

From: Roger Gough, Leader of the Council  
Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services  
Rory Love, Cabinet Member for Education  
Sue Chandler, Cabinet Member for Integrated Children's Services

To: Children's Young People and Education Cabinet Committee 16 January 2025

Subject: **Draft Revenue Budget 2025-26 and Medium Term Financial Plan (MTFP) 2025-28 Update, and Draft Capital Programme 2025-35**

Classification: **Unrestricted**

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### **Summary:**

This report sets out for further consideration the material changes to the administration's draft revenue budget proposals for 2025-26 from those presented to committees in November for the Cabinet portfolios and directorates relevant to this committee. As with the November report this is a tailored report for each committee. The update includes the following information relevant to the Cabinet Committee's portfolio(s):

- Full year effect of variances reported in quarter two 2024-25 budget monitoring report
- Latest projections for price indices applied for contractual price uplifts
- Latest activity/demand/cost trends
- Spending and income arising from Autumn 2024 Budget statement, Provisional Local Government Finance Settlement (PLGFS) and departmental grant announcements
- Updated savings and income forecasts including further progress on £19.8m policy savings to replace one-offs in 2024-25

Appendices to the report set out the draft capital programme and significant changes to the revenue budget since the draft published in November.

The administration's final 2025-26 draft budget, 2025-28 Medium Term Financial Plan (MTFP) and Capital Programme 2025-35 will be published in full for Cabinet endorsement on 30<sup>th</sup> January. This will need to show a balanced revenue position for 2025-26 and fully funded capital programme.

### **Recommendations:**

The Children's, Young People and Education Cabinet Committee is asked to:

- a) NOTE the update to administration's draft revenue budget proposals
  - b) NOTE and COMMENT on draft capital programme
  - d) Propose, to the Executive, any changes which should be made to the administration's draft budget proposals related to the Cabinet Committee's portfolio area before the final draft is considered by Cabinet on 30th January 2025 and presented to Full County Council on 13th February 2025.
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## **1. Background and Context**

1.1 The setting of the budget is a decision reserved for Full Council. The Council's Constitution requires that a draft Budget is issued for consideration to Cabinet Committees and the Scrutiny Committee to allow for their comments and any recommendations 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 purpose of the budget is to ensure that the Council continues to plan for revenue and capital spending which is affordable, reflects the Council's strategic priorities, allows the Council to fulfil its statutory responsibilities and continues to maintain and improve the Council's financial resilience.

1.3 A 3-year 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 updated draft revenue budget 2025-26 proposals are now balanced in principle pending Cabinet endorsement. This includes resolution of the £11.4m unresolved balances in the November draft. The resolution comes from a mix of updated spending growth, updated savings and income plans, and increased/new grants in the PLGFS and other departmental grants. The timing of the £19.8m policy savings required to replace the use of one-offs to balance 2024-25 budget remains an issue for 2025-26 although this is now proposed to be resolved through a combination of funding qualifying revenue expenditure from capital receipts and extension of New Homes Bonus grant, with significantly less required from a loan from reserves.

1.5 The plans for 2026-27 and 2027-28 in the MTFP continue to be indicative based upon a set of assumptions for spending/savings & income, and funding. The plans for 2026-27 and 2027-28 are broadly balanced albeit at a high-level at this stage pending further detail of reforms to local authority funding and multi-year settlement. The illustrative plans set out the possible trajectory based upon current policy assumptions, although other scenarios are possible. 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 (including update and reform of current methodologies) or improved tax returns, with the risk being managed through reserves.

1.6 The draft Capital Programme has been prepared on the basis that only fully funded projects are included, with a separate schedule of potential projects which could be considered for inclusion in future programmes once funding has been secured. The programme is based on the presumption that there will be no new borrowing to fund new schemes. The plan includes the rephasing of projects as result of 2023-24 outturn as well as new fully funded schemes, invest to save projects, and resolution of outstanding funding on essential commitments arising since the original programme was published.

1.7 This report focuses on the key policy considerations within the administration's draft budget proposals (updated revenue plans and capital programme) for each Cabinet

portfolio. This focussed report allows Cabinet Committees to specifically consider the parts of the Budget that fall within their remit. The Scrutiny Committee will receive the budget proposals for the whole Council as the role of the Scrutiny Committee is to review and challenge the overall budget. An updated interactive dashboard is also available via the link at point 10 of background documents to Members, enabling the details of revenue proposals to be examined and scrutinised, including a new dashboard covering the £19.8m required savings to replace one-off used to balance 2024-25 budget.

1.8 Separate appendices are included which set out:

- High Level Summary of draft capital programme 2025-35 (Appendix A)
- Detail of capital programme 2025-35 for Children’s, Young People and Education directorate (Appendix B)
- Projects under consideration for future capital programmes (Appendix C)
- An updated high-level summary of the administration’s draft revenue plans 2025-28 (Appendix D)
- a summary of the updated revenue plan for Children’s, Young People and Education directorate for 2025-26 (Appendix E)
- Budget risk register (Appendix F)

These, together with the previous reports in November, provide the same level of background information as presented to Cabinet Committees and the Scrutiny Committee in previous years.

1.9 Following consideration of updated revenue plans and draft capital programme, a revised draft of the administration’s final budget proposals will be published for Cabinet endorsement at the meeting on 30 January 2025 (including consideration of issues raised and alternative proposals raised at Cabinet Committees and the Scrutiny Committee) prior to final approval at County Council in February 2025.

## 2. Key Policy Considerations for Children’s, Young People and Education Cabinet Committee

### Updated Revenue Proposals

2.1 Appendix E outlines the draft changes to the spending and savings proposals for the CYPE Directorate presented to the CYPE Cabinet Committee in November. The table below summarises these changes by Cabinet Member.

Table 1	Rory Love (Education)			Sue Chandler (Integrated Children’s Services)			CYPE Directorate Total		
Draft MTFP Presentation	Spend £’ms	Saving £’ms	Net £’ms	Spend £’ms	Saving £’ms	Net £’ms	Spend £’ms	Saving £’ms	Net £’ms
November	18.3	-14.1	4.2	17.2	-8.1	9.2	35.5	-22.1	13.4
Latest	15.1	-14.0	1.1	25.2	-7.2	18.0	40.3	-21.2	19.1
<b>NET TOTAL CHANGE</b>	<b>-3.2</b>	<b>0.1</b>	<b>-3.1</b>	<b>+8.0</b>	<b>+0.9</b>	<b>+8.9</b>	<b>+4.8</b>	<b>+0.9</b>	<b>+5.7</b>

### Education Specific Changes to Draft Budget Proposals

2.2 The overall budget requirement for the Education portfolio has reduced by -£3m relating to updated price assumptions and slowing trend in higher costs:

- Proposals relating to the provision for costs associated with inflationary rises in 25-26 for school transport has been updated to reflect the latest price inflation forecasts resulting in a reduction to the growth request from £4.8m to £3.9m based on the Sept Consumer Price Index (-£0.9m).
- The forecast average cost of transporting children with SEN has continued to reduce during 2024-25, where the historic trend of rising costs appears to be slowing, resulting in a higher underspend than initially estimated. The draft MTFP has been updated to reflect this increased underspend reported as part of the quarter 2 monitoring report to Cabinet on [28<sup>th</sup> November](#) resulting in a -£2.3m further rebasing opportunity. This slowing trend in rising costs has happen more quickly than originally anticipated through the combined benefits of related transformation activities, policy changes and tendering of more efficient contracts. The demand and cost drivers (along with related savings) will be further reviewed based on the most update to date monitoring ahead of County Council, to identify any further changes that may be required to reflect this improving position.

### Integrated Children's Services Specific Changes to Draft Budget Proposals

2.3 The overall budget requirement for the Integrated Children's Services portfolio has increased by £8.9m relating to:

- Updating of prices assumptions for 18-25 adult social care (+£0.5m)
- Updating of base budget changes for Disabled Children's Looked After Children's Placements (+£1.0m)
- New Spending Requirement: Children's Social Care Prevention Grant (+£6.2m)
- Removal of saving for the development of the in-house residential offer in 25-26 (+£0.9m).

2.4 The 2025-26 Local Government Settlement included new funding totalling £225m nationally to support the delivery of Children's Wellbeing and Schools Bill reform (known as the Children's Social Care Prevention Grant). Kent's expected spending of £6.2m has been reflected in this MTFP based on the estimated share of the grant. This new funding is planned to be used by CYPE to meet the outcomes of the new Bill, with an expected focus on securing ongoing funding streams for the Early Help service, changes required to deliver the new bill with a focus on improving outcomes for children experiencing edge of care or domestic abuse.

2.5 The pressure continues to increase on the cost of securing placements for Looked After Children with a Disability, as reported in the Quarter 2 monitoring report to Cabinet on 28<sup>th</sup> November, with the updated position reflected in the latest draft MTFP (a further £1m base budget requirement to cover the ongoing overspend, increasing this requirement from £3m to £4m). Whilst complexity is a contributing factor, the lack of suitable placements for our most complex children continues to drive up costs. Similar to transport, the demand and cost drivers will be further reviewed based on the latest monitoring for looked after children's placements ahead of County Council, to identify any further changes that may be required to reflect this challenging position.

- 2.6 Total planned savings for the portfolio have been reduced by £0.9m since November where the saving relating to the introduction of an in-house residential offer for high complex children has been delayed until 2026-27. The identification of suitable properties is expected to take longer than initially assumed.
- 2.7 The remaining significant change relates to the 18-25 adult social care budget (for young people with a learning and/or physical disability), which currently forms part of the Supporting Independence Service under CYPE. Price assumptions have been updated in line with Adult Social Care portfolio assumptions (increasing the budget requirement by £0.5m to £2.1m) The future responsibility and presentation of the 18-25 service is subject to a future key decision and the outcome will be reflected in future presentations of the MTFP.
- 2.8 In addition to the changes listed above, the draft MTFP has also been updated to reflect the consolidation of a number of individual Department of Education (DfE) grants into a singular “Children’s and Families” Grant (announced as part of the Local Government Settlement), which had previously funded initiatives relating to supporting families, supported accommodation reforms, staying put, leaving care allowance uplift, extending personal advisors up to 25 and extension of virtual school heads to support previously looked after children – with funding frozen at the same level as 2024-25 with a combined total of £11.3m. A further update to the draft MTFP, will also be made regarding the continuation of the Family Hub Grant for a further year, if details are confirmed in time for County Council in February.

#### Changes between current capital programme and draft programme 2025-35

- 2.9 Appendix A to C set out the draft capital budget proposals for 2025-35. The programme has been updated to reflect the latest forecast changes to the existing programmes for schools maintenance, modernisation, basic need and high needs in line with the available budget and grant announcements. New projects have been limited to those fully funded from grant funding: i.e. projects relating to the expansion of the free entitlement for the childcare sector and wraparound care in primary schools, or invest to save projects such as the new capital project to develop the Council’s own in-house residential provision for the county’s most complex children.

### **3. Contact details**

Report Authors:

Dave Shipton (Head of Finance Policy, Planning and Strategy)

03000 419418

[dave.shipton@kent.gov.uk](mailto:dave.shipton@kent.gov.uk)

Karen Stone (CYPE Finance Business Partner)

03000 416769

[karen.stone02@kent.gov.uk](mailto:karen.stone02@kent.gov.uk)

Joanna Lee (Capital Finance Manager)

03000 416939

[Joanna.lee@kent.gov.uk](mailto:Joanna.lee@kent.gov.uk)

Relevant Corporate Directors:

John Betts (Interim Corporate Director Finance)

03000 410066

[john.betts@kent.gov.uk](mailto:john.betts@kent.gov.uk)

Sarah Hammond (Corporate Director for Children's, Young People and Education)

03000 411683

[sarah.hammond@kent.gov.uk](mailto:sarah.hammond@kent.gov.uk)

### **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 16<sup>th</sup> May 2024)
- 3 [KCC's Risk Management Strategy, Policy and Programme](#) (Governance and Audit Committee 19<sup>th</sup> March 2024)
- 4 [KCC's approved 2024-25 Budget](#)
- 5 Q2 Budget monitoring Report <add link> (Cabinet 28<sup>th</sup> Novem 2024 – item 5)
- 6 [Securing Kent's Future – Budget Recovery Strategy](#)
- 7 [Securing Kent's Future – Budget Recovery Report](#)
- 8 Dashboard – <https://app.powerbi.com/groups/me/apps/0c0c09e7-2b65-40de-a51b-0a21f1d7fa99/reports/c2d85b3d-adcc-41aa-a345-01aed649492b/ReportSection943f2a100173000c470?ctid=3253a20d-c735-4bfe-a8b7-3e6ab37f5f90&experience=power-bi>