

From: Roger Gough, Leader of the Council

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To: Health Reform and Public Health Cabinet Committee
19th November 2024

Subject: **Draft Revenue Budget 2025-26 and Medium Term Financial Plan (MTFP) 2025-28**

Classification: **Unrestricted**

Summary:

This report sets out key policy considerations within the administration's draft revenue budget proposals for 2025-26 (together with any full year consequences in subsequent years) for the Cabinet portfolios and directorates relevant to this committee for scrutiny. Unlike recent years this is a tailored report for each committee with the overall draft budget proposals contained within appendices and in particular choices about spending growth and savings/income. The draft proposals have been prepared before the Chancellor's Autumn Budget based on assumptions about future spending requirements, government grant settlement, and council tax referendum levels. These assumptions are likely to change but overall it is still likely that a balanced budget can only be achieved with significant savings and income generation as spending growth is likely to continue to exceed the funding available from the government settlement and local taxation.

Recommendations:

The Health Reform and Public Health Cabinet Committee is asked to:

- a) NOTE the administration's draft revenue budgets including responses to consultation
- b) SUGGEST any changes which should be made to the administration's draft budget proposals related to the Cabinet Committee's portfolio area before the draft is considered by Cabinet on 30th January 2025 and presented to Full County Council on 13th February 2025.

1. Background and Context

- 1.1 The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Cabinet and Scrutiny Committees to allow for their comments to be considered before the final budget proposals are made to Full Council.
- 1.2 The Council is under a legal duty to set a balanced and sustainable budget within the resources available from local taxation and central government grants and to maintain adequate reserves. This duty applies to the final draft budget presented for Full Council approval at the annual budget meeting. The overall strategy for the

budget is to ensure that the Council continues to plan for revenue and capital budgets which are affordable, reflect the Council's strategic priorities, allow the Council to fulfil its statutory responsibilities and continue to maintain and improve the Council's financial resilience.

- 1.3 A MTFP covering the entirety of the resources available to the Council is the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty.
- 1.4 The administration's initial draft budget proposals have been prepared in advance of the government's Autumn Budget and Spending Review 2024 (announced 30th October 2024) and in the absence of a provisional local government finance settlement or detailed spending plans inherited from the previous government. This draft budget is based on an assumed grant settlement and council tax referendum limits.
- 1.5 The administration's draft budget 2025-26 and MTFP over the three years are not yet completely balanced. The factors causing the plans to be unbalanced are principally due to undelivered savings within Adult Social Care and the timing of the £19.8m policy savings previously agreed to replace the use of one-offs to balance 2024-25 budget. These two factors are covered in more depth in Appendix A. Other than these issues, the 2025-26 budget is broadly balanced within acceptable tolerances, given the number and range of forecasts within the plan at this stage. Other than adult social care, the MTFP is broadly balanced over the three years, but as yet not necessarily in each individual year. The Adult Social Care challenge will be covered in more depth in the report for the relevant Cabinet Committee. These factors do not preclude scrutiny of the remainder of the Administration's draft budget plans. There is a balance to be struck between planning for what is currently known (which are the factors cited above) and the likelihood of an improvement in the financial position via any additional Government support or improved tax take, with the risk being managed through reserves.
- 1.6 This report focuses on the key policy considerations within the administration's draft budget proposals for each Cabinet portfolio in a timely manner in November. This is a more focussed report to address previous concerns that presenting the entire budget proposals for the whole Council does not allow for sufficient scrutiny on key service issues by individual Cabinet and Scrutiny Committees. To assist this, a summary of the 2025-26 proposals for the relevant Cabinet portfolio is included in this report, together with a more detailed table setting out the key policy considerations and accompanying narrative (in the next section of this report). An interactive dashboard is also provided to Members, enabling the details of all proposals to be examined and scrutinised.
- 1.7 Separate appendices are included which set out:
 - the key assumptions within the administration's overall initial draft budget (appendix A)
 - how the proposals are consistent with the Council's strategic priorities and legal requirements (appendix B)
 - a summary of the responses from the recent budget consultation (appendix C)
 - a summary of the Administration's Draft Budget proposals (appendix D)
 - a high-level summary of the overall MTFP covering 2025-28 (appendix E)

- a summary of the proposals for Public Health for 2025-26 (appendix F)
- a detailed list of the key policy considerations for Public Health (spending and savings proposals) (appendix G)
- an assessment of financial resilience (appendix H)

1.8 This provides the same level of background information as presented to Cabinet and Scrutiny committees in previous years. A more detailed report on the budget consultation, which closed on 7th August 2024, is provided as a background document.

1.9 Following the November scrutiny process, a revised draft of the administration's final budget proposals will be published in January for further consideration prior to final approval at County Council in February 2025. This will include:

- resolution of the outstanding issues in this draft
- the outcome of the Chancellor's Autumn 2024 Budget and Local Government Finance Settlement for 2025-26
- the provisional council tax base information for council tax precepts
- any other updates since this initial draft

1.10 Wherever possible, draft key decisions will be presented for consideration by Cabinet Committees in principle (pending final budget approval) in January together with the opportunity for scrutiny of the key changes arising from the above points, with those draft key decisions that cannot be considered in January reported to the March round of meetings.

2. Key Policy Considerations

2.1 Public health spending is fully externally funded through specific grants and income with no contribution through core funding from general grants and local taxation. This means the net budget proposals from spending, savings, income and reserves must net to zero as summarised in appendix F. The 2024-25 budget is reported through Adult Social Care Directorate:

Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
Public Health							
Director: Dr Anjan Ghosh							
Public Health - Advice and Other Staffing	5,381.1	1,469.1	6,850.2	-628.0	-8,222.2	0.0	Includes cost of management, commissioning, and operational staff to deliver statutory Public Health advice
Public Health - Children's Programme	0.0	34,707.5	34,707.5	-43.0	-34,664.5	0.0	Includes provision for 0-19 year olds and their families including: Health Visiting, School Public Health, Oral Health, services delivered through Children's Centres and Adolescent services
Public Health - Healthy Lifestyles	0.0	10,986.2	10,986.2	0.0	-10,986.2	0.0	Improving health and lifestyles through provision of Integrated Lifestyle services and NHS Health Checks to support the following outcomes; reduction in smoking, improved exercise and healthy eating to tackle obesity levels
Public Health - Mental Health, Substance Misuse & Community Safety	273.8	17,886.8	18,160.6	-1,080.0	-17,100.6	0.0	Includes the provision of drug and alcohol services, domestic abuse services and Mental Health early intervention
Public Health - Sexual Health	0.0	15,851.0	15,851.0	-2,049.1	-13,801.9	0.0	Commissioning of mandated contraception and sexually transmitted infection advice and treatment services
Total - Public Health (PH)	5,654.9	80,900.6	86,555.5	-3,780.1	-82,775.4	0.0	

2.2 The 2025-26 proposals include £3,456.2k of increased spending, of which £783.5k is increased spending on substance misuse services funded from additional temporary grants for recovery and treatment from Office for Health Improvement and

Disparities/Rough Slier Grant and £30.k reduced spending from removal of targeted funding for housing support interventions.

2.3 The remaining £2,703.5k increased spending is funded from the general public health grant, and drawdown from reserves. The increased spending includes £1,746.5k increases in prices of NHS contracts, £197.9k increases in other contract prices, £626.9k for staff pay award, increases, increases in demand for sexual health services/long-acting reversible contraception/nicotine replacement therapy, and increases/removals for time limited transitional activities and service investments.

2.4 The grant increases include £1,048.9k assumed 1.3% increase in public health grant with the remainder of spending increases in 2025-26 funded from draw down from reserves. These spending increases, assumed increase in the public health grant and drawdown from reserves are detailed in the table below. Further information is available in the member dashboard.

2025-26 Spending Proposals funded from General Public Health Grant & Reserves

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k)		
		£k	£k	£k	Gross	Income	Net
Public Health - Substance Misuse	Removal of additional one-off investment in Recovery Housing (new contract) in 24/25	-30.0	0.0	0.0	14,736.4	-14,736.4	0.0
Public Health - Staffing, Advice & Monitoring	Removal of temporary investment in Cohort Modelling in 23/24 & 24/25	-21.0	0.0	0.0	6,850.2	-6,850.2	0.0
Public Health - Staffing, Advice & Monitoring	Reduction in temporary investment in research capacity in 23/24 & 24/25	-29.5	0.0	0.0	6,850.2	-6,850.2	0.0
Public Health - Staffing, Advice & Monitoring	Removal of additional temporary investment in Public Health Consultants in 23/24 and 24/25	-267.3	0.0	0.0	6,850.2	-6,850.2	0.0
Public Health - Mental Health	Additional one-off funding for Live Well Kent Mental Health contract	-250.0	-250.0	-500.0	3,424.2	-3,424.2	0.0
Public Health - Children's Health Programme	Therapeutic Services for Young People costs to transition to a new delivery model	400.0	-400.0	0.0	10,195.6	-10,195.6	0.0
Public Health - Sexual Health	Increased Demand for Sexual Health Services	27.3	0.0	0.0	15,851.0	-15,851.0	0.0

Public Health - Sexual Health	Increase in costs associated with long-acting reversible contraception for GP charges and prescribing costs	148.0	0.0	0.0	15,851.0	-15,851.0	0.0
Public Health - Staffing, Advice & Monitoring	Pay adjustments including 25/26 pay uplift for Public Health staff	626.9	0.0	0.0	6,850.2	-6,850.2	0.0

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k)		
		£k	£k	£k	Gross	Income	Net
Public Health contracts	Increase in NHS Provider contracts	1,746.5	0.0	0.0	86,555.5	-86,555.5	0.0
Public Health Contracts	Other Contractual/inflationary increases	197.9	0.0	0.0	86,555.5	-86,555.5	0.0
Public Health - Health Visiting	One-off transitional costs for Infant feeding Service	100.0	-100.0	0.0	24,511.9	-24,511.9	0.0
Public Health - Healthy Lifestyles	Temporary transitional Funding for Postural Stability to move to new delivery model	56.5	-31.5	-25.0	10,986.2	-10,986.2	0.0
Public Health - Healthy Lifestyles	Contribution towards new Healthy Living Centre in Thanet	38.8	0.0	0.0	10,986.2	-10,986.2	0.0
Public Health - Stop Smoking Services	Increase in Nicotine Replacement Therapy (NRT) due to demand	75.0	0.0	0.0	10,986.2	-10,986.2	0.0
Public Health - Children's Health Programme	New contract for Families and Childrens' Relationship with Food	36.0	0.0	0.0	10,195.6	-10,195.6	0.0
Public Health	Increase in corporate overhead charges	92.5	0.0	0.0	86,555.5	-86,555.5	0.0
Public Health - Children's Health Programme	Additional one-off expenditure for children's Hearing pilot to support more accurate testing	10.0	-10.0	0.0	10,195.6	-10,195.6	0.0
Public Health	Additional temporary expenditure for the Marmot Coastal Initiative	90.0	-45.0	-45.0	86,555.5	-86,555.5	0.0

Public Health	Realignment of charge for corporate overheads	-344.1	0.0	0.0	86,555.5	-86,555.5	0.0
		2,703.5	-836.5	-570.0			

2025-26 Increase in General Public Health Grant

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k)		
		£k	£k	£k	Gross	Income	Net
Public Health	Estimated Increase in Public Health Grant in 2025-26	-1,048.9	0.0	0.0	-75,734.8	-75,734.8	

2025-26 Drawdowns from Reserves

Headline description	Brief description	2025-26	2026-27	2027-28	Base budget for context (£k)		
		£k	£k	£k	Gross	Income	Net
Public Health - Health Visiting	Drawdown of Reserves to fund one-off expenditure for infant feeding service	-100.0	0.0	0.0	24,511.9	-24,511.9	0.0
Public Health - Healthy Lifestyles	Drawdown from reserves to fund Postural Stability Transition Costs for new delivery model	-56.5	-25.0	0.0	10,986.2	-10,986.2	0.0
Public Health - Children's Health Programme	Drawdown from Reserves for One-off expenditure on Children's Health programme	-410.0	0.0	0.0	10,195.6	-10,195.6	0.0
Public Health	Drawdown from Reserves for temporary spending for Marmot Initiative	-90.0	-45.0	0.0	86,555.5	-86,555.5	0.0
Public Health - Mental Health	Temporary funding for Live Well Kent Mental Health contract	-750.0	-500.0	0.0	3,424.2	-3,424.2	0.0
Public Health - Staffing, Advice & Monitoring	Drawdown of Reserves to fund temporary expenditure to cover staffing costs	-291.6	-291.6	-291.6	6,850.2	-6,850.2	0.0
		-1,698.1	-861.6	-291.6			

3. Contact details

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Background documents

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

- 1 [KCC's Budget webpage](#)
- 2 [KCC's Corporate Risk Register](#) (Governance and Audit Committee 16th May 2024)
- 3 [KCC's Risk Management Strategy, Policy and Programme](#) (Governance and Audit Committee 19th March 2024)
- 4 [KCC's approved 2024-25 Budget](#)
- 5 [2025-26 Budget Consultation \(Let's Talk Kent\)](#), which includes a report summarising the responses to the recent Budget Consultation
- 6 [Summary of budget engagement exercise with KCC management cohort \(known as T200\)](#)
- 7 [2024-25 Budget Monitoring Report](#) (Cabinet 26th September 2024 – item 5)
- 8 [Securing Kent's Future – Budget Recovery Strategy](#)
- 9 [Securing Kent's Future – Budget Recovery Report](#)
- 10 [Member Budget Dashboards](#) (access restricted and available from 2pm on 30 October)