

From: Roger Gough, Leader of the Council
Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services
Derek Murphy, Cabinet Member for Economic Development
Clair Bell, Cabinet Member for Community and Regulatory Services

To: Growth, Economic Development and Communities Cabinet Committee on 22nd 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**

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 30th January. This will need to show a balanced revenue position for 2025-26 and fully funded capital programme.

Recommendations:

The Growth, Economic Development and Communities Cabinet Committee is asked to:

- a) NOTE the update to administration's draft revenue budget proposals
 - b) NOTE and COMMENT on draft capital programme
 - c) 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.

1.8 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.

1.9 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 Growth, Environment and Transport 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 Growth, Environment and Transport (GET) directorate for 2025-26 (Appendix E)
- Budget risk register (Appendix F)

1.10 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.

1.11 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 Growth, Economic Development and Communities Cabinet Committee

Updated Revenue Proposals

2.1. Only minor changes relating to price increases (in line with changes to inflation indices) and profiling of growth pressures/savings have been adjusted.

Changes between current capital programme and draft programme 2025-35

2.2.1 The previous capital programme included a project to maintain and extend the useful life of the Essella Road Bridge through urgent works, a structure within the Public Rights of Way (PRoW) network.

2.2.2 Due to further investigations of the structural integrity of the bridge, and the increase costs to repair the existing structure, the project has now been amended to

reflect the replacement of the bridge, with the cost of the scheme increasing accordingly.

Key decisions required

- 2.3 There are no new key decisions to be taken or are required as part of the new proposals over and above those that are brought to this committee anyway e.g. confirming Libraries, Registration and Archive price uplifts for the forthcoming year.

3. Contact details

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Background documents

- 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 Q2 Budget monitoring Report [Cabinet Paper](#)
- 6 [Securing Kent's Future – Budget Recovery Strategy](#)
- 7 [Securing Kent's Future – Budget Recovery Report](#)
- 8 Dashboard – [Dashboard](#)