for 2023-24 would be delivered, as set out in the Section 25 Assurance Statement attached as Appendix 2. £182.3m growth, excluding external funded spending increases, (15.3% of net revenue) was allocated and split between the full year recurring effect of 2022-23 spending variances (£63.5m), forecast price increases in 2023-24 (£65.2m), forecast demand growth in 2023-24 (£33.5m), and staff pay increases (£14m). The majority of the £182.3m growth was allocated to ASCH (£85m, 18.3% of net revenue on ASCH) and CYPE (£56.1m, 17.6% of net revenue on CYPE).
- 1.8 The 2023-24 revenue budget is showing a forecast overspend of £43.7m before management action. This reduces to £26.7m after the initial management actions set out in the attached monitoring report, (£10m from adult social care and £7m capital programme financing). Work continues to develop further management action that can be taken immediately in the current year, and over the medium term and this will be reported back to the Cabinet meeting of 5th October. The forecast revenue overspends in the current year are in addition to the growth built into 2023-24 budgets. The forecast would have been £4.6m more had corrective actions not already been taken during the first quarter. Within the overall forecasts the most significant overspends are in ASCH (£25.8m) and CYPE (£28.4m) before management action. The main areas of forecast overspend, the causes and the management actions already identified and being implemented are detailed in the attached monitoring report.
- 1.9 Given the size of the forecast overspend and the budgets in question, it is important to focus on these budgets in ASCH and CYPE. Spending growth in these areas is unsustainable and needs to be brought back to a level that can be afforded within the overall resources available to the council from local taxation and central government grants. This is highly unlikely to be fully achievable in the current financial year and short term due to the lead-in time that some of the actions and decisions will require,

and consequently savings on other activities and services outside these areas will be necessary to avoid drawdowns from reserves which would further weaken the council's financial resilience. Nonetheless, the greatest focus must remain on these major areas of overspend and every effort made to address these challenges. The forecast overspend represents over 3% of the revenue budget and presents a serious and significant risk to the council's financial viability if it is not addressed as a matter of urgency.

- 1.10 The current circumstances present a material risk to the council and require significant action to bring the overspend under control. It is important to ensure that the council makes sensible and informed decisions around the next steps. Whilst recognising the need to urgently mitigate the overspend, it is also important to properly consider the impact on the proper functioning of the council.
- 1.11 This report sets out an overview of the budget recovery strategy "Securing Kent's Future", the immediate actions and activities, and details the necessary recommendations for further activity and financial performance monitoring that will be reported back to Cabinet on 5 October 2023. In developing this approach, as with the Budget in February, the Leader and Deputy Leader have had the benefit of advice from the Section 151 Officer confirming the need for the actions contemplated as a necessary and proportionate response to the current overspend. They have also received advice relating to the organisational and legal implications from the Chief Executive and Monitoring Officer accordingly and this will be reflected in the paper brought to Cabinet on 5 October 2023.

2. Budget Recovery Strategy – "Securing Kent's Future"

- 2.1 Framing Kent's Future (FKF), the KCC Strategic Statement, was approved at County Council in May 2022 and sets out the council's ambition and strategic priorities until 2026. FKF acknowledged the significant financial and demand pressures the council would be facing over the coming four years, whilst concurrently delivering an ambitious agenda for Kent residents, businesses, and local communities. The strategic priorities set out in FKF remain vital to the medium-long term future for Kent if the council is to address the significant structural challenges the county faces around levelling up, devolution, the environmental challenge, securing infrastructure improvements, and the associated demand on people-based services from an aging population and a changing demographic.
- 2.2 There has been a significant deterioration in the financial and operating landscape facing the council since FKF was approved, due to an acceleration of demand pressures and the continued impact of a challenging national and global economic environment. Combined with changes in how residents access and use many of our services post the Covid-19 pandemic, this has driven an unsustainable cost of delivery and a fundamental challenge to the design of our service offer. This means that there must be a short-term reprioritisation of all council activity to support bringing the budget back into balance, with a significant focus on the transformation of both adults and children's social care as set out in the 'New Models of Care and Support' within FKF, alongside other high cost services including home to school and public transport, waste and highways, to ensure that they remain sustainable whilst meeting the council's statutory duties to some of the most vulnerable residents in Kent, and meeting our overall fiduciary duty to the Kent taxpayer. This will necessarily require

a strong focus from elected Members, the Corporate Management Team, Directors, Heads of Service, and all our staff to recognise that this spending challenge is now the fundamental policy priority of the council and to respond accordingly.

- 2.3. It should be noted that the council does continue to provide significant funding into other community, environmental and place-based services as well as the big spending areas in adults, children's, transport, waste and highways. And whilst acknowledging the changed financial landscape, and the fundamental policy priority of bringing the budget back into balance, the challenge for these services must be to think radically about how they can meet the overall ambitions set out in FKF, without further additional investment, and potentially within an increasing constrained financial envelope to help Securing Kent's Future. None of these decisions will be easy, and in some cases, it may lead to a necessary rescoping of the ambitions originally set out in FKF. Corporate Directors, Directors and Heads of Service for community, environmental and placed-based services will be working with Cabinet Members over the course of the next few weeks and months to assess what is possible within their areas of responsibility within the limited financial envelope available, and the policy and services choices that will be consequential as a result. All the decisions necessary to meet the revised ambitions outlined in paragraphs 2.2 and 2.3 will be subject to the Council's usual governance.
- 2.4 The council's budget strategy, confirmed at the Budget Meeting in February 2023 and subject to the section 25 assurance statement issued by the Section 151 Officer, continues to be based on the following principles:
- Plan and deliver a balanced budget and medium-term financial plan with net expenditure (after income and specific grants) not exceeding available funding from un-ringfenced grants and local taxation.
 - Set a council tax that does not exceed the government referendum limits.
 - Ensure the Council is financially sustainable minimising the risk that the council could cease to be responsible for its financial and other affairs through government intervention such as the appointment of commissioners.
 - Maintain an adequate and prudent level of reserves commensurate with risks.
 - Maintain and improve the council's overall financial resilience through sustainability of reserves, reduced levels of borrowing and debt costs, balance of income compared to spend, proportion of council budget spent on social care.
 - Prudent management of cashflow and liquidity through its Treasury Strategy which balances risks and returns on financial investments and low interest costs and certainty on borrowing.
 - Full cost recovery on charges for discretionary services other than where Cabinet agrees to provide services at a subsidy and/or concession.
 - Prudent capital investment programme.
 - Align the council's strategic vision and priorities to available resources in a sustainable way whilst allowing the council to fulfil statutory obligations.
- 2.5 The recovery plan will distinguish between the in-year and short-term spending reductions which will often be driven by expediency and necessity to balance the budget, and the more structural medium to long term changes we need to make which will be driven by policy and priority decisions that need to be addressed following fuller analysis of the key drivers of historic and current spending growth pressures. It is vital to understand the factors that have given rise to the current

overspend and to ensure that the strategic response reflects these to apply the right solution given the assurances given as part of the Budget build process. The medium to longer term recovery plan will find ways to mitigate spending growth and identify deliverable savings including, the recommissioning of adult social care residential, nursing, homecare and supported living services, investment in preventative services, optimising the use of reablement rehabilitation and step down services for those leaving hospital, ensuring sufficiency of placements in adults and children in care, optimising support for schools, and promoting independence as clients transition from children's care to adulthood. These will set out a comprehensive plan from initial diagnostic, design of alternatives through to adopting and sustaining the solutions. Whilst many of these initiatives are already in train and within existing plans, work will be undertaken ahead of the next Cabinet Meeting to develop a single, comprehensive strategic and financial plan in response to the current overspend that will prioritise resources on securing Kent's future.

- 2.6 To ensure the effective delivery of Securing Kent's Future it is essential that the council focuses most attention on the material spending areas and those areas where there is the greatest forecast variance from the approved budget. Variances from the approved budget not only result in-year overspends, (which if not addressed or compensated for by reduced spending elsewhere present a risk to reserves and the council's financial resilience) but are also a spending pressure in future years' budgets where the spending causing the overspend is recurring. This means that overspends effectively have a double impact on future years' budgets due to ongoing recurring spending and the need to replenish reserves drawn down to cover overspends in the current year.
- 2.7 Focussing attention on the most material and significant spending areas does not mean spending in other areas is irrelevant or can be ignored. The budget strategy recognises that non-essential spending will need to be curtailed in-year and in the short term, whilst actions to contain spending in the material and significant areas take effect. All opportunities to maximise income from fees and charges on discretionary activities also need to be considered to reduce net expenditure. Whilst it would not be appropriate to generate a surplus on these activities the principles of full cost recovery must be applied where Cabinet has not agreed that services are provided with a subsidy or concession.
- 2.8 The maximum available to be drawn from reserves in 2023-24 is the £12m set aside in the risk reserve in the approved budget. However, this £12m was planned as part of the budget setting before the need to draw down £22.1m from the general reserve to cover the balance of the 2022-23 overspend and it is therefore critical to minimise the need to utilise the £12m in the risk reserve. The final approved budget for 2023-24 included £23.5m contributions to reserves (£12m risk reserve, £5.8m general reserve to maintain 5% of the net revenue budget for 2023-24 and £5.6m local tax equalisation reserve from surplus collection fund balances). The final 2023-24 budget included the one-off use of £8.5m from reserves (£4.3m from smoothing reserves to be repaid in 2024-25, £3.2m from public health reserves, and £1.0m other corporate reserves). Any draw down from general or earmarked reserves would further weaken reserves which are already at the lower end of the spectrum compared to other county councils. Most other upper tier councils are facing similar pressures, particularly in children's services and adult social care but have proportionately larger reserves to help mitigate short-term impacts.

- 2.9 The council's Financial Regulations are being reviewed to ensure they remain fit for purpose. Delegation levels within the Financial Regulations and "Spending the Council's Money" will also need to be reviewed. Any review needs to ensure that the council can discharge its statutory responsibilities and local priorities in a timely manner but with a due regard to the short-term and longer-term financial consequences of spending decisions. This includes decisions on appeal.
- 2.10 The delayed delivery of savings was a significant factor in the 2022-23 overspend and whilst it is not the main reason for the forecast overspend in the current year, it is a contributory factor that needs to be addressed. A total £54.8m savings and increased income (excluding external fining income) was agreed as part of the 2023-24 budget, with a further £67m planned savings and increased income in 2024-25 and 2025-26. The progress on the delivery of the agreed savings is set out in the attached report.
- 2.11 Over the medium-term consideration has to be given to alternative service provision to reduce costs (including future cost increases). This will include both commissioned services and services provided in-house. Commissioned services need to ensure that only those services that the council requires to fulfil its obligations and priorities are procured, that a sustainable and appropriately structured market is available, and that publicly funded services are not being provided with excessive profits for providers, and services are commissioned where possible from not-for-profit organisations. In-house services need to be subject to the same value for money rigour as commissioned services.
- 2.12 The council will review its future operating model and related cost base to maximise efficiencies, including from greater use of technology, automation and innovations, drawing from best practice in the local government sector and beyond.
- 2.13 The council needs to work closely with other public sector bodies to ensure they are meeting their obligations, and where relevant contributing their share of costs. This includes reviewing the council's relationship with health authorities, district and borough councils, and government agencies.
- 2.14 The budget strategy as executed by Cabinet Members and Senior Officers will continue to make representations to government to seek appropriate settlements, including adequate funding for increased costs and responsibilities, a more efficient and effective distribution of funding from government departments and between individual authorities, as well as reforms to local taxation. Specific representations have been made in relation to the loss of supported borrowing funding, insufficient highways funding and the impact of Unaccompanied Asylum Seeking Children (UASC). The broader operational and legal issues (and their financial consequences) relating to UASC will be dealt with by a separate update at this Cabinet Meeting.

3. Organisational Capacity

- 3.1 In order to urgently address the financial situation it is necessary to accept that the council cannot simply continue to operate in the same way. The council has limited capacity to deliver the budget recovery strategy and this capacity must be focussed on those activities which will sustainably reduce the overspend and build

our financial resilience. The council will use its analytics function to undertake detailed analysis of the main areas of overspend. The council will also require some external support to identify both in year and medium-term actions that will address the main areas of forecast overspend and unsustainable spending growth.

- 3.2 To maximise the scope of effective scrutiny by all Members, there will be a review of meetings and agendas to ensure there is a targeted focus on core activity on the budget, key decisions and performance related to “Securing Kent’s Future”, with a report going to the County Council in September/October to make the appropriate arrangements to governance. Informal Member Groups will be urgently reviewed to ensure they materially contribute to “Securing Kent’s Future”. Member training will be prioritised, particularly in relation to local government finance, legal duties, performance and risk. Member scrutiny will play a vital role in carefully considering the material activity and decisions necessary as part of Securing Kent’s Future.
- 3.3 The meeting review is without prejudice to the important role to be played by Governance and Audit (G&AC) and Scrutiny Committee.
- 3.4 A detailed briefing will be arranged for all 81 Members to set out the current year’s forecast, the underlying drivers and the actions being taken. The briefing will help strengthen Members’ role within “Securing Kent’s Future” and the governance arrangements and opportunities for meaningful scrutiny.

4. Next Steps and Future Timeline

- 4.1 The next meeting of Cabinet on 5 October 2023 will set out progress to date on delivering “Securing Kent’s Future” and will specifically consider the additional activities and decisions required to reduce the forecast overspend to as close to balancing the budget as possible and certainly no more than the £12m set aside in the risk reserve.
- 4.2 The report will set out a clear exposition of the latest financial position with additional supporting information including:
 - By directorate and materially overspent budget line, the amount of over-spend, the reasons for over-spend, the analysis of activity/performance information including trends and the accountable officers.
 - A detailed update on the analysis of all budget savings identified in 2023-24 budget, by directorate and budget line, the amount and nature of savings, the current status of savings, delivery confidence, reasons for non or delayed delivery and the accountable officers.
 - Benchmark comparisons with other councils, identifying exemplar performance by others in areas of overspend, Performance and finances of similar councils, trend and unit costs analyses, budget and savings journey, population and demographic data to allow for nuanced comparison (prior year policy choices) and an explanation of to what extent and why the current year overspend is different to comparator county councils.
 - Identification of the key opportunities for further savings within 2023-24 and the medium term, including consideration of the arrangements around the use of temporary staff and consultants to review the most efficient short and medium-

term arrangements, targeted prevention activity and further efficiencies. These will be reflected in a revised and updated medium term financial plan.

- Careful analysis of areas of underperformance linked to budget pressures, data held by the organisation in relation to activity, performance and spend, comparator finance and performance with similar authorities and the unintended consequences of planned activity.
- A review of the council's property and asset management strategies to identify opportunities to reduce both capital and revenue commitments.

4.3 Finance and performance monitoring progress reports will be considered at every Cabinet meeting, to ensure the focus on Securing Kent's Future remains until the council's financial position is stabilised. In the meantime, given the materiality of the position, the Section 151 Officer shall also meet weekly with the Leader, Deputy Leader, Chief Executive Officer and Monitoring Officer to provide an update on progress.

4.4 The Leader, Deputy Leader and General Counsel will meet with the relevant Chairmen and opposition Members of G&AC and Scrutiny to discuss how best to build the reporting and oversight model for the activity related to "Securing Kent's Future" into the planning ahead of the 5 October Cabinet meeting.

5. Financial Implications

5.1 The immediate management actions to reduce the forecast revenue overspend are set out in the attached budget monitoring report. These reduce the forecast overspend from £43.7m to £26.7m. This assumes that £54.8m of savings and increased income are delivered as planned. Assuming the forecasts do not materially alter this would require a minimum £14.7m of further spending reductions and income to be achieved during the remainder of 2023-24. These further savings and income would need to come from a combination of further action in ASCH and CYPE, curtailing other non-essential spending across the rest of the council for at least the remainder of 2023-24, increased income from discretionary fees and charges, and any additional external income (including government funding).

5.2 On 28th July the government announced a further £570 million of ringfenced funding across 2023--24 and 2024-25 to local authorities through the Market Sustainability and Improvement Fund. The government expects that this funding to be used to improve and increase adult social care provision, with a particular focus on workforce pay and increasing workforce capacity within the sector, to ensure that appropriate short-term and intermediate care is available to reduce avoidable admissions and support discharge of patients from hospital when they are medically fit to leave. £365m will be allocated in 2023-24 (KCC's share is £9.375m) with a further £205m in 2024-25. Local authorities will need to provide a summary description, aligned to NHS winter surge plans, of how they will use this funding to ensure sufficient capacity to meet potential adult social care surges in demand over winter by 28 September 2023. This will need to include spending already included within the 2023-24 forecast. The £9.375m is not yet reflected in monitoring forecasts until this plan has been developed and agreed.

- 5.3 It is critical that all necessary actions and decisions are taken so that the final out-turn position for the 2023-24 budget is as close to a balanced position as possible, to minimise the need to utilise the £12m risk reserve, as this would further weaken our financial resilience. Any recurring additional spending in 2023-24 over and above the budgeted level will need to be reflected in the 2024-25 budget (less any recurring savings from further action). This will represent an additional unfunded growth pressure that could only be addressed by increasing the savings and income requirement over and above the £67m already identified in the Medium-Term Financial Plan for 2024-25 and 2025-26.
- 5.4 The October Cabinet finance monitoring report will need to evidence sufficient progress is being made on savings delivery, on reducing the forecast overspend in the current year as well as setting out the detailed plans for delivering a sustainable budget in the medium term. This is key to ensuring the council is able to demonstrate its short term and longer-term financial viability and enhanced resilience.

6. Legal Implications

- 6.1 The Council has a range of statutory duties set out in the annual budget papers and rehearsed elsewhere. This report identifies the importance of an appropriate and detailed plan to control the budget and to reflect the duties owed by the Council in relation to balancing its budget.
- 6.2 Whilst considering the issues raised by this paper, it is vital that the Council ensures that those resources that are available are prioritised towards those services attached to a statutory duty. In discharging those duties, Members and Officers must note the challenges set out in this report and ensure that the discharge of duties provides continued compliance across the organisation as a whole and not just within individual budget lines and services.
- 6.3 Legal advice will need to be taken on relevant proposals, key decisions and on the paper for 5th October given the balancing exercise that will be required. In the meantime, Members and Officers are respectfully reminded of their obligations under the constitution and existing governance arrangements including the Financial Regulations and Code of Corporate Governance. A review of these in the light of this paper will be undertaken alongside the activity set out in paragraph 3.2 above.

7. Equality Implications

- 7.1 The Equality Act 2010 requires the Council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.
- 7.2 To help meet its duty under the Equality Act the council undertakes equality impact assessments to analyse a proposed change to assess whether it has a disproportionate impact on persons who share a protected characteristic. As part of our budget setting process an equality impact assessment screening is completed for each savings proposal to determine which proposals will require a

full equality impact analysis (with mitigating actions set out against any equality risks) prior to a decision to implement being made.

- 7.3 The amounts for some savings could only be confirmed following consultation and completion of an equalities impact assessment. Consequently, amounts originally published are only planned at the time the budget is approved and can change. Any changes are reported through the in-year budget monitoring reports which will include separate and specific consideration of delivery of savings plans.
- 7.4 Equality impact assessment screening will be completed for any alternative and/or additional savings necessary under the recovery plan to determine which proposals will require full equality impact analysis (with mitigating actions set out against any equality risks) prior to a decision to implement being made.

Recommendations

Cabinet is asked to:

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- 1 **NOTE the forecast revenue position for 2023-24 of £43.7m before management action.**
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- 2 **NOTE the initial management action already identified to reduce the forecast revenue out-turn position to £26.7m.**
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- 3 **NOTE that the overspend for 2022-23 combined with the 2023-24 forecast revenue position has significantly impacted the Council's financial resilience.**
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- 4 **AGREE that the Cabinet recognises the significant financial challenge and AGREE that actions must be developed to understand, mitigate and address the over-spend.**
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- 5 **NOTE that any further deterioration of the Council's financial resilience may result in an inability to give the necessary assurance that the Council can balance its budget for 2024-25 or at some future point.**
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- 6 **AGREE the next steps as set out in section 4 of this report and to report the outcomes of this activity to the next Cabinet meeting**
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- 7 **AGREE that Cabinet Members will identify the political decisions that can be taken to reduce the overspend and improve financial resilience, including consideration of further savings within their cabinet portfolios**
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- 8 **AGREE to receive a report at the Cabinet meeting on October 5th 2023, which will include the outcomes of the actions recommended above (including seeking the approval of the detailed action plan)**
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- 9 **AGREE the actions in relation to organisational capacity and Member**

oversight at section 3 and ask the Monitoring Officer, where necessary, to draft the necessary amendments to the Constitution for consideration by County Council.

6. Appendices

- **Appendix 1: Financial Monitoring Report**
- **Appendix 2: Section 25 Assurance Statement**

Background Documents

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