

From: Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford
Acting Corporate Director Finance, John Betts

To: Cabinet, 21 March 2024

Subject: Revenue and Capital Budget Monitoring Report – December 2023-24 (Quarter 3)

Classification: Unrestricted

Summary:

The attached report sets out the revenue and capital budget monitoring position as at December 2023-24 (Quarter 3).

Recommendation(s):

Cabinet is asked to:

- a) NOTE the forecast Revenue position of £30.0m overspend
- b) NOTE management action to bring the Council to a balanced position
- c) NOTE the projected Schools' monitoring position of £15.4m overspend
- d) NOTE the progress on the delivery of £65.3m savings
- e) NOTE the forecast Capital monitoring position of -£143.4m underspend
- f) AGREE the Capital budget adjustments
- g) NOTE the Treasury Monitoring report
- h) NOTE the Prudential Indicators report
- i) NOTE the Reserves monitoring position

1. Introduction

- 1.1 The December 2023-24 budget monitoring report being presented sets out the revenue and capital forecast position.

2 Revenue and Capital Budget Monitoring Report – December 2023-24 (Quarter 3)

- 2.1 The attached report sets out the overall forecast position as at 31 December 2023-24, which is a revenue overspend of +£30.0m before management action, and a capital underspend of £143.4m.
- 2.2 2023-24 continues to be an extremely challenging time for local government and KCC is no exception. The latest revenue forecast outturn position for 2023-24 before further management action is an overspend of £30.0m (excluding schools). The forecast overspend represents 2.3% of the revenue budget and continues to present a serious and significant risk to the Council's financial sustainability. Within the overall outturn position there are still significant forecast overspends in Adult Social Care & Health

totalling £31.3m, and in Children's, Young People and Education totalling £28.3m. Application of the of the risk reserve contribution of £12.0m and planned management action has been identified to bring the forecast outturn to within budget by the end of the financial year. The full delivery of all of the management action detailed in the report is the minimum amount necessary to avoid the additional use of reserves.

- 2.3 The Schools' Delegated budgets are reporting an overspend of +£15.4m. This reflects the impact of high demand for additional SEN support and greater demand for specialist provision. In 2022-23 the Council entered into a "Safety Valve" agreement with the Department for Education (DfE) and the accumulated DSG deficit will reduce from an estimated £174m to £73m as at 31st March 2024 as a result of contributions from the Council and DfE. The forecast overspend is within the agreed plan with DfE for the cumulative deficit as outlined in the Safety Valve agreement.

3. Recommendation(s)

Cabinet is asked to:

- a) NOTE the forecast Revenue position of £30.0m overspend
- b) NOTE the application of the risk reserve contribution and management action to bring the Council to a balanced position
- c) NOTE the projected Schools' monitoring position of £15.4m overspend
- d) NOTE the progress on the delivery of £65.3m savings
- e) NOTE the forecast Capital monitoring position of -£143.4m underspend
- f) AGREE the Capital budget adjustments
- g) NOTE the Treasury Monitoring report
- h) NOTE the Prudential Indicators report
- i) NOTE the Reserves monitoring position

4. Contact details

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