

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Cabinet

DECISION NO:

23/00109

For publication [Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]

Key decision: YES

Key decision criteria. The decision will:

- a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or
- b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:
 - the adoption or significant amendment of major strategies or frameworks;
 - significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.

Subject Matter / Title of Decision: Finance Monitoring Report 2023-2024

Decision:

It is proposed that Cabinet agree to:

- (a) consider and note the Council's updated financial position and savings and management action to address the in year overspend,
- (b) approve the Capital budget adjustments detailed in section 14 of the budget monitoring report
- (c) approve the procurement of external support via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term.
- (d) in relation to (c) delegate authority to the s151 Officer to, in consultation with the Leader of the Council, negotiate, finalise and enter into relevant contracts to implement the required contract award; and
- (e) delegate authority to the s151 Officer to take other actions, including but not limited to entering into contracts or other legal agreements, as required to implement the decision in line with the actions and arrangements set out in the decision documentation.

Reason for Urgency:

The financial situation requires immediate action via decisions through Cabinet. The Cabinet schedule does not allow for deferral of the decision and therefore must be taken as soon as possible to allow for implementation at pace. Due to this, it is not viable to allow the normal 28 day notice period.

Reason(s) for decision:

- (a) Given the Council's financial position, Cabinet now receives a monthly monitoring report setting out the latest forecast and actions being taken to balance the budget by the end of the financial year. Adjustments to the capital budgets require approval from Cabinet. Cabinet approval is also required to approve the engagement of external transformation partners via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver

service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term.

- (b) The challenge in both the current financial year given the majority of action is one-off, and the even greater challenge in 2024-25 mean that the engagement of an external partner is extremely time critical as the cost reductions needed to address the structural deficits in adult social care and children's services will take time to have a positive impact on council's financial position and future sustainability.

Background:

The Q2 report on the Council's financial position as at the end of September 2023 will be reported to Cabinet on 30th November 2023 which shows a forecast overspend of £36m before management action. The forecast overspend presents a serious and significant risk to the Council's financial sustainability if it is not addressed as a matter of urgency.

The report identifies management action to reduce the overspend to a balanced position by the end of the financial year, including those actions that are recurring to help reduce the budget gap for 2024-25 and the MTFP. In order to achieve the cost reductions in the medium term, the structural deficits in adult social care and children's services need to be addressed and this will be achieved through the engagement of external transformation partners, which will be funded from the budget recovery reserve.

Options considered:

All options to reduce spend both one off and recurring are being considered to bring the 2023-24 forecast outturn position back into balance.

Existing internal resources were considered to deliver service transformation to address the structural deficits in adult social care and children's services. However, it is critical that this is done as quickly as possible and draws on the knowledge and experience of what has been delivered in other councils, which means that an external partner is considered best placed to do so, given the current internal capacity constraints.

How the proposed decision supports the Strategic Statement:

Securing Kent's Future (SKF) acknowledges that given the significance of adults and children's social care within the council's budget, and that spending growth pressures on the council's budget overwhelming (but not exclusively) come from social care, that the priority of delivering New Models of Care and Support must take precedence over the other priorities in Framing Kent's Future. This creates an expectation that council services across all directorates must collectively prioritise delivering the new models of care and support objective as a collective enterprise.

The Finance Monitoring report for 2023-24 provides the detail of the latest financial position and the relevant information on the progress being made in terms of the savings and management actions to achieve a balanced position by year end and reduce the budget gap for 2024-25 and the MTFP.

Financial Implications:

This finance monitoring report sets out the latest forecast overspend position and the underlying structural budget deficits which need to be addressed. The savings and management actions set out

in the report need to be delivered to ensure the council's budget is balanced by the end of the financial year, and further actions to reduce costs that will impact the 2024-25 budget also need to be identified. The Council will need to continue to limit its actions to focus on the most essential activities and priorities until the financial position is brought under control and stabilised.

Legal Implications:

This is in accordance with the financial procedures as set out in the Constitution, the Financial Regulations and Code of Corporate Governance.

The current financial situation and operating environment presents a number of material risks to the Council. It is important that the plans identified to improve resilience are delivered in order to avoid further escalation and action. Securing Kent's Future notes the increased legal risk faced by the Council and the actions and monitoring position will need to be continually reviewed.

Equalities Implications:

No direct service impact from the monitoring report– the equalities implications of the savings and management actions will be managed at service level

Data Protection Implications:

None

Cabinet Committee recommendations and other consultation:

The proposed decision was not considered by Cabinet Committee

The financial situation requires immediate action via decisions through Cabinet. The Cabinet schedule does not allow for deferral of the decision and therefore must be taken as soon as possible to allow for implementation at pace. Due to this, it is not viable to allow the normal 28 day notice period.

Any alternatives considered and rejected:

The finance monitoring report could continue to be provided quarterly but it is critical that the financial position is considered more regularly to ensure the decisions needing Cabinet approval to balance the budget can be taken as quickly as possible.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: None

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signed

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date