

SCRUTINY COMMITTEE

Wednesday, 24th January, 2024

10.00 am

**Council Chamber, Sessions House, County
Hall, Maidstone**





AGENDA

SCRUTINY COMMITTEE

Wednesday, 24th January, 2024, at 10.00 am
Council Chamber, Sessions House, County Hall,
Maidstone

Ask for: **Anna Taylor**
Telephone: **03000 416478**

Membership

Conservative (10): Mr A Booth (Chairman), Mr P V Barrington-King (Vice-Chairman), Mrs R Binks, Mr T Bond, Mr D L Brazier, Mrs L Game, Mrs S Hudson, Mrs S Prendergast, Mr O Richardson and Mr S Webb

Labour (1): Dr L Sullivan

Liberal Democrat (1): Mr A J Hook

Green and Independent (1): Rich Lehmann

Church Representatives (3): Mr J Constanti, Mr M Reidy and Mr Q Roper

Parent Governor (2): Ms R Ainslie-Malik and Ms H Carter

County Councillors who are not Members of the Committee but who wish to ask questions at the meeting are asked to notify the Chairman of their questions in advance.

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

A - Committee Business

- A1 Introduction/Webcast Announcement
- A2 Membership
To note that Mr Simon Webb has replaced Mr Nigel Collor on the Committee.
- A3 Apologies and Substitutes
- A4 Declarations of Interests by Members in items on the Agenda for this Meeting
- A5 Minutes of the meeting held on 6 December 2023 (Pages 1 - 8)
- A6 Minutes of the meeting held on 19 December 2023 (Pages 9 - 22)

B - Draft Budget

- B1 Revised Draft Revenue Budget 2024-25 and 2024-27 MTFP, Draft Capital Programme 2024-34 and Treasury Management Strategy (Pages 23 - 162)

C - Securing Kent's Future items for discussion

- C1 Contract Management

D - Any items called-in - None for this meeting

E - Items for discussion

- E1 Work Programme (Pages 163 - 166)

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Benjamin Watts
General Counsel
03000 416814

Tuesday, 16 January 2024

KENT COUNTY COUNCIL

SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 6 December 2023.

PRESENT: Mr. A Booth (Chairman), Mr. P Barrington-King, Mrs. R Binks, Mr. T Bond, Mr. D Brazier, Mr. A Hook, Mrs. S Hudson, Mr. O Richardson, Mr. T Shonk (*substitute*), Dr L Sullivan, Mr. S Webb (*substitute*)

ALSO PRESENT: Mr N Baker (Cabinet Member for Highways and Transport), Mr A Brady (Member for Canterbury City North), Mrs S Chandler (Cabinet Member for Integrated Children's Services), Mr P Cole (Chair of the SEND Sub-Committee), Mr R Gough (Leader of the Council), Mr R Love OBE (Cabinet Member for Education and Skills), Mr P Oakford (Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services), Mr H Rayner (Deputy Cabinet Member for Finance, Corporate and Traded Services), Mr D Watkins (Cabinet Member for Adult Social Care and Public Health)

IN ATTENDANCE: Mrs Z Cooke (Corporate Director for Finance), Mrs S Hammond (Corporate Director of Children, Young People and Education), Mr S Jones (Corporate Director for Growth, Environment and Transport), Mrs C McInnes (Director of Education and Skills), Mr D Shipton (Head of Finance, Policy, Planning and Strategy), Mr R Smith (Corporate Director for Adult Social Care and Health), Mrs A Taylor (Scrutiny Research Officer), Mr K Tilson (Finance Business Partner – Growth, Environment and Transport), Ms L Tricker (Democratic Services Officer)

UNRESTRICTED ITEMS

26. Declarations of Interests by Members in items on the Agenda for this meeting (Item 3)

There were no declarations of interest.

27. Minutes of the meeting held on 1 November 2023 (Item 4)

1. The minutes were approved by the Scrutiny Committee.

RESOLVED that the minutes of the meeting held on 1 November 2023 were an accurate record and that they be signed by the Chairman.

28. Initial Draft Budget 2024-25 and Medium Term Financial Plan 2024-27 (Item 5)

Mr Neil Baker (Cabinet Member for Highways and Transport), Mrs S Chandler (Cabinet Member for Integrated Children's Services), Mrs Z Cooke (Corporate Director for Finance), Mr R Gough (Leader of the Council), Mrs S Hammond (Corporate Director of Children, Young People and Education), Mr S Jones

(Corporate Director for Growth, Environment and Transport), Mr R Love, OBE (Cabinet Member for Education and Skills), Mr P Oakford (Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services), Mr H Rayner (Deputy Cabinet Member for Finance, Corporate and Traded Services), Mr D Shipton (Head of Finance, Policy, Planning and Strategy), Mr R Smith (Corporate Director for Adult Social Care and Health), and Mr D Watkins (Cabinet Member for Adult Social Care and Public Health) were in attendance for this item.

1. The Chairman explained that this report had been through all Cabinet Committees which had reviewed their own portfolio areas. The role of the Scrutiny Committee was to scrutinise the overall budget and direction of travel, with the report coming back to the Committee in January 2024. The Chairman urged all Members to engage with the budget setting process by challenging, asking questions, and making recommendations or representations. The Council needed to be synchronised and work together during this extraordinary time.
2. The Leader stated that at the previous Scrutiny Committee meeting, Members had requested regular budget updates following the Cabinet process, and this was the first such report. The initial draft budget had been published at the end of November, but the process was iterative and remained ongoing.
3. Mr Oakford explained at the initial draft budget was predicted to be £1415.5m in 2024/25, which included £201.5m (15.3%) of core spending growth including £45.5m for the previous years overspend; £42.6m for price inflation; £80.9m in other cost growth not related to inflation; £14.2m in pay; and £14.6m in other strategic priorities including £5m for highways. The vast majority of spending growth came from Adult Social Care which equated for £96.3m; Children's Social Care which equated to £31.4m and home to school transport which equated to £32.9m, as well as £16.4m to increase reserves that had been depleted during 2022/23; and £15.1m on the safety valve agreement with the Department for Education. The Council is assuming approximately £99.8m of funding, assuming the council tax increased by the maximum of 5% and depended on the government funding settlement yet to be announced. This left an £118m shortfall in the 2024/25 budget before any savings or increased income had been accounted.
4. Mr Oakford explained that the £118m shortfall had to be found from savings, increasing income, and decreasing costs. Numerous savings had already been proposed including a £30.9m reduction in future cost growth (largely in adult social care and home to school transport), £28.3m savings every directorate, and £10.1m increased income. This left a gap of £48.8m still to resolve. Since the publication of the initial draft budget paper further savings, income, and assumed funding increases have been identified of £12.3m, which if agreed would reduce the budget gap to £36.5m. He explained that the budget could be balanced this year if savings proposed for future years were deemed to be robust by external auditors, as the Council could then use reserves. Officers would also be waiting to see how the government's funding settlement would affect KCC.

5. Mr Oakford continued and explained that officers were analysing and reviewing every discretionary service and the statutory minimum levels and had spoken to KCC companies who had performed well and could release £3m in dividends to KCC. There would also be staffing reviews which would need to be considered as outlined in Securing Kent's Future. Mr Oakford summarised and explained that there was still several weeks until the final draft budget was issued and welcomed meetings with Opposition Leaders and Members to discuss alternative savings ideas and proposals.
6. Members raised several concerns and questions:
 - a. Members asked if an independent audit could be undertaken into the finances of home to school transport to ensure competitiveness and value for money. Mr Love, OBE explained that at a recent Cabinet meeting a decision had been made to procure external support for home to school transport and other activities, but the budget had already been scrutinised in detail. He felt that the way to reduce the budget was to reduce the demand on the service and ensure appropriate thresholds were met within the SEND Code of Practice and criteria robustly applied. Any changes to these policies would take time to progress through the system, but the process was underway. Mrs Binks added that an internal audit had already been completed on the service, who had found that problems were due to market difficulties and the number of successful initial assessments.
 - b. Members questioned if an analysis of the availability of school places could be undertaken to ensure the Commissioning Plan for Education Provision was accurate. Mr Love, OBE stated that the data supporting the Commissioning Plan for Education Provision was accurate, and a new plan was currently going through the necessary processes to ensure the right number, and right type, of school places were available. Similar planning methods had also been introduced for special schools, which had been agreed by the Children, Young People and Education Cabinet Committee.
 - c. Members asked what plans were in place for the sale of KCC assets, including windmills, and if some empty or under-utilised buildings could be turned into multi-use office spaces, conference centres, or wedding venues. Mr Oakford confirmed that £18m had currently been secured or planned through asset sales, and Sessions House had been marketed with offers due by the end of 2023. Members and officers would then consider how best to proceed, for example selling A-block for residential dwellings, B-block for multi-use office space, or selling the whole building. The team were also considering other proposals, like wedding venues, as Oakwood House in Maidstone had recently been upgraded for weddings, and some services such as the adult

- social team, adoption team, and Coroner's Service had moved into the building, freeing up other buildings for sale.
- d. Members questioned the cost of consultants and agency staff. It was confirmed that £29m was spent on agency staff by KCC, with £18m of this on children's social workers. This was a national problem as many social workers wanted flexibility, but KCC were working to recruit as many permanent social workers as possible.
 - e. Members raised a concern regarding who would decide if savings were robust enough, and when Members would be able to see and scrutinise these documents. Mr Oakford confirmed that external auditors would decide if the savings were robust enough but could be brought before Members.
 - f. Members asked if future budget reports could include how much was currently spent on services outlined at Appendix D. It was confirmed that Appendix D provided aggregate savings over several budget headlines, but the dashboards at Appendix C could include this information in future.
 - g. A Member questioned savings within highways, the impact of inflation, and the reduction of speed limits within KCC.
 - h. A Member questioned how best value within KCC would be determined and the framework for making decisions and considering proposals for making savings or pursuing cost avoidance. The Leader confirmed that Members and Officers would be determining which proposals were feasible and deliverable, and most savings would be from the largest spending areas, including complex and structural changes.

7. A vote was held on the recommendations: 11 Members were in favour; 0 against; and 2 abstentions.

RESOLVED that the Committee:

- a) Noted the initial draft revenue budget including responses to consultation.
- b) Did not suggest any changes to the initial draft revenue budget before the draft is considered by Cabinet on 25th January 2024 and presented to County Council on 19th February 2024.

29. Revenue and Capital Budget Monitoring Report - September 2023-24 (Item 6)

Mr Neil Baker (Cabinet Member for Highways and Transport), Mrs S Chandler (Cabinet Member for Integrated Children's Services), Mrs Z Cooke (Corporate Director for Finance), Mr R Gough (Leader of the Council), Mrs S Hammond (Corporate Director of Children, Young People and Education), Mr S Jones (Corporate Director for Growth, Environment and Transport), Mr R Love, OBE (Cabinet Member for Education and Skills), Mr P Oakford (Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services), Mr H Rayner (Deputy Cabinet Member for Finance, Corporate and Traded Services), Mr D Shipton (Head of Finance, Policy, Planning and Strategy), Mr R Smith (Corporate Director for Adult Social Care and Health), and Mr D Watkins (Cabinet Member for Adult Social Care and Public Health) were in attendance for this item.

1. The Chairman explained that the report had been presented to Cabinet on 30 November and was now back to the Scrutiny Committee for monitoring purposes.

RESOLVED that the Committee:

- a) Discussed, commented on, and noted the report.

30. Home to School Transport and Short Focused Inquiry Executive Response

(Item 7)

Mrs S Chandler (Cabinet Member for Integrated Children's Services), Mrs S Hammond (Corporate Director of Children, Young People and Education), and Mr R Love, OBE (Cabinet Member for Education and Skills).

1. Mr Love, OBE explained that the report provided a response to the Home to School transport Short Focused Inquiry (SFI).
2. Members questioned how the personal transport budget was being used regarding SEND home to school transport. Mr Love, OBE stated that parents were made aware of the personal transport budget and were encouraged to utilise this option as it was more cost effective. It provided an alternative to local authority transport and often worked better for parents.
3. Members questioned the governance process of the SFI and it was confirmed that the SFI made recommendations to Cabinet, which Cabinet did not have to accept, but the SEND Sub-Committee reported directly to the Scrutiny Committee.
4. Mr Barrington-King, as Chair of the SFI, provided a background to their work and felt that they had received good buy-in from Members and Officers, and made recommendations which could be applied to both SEND and mainstream home to school transport. Mr Love, OBE added that the report summarised the issues within home to school transport and the team were working to understand its implications and the potential for culture change, using the SFI as a prompt to re-examine and review.
5. Members felt concerned regarding the robustness of the proposed savings within home to school transport, particularly regarding the use of personal transport budgets. Mrs Hammond confirmed that the threshold criteria meant that personal transport budgets must cost less than alternative offers, and an ongoing review was in place for all personal transport budgets granted since January 2022, which equated to approximately 500 families.

RESOLVED that the Committee:

- a) Noted the response to the Home to School Transport Short Focused Inquiry Report.

31. Decision 23/00083 - Supported Accommodation Service 16 - 19 and transitional arrangements

(Item 8)

Mr A Brady (Member for Canterbury City North), Mrs S Chandler (Cabinet Member for Integrated Children's Services), Mrs S Hammond (Corporate Director of Children, Young People and Education), and Mr R Love, OBE (Cabinet Member for Education and Skills).

1. The Chairman explained that the decision had been to Children, Young People and Education Cabinet Committee on 17 October, and a call-in had been submitted and subsequently rejected. Following Scrutiny Committee procedure, a request had been raised to add the decision onto the agenda for further consideration and discussion.
2. Mr Brady explained that the reason he had requested the decision on the Scrutiny Committee agenda was for several reasons. These included the decision not meeting the requirements of the Children and Social Work Act 2017, as he felt the decision was not in line with the best interests of children and young people in Kent and had not taken into account their views and feelings. He questioned whether children and young people had been consulted on the decision. Furthermore, the original paper had outlined that potential risks in the decision would be managed through the work of the District and Borough Councils within their capacity as the local housing associations. He questioned if local councils were involved in this decision and what consultation had been undertaken with them. He felt that the decision did not consider the knock-on costs for KCC, as the decision could increase homelessness in the borough, and therefore not provide a net saving.
3. Mrs Chandler explained that care-leavers had been included within the decision, and some care-leavers had felt that the accommodation provided by KCC did not support them becoming independent and they would rather have more support in procuring their own accommodation. Discussions had also taken place between KCC and district/borough councils as well as with Kent Housing Group. Officers added that engagement with district councils had begun in 2021 when KCC officers had met individually with borough councils and the Housing Options Group, which contained all thirteen local councils. In September 2021 the Chair of the Housing Options Group attended the Corporate Parenting Panel, and officers had attended the Kent Finance Officers Group alongside district council officers to discuss the proposal. Mrs Hammond explained that legislation and statutory guidance mandated councils to take reasonable steps to keep in touch and re-establish contact with care-leavers up until the age of 21; and have a personal adviser up until the age of 25 if the young person wished to stay in touch. The legislation did not mandate the Council to provide accommodation to care-leavers past the age of 18, and this had been a discretionary service. She explained that KCC would continue to offer a personal adviser and provide assistance for housing where the care-leaver used to live or was seeking employment. Accommodation would continue to be provided for 18-19 year olds, which was not a statutory duty, and the decision would not be implemented until April 2024, which for those currently aged 16 provided three years of preparation for the young person until they turned 19. Officers added that the Children's Council had been presented with the proposals early in the process.

4. Members raised concerns as many care-leavers did not have any family support, so often needed the Council for accommodation support. Members also raised concerns with the availability of council housing, house prices, and rent prices, all of which could be barriers to care-leavers having stable and secure housing at 19 years old.
5. Members questioned how many children and young people in care would be affected by this decision. It was confirmed that 90 young people would be affected. There were 332 children in care, but 242 of these were unaccompanied asylum-seeking children who, under new immigration policies, would not be entitled to any services or support after the age of 18.
6. Members queried how the impact of the decision would be monitored and reported. Mrs Hammond explained that KCC reported to central government on how many care-leavers became homeless or were in appropriate accommodation. This was also reported within KCC as key performance indicators on a monthly basis.
7. Members voted on the recommendation: 12 Members agreed; 0 voted against; and 1 abstained.

RESOLVED that the Committee:

- b) Considered the information provided in response to questions raised during this item and make any comments or recommendations it deems appropriate.

32. Work Programme

(Item 9)

Members did not have any items to add to the Work Programme.

RESOLVED that the Committee:

- a) Considered and noted the report.

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KENT COUNTY COUNCIL

SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 19 December 2023.

PRESENT: Mr A Booth (Chairman), Mr P V Barrington-King (Vice-Chairman), Mrs R Binks, Mr T Bond, Mr D L Brazier, Mrs B Bruneau (Substitute for Mr O Richardson), Mr M Dendor (Substitute for Mrs L Game), Mr A J Hook, Mrs S Hudson, Rich Lehmann, Mrs S Prendergast, Dr L Sullivan and Mr S Webb (Substitute for Mr N J Collor)

ALSO PRESENT: Mr A Brady, Mrs S Chandler, Ms M Dawkins, Mr R W Gough, Jenni Hawkins, Mr A R Hills, Mr P J Oakford and Mr R G Streatfeild, MBE

IN ATTENDANCE: Ms H Birdi (Assistant Director, Adolescent and Open Access, East, Integrated Children's Services), Mr J Cook (Democratic Services Manager), Dr A Ghosh (Director of Public Health), Mrs S Hammond (Corporate Director Children, Young People and Education), Ms James (Interim Director of Children's Operational Services), Ms W Jeffreys (Consultant in Public Health), Mr B Sherreard (Programme Manager), Mrs R Spore (Director of Infrastructure), Mrs A Taylor (Scrutiny Research Officer) and Mr B Watts (General Counsel)

UNRESTRICTED ITEMS

33. Declarations of Interests by Members in items on the Agenda for this Meeting (Item A3)

Dr Sullivan declared an interest in item 2, Commissioned Youth Service Contracts. Her husband was a Council appointee on one of the commissioned Youth Service groups and her son had used some of the Commissioned Services – this was not the case currently.

34. Call-in of Decision 23/00092 - Kent Family Hub Model - Implementation (Item B1)

1. The Chairman introduced the item and invited Mr Brady and Mr Streatfeild to provide an overview of the reasons for the call-in.
2. Mr Brady provided the following reasons for the call-in of the decision:
 - a. The decision was disproportionate to the desired outcomes agreed with Government:
 - i. The Family Hubs model did not provide effective integrated youth services as it appeared to be heavily weighted towards the provision of early years services at the expense of youth activities. Youth services should be given more priority because 87% of the consultation responders said that they thought this age group would use family hub services the most.

- ii. It had not been made clear how the Family Hubs model would meet the requirements to deliver additional services.
 - iii. Services should be universally available across the County; however, this could not be correct because some rural areas would not have a hub in the local vicinity.
 - b. Due consideration and taking of advice:
 - i. 90% of consultation responders indicated that face to face services were their preferred format. There was no desire for face to face services to be replaced with digital offers.
 - c. Clarity of aims and desired outcomes:
 - i. There was no information about dedicated spaces for young people. These spaces should not be shared with other family hub services.
 - d. Financial pressures:
 - i. There was concern that in future, there would be increased reliance upon digital and online services because they were cheaper to provide. Members needed to be confident that the proposals were financially sustainable and that there would not be significant changes to services in the future.
 - e. The views of young people:
 - i. Statutory guidance indicated that Councils must consult and consider the views of young people when redesigning a service. Young people were not involved in the decision to move to the Family Hub model as the decision, made in October 2022, was taken as an urgent decision before any consultation with young people had taken place.
 - f. Family hubs were not in line with the Council's Policy Framework:
 - i. Family hubs were not mentioned in 'Framing Kent's Future'.
 - ii. Resident's opinions were not reflected in the decision and there had been no Member involvement. This was contrary to the principles of openness and transparency.
 - g. The decision conflicted with Government guidance and statute:
 - i. The Education Act was updated during September 2023. The consultation period was already live at this time therefore the consultation could not take these updates into account.
 - ii. Local authorities (LA) had a duty to provide young people with access to a sufficient quantity of youth services and activities. However, there were no details about the activities that would be offered to young people.
3. Mr Streatfeild noted that Mr Brady had comprehensively outlined out the reasons for the call-in. He added that in Sevenoaks, the Library would become the hub. The majority of people who used the services lived more than 1.5 miles away, and the youth outreach worker role would be redundant from April 2024. The Town Council and District Council were concerned that the withdrawal of the youth services would lead to an increase in antisocial behaviour. The Town Council was looking to temporarily fund the youth services, and the District Council was looking to establish a public spaces protection order to address antisocial behaviour concerns. This was an example of how the Family Hubs decision was

disproportionate to the desired outcomes and how other organisations were attempting to mitigate against its potential negative impact.

4. The Chairman invited Mr Gough, Leader of the Council, to speak. Mr Gough noted that the Council had been selected by Government to take a leading role in the development of family hubs as part of a national initiative. He added the following points in response to Mr Brady and Mr Streatfeild's comments:
 - a. The hubs were intended to deliver a universal model of service.
 - b. The digital offer was just one element of the provision, there would still be a significant face to face service and a community outreach service.
 - c. There were a number of significant national mandates that would need to be met over the three-year grant period.
 - d. The Family Hubs model proposed many new offers of youth services, for example supporting families of adolescents.
 - e. The offer was consistent with existing patterns of provision in many Local Authorities (LAs).

5. The Chairman asked Mrs Chandler, as Cabinet Member for Integrated Children's Services, to respond to the comments made by Mr Brady and Mr Streatfeild. She began by providing some back ground information, noting that the called in decision was about how and what was to be delivered. It was not intended to specify hub locations or go into specific detail at this stage. Mrs Chandler proceeded to make the following points:
 - a. A significant proportion of the delivery of the Start for Life concept and the Family Hubs model, was dictated by Government policy.
 - b. An emergency decision was needed in October 2022 to allow the Council to accept Government funding to become a pathfinder for the Start for Life concept and the Family Hubs model. The emergency decision was considered at a previous Scrutiny Committee meeting and there had been a number of subsequent decisions that had gone through the normal decision process.
 - c. The Family Hubs model would provide a more consistent service for children and families throughout the age range. This would be provided predominantly through face to face interactions, including outreach services, with support from a digital offer.
 - d. It was welcome that the Children's Young People and Education Cabinet Committee expressed support for the Start for Life concept and much of the Family Hubs model. However, it was recognised that some Members had concern about the provision of youth services.
 - e. The provision of in-house youth services would continue within Family Hubs model.
 - f. The Family Hubs model was intended to provide additionality of services. For example, there would be better integration of services with partner organisations and enhanced services for parents and carers of young people.
 - g. It would not be possible to have a hub in every village, however the Family Hubs model would consider the access needs of service users.

- h. Services for young children would not take precedence over youth services, and the youth services budget was to be maintained despite the Council's financial challenges.
6. Ms Dawkins was invited to address the Committee and made the following points:
 - a. She was concerned that those currently providing services did not know what was going to happen as no details had been made available to them. There needed to be a clear period of transition.
 - b. It was unclear how services would continue once the transition funding ceased.
 - c. While it was good that KCC had been identified for the pathfinder, Government backed initiatives were not always successful.
 - d. There was concern that rural residents would receive less services, and those services would be based online which could increase isolation and loneliness.
7. The Chairman gave Mr Brady the opportunity to respond to Mrs Chandlers points. Mr Brady asked the following questions that he felt required clarity:
 - a. What face to face and outreach services would be offered to young people, and how would they be delivered? They needed to provide additionality, but no details had been shared about them.
 - b. What details could be shared about universal outreach services?
 - c. How had young people been involved in designing the Family Hubs model?
 - d. How much of the funding would be spent on services for young people?
 - e. How did the services compare to those provided by other LAs?
8. Committee Members made comments on the decision and asked a range of questions. The key points raised and responded to by the Cabinet Member and officers present included the following:
 - a. Mrs Chandler responded to questions raised as follows:
 - i. While it would not be possible to have Family Hub in every village, partnership working would allow residents to access more services locally from non-KCC buildings such as schools, village halls and other community buildings. It was likely that residents in some small isolated rural communities would need to travel to reach services or make use of a digital offer. The provision of a digital offer could be a valuable alternative method of accessing services for some people.
 - ii. The three-year programme of transition was designed to offer sustainability of the services at the end of the programme. A detailed delivery plan would be available.
 - iii. Mrs Chandler provided an example of an existing face to face in-house youth service. She noted it was an example of how the outreach model would continue to work as part of the Family Hub model.
 - b. Ms James highlighted that family hubs would be open to all and they would be universally accessible across Kent. She added that work would take

place with young people to co-design and identify appropriate spaces for young people that were accessible, comfortable and welcoming.

- c. Ms James said that online safety awareness would be incorporated into the youth offer. This was an example of additionality that had been highlighted through discussions with young people, parents and carers.
- d. Ms Birdi provided the Committee with some examples of the kind of services that would be available for young people. The services at each hub would be developed to meet the needs of the local area.
- e. Mrs Hammond provided some wider context around those who came into care. Young children under the age of one were most likely to come into care. The Start for Life concept provided preventive support services for vulnerable families that would help mitigate against the need for children to come into care. Young people aged between 14 and 17 were the second most likely group to come into care. The Council worked with young people and their parents to identify the challenges in caring for and keeping young people safe.
- f. Some Members were concerned that the Family Hubs model may not support the Council's statutory duties to young people. Mrs Chandler advised that assessments had been carried out and she was confident that the Family Hubs model would help the Council meet its statutory duties. Assessment of youth services would continue take place every six months, and the findings would help to shape the Family Hubs model. Ms James added that the statutory duties were met through an umbrella of services and support, offered by KCC and other organisations. The Family Hubs model would be one part of the umbrella and would help to strengthen the network. Mrs Hammond highlighted that the statutory duties applied to all LAs.
- g. Mr Watts confirmed that he had taken detailed legal advice and did not feel there was a need to issue a Section 5 report at this stage. He did not consider that the decision would breach the Council's statutory duties.
- h. A Member asked if the decision was mainly necessary due to budgetary constraints; Mrs Chandler clarified that while that was not the case, the receipt of £11,000,000 to transform and improve the services was an important opportunity.
- i. A Member wished to see how the number of proposed hubs compared to other local authorities. Ms James advised that during a discussion with a Government representative, they had noted that Kent proposed to have significantly more hubs than most other LAs.
- j. A Member wished for the decision to be postponed while a review was carried out into the rationale for the hub locations. Mrs Chandler responded that the memorandum of understanding with Government included strict time frames for the progression of the project that could be breached if there were significant delays.
- k. Mrs Hammond advised that she did not think the existing offer for young families engaged enough young families. She noted that, with the exception of three districts, less than 10% of families with children aged between 0 and 5 made use of the existing children's centres.
- l. Mrs Chandler responded to two questions raise by Members as follows:

- i. The offer of £11,000,000 transformation funding was very important however, the main driver behind the project was to provide better access to support and information for children and young people.
 - ii. A lot of work had already gone into joining services with the NHS and Public Health England.
9. The Chairman invited Mrs Chandler, Ms James and Ms Birdi to respond to the additional comments and questions raised by Ms Dawkins, Mr Streatfeild and Ms Hawkins, the responses were as follows:
- a. The Council wished to access the transformation funding. In order to access this funding, the Council agreed to the Government's timeline for the project.
 - b. The type of out-reach service would be dependent on the local need, and this could change over time.
 - c. Decisions about which buildings would be used were the subject of a future decision.
 - d. The partnership approach would help to reinforce the sustainability of the initiative.
 - e. It was recognised that some isolated rural locations had limited internet access. The out-reach services in these areas would have equipment available to allow people to access services digitally.
 - f. There was a small amount of funding set aside to adapt buildings.
 - g. The Council would work with young people to provide safe spaces that were suitable to their needs.
 - h. It was important to reach out to young people who do not make use of the services. The Family Hubs model would help to engage with and support more young people who otherwise would be unknown to the Council.
 - i. A significant amount of work had been carried out to establish the availability and suitability of community spaces. There would be enough suitable venues for the delivery of services.
10. The Chairman invited Mr Brady and Mr Streatfield to make their closing comments following the Committee's questions and debate.
- a. Mr Brady felt that the offer for young people was unclear. The decision should be postponed because he believed that it breached the Education Act and the Delivery Plan for the following reasons:
 - i. There were no details about providing additional recreational provision for young people.
 - ii. The out-reach services would not be universally delivered.
 - iii. There was not enough information regarding the youth offer.
 - iv. There needed to be a needs assessment and design plan for young people's services.
 - v. Young people had not been included in the re-design of services.
 - b. Mr Streatfield said that the principal of co-locating services was good; however, he felt that proposal was unbalanced and did not meet the statutory obligation to provide adequate youth services. He was also concerned about financial sustainability once the transformation funding ceased in three years.

11. The Chairman invited Mrs Chandler to respond to the closing comments from Mr Brady and Mr Streatfeild. She responded with the following points:
- a. The Family Hubs concept would provide services for all children and young people.
 - b. Members had heard how the Council would meet its statutory responsibilities.
 - c. There had been a needs assessment, and this would be reviewed on a regular basis to shape the services offered.
 - d. The outreach services were universal as they were open to all.
 - e. Young people participated in shaping the services and would continue to have a say.
 - f. It was impossible to predict exactly what the financial situation would be in three years however, this was a valuable opportunity to improve services in a sustainable way for families, young people and children.

12. Mr Booth proposed and Mrs Binks seconded the following recommendation:

(b) Express comments but not require reconsideration of the decision

13. Members voted on the motion, the motion was carried by majority.

Dr Sullivan and Rich Lehmann asked for it to be noted in the minutes that they voted against option (b).

RESOLVED that the Scrutiny Committee express comments but not require reconsideration of the decision.

35. Call-in of Decision 23/00100 - Commissioned Youth Service Contracts *(Item B2)*

1. The Chairman introduced the item and invited Mr Brady and Ms Hawkins to provide an overview of the reasons for the call-in.
2. Mr Brady provided the reasons for the call-in of the decision which were set out in the paperwork accompanying the item on the Scrutiny Committee agenda. This included, that the decision:
 - a. Was not in line with the Council's Policy Framework and conflicted with Government guidance and statute.
 - b. Did not have a presumption in favour of openness, in that the legal advice had not been shared with Members of the CYPE Cabinet Committee or Members of the Scrutiny Committee.
 - c. Was not fully consulted on and young people had not been involved in the consultation.
 - d. Was not an action proportionate to the desired outcome and was a short-term saving which would lead to longer-term costs.
3. Ms Hawkins stated that the decision to withdraw funding from Commissioned Youth Services was a breach of the Council's Statutory Duty in relation to the Education Act. She also explained why the alternative services being offered

were not a suitable replacement as they often met specific interests and ideologies and most had long waiting lists. These already existed so were not additional.

4. The Chairman asked Mrs Chandler, as Cabinet Member for Integrated Children's Services, to respond to the comments made by Mr Brady and Ms Hawkins. She explained that the decision paperwork acknowledged that this was not a welcome decision for those using the services and was a particularly difficult decision to take. Mrs Chandler went on to make the following points:
 - a. With regards to the statutory obligations of the Council, this was not restricted to the Council's Services and did include other groups such as sports clubs, faith groups and uniformed services.
 - b. Framing Kent's Future had been superseded by Securing Kent's Future which was adopted by the Council in October 2023.
 - c. A directory of Youth Services would be updated and provided on a regular basis.
5. Committee Members made comments on the decision and asked a range of questions. The key points raised and responded to by the Cabinet Member and officers present included the following:
 - a. A Member requested that the Youth Needs Assessment be shared before the Scrutiny Committee agreed on its resolution.
 - b. A Member asked whether there was any risk to the authority in relation to TUPE (Transfer of Undertakings, Protection of Employment) Regulations.
 - c. Mrs Chandler explained that whilst the inhouse Youth Provision contributed to the overall statutory requirement it was not a like for like replacement of the Commissioned Services included within this decision.
 - d. Mrs Chandler explained that the in-house provision formed a significant part of the Council's statutory obligations alongside other groups previously mentioned but was not a like for like replacement of the services covered within the decision.
 - e. Did the decision take into account additional funding some of the Commissioned Services had managed to leverage into youth work? It was considered that this was a complicated situation, and it was not considered reasonable, whilst accepting the value this brought, to include this when making this decision. Ms James explained that through the Family Hub model the Council would be working with partners to enable any opportunities for funding.
 - f. In relation to the consultation responses, were the Police directly consulted? Ms James explained that all professionals were approached to respond to the consultation.
6. Following some questions from Ms Dawkins the Chairman asked that Mrs Chandler respond outside of the meeting.
7. The Chairman invited the Cabinet Member and guests to respond to the additional comments and questions raised by Mr Brady and Ms Hawkins, the responses were as follows:

- a. In relation to young people and the transition into new services, KCC would work closely with children and young people and where there were existing relationships having conversations around the offers for young people with the existing providers.
- b. In relation to EqIA there were two groups of activities highlighted and the Council would work specifically with the impacted young people to identify which service was right for those young people.
- c. Mrs Hammond stated that all the Commissioned providers were written to on 4 July 2023 with confirmation of the end of the contract ahead of this taking place in March 2024.
- d. In response to a question about the numbers of young people currently using the Commissioned Youth Services Ms Birdi explained that in 2023 the Commissioned Youth Services reached 9,280 young people.

POST MEETING NOTE: An email confirming the figures was sent to Members on 20 December. It confirmed the following:

“In 2022, there were 270,000 Young People (YP) aged 10-24 in Kent. [2022 Mid-year population estimates: Age and Sex profile \(kent.gov.uk\)](https://www.kent.gov.uk/2022-mid-year-population-estimates-age-and-sex-profile) – 2023 figures were not yet available.

In 2022 we have a record of 5366 YP attending KCC youth settings during the same time period.

This equates to 2.1% of the overall relevant population.”

8. The Chairman moved and it was RESOLVED that, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the remainder of this item on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 3, 4 and 5 of part 1 of Schedule 12A of the Act.

EXEMPT SESSION

(Open minute of exempt session)

9. Mr Watts provided Members with a summary of the main public law risks associated with proceeding with a decision to cease to commissioned youth services.
10. Dr Sullivan left the room at 1.55pm.
11. Mr Brady and Ms Hawkins left the room at 2pm.

OPEN ITEM

12. The Chairman welcomed everyone back to the open part of the meeting and invited Mr Brady and Ms Hawkins to make their closing comments following the Committee's questions and debate.
 - a. Mr Brady remained of the view that the decision was not in line with the Council's Policy Framework and he remained concerned about the

possibility of challenge over this decision. He was not confident that that Council would signpost or help vulnerable children and young people following this decision and considered the decision was a direct breach of the Education Act which would not achieve the stated savings.

- b. Ms Hawkins remained unconvinced that the needs of young people would be met, many of whom had additional needs and she considered this was the wrong time to make this decision.

13. The Chairman invited Mrs Chandler to respond to the closing comments from Mr Brady and Ms Hawkins. She responded with the following points:

- a. The decision would have an impact and was a difficult decision to make. It was in line with Council Policy and was reflected in Securing Kent's Future which put different priorities on KCC particularly in relation to finance.
- b. There would be extensive consultation with the current providers and in relation to the Family Hubs Model.
- c. The Cabinet Member understood the points that had been made but reassured Members that everything practically and reasonably possible would be done to address the concerns.

14. Dr Sullivan proposed and Rich Lehmann seconded the following recommendation:

(c) Require implementation of the decision to be postponed pending reconsideration of the matter by the decision-maker in light of the Committee's comments

15. Members voted on the motion, the motion was lost.

16. Mr Booth proposed and Mr Brazier seconded the following recommendation:

(b) Express comments but not require reconsideration of the decision

17. Members voted on the motion, the motion was carried by majority.

RESOLVED that the Scrutiny Committee express comments but not require reconsideration of the decision.

Dr Sullivan and Rich Lehmann asked for it to be noted in the minutes that they voted for option (c) and against option (b).

36. Call-in of Decision 23/00101 - Kent Communities Programme

(Item B3)

1. The Chairman introduced the item and invited Dr Sullivan and Ms Hawkins to provide an overview of the reasons for the call-in.
2. Dr Sullivan provided the reasons for the call-in of the decision which were set out in the paperwork accompanying the item on the Scrutiny Committee agenda. This included the following:

- a. Dr Sullivan set out the cost of the consultation as £1.9million, this was clarified later in the meeting as £1.9million being the cost of the project to date. The cost of the consultation was £40,000. It was understood that the Government had directed the Council to close buildings in line with the Family Hubs Model and clarity on these points was sought.
3. Ms Hawkins quoted Statutory guidance from the Education Act 1996 which referred to the consultation of young people on existing provision. She considered that the proposed savings through this decision had been overestimated.
 - a. The Chairman asked Mr Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to respond to the comments made by Dr Sullivan and Ms Hawkins. He explained that the Kent Communities Programme project had begun before the Family Hub project. The Council had been looking for a method of redefining and better utilising its buildings. The financial challenges of KCC could not be ignored and the Communities Programme sought to rationalise the Council's physical estate and proposed a greater mix of alternative methods of service across the county. KCC had over 400 buildings with a maintenance budget permitting £6000 per building per year which was not feasible. The project was slowed down to work alongside the Family Hub project, but it would have gone ahead without the Family Hub Project or the Youth Commissioning Decision. In response to the cost of the project Mr Oakford did consider this good value for money, it was spending to create reoccurring savings over a longer period of time to ensure the Council was sustainable.
4. Mrs Chandler confirmed that the DfE did not ask the Council to close buildings. The DfE commented on the proposals in the consultation paper in terms of the (in their view high) number of buildings that were identified to continue.
5. Committee Members made comments on the decision and asked a range of questions. The key points raised and responded to by the Cabinet Member and officers present included the following:
 - a. This was another difficult decision that the Council had no choice but to make given the financial situation, the Council was considering alternative options, i.e. could buildings be leased, rented, did they have to be sold.
 - b. A Member asked that KCC continue its effort to keep communicating with people currently using the buildings to support them where possible. Local Members also had a role in talking to their community about any changes.
 - c. In relation to the earlier comment about the £1.9m cost – Mrs Spore confirmed that this was not the cost of the consultation, the consultation cost £40,000. £1.9m was the total cost of the project to date.
 - d. A Member queried the level of detail contained within the report and the lack of any timescale within the paperwork.

6. The Chairman invited the Cabinet Member and guests to respond to the additional comments and questions raised by Mr Brady and Ms Hawkins, the responses were as follows:
 - a. KCC listened to the consultation and made adjustments, the project was essential for the sustainability of KCC.
 - b. In relation to buildings on school grounds, the Council was looking at options which could include the school, the Council or a third-party utilising buildings and it could also include disposal of buildings. The Council was keen to talk to local communities and schools where buildings were on school sites.
 - c. In relation to the cost of outreach the Council was very keen to codesign the outreach offer with partners to work together to shape the offer in a particular area.
7. The Chairman invited Dr Sullivan and Ms Hawkins to make their closing comments following the Committee's questions and debate.
 - a. This was a cost saving measure.
 - b. Dr Sullivan asked that a 'tracker' identifying savings was made available and used to monitor progress of this and other decisions.
8. Mr Booth proposed and Mr Webb seconded the following recommendation:

(b) express comments but not require reconsideration of the decision
9. Members voted on the motion, the motion was carried by majority.

RESOLVED that the Scrutiny Committee express comments but not require reconsideration of the decision.

Dr Sullivan and Rich Lehmann asked that it be noted in the minutes that they voted against option (b).

1. Call-in of Decision 23/00101 - Kent Communities Programme

B3

10. The Chairman introduced the item and invited Dr Sullivan and Ms Hawkins to provide an overview of the reasons for the call-in.
11. Dr Sullivan provided the reasons for the call-in of the decision which were set out in the paperwork accompanying the item on the Scrutiny Committee agenda. This included the following:
 - a. Dr Sullivan set out the cost of the consultation as £1.9million, this was clarified later in the meeting as £1.9million being the cost of the project to date. The cost of the consultation was £40,000. It was understood that the Government had directed the Council to close buildings in line with the Family Hubs Model and clarity on these points was sought.
12. Ms Hawkins quoted Statutory guidance from the Education Act 1996 which referred to the consultation of young people on existing provision. She

considered that the proposed savings through this decision had been overestimated.

- a. The Chairman asked Mr Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to respond to the comments made by Dr Sullivan and Ms Hawkins. He explained that the Kent Communities Programme project had begun before the Family Hub project. The Council had been looking for a method of redefining and better utilising its buildings. The financial challenges of KCC could not be ignored and the Communities Programme sought to rationalise the Council's physical estate and proposed a greater mix of alternative methods of service across the county. KCC had over 400 buildings with a maintenance budget permitting £6000 per building per year which was not feasible. The project was slowed down to work alongside the Family Hub project, but it would have gone ahead without the Family Hub Project or the Youth Commissioning Decision. In response to the cost of the project Mr Oakford did consider this good value for money, it was spending to create reoccurring savings over a longer period of time to ensure the Council was sustainable.

13. Mrs Chandler confirmed that the DfE did not ask the Council to close buildings. The DfE commented on the proposals in the consultation paper in terms of the (in their view high) number of buildings that were identified to continue.

14. Committee Members made comments on the decision and asked a range of questions. The key points raised and responded to by the Cabinet Member and officers present included the following:

- a. This was another difficult decision that the Council had no choice but to make given the financial situation, the Council was considering alternative options, i.e. could buildings be leased, rented, did they have to be sold.
- b. A Member asked that KCC continue its effort to keep communicating with people currently using the buildings to support them where possible. Local Members also had a role in talking to their community about any changes.
- c. In relation to the earlier comment about the £1.9m cost – Mrs Spore confirmed that this was not the cost of the consultation, the consultation cost £40,000. £1.9m was the total cost of the project to date.
- d. A Member queried the level of detail contained within the report and the lack of any timescale within the paperwork.

15. The Chairman invited the Cabinet Member and guests to respond to the additional comments and questions raised by Mr Brady and Ms Hawkins, the responses were as follows:

- a. KCC listened to the consultation and made adjustments, the project was essential for the sustainability of KCC.
- b. In relation to buildings on school grounds, the Council was looking at options which could include the school, the Council or a third-party utilising buildings and it could also include disposal of buildings. The Council was keen to talk to local communities and schools where buildings were on school sites.

- c. In relation to the cost of outreach the Council was very keen to codesign the outreach offer with partners to work together to shape the offer in a particular area.

16. The Chairman invited Dr Sullivan and Ms Hawkins to make their closing comments following the Committee's questions and debate.

- a. This was a cost saving measure.
- b. Dr Sullivan asked that a 'tracker' identifying savings was made available and used to monitor progress of this and other decisions.

17. Mr Booth proposed and Mr Webb seconded the following recommendation:

(b) express comments but not require reconsideration of the decision

18. Members voted on the motion, the motion was carried by majority.

RESOLVED that the Scrutiny Committee express comments but not require reconsideration of the decision.

Dr Sullivan and Rich Lehmann asked that it be noted in the minutes that they voted against option (b).

From: Peter Oakford, Deputy Leader and Cabinet Member for Finance,
Corporate & Traded Services

To: Scrutiny Committee – 24 January 2024

Subject: **Revised Draft Revenue Budget 2024-25 and 2024-27 MTFP, Draft
Capital Programme 2024-34 and Treasury Management Strategy**

Classification: Unrestricted

Summary:

The attached report sets out the updated and balanced draft revenue budget 2024-25 and MTFP 2024-27, proposed capital programme 2024-34, and draft Treasury Management Strategy, for further Member consideration ahead of Cabinet on 25th January 2024 and full Council on 19th February. The purpose of the report is to enable the Scrutiny and Cabinet Committees to focus on the proposed changes from the initial draft revenue budget 2024-25 and 2024-27 MTFP published on 1st November for the November Scrutiny and Cabinet Committee meetings, and new additions in relation to the Capital Strategy and 10 year capital programme and the Treasury Management Strategy. The report includes fuller details of funding, spending, savings, income and reserves estimates that were set out in the initial draft revenue budget together with an analysis of risks.

The same budget report is being presented to each Cabinet Committee/Scrutiny Committee as it is a standard report for the whole council, focussing on the key strategic considerations underpinning the decisions necessary for County Council to agree the budget at the Budget Meeting in February.

The relevant Cabinet Member(s) has outlined the key 2024-25 revenue budget changes from the initial draft, the further detail included in this draft for 2025-26 and 2026-27 plans, and capital programme proposals, relating to their portfolio as part of the Cabinet Committee consideration. The role of the Scrutiny Committee is to scrutinise the overall financial position and direction of the Council and strategic issues relating to this. This follows on from the November 2023 considerations and the Member engagement and committee contributions to the budget development process so far.

To support ongoing budget consideration by Members, in addition to the Committee stages of the budget development process, a separate interrogatable dashboard has been made available to Members, setting out key information about individual elements of the draft revenue budget and now incorporating medium term revenue plans.

Recommendations

The Scrutiny Committee is asked to:

- a) NOTE the updated revenue budget and MTFP, draft capital strategy and programme, and draft Treasury Management Strategy
- b) PROPOSE, to the Executive, any changes which should be made to the budget before the draft is finalised by Cabinet on 25th January 2024 and presented to Full County Council on 19th February 2024 for decision.

Contact details

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Revised Draft Revenue Budget 2024-25 and 2024-27 MTFP, Draft Capital Programme 2024-34 and Treasury Management Strategy

	Sctn	Page
<u>Executive Summary</u>	1	2
<u>Background and Context</u>	2	5
<u>Provisional 2024-25 Local Government Finance Settlement</u>	3	6
<u>Council Tax</u>	4	10
<u>The Administration's Revised Draft Budget Proposals</u>	5	13
<u>Revenue Strategy and Revised Draft Budget</u>	6	19
<u>Capital Strategy and Draft Budget</u>	7	22
<u>Treasury Management Strategy</u>	8	24
<u>Reserves</u>	9	25
Appendices		
<u>Draft Capital Investment Strategy 2024-25 to 2033-34</u>	A	
<u>Draft Capital Investment Strategy by Directorate</u>	B	
<u>Potential New Capital Projects</u>	C	
<u>High Level 2024-27 Revenue Plan and Financing</u>	D	
<u>High Level 2024-25 Revenue Plan by Directorate</u>	E	
<u>Budget Dashboard (screenshots)</u>	F	
<u>List of individual spending, savings & reserve items</u>	G	
<u>Reserves Policy</u>	H	
<u>Budget Risks and Adequacy of Reserves</u>	I	
<u>Budget Risk Register</u>	J	
<u>Core Grants in Provisional Local Government Finance Settlement</u>	K	
<u>Economic & Fiscal Context</u>	L	
<u>Treasury Management Strategy</u>	M	

From Leader of the Council; Roger Gough
Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services; Peter Oakford
Cabinet Members

Relevant Director(s) Corporate Director Finance; Zena Cooke
Chief Executive,
Corporate Directors, ASCH, CYPE and GET

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Circulated to Cabinet Committees and Scrutiny Committee

Classification Unrestricted

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Directorates – abbreviations in this report

ASCH - Adult Social Care and Health	CYPE - Children, Young People and Education
GET - Growth, Environment & Transport	CED - Chief Executive's Department
DCED – Deputy Chief Executive's Department	NAC - Non-Attributable Costs

1.1 This report updates the initial draft revenue budget 2024-25 and three-year medium term financial plan (MTFP) 2024-27 following its publication on 1st November 2023 and subsequent scrutiny during November, setting out the administration's strategy and proposals to close the budget gap and balance the budget. It sets out the draft 10-year capital programme 2024-25 to 2033-34 and the draft Treasury Management Strategy. The report and appendices provide the key information for the scrutiny process in advance of full Council approval on 19th February 2024.

1.2 The budget gaps of £48.8m for 2024-25 and £13.9m for later years in the initial draft budget report have been balanced through a mix of recurring and one-off measures, including the use of reserves. The measures that have a recurring impact include increased funding assumptions (higher inflation flowing into retained business rates and grant settlement), reductions in spending growth from the initial draft, and further areas for savings and increased income (including bringing forward savings and income from later years). The savings and income arise largely from a review of policy-based service changes and reductions, and the scope of the Council's ambitions and further transformation of the Council's operating model as set out in Securing Kent's Future (SKF). The one-off measures that are replaced in the subsequent years of the MTFP include the use of the final year of New Homes Bonus grant to fund revenue pressures, flexible use of capital receipts to fund revenue spending, and use of reserves.

1.3 The amount of one-off actions and use of reserves, particularly in the first year, is significant and will reduce the Council's financial resilience to absorb any future financial shocks, with the need to make recurring savings and cost reductions in the following two years as these one-off measures are not a sustainable solution to increased recurring costs. The late and unexpected reduction of the Services Grant and other changes in the Provisional Local Government Finance Settlement for 2024-25 published on the 18th December 2023 have increased the gap by £5.4m. Given the lateness in the budget setting process of this funding reduction, it has been addressed by increasing the level of one-off measures in 2024-25.

1.4 The one-off measures used to balance the budget for 2024-25 will need to be replaced by an equivalent level of savings in 2025-26 and 2026-27. As highlighted above, these will be from further proposals under the SKF objectives on policy choices and transformation of the Council's operating model. At this stage all that is required is an agreement that all one-off actions to balance 2024-25 will be replaced by matched savings in 2025-26 and 2026-27 and that the detail of these savings proposals will be developed, consulted on as required and agreed during the first half of 2024-25 for implementation in 2025-26 wherever possible, although the full financial effect may not impact until 2026-27 where there is a part-year effect in 2025-26.

1.5 The spending growth pressures impacting the Council are being experienced by most other councils and the financial sustainability of councils in general is a concern. Whilst the Council will seek to take all the necessary steps to manage future spending within resources available through savings, income and future cost avoidance this will not necessarily fully secure the Council's financial resilience and sustainability if future spending growth continues at unsustainable levels. If the structural deficits in key spending areas in adults and children's services are not addressed there will come a point within the medium-term plan period where the Council is unable to balance the budget on a sustainable basis from savings in other spending areas.

1.6 The draft capital programme for 2024-25 to 2033-34 is based on the principle of rolling forward the previous programme, avoiding the need for any additional borrowing over and above that already identified in the existing programme and reducing wherever possible the need to borrow in the existing programme. Any new schemes must be funded from sources other than borrowing, including government departmental grants, other external funding, developer contributions and capital receipts. The draft capital programme includes the recently announced additional highways capital grants from the Department for Transport for 2023-24 and 2024-25 following the cancellation of the HS2 project, estimated grants from the Department for Education for schools' modernisation and basic need, and the proposed use of capital receipts to cover some current overspends and the modernisation of assets programme for two years. The capital programme also includes the use of £8m capital receipts (under the Government direction that allows revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services to be funded from asset sale proceeds) as a one-off measure to balance the 2024-25 revenue budget. This reduces the level of receipts available to fund capital expenditure.

1.7 The Treasury Management Strategy for 2024-25 is included as an appendix to this report and requires approval by full Council in accordance with the CIPFA Treasury Management Code of Practice. The strategy sets out the Council's approach to borrowing to finance capital expenditure and investment of cash balances, including the associated monitoring arrangements. The Council's prime objective when borrowing money is to strike an appropriately balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The prime objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and low investment returns, and ensuring sufficient liquidity to manage cashflows.

1.8 The administration's draft budget includes a 4.992% assumed increase in Council Tax. This would increase the County Council share of the bill for a typical band D household by £1.47 per week (£76.59 per year). Council Tax is the Council's most significant source of income to fund essential services, and whilst the administration seeks to keep increases to a minimum, the assumed amount is in line with the government's Council Tax referendum principles for 2024-25 (confirmed in the 2024-25 Provisional Local Government Finance Settlement) of a 3% referendum limit and 2% adult social care precept. The tax base (the number of dwellings liable for council tax after discounts, exemptions and assumed collection rates) is assumed to increase by 1.7%, which is around the normal level the Council would expect from growth in the number of households and anticipated changes to discounts. The council tax precept is based on a combination of the council tax band D charge and the estimate of the net number of band D equivalent properties in the tax base for 2024-25. The tax base estimate is ultimately determined by collection authorities (district and borough councils) for the final draft budget and council tax precept for full Council approval on 19th February.

1.9 The usable revenue reserves at the start of 2023-24 were £355.1m, comprising of £37.6m general reserve, £300.6m earmarked reserves and £16.9m public health reserve, this represents a reduction of £53m (13%) on the previous year. A further net drawdown from usable reserves is forecast in 2023-24 (including the transfer to the Dedicated Schools Grant (DSG) reserve for the 2023-24 local authority contribution to the Safety Valve programme). The use of usable reserves to support revenue spending significantly reduces the council's ability to withstand unexpected circumstances and costs and reduces the scope to smooth timing differences between spending and savings plans. The levels of reserves now pose a more significant risk to the council's financial resilience than levels of debt. Reserves will need to be replenished at the earliest opportunity and will need to be factored into future revenue budget plans.

2.1 The background and context set out in the initial draft budget report published at the end of October are largely unchanged. The following paragraphs set out the main updates to the draft budget since the publication date.

2.2 This revised draft revenue budget and MTFP are based on the latest estimates from the actions in Securing Kent's Future, which recognises that changing the spending patterns on adult social care, children in care and home to school transport in a sustainable way will take time. The draft budget includes some reductions in future cost increases in adult social care and home to school transport. For transparency and on-going monitoring, the spending growth is shown as a gross amount in the cost forecasts before any corrective action, and the reductions in planned spending from these actions are shown as savings. Even with these actions the net spending in these three key service areas is still forecast to grow faster than the funding available in the 2024-25 settlement and future government spending plans, and further work will be needed over the coming months to set out the detail how spending on these services will be reduced.

2.3 As well as the impacts of current year overspends and future forecast costs and demand, inflation is still forecast to remain at historically high levels during 2023-24 and into 2024-25. Inflation impacts on the costs of goods and services in revenue budgets and costs of labour, fees and materials on capital projects. The impact of inflation built into the draft budget is based on the November 2023 forecasts from the Office of Budget responsibility (OBR). The November 2023 OBR forecasts were for Consumer Price Index (CPI) inflation to peak at 10.7% in quarter 4 2022, thereafter reducing to:

- 10.2% in quarter 1 2023
- 8.4% in quarter 2 2023
- 6.7% in quarter 3 2023
- 4.8% in quarter 4 2023
- 4.6% in quarter 1 2024
- 3.7% in quarter 2 2024
- 3.3% in quarter 3 2024
- 2.8% in quarter 4 2024
- 2.3% in quarter 1 2025

2.4 Inflationary uplifts are applied according to the terms of individual contracts including timing. This means that in many cases mid-year uplifts have a part year impact in 2023-24 and full year impact in 2024-25. The rate of inflation in 2023 has not reduced as quickly as the March 2023 OBR forecast, with reported CPI from Office for National Statistics (ONS) of 10.2% quarter 1, 8.4% quarter 2 and 6.7% quarter 3 2023. The rate of inflation for the year to November 2023 fell unexpectedly to 3.9% from 4.6% in October. Revenue spending subject to inflation is around £1.4bn, so each 1% adds £14m to council costs.

3.1 The Provisional Local Government Finance Settlement for 2024-25 was published on 18th December 2023. A policy statement on the settlement was published on 5th December 2023 which was intended to give an early indication of what was to be included in the settlement. The settlement largely confirms amounts announced in principle in the 2023-24 settlement last year for 2024-25. This included confirmation of council tax referendum limits for 2024-25 and further increases in the additional social care grants. As in previous years the settlement is based on a core spending power from council tax and the main departmental grants for local government from the Department for Levelling Up Housing and Communities (DLHUC) within the government's overall spending plans. The settlement does not include specific grants from other government departments, retained growth from business rates or collection fund balances.

3.2 The headline from the settlement is an overall £3.9bn (6.5%) increase in spending power between 2023-24 and 2024-25. The increase for the Council is £86.3m (6.7%). The majority of the increase £2.1bn (3.5%) nationally and £54.3m (4.2%) for the Council comes from council tax. The council tax referendum principles allow for up to but not exceeding 3% increase in the general precept with a further 2% for adult social care levy for upper tier and single tier authorities. Lower tier authorities can increase council tax by the greater of up to but not exceeding 3% or £5 for band D. Police and crime commissioners can increase band D by up to £13. There are additional flexibilities allowing larger increases for specific named authorities - Slough Council, Thurrock Council and Woking Borough Council. The core spending power assumes every authority increases council tax up to maximum allowed and is based on DLHUC's autumn tax base information. The Council's budget and council tax precept is based on the council tax increase proposed to be agreed by full council, and council tax base estimates for 2024-25 provided by district and borough councils as required for the precept notification.

3.3 The previously announced additional grants for social care include:

- Social Care Grant an extra £612m nationally for adults and children's social care. The grant also includes a further additional £80m recycled from Services Grant. The total grant nationally for 2024-25 is £4,544m. £3,852m is rolled forward as the same amounts as for 2023-24, £532m is allocated according to adult social care relative needs formula (ASC RNF) and £160m (including the £80m recycled from Services Grant)_equalising the amount that can be raised through the 2% ASC council tax levy. The Council's allocation is £104.2m comprising £88.8m rolled forward from 2023-24, £13.7m from the ASC RNF and £1.8m from council tax equalisation, an overall expected increase of £15.4m on 2023-24.
- Market Sustainability and Improvement Fund an extra £283m nationally as previously announced in Autumn Budget 2022 plus further £205m nationally from the announcement of a further tranche for workforce fund in July 2023. These increase the total from £562m to £1,050m. The entire grant is allocated according to ASC RNF, the Council's share for 2024-25 is £27.0m, an expected increase of £12.5m.
- Discharge Fund an extra £200m nationally in the local authority 50% (increasing the total grant from £300m to £500m). The grant is allocated on the same basis as Improved Better Care Fund and managed in accordance with the requirements of the Better Care fund. The Council's share for 2024-25 is £11.7m, an expected increase of £4.7m

3.4 The increased social care grants in the provisional settlement have been included in the revised draft budget. The additional social care grants and increase in the adult social care council tax precept must be passported into social care budgets (with an allowable share of the social care grant for children's). This effectively sets a minimum increase in net spending on social care services between 2023-24 and 2024-25 and therefore caps the amount that can be delivered from efficiency, service reductions and transformation programmes in social care services to offset increasing costs.

3.5 The Services Grant has been unexpectedly reduced by approx. 84%. This reduces the national amount by £406.4m from £483.3m to £76.9m. This grant was introduced in the 2022-23 settlement as an un-ringfenced grant in recognition of additional spending pressures across the whole range of local services in advance of the significantly delayed Fair Funding reforms for local government that were intended to address the current outdated local government finance system. The grant was initially £822m in 2022-23. This was reduced to £483.3m in 2023-24 largely to reflect the cancellation of the employer's national insurance increase to fund social care reforms. The unexpected reduction in 2024-25 has been recycled elsewhere within the settlement including the increases in social care grant, revenue support grant, and minimum 3% funding guarantee. At this stage this still leaves a balance of £140m available, but it is not clear what this balance is for. The grant is allocated on the same basis as the Settlement Funding Assessment (SFA). The Council's provisional allocation for 2024-25 is £1.2m, which represents a 84% reduction of £6.4m on 2023-24, not including any share of the unallocated £140m. The reduced grant is reflected in the revised draft budget and due to the lateness of the announcement, has increased the amount required to be found from one-off measures in 2024-25 which will need to be replaced by additional savings in 2025-26 and 2026-27.

3.6 One final year of the New Homes Bonus (NHB) grant will be paid to authorities based upon the previous year's taxbase growth. As in recent year's this will no longer generate legacy payments in future years. 80% of NHB is paid to lower tier councils and 20% to upper tier. The Council's allocation for 2024-25 is £2.1m. This is assumed to be a one-off for 2024-25 and is included as part of the one-off solutions to balancing 2024-25 which will need to be replaced by additional recurring savings in 2025-26 and 2026-27.

3.7 The Non-Domestic Rating Act has received Royal Assent and will be implemented from April 2024. The Act confirms that the annual indexation of business rates (BR) will be based on Consumer Price Index (CPI) rather than Retail Price Index (RPI) and the increase in the small business and standard multipliers are decoupled. This makes the arrangement for the retained business rate baseline in the Settlement Funding Assessment (SFA) more complex. The SFA comprises revenue support grant (RSG) and business rates baseline. RSG will continue to be uplifted each year in line with CPI uplift to the business rate multiplier (6.6% for 2024-25). The business rate baseline will be uplifted by separate amounts for small business rate multiplier uplift and the uplift to the standard multiplier. This results in a separate and unique weighted % uplift for each council based on the mix of standard rated and small businesses in the local area.

3.8 For 2024-25 the uplift in standard BR multiplier is the same September CPI as RSG, raising the multiplier from 51.2p to 54.6p. The small business rate multiplier has been frozen at 49.9p. This results in a weighted uplift of approx. 4.6% for the Council. The highest weighted uplift is Westminster (6.09%) and the lowest Cornwall (4.01%). Councils are to be fully compensated for the freezing of the business rate multiplier through Business Rate Compensation Grant. This should mean in theory every Council has the same uplift when SFA and the compensation grant are taken into account. At this stage there is not sufficient detail within the BR compensation grant included in the core spending power to confirm this and the allocation in the spending power is assumed to be indicative at this stage (as it has been in previous years).

3.9 The SFA for the Council has increased by £9.8m (4.7%) to £215.8m, a common 6.6% uplift would have resulted in an SFA of £219.6m, an estimated reduction of £3.9m due to freezing the small business rate multiplier. The BR compensation grant for 2023-24 was £44.2m for previous freezes in BR multipliers and additional discounts. We would normally expect these previous freezes and discounts to increase by annual uplift i.e. £2.9m based on 6.6%. The BR compensation grant in the provisional settlement has increased by £5.6m i.e. an estimated £2.7m in additional grant for the small business freeze for 2024-25, a shortfall of £1.2m when compared the assumed standard uplift through in SFA. In the draft budget we have assumed this shortfall will eventually come through in the BR compensation grant along with other changes when the grant is updated for the full impact of previous freezes and discounts. This is line with the principle that the combination of SFA and compensation for small business rate freeze result in the same % uplift for all councils. Should the final calculation not result in a combined 6.6% for every council then the draft budget will need to be updated either for County Council or Cabinet (as has been the case in recent years where the final business rate retention impact has not been available in time for the budget County Council publication date).

3.10 The Provisional Local Government Finance Settlement includes a number of other announcements including an extension to March 2030 on the flexibility for revenue costs to be funded from capital receipts (under the direction that allows revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services to be funded from capital receipts). The settlement also includes a consultation that would introduce “financial levers” to disincentivise councils from operating part-time working week arrangements for full time pay. The Exceptional Financial Support framework has also been announced and provides support where a council has specific and evidenced concerns about its ability to set or maintain a balanced budget.

3.11 The overall increase in the core spending power (and therefore assumed funding for the 2024-25 draft budget) is significantly less than the forecast spending demands. This leaves a substantial gap which needs to be closed from savings, income and one-off measures such as reserves. There is no indicative settlement for 2025-26 or later years. At this stage the MTFP assumes existing grants will roll forward along with inflationary uplifts to the SFA and further permitted council tax increases.

3.12 A summary of the change in core spending power between the restated 2023-24 position and the provisional 2024-25 position is set out in table 1 below:

Table 1 – Core Spending Power

	KCC			England		
	2024-25 £'m	2023-24 £'m	Change £'m	2024-25 £'m	2023-24 £'m	Change £'m
Council Tax	931.0	876.8	54.3	36,062.2	33,984.3	2,077.9
Settlement Funding Assessment	215.8	206.0	9.8	16,562.7	15,671.1	891.5
Business Rate Compensation	38.8	33.2	5.6	2,581.3	2,204.6	376.7
Social Care Grant	104.2	88.8	15.4	4,544.0	3,852.0	692.0
MSIF/Hospital Discharge	38.7	21.4	17.2	1,550.0	862.0	688.0
iBCF	50.0	50.0	0.0	2,139.8	2,139.8	0.0
Services Grant	1.2	7.6	-6.4	76.9	483.3	-406.4
New Homes Bonus	2.1	2.3	-0.2	291.4	291.3	0.1
Rural Services	0.0	0.0	0.0	95.0	95.0	0.0
Funding Guarantee	0.0	0.0	0.0	196.5	133.3	63.2
Rolled in Grants	0.0	9.4	-9.4	0.0	480.0	-480.0
Totals	1,381.8	1,295.5	86.3	64,099.8	60,196.7	3,903.0
			6.7%			6.5%

4.1 Council Tax income is a key source of funding for council services. The amount generated through Council Tax is based on a precept on collection authorities derived from the estimated band D equivalent Council Tax Base (the number of weighted properties in each band adjusted for exemptions, discounts and assumed collection rates) and the County Council share of the band D household charge.

4.2 A significant proportion of the funding towards the revenue budget is derived from the County Council’s share of council tax. The County Council share of council tax typically amounts to around 70% of a household council tax bill. The County Council charge is the same for all households in the county (as is the share for Police & Crime Commissioner and Fire and Rescue authority), the amount for district/borough and town/parish councils will vary depending on the local area and the individual decisions of these councils.

4.3 The Council currently can, subject to legislative constraints, increase its Council Tax rate through two mechanisms, the Adult Social Care (ASC) precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £8.9m per annum in 2024-25, which equates to an extra 29.5 pence per week for a band D property.

4.4 The council tax referendum principles for 2024-25 allow for up to but not exceeding 3% general tax rate increases without a referendum plus an additional Adult Social Care levy of up to 2%. These increases are based on the total county council share of the household charge for 2023-24 (£1,534.23 for band D household). The administration’s draft budget 2024-25 includes a proposed 2.998% increase for the general precept (up to but not exceeding the referendum level) and a further 1.994% increase for the adult social care levy (ASCL). The proposed council tax increases and overall charge by individual bands are shown in tables 2 and 3.

Table 2 – Proposed Council Tax Increases by Band

Band	Proportion of Band D Tax Rate	2023-24 (incl. ASCL) £p	2024-25 (incl. increase in ASCL) £p	Increase £p
A	6/9	1,022.82	1,073.88	51.06
B	7/9	1,193.29	1,252.86	59.57
C	8/9	1,363.76	1,431.84	68.08
D	9/9	1,534.23	1,610.82	76.59
E	11/9	1,875.17	1,968.78	93.61
F	13/9	2,216.11	2,326.74	110.63
G	15/9	2,557.05	2,684.70	127.65
H	18/9	3,068.46	3,221.64	153.18

Table 3 – Proposed Council Tax Charges by Band

Band	Proportion of Band D Tax Rate	2023-24 (incl. ASCL) £p	2024-25 (excl. increase in ASCL) £p	2024-25 (incl. increase in ASCL) £p
A	6/9	1,022.82	1,053.48	1,073.88
B	7/9	1,193.29	1,229.06	1,252.86
C	8/9	1,363.76	1,404.64	1,431.84
D	9/9	1,534.23	1,580.22	1,610.82
E	11/9	1,875.17	1,931.38	1,968.78
F	13/9	2,216.11	2,282.54	2,326.74
G	15/9	2,557.05	2,633.70	2,684.70
H	18/9	3,068.46	3,160.44	3,221.64

4.5 The County Council's 2023-24 council tax charge (including Fire and Rescue Authority to ensure valid like for like comparison) is currently mid-range at 10th highest of the 21 counties in England and 4th of the 7 south east counties. We will not know the Council's relative position on Council Tax for 2024-25 until all county councils have agreed their precept and Council Tax charge for 2024-25.

4.6 The initial draft budget assumed a tax base increase of 1.7%, based on previous patterns of housing growth and changes in discounts, exemptions and collection rates including assumption for the removal of remaining empty property discounts. The provisional estimated tax base from the 12 district and borough councils (collection authorities) is 580,886.03 band D equivalent properties compared to the final estimated tax base for 2023-24 of 571,478.39 band D equivalents, an increase of 1.65%. The change in the tax base includes increases in the number of dwellings, changes in discounts, exemptions and assumed collection rates. Most districts have removed the remaining discounts on empty dwellings contributing to the increase in tax base.

4.7 The final council tax precept and council tax funding levels will have to be based on tax base estimates notified by the 12 district and borough councils. We have received provisional estimates of tax base increases from all 12 and these are shown in table 3 below. The total estimated tax base increase of 1.65% is very close to our initial estimate of 1.7%. We are due to receive final tax base estimate figures from the 12 district and borough councils on 15th January and we have therefore left the tax base increase at 1.7% for this revised draft, and we will reflect any changes in the final draft budget papers for County Council on 19th February.

Table 4 – Provisional estimates of tax base increases from the 12 collection authorities

Collection Authority	Final 2023-24 taxbase £p	Estimated 2024-25 taxbase £p	Change £p	Change %
Ashford	48,906.00	49,832.00	926.00	1.89%
Canterbury	52,372.76	53,370.27	997.51	1.90%
Dartford	40,288.37	41,029.46	741.09	1.84%
Dover	39,974.37	40,874.50	900.13	2.25%
Folkestone & Hythe	39,977.09	40,466.09	489.00	1.22%
Gravesham	35,266.50	35,994.62	728.12	2.06%
Maidstone	67,161.69	68,263.60	1,101.91	1.64%
Sevenoaks	51,990.30	52,394.75	404.45	0.78%
Swale	49,673.46	50,367.85	694.39	1.40%
Thanet	45,759.46	46,454.06	694.60	1.52%
Tonbridge & Malling	52,706.29	53,477.93	771.64	1.46%
Tunbridge Wells	47,402.10	48,360.90	958.80	2.02%
Total	571,478.39	580,886.03	9,407.64	1.65%

4.8 The district and borough councils also have to notify us of their estimated collection fund balance for over/under collection by 24th January 2024. This must also be reflected in the final draft budget as over/under collection has to be taken into account as part of the final decision on the council tax charge for 2024-25. The revised draft budget includes an assumed £7m collection fund balance. Any variation in the assumed balance will be reflected through the local taxation equalisation reserve, which avoids any impact on the revenue budget.

5.1 The administration's initial draft revenue budget report published on 1st November was subject to the budget scrutiny process during November. This revised draft budget sets out the proposals to close the budget gap in 2024-25 and over the MTFP and the proposals to minimise the level of borrowing on the capital programme and is therefore subject to further scrutiny during January. The administration's final draft budget will take account of any feedback from the scrutiny process and will be recommended by Cabinet to County Council. The final draft budget will be published by 9th February 2024 for consideration and approval by County Council at its meeting on 19th February 2024. As required by the Council's Constitution and Financial Regulations, the final draft budget for County Council approval will be proposed by the Leader and published in a format recommended by the Corporate Director, Finance and agreed by the Leader.

5.2 The presentation of the administration's revised draft revenue budget 2024-25 and 2024-27 MTFP focuses on the key policy and strategic implications of the proposals. The revenue proposals are summarised in appendices D to G of this report. These appendices show the spending, income and savings changes from the current year's approved budget (2023-24) and the financing requirements. Appendix D provides a high-level summary of the proposed three-year plan for the whole council, showing separately the spending growth, savings & income, changes in reserves for core Council funded activity (funding from the local government settlement and local taxation) from changes in externally funded activities (largely specific grant funded).

5.3 As set out in section 3 above, the provisional local government settlement included an unexpected net reduction in grants of £5.4m for 2024-25 through the changes in Social Care Grant and Services Grant increasing the £48.8m budget gap published on the 1st November to £54.2m. The 2024-25 gap has been closed by £13.9m from increased funding through the increased indexation of SFA and business rate compensation grant and revised spending forecasts and savings plans, and further recurring savings of £16.3m from removing the risk contingency included in the initial draft and further progress on the SKF objective 2 for further savings to set a sustainable 2024-25 budget and MTFP. The remaining £23.9m has been balanced through one-off measures. These one-off measures will be replaced in 2025-26 and 2026-27 through further policy savings under SKF objective 3 (scope of Council's ambitions) and objective 4 (operating model of the Council). The revised draft budget includes as a minimum requirement the principle of replacing one-off measures with sustainable recurring savings and cost reductions, although the detail of the proposals will need to be developed and agreed over the coming months to ensure they are implemented to impact the 2025-26 budget.

5.4 Table 5 summarises the change to achieve a balanced budget for 2024-25 and MTFP.

Table 5 – Summary of Changes from Initial Draft Budget 1st November 2023

	2024-25	2025-26 & 2026-27
	£'m	£'m
Initial draft budget gap as at 1 st November 2023	48.8	13.9
Funding increase from higher inflation forecast	-3.5	-11.2
Revised spending and income forecasts	-9.2	+14.8
Further policy savings including staffing considerations	-1.2	-5.9
Provisional Local Government Finance Settlement	+5.4	
One-off solutions 2024-25	-23.9	+23.9
Remove Risk Contingency	-14.0	-1.0
Recurring savings from Securing Kent's Future	-2.3	-10.6
Policy savings to replace one-off solutions used in 2024-25		-23.9
Revised draft budget gap	0.0	0.0

5.5 Appendix E provides a directorate high level summary of the proposed plan for 2024-25, separately showing spending growth, savings & income, changes in reserves and funding for core council funded activity (funding from the local government settlement and local taxation) from changes in externally funded activities (largely specific grant funded). Throughout this report the focus is on core funded spending, savings, income and reserves as changes on externally funded spend are financially neutral.

5.6 Appendix F illustrates examples of the more detailed information available through dashboards that have been created to support the scrutiny process and for future in-year monitoring and reporting. Appendix G provides a full list of individual spending, savings & income, and reserves items including full details of the changes from the initial draft published on 1st November 2023. This appendix shows the spending forecasts, savings and income proposals, and changes in reserves for all the three years 2024-27. New savings and income for later years are included to highlight the areas that will need to deliver the required level of recurring savings in 2025-26 and 2026-27 although inevitably these savings proposals will need to be developed in more detail and subject to consultation and scrutiny in the coming months as the full detail for the subsequent years is not essential for the approval of 2024-25 budget and the MTFP at this stage. The changes between the initial draft and revised draft budget for 2024-25 are summarised in table 6.

Table 6 – Main Changes between Initial and Revised Draft Budget 2024-25

	Core Funded £'m	Externally Funded £'m	Total £'m
Planned Spending Changes	-17.0	+1.0	-16.0
Remove risk contingency (base budget) *	-14.0		-14.0
Review of provision for debt charges (base budget)	-7.0		-7.0
Energy price revisions (base budget)	-2.3		-2.3
Highway investment	-2.2		-2.2
Adult Social Care (demand & cost drivers)	+3.4		+3.4
Home to School Transport (demand & cost drivers)	+1.0		+1.0
Higher inflation forecasts (prices)	+3.3		+3.3
Other changes	+0.8	+1.0	+1.8
Savings & Income	-18.3		-18.3
One-off use of Capital Receipts	-8.0		-8.0
Policy	-4.0		-4.0
Company Dividends (income)	-3.0		-3.0
Other Income	-2.3		-2.3
Transformation & Efficiency	-0.9		-0.9
Change in Reserves	-13.4	-1.0	-14.4
Net Change in Funding	-0.2		-0.2
Total (Gap Resolved)	-48.8		-48.8

* The £14m risk contingency represents 1% of the net revenue budget. The removal of the risk contingency weakens the Council's resilience and ability to manage financial risk and it is therefore important that the recurring savings identified for 2025-26 and 2026-27 provide the ability to restore as much of the risk contingency as possible.

5.7 The final draft budget presented to County Council will include the key service analysis for 2024-25 which sets out the spending in the main service areas by directorate (at director level) as used for budget monitoring reports. The original planned spending on key services is set out in appendix E of the final approved Budget Book for 2023-24 (published in March) and is available on KCC website at [2023-24 Budget Book](#). It is not feasible or appropriate to produce a key service presentation in the revised draft budget for scrutiny as the scrutiny process needs to focus on the proposed changes to the approved budgets for 2023-24 before more detailed delivery plans are completed and these plans will inform the key service budgets for 2024-25.

5.8 The final draft budget presented to County Council on 19th February will include the impact of the Personnel Committee recommendations on Kent Scheme pay for 2024-25. The County Council agreed the Members' Allowances Scheme for 2021-2025 on 4th November 2021. This included agreement to an annual indexation formula. The annual increase under this formula is the average of two figures. The first is the average of the increases arising in sectors covered by 8 national public sector pay review bodies. The second is the percentage awarded to staff awarded 'Successful' in the Total Contribution Pay scheme based on the proposals from Personnel Committee for 2024-25. The revised draft budget includes provisional figures for both Kent Scheme pay and member allowances.

5.9 Additional proposed spending growth includes the impact of decisions and activities already being delivered in the current year not included in the current base budget and known future contractual obligations. It also includes forecasts for future cost or activity changes for the forthcoming year, or changes in Council policy. These are set out in fuller detail in dashboards including an explanation of the reasons for the change, key impacts and risks, dependencies and sensitivities. The dashboards have been introduced this year so will inevitably need further development.

5.10 The savings and income options in the dashboards follow a similar pattern with proposed savings amounts derived from the full year effect of 2023-24 plans already agreed; savings and income for 2024-25 in the original 2023-26 MTFP (albeit updated); savings/income from the application of existing policies; savings/income that do not require any changes in policy; and those that require policy changes presented as policy savings, efficiency/transformation savings, income or financing savings. Given the scale of the savings, detailed delivery plans will need to be prepared and monitoring arrangements will be put in place in addition to the arrangements already embedded through the monthly monitoring with budget managers and regular budget monitoring reports to Cabinet.

5.11 The high-level equation for changes in planned revenue spending for 2024-25 (growth and savings), income and net budget, together with the balancing changes in funding is shown in table 5 below. This summarises how the requirement to set a balanced budget will be met once the outstanding actions for 2024-25 outlined in Securing Kent's Future have been finalised and confirmed. To improve transparency the spending, savings and reserves from core Council funds are shown separately from externally funded changes (consistent with the revised presentation of appendices D and E).

5.12 The Council continues to operate its policy of full cost recovery through fees and charges that can be determined locally other than where Cabinet/County Council has agreed to provide services at a subsidy or concession e.g. Kent Travel Saver. Under this policy fees and charges are subject to an annual uplift with periodic review to ensure that uplifts ensure full cost recovery continues to apply. The uplifts and full cost reviews are reflected in the 2024-25 budget proposals and form part of the budget recovery plan within Securing Kent's Future.

Table 7 – Net Change in Spending and Funding

Change in Net Spending	Core Funded £'m	External Funded £'m	Change in Net Funding	Core Funded £'m
Estimated additional spending	184.5	-23.1	Increase in Social Care grants	32.6
Proposed savings from spending reductions and future cost avoidance	-72.2*		Net Increase in other government grants	7.5
Proposed changes in income	-15.4*	-0.3	Change in council tax base	14.9
Assumed changes in specific government grants		20.9	Assumed increase in council tax charge	44.5
Proposed net change in reserves	3.1	2.5	Change in retained business rates	2.6
			Change in net collection fund balances/S31 compensation	-2.1
Total Change in Net Spending	100.0	0.0	Total Change in Net Funding	100.0

*Net figures from original 2023-26 plan updated and new proposals

5.13 In addition to the spending pressures in core Council services, pressures arising from Special Education Needs & Disabilities (SEND) impact upon both the ring-fenced Dedicated Schools Grant (DSG) and the General Fund revenue budget. Pressures on DSG are being addressed primarily through the Safety Valve mechanism, whereby the Department for Education provides a substantial contribution (up to £140m), in return for improvements to the SEND system and a contribution (£82.3m) from the Council. SEND pressures on the General Fund are reflected primarily through the number of requests to assess, produce and then annually review Education & Health Care Plans (EHCP) and the associated increased SEND home to school transport costs.

5.14 There is already substantial work being undertaken to manage down this financial pressure and additional work will focus on identifying and reviewing changes to existing policy and practice so that we are meeting statutory minimum requirements, but ceasing discretionary services where they are not cost effective and only issuing EHCPs where they are necessary, and needs cannot be reasonably met by other means.

5.15 Consultation and Equality Impact Assessments (EQIA) will need to be undertaken on individual new savings and income proposals where required. The final planned amounts can only be confirmed following consideration of consultation responses and EQIAs. Any variances between the approved budget and final planned amounts will be included in the budget monitoring reports to Cabinet, together with progress on delivery and any additional measures that may be required.

5.16 The administration's draft ten-year capital programme is set out in appendices A and B of this report. Appendix A provides a high level summary of the proposed capital programme and financing requirements. The spending plans in appendix B set out proposed spending on individual projects and rolling programmes by directorate. The financing is a combination of government departmental capital grants, forecast developer contributions, external funding, capital receipts and borrowing. Inflationary and other cost pressures have significantly impacted the capital programme on both rolling programmes and individual schemes. In recognition of the financial challenge facing the Council the additional unfunded cost estimates have been absorbed within the existing programme. No new schemes with prudential borrowing have been added to the programme to avoid increasing the revenue burden of borrowing to fund capital expenditure. As a result, planned maintenance will only be carried out on the highest priority sites (those dealing with safeguarding issues and highways/waste operations) and the modernisation of assets work will need to be prioritised which is likely to result in the closure of non-priority sites. There will be consequential impact on risks and maintenance backlogs, but these will continue to be managed to mitigate risks as far as possible. This is a necessary short-term measure while the Council reviews and reduces its estate over the medium term to an affordable level which in turn should reduce future maintenance and modernisation requirements. The additional funding provided by Department for Transport for highway maintenance programmes has been included in spending plans for 2024-25. Some additional spending for 2024-25 and 2025-26 has been funded from capital receipts to maintain the policy of keeping council buildings safe, warm and dry.

5.17 Appendix C of this report provides an indication of new potential capital projects which could come forward within the next 10 years. These are identified as future proposals but have not been formally included in the administration's draft capital programme and will only be added in later years subject to business cases being completed and reviewed and affordable funding solutions being identified. Indicative costings have been provided as a guide, however, no funding or budget is being set aside for these projects at this time.

5.18 The capital strategy recognises that the capital programme must align with the Council's strategic priorities and support the priorities and principles in other key strategies such as Kent and Medway Growth and Infrastructure Framework, Local Transport Plan, Commissioning Plan for Education Provision, Asset Management Strategy etc. It is equally important that these key strategies are regularly reviewed and updated to take into account legislative requirements and the financial operating environment including both capital and revenue funding settlements. The review and updating of these strategies also needs to reflect the objectives set out in Securing Kent's Future and contribute to the delivery of the budget recovery plan.

Proposed Revised Draft 2024-25 Revenue Budget – key numbers

£1,415.7m	Assumed net revenue budget for 2024-25. This represents a £100.0m increase on the final approved budget for 2023-24 of £1,315.6m.
£184.5m	Additional estimated core funded spending growth – see paragraph 7.1 for more detail.
-£87.6m	Assumed savings, income and future cost increase avoidance. Of this £41.9m relates to proposed savings, £15.4m additional income generation (mainly fees and charges), and £30.3m reductions in the amount assumed for future demand and cost increases in adult social care and home to school transport – see paragraph 6.2 for more detail.
£3.1m	Estimated net impact on the budget of changes in the use of reserves including new contributions and removing previous years drawdown and contributions – see section 8 for more detail.
£936.2m	Estimated to be raised from Council Tax precept. An increase of £59.4m on 2023-24. £14.9m is due to a 1.7% estimated increase in the tax base due to additional dwellings, changes in discounts and exemptions and assumed collection rates. £44.5m is from the estimated increase in the household charge up to but not exceeding 5% (including £17.8m from the adult social care levy).
£40.6m	Net increases as announced in the Provisional Local Government Finance Settlement. This comprises of the following changes: <ul style="list-style-type: none"> • £15.4m expected increase in Social Care Grant announced in the 2023-24 settlement from repurposed funding from social care charging reforms • £12.5m expected increase in Market Sustainability and Improvement Fund to support capacity and discharge (including £7.3m announced in 2023-24 settlement and £5.2m further announcement in summer 2023) • £4.7m expected increase in the Adult Social Care Discharge Fund • -£6.4m unexpected reduction in the Services Grant • £14.1m indexed linked uplifts in business rate top-up, business rate compensation (including estimated amount not yet announced) and Revenue Support Grant • -£0.2m continuation of New Homes Bonus Grant but at a lower value than 2023-24 • £0.5m expected net increase in local share of retained business rates and removal of S31 compensation for local taxation losses during Covid

Revenue spending: a reminder of what it is

Revenue spending is spent on the provision of day to day services, either directly through KCC staff and operational buildings, or commissioned from third parties. Revenue spending is identified as gross spend and net spend after taking account of service income and specific government grants. The net revenue budget requirement is funded by a combination of council tax, locally retained business rates and un-ring-fenced grants from the Department for Levelling-up, Housing and Communities (DLUHC) included in the local government finance settlement. Grants from other government departments are ring-fenced to specific activities and are shown as income to offset the related spending.

6.1 The additional estimated core funded spending growth (i.e. excluding changes arising from external funding changes) of £184.5m for 2024-25 is summarised in appendices D and E and set out in more detail in appendix G together with more detail in the dashboard. It has been subdivided into the following categories:

Net base budget changes £22.1m	Changes to reflect full year effect of variations in the current year's monitoring forecast compared to approved budget. These adjustments are necessary to ensure the draft budget is based on a robust and sustainable basis.
Demand and future cost increase drivers £85.3m	Forecast estimates for future non-inflationary cost and demand increases such as additional care hours, increased journey lengths, etc. across a range of services including adult social care, integrated children's services, home to school transport and waste tonnage.
Price uplifts £49.6m	Contractual and negotiated price increases on contracted services, including full year effect of planned mid-year uplifts in current year and forecast future price uplifts.
Pay £14.3m	Additional net cost of estimated pay award and progression after savings from appointing new staff lower in pay ranges.
Service Strategies & Improvements £11.9m	Other estimated spending increases to deliver strategic priorities and/or service improvements and outcomes including financing the capital programme.
Government & Legislative £1.3m	Additional spending to meet compliance with legislative and regulatory changes.

6.2 The proposed savings, income and future cost increase avoidance of £87.6m for 2024-25 are summarised in appendices D and E and set out in more detail in appendix G together with more detail in the dashboards. They have been subdivided into the following categories:

Policy Savings £10.6m	Savings arising from proposed changes in Council policies including full year effect of 2023-24 savings and new proposals for 2024-25 (full year effect in later years shown in summary and will be shown in more detail in the final draft). Savings in this category are changes to charging policies and changes in the service offer.
Transformation & Efficiency Savings £50.3m	Savings aimed at achieving improved or the same outcomes at less cost including full year effect of 2023-24 savings and new proposals for 2024-25 (full year effect in later years shown in summary and will be shown in more detail in the final draft) shown in summary and will be shown in more detail in the final draft). Savings in this category include future cost increase avoidance as well as reductions to existing recurring spend. Transformation and efficiency savings include contracted spending as well as in-house spending on staffing and premises.
Financing Savings £11.3m	Review of amounts set aside for debt repayment (MRP) based on asset life and increased investment income returns.
Income Generation £15.4m	Increases in fees and charges for council services from applying existing policies on fee uplifts (including contributions from other bodies) and new income generation proposals. Existing policies include increases in client contributions in line with estimated 2024-25 benefits and other personal income increases and increases in contributions to Kent Travel Saver and 16+ pass linked to fare increases.

Proposed Draft 2024-34 Capital Programme – key numbers

£1,646m	Total planned capital spending over the ten years 2024-25 to 2033-34
£992m	Confirmed or indicative government grants to fund capital expenditure
£376m	Total proposed borrowing to fund the programme
£278m	Funding from other sources (capital receipts, developer contributions, external funding and revenue)

7.1 The ten-year Capital Programme 2023-34 was approved by County Council in February 2023. This took into account the need to set a realistic and deliverable programme and avoid the significant over-programming and subsequent underspending against capital that has been a feature for several years. The ten-year horizon allows for a longer-term plan for capital investment, taking into consideration an updated assessment of the capital financing requirements and the consequent impact on the revenue budget and borrowing strategy.

7.2 The capital programme is under pressure from inflation in the same way as revenue spending, if anything these consequences are more significant due to the longer-term nature of capital plans. Inflationary pressures and overspends on existing schemes have been absorbed within the existing programme. The capital programme is also under significant pressure due to the backlog of maintenance on highways and buildings. These backlogs cannot be addressed within the current financial constraints and the need to avoid additional borrowing that would add pressure on the revenue budget through increased financing costs. This approach does not come without increased risks.

7.3 The increased risks which include danger to life and limb if repair works are not completed, an increase in maintenance backlogs which in turn could lead to additional revenue costs for reactive works, increased future costs of works due to inflation, and costs relating to climate change resilience/adaptation will be mitigated as far as possible. For example prioritising emergency works that would avoid risk of death or serious harm, prioritising maintenance on essential assets (although this means non-essential assets would not be maintained leading to possible closures on safety grounds) and doing the minimum to meet statutory requirements at lowest cost. This is only a short term necessity while the Council reviews and reduces its estate over the medium term which in turn will reduce future maintenance and modernisation requirements. The programme will continue to be regularly reviewed and re-prioritised within the funding available.

7.4 Appendix A of this report sets out a summary of the administration's proposed 2024-34 programme and associated financing requirements for each year. The summary provides a high-level overview for the whole council. The individual directorate pages in appendix B provide more detail of rolling programmes and individual projects.

Capital spending: a reminder of what it is

Capital spending is expenditure on the purchase or enhancement of physical assets where the benefit will last longer than the year in which it is incurred e.g. school buildings, roads, economic development schemes, IT systems, etc. It includes the cost of purchasing land, construction costs, professional fees, plant and equipment and grants for capital expenditure to third parties. Capital spending plans are determined according to the Council's statutory responsibilities and local priorities as set out in the MTFP, with the aim of delivering the vision set out in the Strategic Plan.

Capital spending is funded via a variety of sources including government grants, capital receipts, external contributions and borrowing. Borrowing has to be affordable as the cost of interest and setting aside sufficient provision to cover the loan repayments are borne by the revenue budget each year based on the life of the asset.

8.1 The proposed treasury management strategy for next year is largely unchanged from the current strategy for 2023-24. This is not necessarily unexpected: the Council's strategy is designed to provide ongoing effective risk control and not to be overfitted to a particular stage of the economic cycle. That being said, the current economic outlook is an important building block of the Council's treasury strategy (as well as the overall budget strategy) and, in particular, officers have taken account of the medium term interest rate forecasts from Link Group, the Council's appointed treasury advisors. Link estimate that Bank Rate (currently at 5.25%) has likely peaked and expect both short term and long term rates to decline over the medium term.

8.2 The most pertinent internal factor, and the key driver of the treasury strategy, is the Council's capital expenditure and financing plans, which determines the Council's borrowing requirement. As set out in paragraph 22 of the strategy, the capital financing requirement, is forecast to rise marginally over 2024-25 before declining gradually in the following two years. Most of this borrowing requirement has already been met through external borrowing, and debt balances themselves are expected to decline over the medium term as existing loans mature and are not replaced. Notwithstanding this the Council is expected to have ample capacity to continue supporting internal borrowing over the medium term to meet the residual borrowing requirement not fulfilled by external debt. This is demonstrated most clearly in the liability benchmark graphic, at paragraph 32. Therefore, given that interest rates are forecast to decline and that the Council does not necessarily require new external debt at this stage, officers are not recommending that new external borrowing is undertaken in 2024/25. The proposed strategy retains the flexibility to depart from this central expectation should circumstances change during the next financial year.

8.3

The investment strategy has been reviewed and is judged to remain fit for purpose. The Council will keep the current split between internally managed, highly liquid and high-quality cash instruments (approximately two thirds of overall cash under management) and the strategic pooled funds portfolio (circa one third). One technical change proposed in the new strategy is to reduce the minimum average credit quality for the portfolio to AA- (one notch down from the current limit of AA). This has not been proposed in order to increase credit risk, but simply for consistency with the UK sovereign rating (which itself is AA-). Officers do not expect the overall credit quality of the actual investment portfolio to be reduced. All other limits and indicators have been reviewed to ensure their continued appropriateness.

9.1 Reserves are an important part of the Council's financial strategy and are held to create long-term financial stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its financial standing and resilience.

9.2 The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance to mitigate future financial risks.

9.3 There are two main types of reserves:

- Earmarked Reserves – held for identified purposes and are used to maintain a resource in order to provide for expenditure in a future year(s).
- General Reserves – these are held for 'unforeseen' events.

9.4 The Council maintains reserves both for its General Fund activities and it accounts for the reserves of its maintained schools. Schools are funded by a 100% government grant, Dedicated Schools Grant (DSG). Local authorities cannot fund DSG activities from the general fund without express approval from the Secretary of State. Under the Safety Valve agreement with the DfE KCC is required to make a contribution totalling £82.3m between 2022-23 to 2027-28. The contributions for 2022-23 and 2023-24 are reflected through transfers from the Council's reserves into the DSG reserve. The contributions into the DSG reserve from 2024-25 onwards are reflected in the changes to reserves in the 2024-25 revised draft revenue budget and 2024-27 MTFP. The Safety Valve agreement does not fully eliminate the risk of DSG overspends until the plan has been fully delivered and high needs spending is contained within the block of funding available within DSG.

9.5 There remains a significant risk to reserves if the forecast overspend for 2023-24 is not balanced through the further management action that is being put in place for the remainder of the current financial year. The level of reserves held is a matter of judgment which takes into account the reasons why reserves are maintained and the Council's potential financial exposure to risks. A Reserves Policy is included as Appendix H to this report. An analysis of budget risks and adequacy of reserves is included as Appendix I, and a budget risk register at Appendix J.

9.6 The Council holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to initially resource policy developments and initiatives without a disruptive impact on Council Tax. Capital reserves play a similar role in funding the Council's capital investment strategy.

9.7 The Council also relies on interest earned through holding cash and investment balances to support its general spending plans.

9.8 Reserves are one-off monies and, therefore, the Council generally aims to avoid using reserves to meet on-going financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

9.9 Reserves are therefore held for the following purposes:

- Providing a working balance
- Smoothing the impact of uneven expenditure profiles between years e.g. collection fund surpluses or deficits, local elections, structural building maintenance and carrying forward expenditure between years.
- Holding funds for future spending plans e.g. capital expenditure plans, and for the renewal of operational assets e.g. information technology renewal.
- Meeting future costs and liabilities where an accounting 'provision' cannot be justified.
- Meeting future costs and liabilities so as to cushion the effect on services e.g. the Insurance Reserve for self-funded liabilities arising from insurance claims.
- To provide resilience against future risks.
- To create policy capacity in the context of forecast declining future external resources.

9.10 All earmarked reserves are held for a specific purpose. A summary of the movement on each category of reserves is published annually, to accompany the annual Statement of Accounts.

9.11 The administration's revised draft budget 2024-25 includes an assumed net £3.1m increase in reserves in 2024-25 and a net reduction of £3.9m over the medium term 2024-25 to 2026-27 on the core funded budget. The externally funded element includes a net contribution of £2.5m in 2024-27 and net contribution of £3.8m over the medium term. The movement in reserves includes new contributions and removing previous years drawdown and contributions. These changes include the following main changes:

Increased/new contributions (core budget) £36.7m

- £16.2m general reserves including £11.1m repayment of 50% of the amount drawn down to balance the 2022-23 budget and £5.1m for the additional annual contribution to reflect the increase in net revenue budget to maintain general reserves at 5%. The phased repayment of 2022-23 drawdown means general reserves are not planned to be returned to the agreed 5% of the net revenue budget until 2025-26
- £15.1m DSG reserve for the planned 2024-25 Council contribution to the safety valve programme
- £4.3m repayment to smoothing reserves for planned drawdowns to support the 2023-24 budget
- £1.0m annual contribution to establish new Emergency Capital Events Reserve for emergency capital works and revenue costs related to capital spend such as temporary accommodation, and condition surveys which don't result in capital works

Drawdowns and Removal of Prior Year Drawdown and Contributions -£33.6m

- -£12.9m drawdown from reserves/reduced contributions to reserves to balance the budget as part of the package of £23.9m one-off solutions for 2024-25. These one-off solutions will need to be replaced through further savings in 2025-26 and 2026-27
- -£1.3m for funding of specific projects within the 2024-25 revenue budget proposals
- -£5.8m removal of 2023-24 contribution to general reserve for increase in net budget
- -£12m removal of the contribution to the risk reserve (now treated as contingent spend rather than reserve)
- -£5.6m removal of 2023-24 contribution to Local Taxation Equalisation reserve
- -£1.2m removal of the annual contribution for the phased repayment of long term reserves borrowed to fund grant reductions in 2011-12 as these are now fully repaid
- +£4.3m to replace the drawdown from reserves to support the 2023-24 budget
- +£1.0m to replace the drawdown from reserves for specific projects in the 2023-24 budget

Net changes in externally funded reserves £2.5m

- -£1.3m from Public Health reserves including the planned drawdown of £0.3m for one-off investments in the future of Public Health and £1.0m one-off support to safe-guard services under the Live Well Kent Mental Health contract
- +£3.8m removal of drawdowns for Public Health in the 2023-24 budget

Appendices and background documents

List of Appendices

Draft Capital Investment Strategy 2024-25 to 2033-34	A
Draft Capital Investment Strategy by Directorate	B
Potential New Capital Projects	C
High Level 2024-27 Revenue Plan and Financing	D
High Level 2024-25 Revenue Plan by Directorate	E
Budget Dashboard (screenshots)	F
List of individual spending, savings & reserve items	G
Reserves Policy	H
Budget Risks and Adequacy of Reserves	I
Budget Risk Register	J
Core Grants in Provisional Local Government Finance Settlement	K
Economic & Fiscal Context	L
Treasury Management Strategy	M

Background documents

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

KCC's Budget webpage	1
KCC's Corporate Risk Register (item 8)	2
KCC's Risk Management Strategy, Policy and Programme (item 11)	3
KCC's approved 2023-24 Budget	4
2024-25 Budget Consultation (Let's Talk Kent) inc. the Budget Consultation report	5
Revenue and Capital 2023-24 Budget Monitoring Report for October 2023 (item 5)	6
Securing Kent's Future – Budget Recovery Strategy	7
Securing Kent's Future – Budget Recovery Report	8
Initial Draft 2024-25 Budget Report (published on 1 November 2023)	9

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2024-25 TO 2033-34

Capital Investment Plans:

ROW REF	Directorate		Total Cost £000s	Prior Years Spend £000s	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1 £000s	Year 2 £000s	Year 3 £000s	Year 4 £000s
1	Adult Social Care & Health	ASCH	6,157	3,308	599	250	250	250
2	Children, Young People & Education	CYPE	637,685	237,001	131,048	85,725	32,739	33,922
3	Growth, Environment & Transport	GET	1,471,674	334,767	182,036	142,561	159,160	185,206
4	Chief Executive's Department	CED	3,510	2,069	-255	1,696	0	0
5	Deputy Chief Executive's Department	DCED	127,531	23,522	31,546	25,992	3,421	6,150
6	Total Cash Limit		2,246,557	600,667	344,974	256,224	195,570	225,528

Funded By:

7	Borrowing	474,064	98,170	102,989	48,217	27,269	32,419
8	Property Enterprise Fund (PEF) 2	369	369				
9	Grants	1,326,633	334,235	168,016	129,192	125,164	165,609
10	Developer Contributions	186,924	67,286	38,520	40,654	20,946	9,586
11	Other External Funding e.g. Arts Council, District Contributions etc.	25,390	14,759	5,422	3,846	1,363	
12	Revenue Contributions to Capital	73,272	11,195	6,265	6,002	6,041	6,441
13	Capital Receipts	48,832	16,296	9,324	18,197	558	557
14	Recycled Loan Repayments	111,073	58,357	14,438	10,116	14,229	10,916
16	Total Finance	2,246,557	600,667	344,974	256,224	195,570	225,528

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2024-25 TO 2033-34

Capital Investment Plans:

ROW REF	Directorate	Cash Limits						
		2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
		Year 5 £000s	Year 6 £000s	Year 7 £000s	Year 8 £000s	Year 9 £000s	Year 10 £000s	
1	Adult Social Care & Health	ASCH	250	250	250	250	250	250
2	Children, Young People & Education	CYPE	19,750	19,500	19,500	19,500	19,500	19,500
3	Growth, Environment & Transport	GET	142,886	67,016	65,209	63,348	63,335	66,150
4	Chief Executive's Department	CED	0	0	0	0	0	0
5	Deputy Chief Executive's Department	DCED	6,150	6,150	6,150	6,150	6,150	6,150
6	Total Cash Limit		169,036	92,916	91,109	89,248	89,235	92,050

Funded By:

7	Borrowing	25,000	28,000	28,000	28,000	28,000	28,000
8	Property Enterprise Fund (PEF) 2		0				
9	Grants	125,778	56,350	56,251	54,393	54,415	57,230
10	Developer Contributions	8,239	1,693				
11	Other External Funding e.g. Arts Council, District Contributions etc.						
12	Revenue Contributions to Capital	6,352	6,223	6,208	6,205	6,170	6,170
13	Capital Receipts	650	650	650	650	650	650
14	Recycled Loan Repayments	3,017					
16	Total Finance	169,036	92,916	91,109	89,248	89,235	92,050

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	
1	Home Support Fund & Equipment [2]	Provision of equipment and/or alterations to individuals' homes	2,500		250	250	250	250
2	Total Rolling Programmes [3]		2,500		250	250	250	250
Kent Strategy for Services for Learning Disability (LD):								
3	Learning Disability Good Day Programme	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	3,657	3,308	349	0	0	0
4	Total Individual Projects		3,657	3,308	349	0	0	0
5	Total - Adult Social Care & Health		6,157	3,308	599	250	250	250

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	Cash Limits						
			2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
			£000s	£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [2]	Provision of equipment and/or alterations to individuals' homes	250	250	250	250	250	250	250
2	Total Rolling Programmes [3]		250	250	250	250	250	250	250
Kent Strategy for Services for Learning Disability (LD):									
3	Learning Disability Good Day Programme	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	0	0	0	0	0	0	0
4	Total Individual Projects		0	0	0	0	0	0	0
5	Total - Adult Social Care & Health		250	250	250	250	250	250	250

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2024-25 TO 2033-34

Children, Young People & Education (CYPE)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
					£000s	£000s	£000s	£000s
1	Annual Planned Enhancement Programme [2]	Planned and reactive capital projects to keep schools open and operational	87,571		13,871	9,700	8,000	8,000
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	45,000		4,500	4,500	4,500	4,500
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	50,000		5,000	5,000	5,000	5,000
4	Schools' Modernisation Programme [2]	Improving and upgrading school buildings including removal of temporary classrooms	31,208		9,956	5,252	2,000	2,000
5	Total Rolling Programmes [3]		213,779		33,327	24,452	19,500	19,500
Basic Need Schemes - to provide additional pupil places:								
6	Basic Need KCP 2017	Increasing the capacity of Kent's schools	116,518	115,334	1,184	0	0	0
7	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	49,283	41,539	1,666	0	400	5,428
8	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	101,247	51,198	47,164	2,885	0	0
9	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	11,225	2,272	500	8,453	0	0
10	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	13,833	5,522	8,311	0	0	0
11	Basic Need KCP 2023-27 [1]	Increasing the capacity of Kent's schools	66,945	1,810	15,118	30,704	11,319	7,994
12	Basic Need KCP 2024-28 [1]	Increasing the capacity of Kent's schools	6,894	187	0	6,707	0	0
Other Projects								
13	High Needs Provision 22-24	Specific projects relating to high needs provision	44,168	13,019	20,125	11,024	0	0
14	High Needs Provision 24-25	Specific projects relating to high needs provision	7,166	0	3,146	1,500	1,520	1,000
15	School Roofs	Structural repairs to school roofs	6,627	6,120	507	0	0	0
16	Total Individual Projects		423,906	237,001	97,721	61,273	13,239	14,422
17	Total - Children, Young People & Education		637,685	237,001	131,048	85,725	32,739	33,922

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2024-25 TO 2033-34

Children, Young People & Education (CYPE)

ROW REF	Project	Description of Project	Cash Limits					
			2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Annual Planned Enhancement Programme [2]	Planned and reactive capital projects to keep schools open and operational	8,000	8,000	8,000	8,000	8,000	8,000
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	4,500	4,500	4,500	4,500	4,500	4,500
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	5,000	5,000	5,000	5,000	5,000	5,000
4	Schools' Modernisation Programme [2]	Improving and upgrading school buildings including removal of temporary classrooms	2,000	2,000	2,000	2,000	2,000	2,000
5	Total Rolling Programmes [3]		19,500	19,500	19,500	19,500	19,500	19,500
Basic Need Schemes - to provide additional pupil places:								
6	Basic Need KCP 2017	Increasing the capacity of Kent's schools	0	0	0	0	0	0
7	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	250	0	0	0	0	0
8	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
9	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
10	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
11	Basic Need KCP 2023-27 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
12	Basic Need KCP 2024-28 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
Other Projects								
13	High Needs Provision 22-24	Specific projects relating to high needs provision	0	0	0	0	0	0
14	High Needs Provision 24-25	Specific projects relating to high needs provision	0	0	0	0	0	0
15	School Roofs	Structural repairs to school roofs	0	0	0	0	0	0
16	Total Individual Projects		250	0	0	0	0	0
17	Total - Children, Young People & Education		19,750	19,500	19,500	19,500	19,500	19,500

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
Growth & Communities								
1	Country Parks Access and Development	Improvements and adaptations to country parks	700		70	70	70	70
2	Public Rights of Way	Structural improvements of public rights of way	9,487		1,387	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	713		38	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	713		38	75	75	75
Transportation								
5	Highways Asset Management/Annual Maintenance [1] [2]	Maintaining Kent's roads	573,725		69,725	56,000	56,000	56,000
6	Integrated Transport Schemes [1] [2]	Improvements to road safety	45,050		4,550	4,500	4,500	4,500
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	23		23	0	0	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	72		51	21	0	0
9	Total Rolling Programmes [3]		630,483		75,882	61,641	61,620	61,620
Growth & Communities								
10	Digital Autopsy	To provide a body storage and digital autopsy facility	3,217	371	100	0	2,746	0
11	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	300	190	110	0	0	0
12	Public Mortuary	To consider options for the provision of a public mortuary	3,000	0	0	0	3,000	0
13	Gypsy & Traveller Site Improvements	Improvements to Gypsy and Traveller sites	4,055	1,469	2,586		0	0
14	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	10,375	6,934	600	1,047	1,100	694
15	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	12,787	12,787	0	0	0	0
16	Kent & Medway Business Fund	New fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	42,158	20,401	4,384	4,054	8,912	4,407

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
17	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	74,482	54,042	7,454	2,817	1,337	5,815
18	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	514	546	1,298	504	0
19	Workspace Programme (Kent Working Spaces)	A scheme that provides loans towards the development of incubator spaces for start ups or growing micro-businesses, demonstrating a net increase in employment in the area	1,500	1,325	175	0	0	0
Environment & Waste								
20	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	3,215	2,735	151	75	67	53
21	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	2,439	2,051	257	27	27	25
22	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	2,500	1,428	625	447	0	0
23	Maidstone Heat Network	To install heat pumps in offices in Maidstone	408	332	76	0	0	0
24	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	10,302	220	3,500	6,582	0	0
25	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	5,493	265	500	600	628	500
26	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	1,750	1,136	106	100	186	100
27	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	647	350	127	80	75	15
Transportation								
28	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	4,400	0	1,500	2,199	701	0
29	A226 St Clements Way	Road improvement scheme	6,571	6,557	14	0	0	0
30	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	3,695	914	2,721	60	0	0
31	A28 Chart Road, Ashford [1]	Strategic highway improvement	26,247	4,456	2,465	11,380	7,676	190
32	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	5,520	4,663	44	813	0	0
33	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	12,000	9,895	2,105	0	0	0
34	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	25,899	25,465	345	89	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	
35	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	14,038	2,536	6,365	3,774	1,363	0
36	Faversham Swing Bridge [1]	Restoration of an opening bridge	2,550	735	815	1,000	0	0
37	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfleet	7,549	3,567	3,982	0	0	0
38	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	9,076	8,836	120	120	0	0
39	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	39,832	20,435	18,715	682	0	0
40	Kent Active Travel Fund Phase 2	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	4,378	3,313	1,065	0	0	0
41	Kent Active Travel Fund Phase 3	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	1,800	766	1,034	0	0	0
42	Bearsted Road Improvements - formerly Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	14,312	11,364	2,898	50	0	0
43	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	10,687	1,169	9,518	0	0	0
44	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	40,605	39,410	1,195	0	0	0
45	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	10,910	8,161	2,749	0	0	0
46	Market Square Dover	Project to improve access and public realm at Market Square in Dover	3,640	3,625	15	0	0	0
47	Rathmore Road Link	Road improvement scheme	7,808	7,743	65	0	0	0
48	Sturry Link Road, Canterbury [1]	Construction of bypass	41,601	4,153	2,832	25,547	8,214	752
49	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	43,225	43,175	50		0	0
50	Urban Traffic Management [1]	Upgrades to the existing urban traffic management system within the Ebbsfleet area.	5,476	5,153	323	0	0	0
51	A229 Bluebell Hill M2 & M20 Interchange Upgrades [1]	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	202,082	901	7,936	11,084	48,422	81,818
52	North Thanet Link (formerly known as A28 Birchington) [1] and [4]	Creation of a relief road	76,745	2,838	1,973	2,095	11,820	28,111

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
53	Zebra Funding - Electric Buses and infrastructure	Grant funded projects for electric buses and infrastructure	9,525	6,500	3,025	0	0	0
54	Folkestone Brighter Futures	A package of transport and public realm improvements from Folkestone Central Station through to the Town Centre, funded from Levelling Up Fund 2, which KCC are delivering on behalf of Folkestone and Hythe District Council	15,952	1,212	10,165	4,575	0	0
55	Kent Active Travel Fund Phase 4	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	1,498	675	823	0	0	0
56	Local Electric Vehicle Infrastructure (LEVI)	Grant funded project to provide electric vehicle infrastructure	12,080	0	0	325	762	1,106
57	Total Individual Projects		841,191	334,767	106,154	80,920	97,540	123,586
58	Total - Growth, Environment & Transport		1,471,674	334,767	182,036	142,561	159,160	185,206

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

[4] Budget is likely to further be refined before awarding a construction contract and the delivery of the project is dependent on the award of external funding

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Cash Limits					
			2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
Growth & Communities								
1	Country Parks Access and Development	Improvements and adaptations to country parks	70	70	70	70	70	70
2	Public Rights of Way	Structural improvements of public rights of way	900	900	900	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	75	75	75	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	75	75	75	75	75	75
Transportation								
5	Highways Asset Management/Annual Maintenance [1] [2]	Maintaining Kent's roads	56,000	56,000	56,000	56,000	56,000	56,000
6	Integrated Transport Schemes [1] [2]	Improvements to road safety	4,500	4,500	4,500	4,500	4,500	4,500
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	0	0	0	0	0	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	0	0	0	0	0	0
9	Total Rolling Programmes [3]		61,620	61,620	61,620	61,620	61,620	61,620
Growth & Communities								
10	Digital Autopsy	To provide a body storage and digital autopsy facility	0	0	0	0	0	0
11	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	0	0	0	0	0	0
12	Public Mortuary	To consider options for the provision of a public mortuary	0	0	0	0	0	0
13	Gypsy & Traveller Site Improvements	Improvements to Gypsy and Traveller sites	0	0	0	0	0	0
14	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	0	0	0	0	0	0
15	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	0	0	0	0	0	0
16	Kent & Medway Business Fund	New fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	0	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Cash Limits					
			2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
17	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	3,017	0	0	0	0	0
18	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	0	0	0	0	0	0
19	Workspace Programme (Kent Working Spaces)	A scheme that provides loans towards the development of incubator spaces for start ups or growing micro-businesses, demonstrating a net increase in employment in the area	0	0	0	0	0	0
Environment & Waste								
20	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	41	36	24	33	0	0
21	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	19	17	14	2	0	0
22	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	0	0	0	0	0	0
23	Maidstone Heat Network	To install heat pumps in offices in Maidstone	0	0	0	0	0	0
24	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	0	0	0	0	0	0
25	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	500	500	500	500	500	500
26	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	122	0	0	0	0	0
27	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	0	0	0	0	0	0
Transportation								
28	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	0	0	0	0	0	0
29	A226 St Clements Way	Road improvement scheme	0	0	0	0	0	0
30	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	0	0	0	0	0	0
31	A28 Chart Road, Ashford [1]	Strategic highway improvement	80	0	0	0	0	0
32	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	0	0	0	0	0	0
33	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	0	0	0	0	0	0
34	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	0	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Cash Limits						
			2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
			£000s	£000s	£000s	£000s	£000s	£000s	£000s
35	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	0	0	0	0	0	0	0
36	Faversham Swing Bridge [1]	Restoration of an opening bridge	0	0	0	0	0	0	0
37	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfleet	0	0	0	0	0	0	0
38	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	0	0	0	0	0	0	0
39	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	0	0	0	0	0	0	0
40	Kent Active Travel Fund Phase 2	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0	0
41	Kent Active Travel Fund Phase 3	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0	0
42	Bearsted Road Improvements - formerly Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	0	0	0	0	0	0	0
43	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	0	0	0	0	0	0	0
44	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	0	0	0	0	0	0	0
45	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	0	0	0	0	0	0	0
46	Market Square Dover	Project to improve access and public realm at Market Square in Dover	0	0	0	0	0	0	0
47	Rathmore Road Link	Road improvement scheme	0	0	0	0	0	0	0
48	Sturry Link Road, Canterbury [1]	Construction of bypass	103	0	0	0	0	0	0
49	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	0	0	0	0	0	0	0
50	Urban Traffic Management [1]	Upgrades to the existing urban traffic management system within the Ebbsfleet area.	0	0	0	0	0	0	0
51	A229 Bluebell Hill M2 & M20 Interchange Upgrades [1]	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	48,041	2,000	1,880	0	0	0	0
52	North Thanet Link (formerly known as A28 Birchington) [1] and [4]	Creation of a relief road	28,215	1,693	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Cash Limits						
			2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
			£000s	£000s	£000s	£000s	£000s	£000s	£000s
53	Zebra Funding - Electric Buses and infrastructure	Grant funded projects for electric buses and infrastructure	0	0	0	0	0	0	0
54	Folkestone Brighter Futures	A package of transport and public realm improvements from Folkestone Central Station through to the Town Centre, funded from Levelling Up Fund 2, which KCC are delivering on behalf of Folkestone and Hythe District Council	0	0	0	0	0	0	0
55	Kent Active Travel Fund Phase 4	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0	0
56	Local Electric Vehicle Infrastructure (LEVI)	Grant funded project to provide electric vehicle infrastructure	1,128	1,150	1,171	1,193	1,215	4,030	
57	Total Individual Projects		81,266	5,396	3,589	1,728	1,715	4,530	
58	Total - Growth, Environment & Transport		142,886	67,016	65,209	63,348	63,335	66,150	

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

[4] Budget is likely to further be refined before awarding a construction contract and the delivery of the project is dependent on the award of

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	
1	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	3,510	2,069	-255	1,696	0	0
2	Total Individual Projects		3,510	2,069	-255	1,696	0	0
3	Total - Chief Executive's Department		3,510	2,069	-255	1,696	0	0

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Cash Limits					
			2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
			Year 5 £000s	Year 6 £000s	Year 7 £000s	Year 8 £000s	Year 9 £000s	Year 10 £000s
1	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	0	0	0	0	0	0
2	Total Individual Projects		0	0	0	0	0	0
3	Total - Chief Executive's Department		0	0	0	0	0	0

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2024-25 TO 2033-34

Deputy Chief Executive's Department (DCED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	25,000		2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	6,500		650	650	650	650
3	Modernisation of Assets (MOA) [1]	Maintaining KCC estates	38,944		9,673	8,000	271	3,000
4	Total Rolling Programmes [3]		70,444		12,823	11,150	3,421	6,150
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	1,443	943	500	0	0	0
6	Strategic Estate Programme	Options for the council's future strategic estate	20,000	1,493	6,000	12,507	0	0
7	Strategic Reset Programme [1]	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	8,000	65	5,600	2,335	0	0
8	Dover Discovery Centre [1]	Refurbishment to make the building fit for purpose	7,903	1,580	6,323	0	0	0
9	LIVE Margate	Replace empty and poorly managed housing in Margate with high quality and well managed family housing to regenerate the area	10,208	9,908	300	0	0	0
10	Former Royal School for the Deaf		9,533	9,533	0	0	0	0
11	Total Individual Projects		57,087	23,522	18,723	14,842	0	0
12	Total - Deputy Chief Executive's Department		127,531	23,522	31,546	25,992	3,421	6,150

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2024-25 TO 2033-34

Deputy Chief Executive's Department (DCED)

ROW REF	Project	Description of Project	Cash Limits					
			2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
			Year 5 £000s	Year 6 £000s	Year 7 £000s	Year 8 £000s	Year 9 £000s	Year 10 £000s
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	2,500	2,500	2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	650	650	650	650	650	650
3	Modernisation of Assets (MOA) [1]	Maintaining KCC estates	3,000	3,000	3,000	3,000	3,000	3,000
4	Total Rolling Programmes [3]		6,150	6,150	6,150	6,150	6,150	6,150
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	0	0	0	0	0	0
6	Strategic Estate Programme	Options for the council's future strategic estate	0	0	0	0	0	0
7	Strategic Reset Programme [1]	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	0	0	0	0	0	0
8	Dover Discovery Centre [1]	Refurbishment to make the building fit for purpose	0	0	0	0	0	0
9	LIVE Margate	Replace empty and poorly managed housing in Margate with high quality and well managed family housing to regenerate the area	0	0	0	0	0	0
10	Former Royal School for the Deaf		0	0	0	0	0	0
11	Total Individual Projects		0	0	0	0	0	0
12	Total - Deputy Chief Executive's Department		6,150	6,150	6,150	6,150	6,150	6,150

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2024-25 to 2033-34

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX C - POTENTIAL CAPITAL PROJECTS 2024-25 TO 2033-34 BY YEAR

These projects are currently very high level and commencement is subject to business case approval and affordable funding solutions identified.

Directorate	Potential Forthcoming Projects	Description of Project	Total Cost of Scheme £000s	Indicative Costs										
				2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
				Year 1 £000s	Year 2 £000s	Year 3 £000s	Year 4 £000s	Year 5 £000s	Year 6 £000s	Year 7 £000s	Year 8 £000s	Year 9 £000s	Year 10 £000s	
Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State														
DCED	Modernisation of Assets	Maintaining KCC's Office Estate	109,656	6,327	100	8,729	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
CYPE	Schools Annual Planned Enhancement	Planned and reactive capital projects to keep schools open and operational	74,500	1,500	7,000	7,500	7,500	8,000	8,000	8,500	8,500	9,000	9,000	9,000
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	48,000		4,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000
GET	Highways Asset Management, Annual Maintenance and Programme of Significant and Urgent Safety Critical Works	Maintaining Kent's Roads	1,000,320	100,032	100,032	100,032	100,032	100,032	100,032	100,032	100,032	100,032	100,032	100,032
GET	Public Rights of Way	Structural improvements of public rights of way	25,130	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513	2,513
GET	Public Rights of Way - Essella Road Footbridge	Essential works to ensure the footbridge remains open - option to upgrade remains £1m unfunded	1,000		1,000									
Potential Forthcoming Projects														
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation	16,800		4,000	4,000	8,800							
CYPE	In-house Residential Children's Facilities	Provision of in-house residential children's facilities	4,500		1,500	1,500	1,500							
GET	Casualty Reduction/Congestion Management Schemes	Casualty reduction/congestion management scheme	7,500		7,500									
GET	Walking/Cycling/Public Transport Improvement Schemes	Walking, cycling and public transport improvement schemes	47,600	7,500	8,200	7,500	6,400	3,000	3,000	3,000	3,000	3,000	3,000	3,000
GET	Building Adaptations to work towards Net Zero Target	Adaptations required to KCC buildings to move towards Net Zero target e.g. heat pumps, LED lighting, insulation	24,000		4,000	4,000	4,000	4,000	4,000	4,000				
GET	Transitioning Fleet to EV	Transitioning Fleet to EV	7,500					2,500	5,000					
GET	Kent Scientific Services	Renewal/Modernisation of laboratory facilities	10,000			10,000								
GET	A228 Colts Hill Strategic Link - Road Scheme	Construction of bypass	45,000											45,000
GET	South East Maidstone Strategic Route - Road Scheme	Construction of bypass	80,000											80,000
GET	Programme of Waste site Infrastructure Requirements	Programme of Waste Site Infrastructure Requirements	53,300		5,300	11,000	5,000	16,000	16,000					
GET	Designated Funds	Programme of projects related to the Lower Thames Crossing.	12,642	12,642										
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network	58,470	58,470										
GET	M20 Junction 7 Improvements	Levelling Up Fund Round 2 bid for capacity improvements	8,338	1,812	6,526									
GET	Folkestone Town Centre Improvements	Levelling Up Fund Round 2 bid for transport, public realm and regeneration improvements in Folkestone Town Centre	15,848	15,848										
GET	Thanet Way	Structural improvements to the Thanet Way A299	20,000		5,000	5,000	5,000	5,000						
DCED	Future Assets	Asset review to include community services, office estate and specialist assets	53,500		6,500	6,500	6,750	6,750	6,750	6,750	6,750	6,750		
DCED	Renewable Energy Programme	Renewable energy source options to work towards Net Zero target	32,000		8,000	7,500	16,500							
Total Potential Forthcoming Projects			1,755,604	206,644	171,171	180,774	182,495	166,295	163,795	144,295	140,295	140,795	259,045	

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APPENDIX D: HIGH LEVEL 2024-27 REVENUE PLAN AND FINANCING

2023-24			SUMMARY REVENUE PLAN	2024-25			2025-26			2026-27		
core funded £000s	externally funded £000s	TOTAL £000s		core funded £000s	externally funded £000s	TOTAL £000s	core funded £000s	externally funded £000s	TOTAL £000s	core funded £000s	externally funded £000s	TOTAL £000s
1,191,493.8		1,191,493.8	Revised Base Budget	1,315,610.6		1,315,610.6	1,415,651.6		1,415,651.6	1,478,424.1		1,478,424.1
			Spending									
63,485.7	24.6	63,510.3	Base Budget Changes	22,089.2	0.0	22,089.2	23,855.0	0.0	23,855.0	19,900.0	0.0	19,900.0
1,919.8	1,186.6	3,106.4	Reduction in Grant Income	35.0	0.0	35.0	0.0	0.0	0.0	0.0	0.0	0.0
14,189.5	664.1	14,853.6	Pay	14,311.9	505.1	14,817.0	7,830.8	0.0	7,830.8	7,845.1	0.0	7,845.1
65,154.4	4,316.2	69,470.6	Prices	49,568.4	967.4	50,535.8	30,545.0	0.0	30,545.0	22,560.5	0.0	22,560.5
33,500.6	501.1	34,001.7	Demand & Cost Drivers	85,349.7	284.7	85,634.4	83,845.6	0.0	83,845.6	82,277.0	0.0	82,277.0
4,232.9	-370.5	3,862.4	Service Strategies & Improvements	11,871.7	-1,538.8	10,332.9	2,597.6	-4,952.0	-2,354.4	3,138.8	0.0	3,138.8
-221.6	30,703.9	30,482.3	Government & Legislative	1,293.1	-23,337.5	-22,044.4	-320.0	-4,520.6	-4,840.6	0.0	0.0	0.0
182,261.3	37,026.0	219,287.3	Total Spending	184,519.0	-23,119.1	161,399.9	148,354.0	-9,472.6	138,881.4	135,721.4	0.0	135,721.4
			Savings, Income & Grants									
0.0	0.0	0.0	Transformation & Efficiency - Future Cost Increase Avoidance	-36,454.8	0.0	-36,454.8	-50,282.8	0.0	-50,282.8	-38,530.7	0.0	-38,530.7
-9,741.1	-1,558.0	-11,299.1	Transformation & Efficiency - Other	-13,814.3	0.0	-13,814.3	-7,261.3	-13.9	-7,275.2	-2,521.0	0.0	-2,521.0
15,556.2	-85.1	-15,641.3	Income	-15,406.6	-281.3	-15,687.9	-3,935.5	0.0	-3,935.5	-5,044.0	0.0	-5,044.0
-3,893.3	0.0	-3,893.3	Financing	-11,279.6	0.0	-11,279.6	8,222.4	0.0	8,222.4	-281.8	0.0	-281.8
23,328.9	-608.4	-23,937.3	Policy	-10,610.2	-9.2	-10,619.4	-39,726.1	0.0	-39,726.1	-5,402.9	0.0	-5,402.9
-52,519.5	-2,251.5	-54,771.0	Total Savings & Income	-87,565.5	-290.5	-87,856.0	-92,983.3	-13.9	-92,997.2	-51,780.4	0.0	-51,780.4
660.0	-35,372.1	-34,712.1	Increases in Grants and Contributions		20,949.1	20,949.1		8,136.0	8,136.0		0.0	0.0
-51,859.5	-37,623.6	-89,483.1	Total Savings & Income & Grant	-87,565.5	20,658.6	-66,906.9	-92,983.3	8,122.1	-84,861.2	-51,780.4	0.0	-51,780.4
			RESERVES									
23,516.3	0.0	23,516.3	Contributions to reserves	36,699.7	0.0	36,699.7	29,910.0	0.0	29,910.0	15,560.0	0.0	15,560.0
-29,458.7	0.0	-29,458.7	Removal of prior year Contributions	-24,739.6	0.0	-24,739.6	-36,699.7	0.0	-36,699.7	-29,910.0	0.0	-29,910.0
-5,318.9	-3,198.1	-8,517.0	Drawdowns from reserves	-14,191.5	-1,350.5	-15,542.0	0.0	0.0	0.0	0.0	0.0	0.0
4,976.3	3,795.7	8,772.0	Removal of prior year Drawdowns	5,318.9	3,811.0	9,129.9	14,191.5	1,350.5	15,542.0	0.0	0.0	0.0
-6,285.0	597.6	-5,687.4	Net impact on MTFP	3,087.5	2,460.5	5,548.0	7,401.8	1,350.5	8,752.3	-14,350.0	0.0	-14,350.0
124,116.8	0.0	124,116.8	NET CHANGE	100,041.0	0.0	100,041.0	62,772.5	0.0	62,772.5	69,591.0	0.0	69,591.0
1,315,610.6	0.0	1,315,610.6	NET BUDGET REQUIREMENT	1,415,651.6	0.0	1,415,651.6	1,478,424.1	0.0	1,478,424.1	1,548,015.1	0.0	1,548,015.1
			MEMORANDUM:									
			The net impact on our reserves balances is:									
23,516.3	0.0	23,516.3	Contributions to Reserves	36,699.7	0.0	36,699.7	29,910.0	0.0	29,910.0	15,560.0	0.0	15,560.0
-5,318.9	-3,198.1	-8,517.0	Drawdowns from Reserves	-14,191.5	-1,350.5	-15,542.0	0.0	0.0	0.0	0.0	0.0	0.0
18,197.4	-3,198.1	14,999.3	Net movement in Reserves	22,508.2	-1,350.5	21,157.7	29,910.0	0.0	29,910.0	15,560.0	0.0	15,560.0

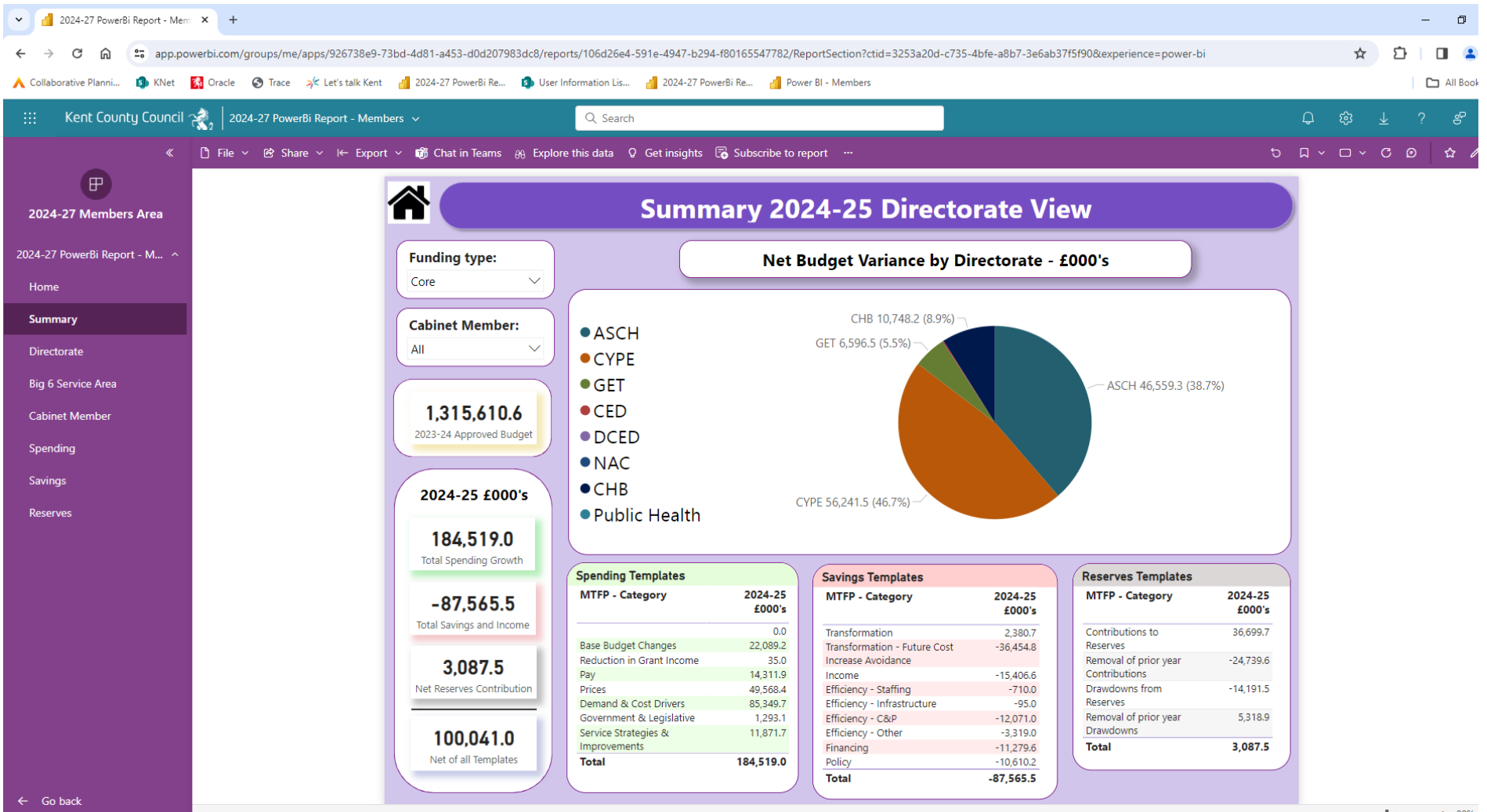
APPENDIX D: HIGH LEVEL 2024-27 REVENUE PLAN AND FINANCING

2023-24		2024-25	2025-26	2026-27
	FUNDING			
11,072.6	Revenue Support Grant	11,806.0	12,195.6	12,390.8
140,802.3	Business Rate Top-Up Grant	147,382.5	152,092.1	154,308.4
44,241.4	Business Rate Compensation Grant	51,039.4	52,670.4	53,437.8
88,770.7	Social Care Support Grant	104,203.5	104,203.5	104,203.5
14,435.1	Market Sustainability & Improvement Fund	26,969.4	21,703.9	21,703.9
7,012.0	Hospital Discharge Grant	11,686.6	11,686.6	11,686.6
7,599.4	Services Grant	1,195.8	1,195.8	1,195.8
50,014.7	Improved Better Care Fund	50,014.7	50,014.7	50,014.7
2,272.8	New Homes Bonus Grant	2,058.5	0.0	0.0
3,257.7	Other un-ringfenced grants	3,257.7	3,257.7	3,257.7
60,197.7	Local Share of Retained Business Rates	62,839.4	64,751.5	65,651.5
1,067.6	Business Rate Collection Fund	0.0	0.0	0.0
-1,127.6	Business Rate Collection Fund 2020-21 3-Year Deficit Write-off	N/A	N/A	N/A
2,347.5	Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19	N/A	N/A	N/A
761,106.4	Council Tax Income (including increase up to referendum limit but excluding social care levy)	800,774.3	841,243.1	884,201.0
115,672.9	Council Tax Adult Social Care Levy	135,423.8	156,409.2	178,963.4
11,488.7	Council Tax Collection Fund	7,000.0	7,000.0	7,000.0
-4,621.3	Council Tax Collection Fund 2020-21 3-Year Deficit Write-off			
1,315,610.6	Total Funding	1,415,651.6	1,478,424.1	1,548,015.1

APPENDIX E: HIGH LEVEL 2024- 25 REVENUE PLAN BY DIRECTORATE

	TOTAL			ASCH Adult Social Care & Health			PH Public Health	CYPE Children, Young People & Education			GET Growth, Environment & Transport	CED Chief Exec's Dept	DCED Deputy Chief Executive's Department	NAC Non Attributable Costs	CHB Corporately Held Budgets		
	core funded	externally funded	TOTAL	core funded	externally funded	TOTAL	externally funded	core funded	externally funded	TOTAL	core funded	core funded	core funded	core funded	core funded	externally funded	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Revised Base Budget	1,315,610.6		1,315,610.6	530,009.0		530,009.0	0.0	362,041.1		362,041.1	194,699.8	28,455.6	84,641.1	116,062.2	-298.2		-298.2
Spending																	
Base Budget Changes	22,089.2	0.0	22,089.2	16,900.0	0.0	16,900.0	0.0	21,666.0	0.0	21,666.0	-1,535.0	-55.4	-4,276.5	-10,408.1	-201.8	0.0	-201.8
Reduction in Grant Income	35.0	0.0	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0	0.0	0.0	0.0	0.0	0.0	0.0
Pay	14,311.9	505.1	14,817.0	0.0	0.0	0.0	505.1	659.0	0.0	659.0	85.0	0.0	0.0	67.9	13,500.0	0.0	13,500.0
Prices	49,568.4	967.4	50,535.8	28,500.0	0.0	28,500.0	967.4	14,357.0	0.0	14,357.0	5,495.9	0.0	1,170.5	45.0	0.0	0.0	0.0
Demand & Cost Drivers	85,349.7	284.7	85,634.4	54,000.0	0.0	54,000.0	284.7	30,181.5	0.0	30,181.5	1,168.2	0.0	0.0	0.0	0.0	0.0	0.0
Service Strategies & Improvements	11,871.7	-1,538.8	10,332.9	387.1	0.0	387.1	-1,538.8	2,008.0	0.0	2,008.0	3,640.0	656.6	-320.0	5,500.0	0.0	0.0	0.0
Government & Legislative	1,293.1	-23,337.5	-22,044.4	0.0	59.9	59.9	-489.6	0.0	-777.0	-777.0	1,293.1	0.0	0.0	0.0	0.0	-22,130.8	-22,130.8
Total Spending	184,519.0	-23,119.1	161,399.9	99,787.1	59.9	99,847.0	-271.2	68,871.5	-777.0	68,094.5	10,182.2	601.2	-3,426.0	-4,795.2	13,298.2	-22,130.8	-8,832.6
Savings, Income & Grants																	
Transformation & Efficiency - Future Cost Increase Avoidance	-36,454.8	0.0	-36,454.8	-30,154.8	0.0	-30,154.8	0.0	-6,300.0	0.0	-6,300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transformation & Efficiency - Other	-13,814.3	0.0	-13,814.3	-9,001.3	0.0	-9,001.3	0.0	-2,966.0	0.0	-2,966.0	-797.0	-255.0	-45.0	0.0	-750.0	0.0	-750.0
Income	-15,406.6	-281.3	-15,687.9	-10,471.7		-10,471.7	-281.3	-420.0		-420.0	-1,514.9	0.0	0.0	-3,500.0	500.0		500.0
Funding	-11,279.6	0.0	-11,279.6	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0	-11,279.6	0.0		0.0
Policy	-10,610.2	-9.2	-10,619.4	-3,600.0		-3,600.0	-9.2	-2,944.0		-2,944.0	-798.8	-102.5	-864.9	0.0	-2,300.0		-2,300.0
Total Savings & Income	-87,565.5	-290.5	-87,856.0	-53,227.8	0.0	-53,227.8	-290.5	-12,630.0	0.0	-12,630.0	-3,110.7	-357.5	-909.9	-14,779.6	-2,550.0	0.0	-2,550.0
Increases in Grants and Contributions		20,949.1	20,949.1		-59.9	-59.9	-1,898.8		777.0	777.0						22,130.8	22,130.8
Total Savings & Income & Grant	-87,565.5	20,658.6	-66,906.9	-53,227.8	-59.9	-53,287.7	-2,189.3	-12,630.0	777.0	-11,853.0	-3,110.7	-357.5	-909.9	-14,779.6	-2,550.0	22,130.8	19,580.8
RESERVES																	
Contributions to reserves	36,699.7	0.0	36,699.7	0.0		0.0	0.0	0.0		0.0	0.0	0.0	160.0	36,539.7	0.0		0.0
Removal of prior year Contributions	-24,739.6	0.0	-24,739.6	0.0		0.0	0.0	0.0		0.0	0.0	0.0	-160.0	-24,579.6	0.0		0.0
Drawdowns from reserves	-14,191.5	-1,350.5	-15,542.0	-567.2		-567.2	-1,350.5	0.0		0.0	-475.0	-262.0	0.0	-12,887.3	0.0		0.0
Removal of prior year Drawdowns	5,318.9	3,811.0	9,129.9	567.2		567.2	3,811.0	0.0		0.0	0.0	262.0	0.0	4,489.7	0.0		0.0
Net impact on MTFP	3,087.5	2,460.5	5,548.0	0.0	0.0	0.0	2,460.5	0.0	0.0	0.0	-475.0	0.0	0.0	3,562.5	0.0	0.0	0.0
NET CHANGE	100,041.0	0.0	100,041.0	46,559.3	0.0	46,559.3	0.0	56,241.5	0.0	56,241.5	6,596.5	243.7	-4,335.9	-16,012.3	10,748.2	0.0	10,748.2
NET BUDGET REQUIREMENT	1,415,651.6	0.0	1,415,651.6	576,568.3	0.0	576,568.3	0.0	418,282.6	0.0	418,282.6	201,296.3	28,699.3	80,305.2	100,049.9	10,450.0	0.0	10,450.0
MEMORANDUM:																	
The net impact on our reserves balances is:																	
Contributions to Reserves	36,699.7	0.0	36,699.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	160.0	36,539.7	0.0	0.0	0.0
Drawdowns from Reserves	-14,191.5	-1,350.5	-15,542.0	-567.2	0.0	-567.2	-1,350.5	0.0	0.0	0.0	-475.0	-262.0	0.0	-12,887.3	0.0	0.0	0.0
Net movement in Reserves	22,508.2	-1,350.5	21,157.7	-567.2	0.0	-567.2	-1,350.5	0.0	0.0	0.0	-475.0	-262.0	160.0	23,652.4	0.0	0.0	0.0

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2024-27 PowerBi Report - Members

app.powerbi.com/groups/me/apps/926738e9-73bd-4d81-a453-d0d207983dc8/reports/106d26e4-591e-4947-b294-f80165547782/ReportSection7d2ce08a323428a2ad5?ctid=3253a20d-c735-4bfe-a8b7-3e6ab371f590&experience=power-bi

Kent County Council | 2024-27 PowerBi Report - Members

2024-27 Members Area

2024-27 PowerBi Report - M...

Home

Summary

Directorate

Big 6 Service Area

Cabinet Member

Spending

Savings

Reserves

Go back

Funding type: Core

MTFP Spending Category:

- Base Budget Changes
- Reduction in Grant Income
- Pay
- Prices
- Demand & Cost Drivers
- Government & Legislative
- Service Strategies & Improvements

MTFP Spending category selected: --

Click on the + to see the descriptions of the templates under that Category

Please select a Individual Spending Template

Spending Templates

Directorate	No. of Templates	2024-25 £000's	2025-26 £000's	2026-27 £000's
ASCH	11	99,787.1	72,726.3	63,223.3
CYPE	23	68,871.5	37,877.9	32,042.2
GET	43	10,182.2	5,417.9	7,708.3
CED	3	601.2	121.3	115.5
DCED	11	-3,426.0	820.5	749.3
NAC	11	-4,795.2	4,090.1	93.7
CHB	4	13,298.2	27,300.0	31,789.1
Total	106	184,519.0	148,354.0	135,721.4

80%

2024-27 PowerBi Report - Members

app.powerbi.com/groups/me/apps/926738e9-73bd-4d81-a453-d0d207983dc8/reports/106d26e4-591e-4947-b294-f80165547782/ReportSection9397313318b8d94aab56?ctid=3253a20d-c735-4bfe-a8b7-3e6ab37f5f90&experience=power-bi

Kent County Council | 2024-27 PowerBi Report - Members

2024-27 Members Area

2024-27 PowerBi Report - M...

Home

Summary

Directorate

Big 6 Service Area

Cabinet Member

Spending

Savings

Reserves

Go back

Funding type:
Core

MTFP Savings Category:

- Transformation
- Transformation - Future Cost Incr...
- Income
- Increases in Grants and Contributi...
- Efficiency - Staffing
- Efficiency - Infrastructure
- Efficiency - C&P
- Efficiency - Other
- Financing
- Policy

MTFP Savings category selected:
--

Click on the + to see the descriptions of the templates under that Category

Please select a Individual Savings Template

Savings Templates

Directorate	No. of Templates	2024-25 £000's	2025-26 £000's	2026-27 £000's
<input type="checkbox"/> ASCH	19	-53,227.8	-45,257.9	-33,490.0
<input type="checkbox"/> CYPE	24	-12,630.0	-17,515.0	-13,272.6
<input type="checkbox"/> GET	30	-3,110.7	-3,515.3	-1,135.7
<input type="checkbox"/> CED	5	-357.5	-262.0	0.0
<input type="checkbox"/> DCED	4	-909.9	-1,056.1	-2,100.3
<input type="checkbox"/> NAC	4	-14,779.6	11,222.4	-281.8
<input type="checkbox"/> CHB	7	-2,550.0	-36,599.4	-1,500.0
Total	93	-87,565.5	-92,983.3	-51,780.4

2024-27 PowerBi Report - Members

app.powerbi.com/groups/me/apps/926738e9-73bd-4d81-a453-d0d207983dc8/reports/106d26e4-591e-4947-b294-f80165547782/ReportSection394358769dc25a88138b?ctid=3253a20d-c735-4bfe-a8b7-3e6ab37f5f90&experience=power-bi

Kent County Council | 2024-27 PowerBi Report - Members

2024-27 Members Area

2024-27 PowerBi Report - M... ^

- Home
- Summary
- Directorate
- Big 6 Service Area
- Cabinet Member
- Spending
- Savings
- Reserves**

Funding type: Core

MTFP Reserves Category selected: --

MTFP Reserves Category:

- Contributions to Reserves
- Removal of prior year Contributio...
- Drawdowns from Reserves
- Removal of prior year Drawdowns

Click on the + to see the descriptions of the templates under that Category

Please select a Individual Reserves Template

Reserves Templates				
Directorate	No. of Templates	2024-25 £000's	2025-26 £000's	2026-27 £000's
ASCH	2	0.0	567.2	
GET	1	-475.0	475.0	
CED	2	0.0	262.0	
DCED	2	0.0	0.0	0.0
NAC	15	3,562.5	6,097.6	-14,350.0
Total	22	3,087.5	7,401.8	-14,350.0

Go back

APPENDIX G: 2024-27 DRAFT BUDGET - SPENDING PROPOSALS

					177,363.8	161,399.9	-15,963.9	138,881.4	135,721.4		
MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Spending Template relate to?	Is this Externally or Core funded?
Base Budget Changes	ASCH	Dan Watkins	Adult Social Care	Realignment of Vulnerable Adults budget to reflect underlying pressure forecast in 2023-24	9,900.0	9,900.0	0.0	0.0	0.0	Vulnerable Adults	Core
Base Budget Changes	ASCH	Dan Watkins	Adult Social Care	Realignment of Older People budget to reflect underlying pressure forecast in 2023-24	7,000.0	7,000.0	0.0	0.0	0.0	Older People	Core
Base Budget Changes	CED	Roger Gough	Safeguarding Adults	Removal of Review Manager at the end of the two year fixed term appointment for dealing with the increased number of Adult Safeguarding reviews being undertaken and to free up capacity to undertake development work for the Safeguarding Adults Board	-55.4	-55.4	0.0	0.0	0.0	Adult Social Care staffing	Core
Base Budget Changes	CHB	Peter Oakford	Corporately Held Contingency	Emerging pressures contingency for risk of inability to deliver against approved budget estimates due to unforeseen changes in external factors that arise after the budget is set	14,000.0	0.0	-14,000.0	0.0	0.0	Other	Core
Base Budget Changes	CHB	Dylan Jeffrey	Pay and Reward	Release of 2023-24 unallocated pay and reward allocation. The costs of the pay award and increase in annual leave entitlement for some staff were less than assumed when the 2023-24 budget was set	-201.8	-201.8	0.0	0.0	0.0	Other	Core
Base Budget Changes	CYPE	Rory Love	Home to school transport	Realignment of the home to school transport budget to reflect the full year effect of the cost and number of children being transported in 2023-24	10,900.0	10,900.0	0.0	0.0	0.0	Transport	Core
Base Budget Changes	CYPE	Sue Chandler	Children's Social Care	Realignment of looked after children's placement budget to reflect the increase in cost of supporting children due to the market and complexity, and the number of children in different placement types in 2023-24	7,950.0	7,950.0	0.0	0.0	0.0	Integrated Children's Services	Core
Base Budget Changes	CYPE	Sue Chandler	Children's Social Care	Realignment of children with a disability packages of care to reflect the costs seen in 2023-24 including looked after placement budgets and home support packages of care for children in need.	2,121.0	2,121.0	0.0	0.0	0.0	Integrated Children's Services	Core
Base Budget Changes	CYPE	Sue Chandler	18-25 placements	Realignment of the 18-25 Adult Learning & Physical Disability Community Services budget to reflect the increase in cost of supporting these clients in 2023-24	695.0	695.0	0.0	0.0	0.0	Vulnerable Adults	Core
Base Budget Changes	DCED	Peter Oakford	KCC Estate Energy	Reduction in the price of gas and electricity for the KCC estate in 2023-24 compared to the assumptions at the time of setting the budget	-3,000.0	-4,276.5	-1,276.5	0.0	0.0	Other	Core
Base Budget Changes	GET	Roger Gough	Waste prices	Realignment of prices for a variety of waste streams within the Materials Recycling Facilities contract	960.0	970.0	10.0	0.0	0.0	Waste	Core
Base Budget Changes	GET	Roger Gough	Waste haulage costs	Right sizing of budget for waste haulage contracts due to inflation being higher than the increase assumed in the 2023-24 budget	623.9	623.9	0.0	0.0	0.0	Waste	Core
Base Budget Changes	GET	Roger Gough	Waste Facilities	Right sizing of budget for household waste recycling centre and waste transfer station management fees and rent due to higher inflation than assumed in the 2023-24 budget	257.9	318.7	60.8	0.0	0.0	Waste	Core
Base Budget Changes	GET	Clair Bell	Coroners	Rightsize budget for post mortems, Coroner's pay, Senior Coroner fees, pathologists fees and funeral director costs due to increasing number and complexity of cases	223.0	223.0	0.0	0.0	0.0	Other	Core
Base Budget Changes	GET	Clair Bell	Trading Standards	Delay in achieving income from Trading Standards Checked service due to economic climate which was originally planned for 2021 -22	-40.0	-40.0	0.0	-45.0	0.0	Other	Core
Base Budget Changes	GET	Neil Baker	Public Transport	Removal of budget for the public transport smartcard following the winding down of the scheme	-48.0	-48.0	0.0	0.0	0.0	Transport	Core
Base Budget Changes	GET	Neil Baker	Supported Public Transport	To not renew Tilbury Ferry contract subsidy at end of agreement period	0.0	-75.0	-75.0	0.0	0.0	Transport	Core
Base Budget Changes	GET	Roger Gough	Waste income from paper & card	An increase in the price per tonne received for recycled paper and card	-485.8	-485.8	0.0	0.0	0.0	Waste	Core
Base Budget Changes	GET	Neil Baker	Streetlight Energy - adjustment to reflect 23/24 activity/price levels	Streetlight energy - actual price incurred in 23/24 was lower than budgeted therefore the base budget has been realigned to ensure reflective of current price levels.	-1,959.9	-3,021.8	-1,061.9	0.0	0.0	Highways	Core
Base Budget Changes	NAC	Peter Oakford	Insurance	Rightsize budget for increase in insurance premiums	564.5	564.5	0.0	0.0	0.0	Other	Core

APPENDIX G: 2024-27 DRAFT BUDGET - SPENDING PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Spending Template relate to?	Is this Externally or Core funded?
Base Budget Changes	NAC	Peter Oakford	Other Non Attributable costs	Payment to Kent Fire and Rescue Service of 3% share of the Retained Business Rates levy in line with the Kent Business Rates pool agreement	90.0	90.0	0.0	0.0	0.0	Other	Core
Base Budget Changes	NAC	Peter Oakford	Environment Agency Levy	Rightsize budget for the Environment Agency Levy as the increase in 2023-24 was lower than anticipated when the budget was set	-8.2	-8.2	0.0	0.0	0.0	Other	Core
Base Budget Changes	NAC	Peter Oakford	Non Attributable Costs	Removal of budget for Transferred Services Pensions as these payments have now ceased	-16.0	-16.0	0.0	0.0	0.0	Other	Core
Base Budget Changes	NAC	Peter Oakford	Non Attributable Costs	Release of New Burdens funding rolled into Revenue Support Grant in the 2023-24 Local Government Finance Settlement	0.0	-38.4	-38.4	0.0	0.0	Other	Core
Base Budget Changes	NAC	Peter Oakford	Capital Financing Costs	Reduction in debt charges from 2023-24 due to decisions taken by Members to contain the capital programme; significant levels of re-phasing of the capital programme in 2022-23 and 2023-24; changes in interest rates and a review of asset lives in the modelling of debt charges.	-4,000.0	-11,000.0	-7,000.0	4,000.0	0.0	Other	Core
Base Budget Changes	CHB	Peter Oakford	Emerging Pressures	Provision for emerging pressures yet to be identified	0.0	0.0	0.0	20,000.0	20,000.0	Other	Core
Base Budget Changes	DCED	Peter Oakford	Impact of Cap on Capitalisation of Property Disposal costs	Removal of short term funding for impact on the revenue budget of 4% cap on capitalisation of asset disposal costs pending improvement in market conditions and implementation of changes to asset disposal strategy	0.0	0.0	0.0	-100.0	-100.0	Other	Core
TOTAL BASE BUDGET CHANGES					45,470.2	22,089.2	-23,381.0	23,855.0	19,900.0		Core
Demand & Cost Drivers	ASCH	Dan Watkins	Adult Social Care	Provision for the impact in Vulnerable Adults Adult Social Care for the of the full year effect of all current costs of care during 2023-24 in addition to new financial demands that will placed on adult social care (a) New people requiring a funded package of support (b) Young people transitioning into adulthood from 1st April 2024 to 31st March 2025 (c) Individuals in receipt of a funded package of support on 31st March 2024, and require an increase in funded support following a review or reassessment (d) People no longer eligible for CHC and now require funded support from ASCH from (e) People who have previously funded their own care and support and now require funded support from ASCH - Vulnerable Adults	34,945.3	23,000.0	-11,945.3	23,000.0	23,000.0	Vulnerable Adults	Core
Demand & Cost Drivers	ASCH	Dan Watkins	Adult Social Care	Provision for the impact in Older People Adult Social Care of the full year effect of all current costs of care during 2023-24 in addition to new financial demands that will placed on adult social care (a) New people requiring a funded package of support (b) Young people transitioning into adulthood from 1st April 2024 to 31st March 2025 (c) Individuals in receipt of a funded package of support on 31st March 2024, and require an increase in funded support following a review or reassessment (d) People no longer eligible for CHC and now require funded support from ASCH from (e) People who have previously funded their own care and support and now require funded support from ASCH (f) Inflationary increases in the cost of care and support through a range of market uplifts	15,656.7	19,056.6	3,399.9	31,000.0	31,000.0	Older People	Core
Demand & Cost Drivers	ASCH	Dan Watkins	Adult Social Care	Provision in Older People Adult Social Care for an increase in costs of care resulting from existing and new clients whose needs are becoming more complex and market factors, funded from the Market Sustainability and Improvement Fund, which is shown within the general funding of the Council's budget	0.0	7,268.8	7,268.8	0.0	0.0	Older People	Core
Demand & Cost Drivers	ASCH	Dan Watkins	Adult Social Care	Provision in Older People Adult Social Care for the impact of new/additional clients being supported following discharge from hospital, funded from the ringfenced Adult Social Care Discharge Fund and shown within the general funding of the Council's budget	0.0	4,674.6	4,674.6	0.0	0.0	Older People	Core
Demand & Cost Drivers	CYPE	Rory Love	Home to School transport SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport	15,500.0	16,500.0	1,000.0	14,600.0	13,100.0	Transport	Core
Demand & Cost Drivers	CYPE	Sue Chandler	Children's Social Care	Estimated impact of an increase in the population of children in Kent, leading to increased demand for children's social work and disabled children's services - number of children & increasing packages of support	6,371.5	6,371.5	0.0	7,640.9	7,769.2	Integrated Children's Services	Core
Demand & Cost Drivers	CYPE	Sue Chandler	Adult Social Care	Provision for impact of the full year effect of all current costs of care, further increases in client numbers expected through transition into adulthood from Children's Social Care, additional costs arising for existing clients and for those new clients whose needs are becoming more complex.	3,400.0	3,400.0	0.0	3,400.0	3,400.0	Vulnerable Adults	Core

APPENDIX G: 2024-27 DRAFT BUDGET - SPENDING PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Spending Template relate to?	Is this Externally or Core funded?
Demand & Cost Drivers	CYPE	Sue Chandler	Children's Social Care	Estimated impact of an increase in population of children in Kent, leading to increased demand for support services for children with a disability including complexity of packages.	2,260.0	2,260.0	0.0	2,570.0	2,470.0	Integrated Children's Services	Core
Demand & Cost Drivers	CYPE	Rory Love	Home to School transport Mainstream	Estimated impact of rising pupil population on Mainstream Home to School transport	1,400.0	1,400.0	0.0	500.0	500.0	Transport	Core
Demand & Cost Drivers	CYPE	Sue Chandler	Care Leavers	Estimated increase in number of children supported by the care leaver service	250.0	250.0	0.0	125.0	0.0	Integrated Children's Services	Core
Demand & Cost Drivers	GET	Roger Gough	Waste - tonnage changes	Estimated impact of changes in waste tonnage as a result of population and housing growth	936.7	963.7	27.0	1,016.5	1,021.7	Waste	Core
Demand & Cost Drivers	GET	Clair Bell	Coroners	Increase in budget for toxicology analysis due to increasing number and complexity of cases	60.0	60.0	0.0	3.7	4.1	Other	Core
Demand & Cost Drivers	GET	Clair Bell	Trading Standards	Increase in legal costs as a result of more Crown Court cases	55.0	55.0	0.0	0.0	0.0	Other	Core
Demand & Cost Drivers	GET	Roger Gough	Planning Applications	Costs of the independent examination of the Minerals & Waste Local Plan by the Planning Inspectorate in the summer of 2024	50.0	50.0	0.0	-50.0	0.0	Other	Core
Demand & Cost Drivers	GET	Neil Baker	Streetlight energy & maintenance	Adoption of new streetlights at new housing developments and associated increase in energy costs	27.5	27.5	0.0	27.5	0.0	Highways	Core
Demand & Cost Drivers	GET	Clair Bell	Public Rights of Way	Adoption of new routes	12.0	12.0	0.0	12.0	12.0	Other	Core
TOTAL DEMAND & COST DRIVERS					80,924.7	85,349.7	4,425.0	83,845.6	82,277.0		Core
Government & Legislative	GET	Neil Baker	Highways	Costs of meeting our statutory duties in relation to inspection of bridges and structures and complying with the Tunnels Regulations	960.0	960.0	0.0	-500.0	0.0	Highways	Core
Government & Legislative	GET	Roger Gough	Waste legislative changes	Loss of income from removal of charging for disposal of non DIY waste materials at Household Waste Recycling centres following change in legislation	446.5	333.1	-113.4	0.0	0.0	Waste	Core
Government & Legislative	GET	Clair Bell	Coroners	Revisions to staffing structure to adhere with Government guidance on caseload and complexity	0.0	0.0	0.0	180.0	0.0	Other	Core
TOTAL GOVERNMENT & LEGISLATIVE					1,406.5	1,293.1	-113.4	-320.0	0.0		Core
Pay	CHB	Dylan Jeffrey	Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme including the revision of lower Kent Scheme pay scales to further increase the differential between the lowest pay range and the Foundation Living Wage and increasing the annual leave entitlement for some staff. This is the subject of pay bargaining with Trade Unions.	13,500.0	13,500.0	0.0	7,300.0	7,300.0	Other	Core
Pay	CYPE	Sue Chandler	Pay and Reward	Uplift in pay budget in line with general pay pot, for posts which are temporarily covered by agency staff - Integrated Children's Services	332.0	394.0	62.0	248.0	255.0	Integrated Children's Services	Core
Pay	CYPE	Rory Love	Pay and Reward	Uplift in pay budget in line with general pay pot, for posts which are temporarily covered by agency staff - Special Educational Needs	181.0	205.0	24.0	129.0	133.0	Other	Core
Pay	CYPE	Sue Chandler	Pay and Reward	Uplift in pay budget in line with general pay pot, for posts which are temporarily covered by agency staff - 0-25 Disabled Children's & Young People Services	40.0	60.0	20.0	38.0	39.0	Integrated Children's Services	Core
Pay	GET	Clair Bell	Public Protection	Increase in staffing costs and consumables within Kent Scientific Services to deliver scientific testing which are offset by increased income	49.0	49.0	0.0	37.0	38.0	Other	Core
Pay	GET	Clair Bell	Coroners	Increase in pay for senior, area and assistant coroners in accordance with the pay award agreed by the national Joint Negotiating Committee for Coroners	36.0	36.0	0.0	36.0	36.0	Other	Core
Pay	NAC	Peter Oakford	Apprenticeship Levy	Increase in the Apprenticeship Levy in line with the pay award	67.9	67.9	0.0	42.8	44.1	Other	Core
TOTAL PAY					14,205.9	14,311.9	106.0	7,830.8	7,845.1		Core
Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments - Vulnerable Adults	14,317.2	16,000.0	1,682.8	10,500.0	5,100.0	Vulnerable Adults	Core

APPENDIX G: 2024-27 DRAFT BUDGET - SPENDING PROPOSALS

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Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments - Older People	10,075.9	12,500.0	2,424.1	8,100.0	4,000.0	Older People	Core
Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages funded by the Market Sustainability and Improvement Fund included in the provisional local government finance settlement - Older People	2,155.1	0.0	-2,155.1	0.0	0.0	Older People	Core
Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages funded by the Market Sustainability and Improvement Fund included in the provisional local government finance settlement - Vulnerable Adults	1,934.1	0.0	-1,934.1	0.0	0.0	Vulnerable Adults	Core
Prices	CHB	Peter Oakford	Corporately Held Contingency	Contingency for price increases	0.0	0.0	0.0	0.0	4,489.1	Other	Core
Prices	CYPE	Sue Chandler	Children's Social Care - Non-disabled Children	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance - Integrated Children's Services	4,513.0	5,349.0	836.0	2,921.0	1,529.0	Integrated Children's Services	Core
Prices	CYPE	Rory Love	Home to School Transport	Provision for inflation on contracted services and season tickets for mainstream & SEN Home to School and College Transport	4,933.0	4,795.0	-138.0	3,237.0	1,597.0	Transport	Core
Prices	CYPE	Sue Chandler	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments - Vulnerable Adults 18-25	2,447.0	2,447.0	0.0	1,581.0	795.0	Vulnerable Adults	Core
Prices	CYPE	Sue Chandler	Children's Social Care - Disabled Children	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance - lifespan pathway 0-25	937.0	1,205.0	268.0	546.0	308.0	Integrated Children's Services	Core
Prices	CYPE	Rory Love	Non specific price provision	Non specific provision for CPI inflation on other negotiated contracts without indexation clauses - Children, Young People & Education	180.0	206.0	26.0	110.0	54.0	Other	Core
Prices	CYPE	Rory Love	Facilities Management	Estimated future price uplift to new Facilities Management contracts - schools	91.0	180.0	89.0	102.0	78.0	Other	Core
Prices	CYPE	Rory Love	Kent 16+ Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass - Kent 16+ Travel Saver	210.0	100.0	-110.0	104.0	0.0	Transport	Core
Prices	CYPE	Sue Chandler	Children's Social Care - Care Leavers	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance - Care Leavers	73.0	75.0	2.0	26.0	15.0	Integrated Children's Services	Core
Prices	DCED	Peter Oakford	Facilities Management	Estimated future price uplift to new Facilities Management contracts - Corporate Landlord	867.7	751.5	-116.2	592.2	346.0	Other	Core
Prices	DCED	Peter Oakford	Corporate Landlord	Provision for price inflation for rates for the office estate	417.4	378.0	-39.4	251.0	171.8	Other	Core
Prices	DCED	Peter Oakford	Cantium Business Solutions (CBS)	Inflationary uplift on the CBS ICT contract	390.3	332.5	-57.8	249.7	125.0	Other	Core
Prices	DCED	Peter Oakford	Corporate Landlord	Provision for price inflation for rent for the office estate	269.6	229.7	-39.9	172.3	86.3	Other	Core
Prices	DCED	Peter Oakford	Technology contracts	Provision for price inflation on Third Party ICT related contracts	272.2	205.0	-67.2	166.3	85.1	Other	Core
Prices	DCED	Dylan Jeffrey	Contact Centre	Price inflation on Agilisys contract for provision of Contact Centre	103.9	103.9	0.0	108.1	0.0	Other	Core
Prices	DCED	Peter Oakford	Kent Commercial Services (KCS)	Inflationary uplift on the KCS HR Connect contract	109.6	93.4	-16.2	70.1	35.1	Other	Core
Prices	DCED	Peter Oakford	KCC Estate Energy	Anticipated price change on energy contracts for the KCC estate as estimated by Commercial Services	-948.6	-923.5	25.1	-689.2	0.0	Other	Core
Prices	GET	Roger Gough	Waste contract related inflation.	Provision for price inflation related to Waste contracts (based on contractual indices) - updated for November OBR forecasts	1,117.6	3,927.0	2,809.4	1,974.0	2,005.0	Waste	Core
Prices	GET	Neil Baker	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - Highways contracts	1,170.3	1,062.0	-108.3	717.3	932.5	Highways	Core
Prices	GET	Neil Baker	Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services - subsidised bus routes	584.0	584.0	0.0	282.5	299.5	Transport	Core

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Prices	GET	Neil Baker	Kent Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass - Kent Travel Saver	463.5	463.5	0.0	479.7	0.0	Transport	Core
Prices	GET	Neil Baker	Highways Management	The handing back of the urban grass cutting and rural verge mowing contract by Folkestone & Hythe District Council	100.0	100.0	0.0	0.0	0.0	Highways	Core
Prices	GET	Clair Bell	Contract related inflation - PROW	Provision for price inflation related to Public Rights of Way contracts	81.7	56.3	-25.4	38.2	38.2	Other	Core
Prices	GET	Clair Bell	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - Coroners Funeral Directors contract	37.0	37.0	0.0	38.0	40.0	Other	Core
Prices	GET	Clair Bell	Coroners	Provision for inflationary increase in specialist pathologist fees	25.5	25.5	0.0	10.7	11.8	Other	Core
Prices	GET	Clair Bell	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - Coroners Post Mortem contract	21.2	21.2	0.0	21.6	21.9	Other	Core
Prices	GET	Clair Bell	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - annual uplift to the SLA with Tunbridge Wells Borough Council for the running costs of the Amelia	13.0	13.0	0.0	13.0	13.0	Other	Core
Prices	GET	Clair Bell	Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services - Mobile libraries fuel	5.0	5.0	0.0	1.0	1.0	Other	Core
Prices	GET	Neil Baker	Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services - concessionary fares	0.0	0.0	0.0	333.6	333.6	Transport	Core
Prices	GET	Neil Baker	Provision for price inflation for Streetlight Energy	Provision for price changes related to Streetlight energy, as estimated by Commercial Services/LASER.	-777.3	-798.6	-21.3	-1,559.4	0.0	Highways	Core
Prices	NAC	Peter Oakford	Levies	Estimated increase in Environment Agency Levy together with impact of estimated change in taxbase	23.8	23.8	0.0	25.0	26.2	Other	Core
Prices	NAC	Peter Oakford	Non specific price provision	Non specific provision for CPI inflation on other negotiated contracts without indexation clauses - increase in Inshore Sea Fisheries Conservation Area (IFCA) Levy	21.2	21.2	0.0	22.3	23.4	Other	Core
TOTAL PRICES					46,234.9	49,568.4	3,333.5	30,545.0	22,560.5		Core
Reduction in Grant Income	GET	Clair Bell	EU funding	Replace a reduction in EU Funding ensuring sufficient resource is available to continue delivering the Positive Wellbeing Service at current levels	35.0	35.0	0.0	0.0	0.0	Older People	Core
TOTAL REDUCTION IN GRANT INCOME					35.0	35.0	0.0	0.0	0.0		Core
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions - Older People	256.3	325.3	69.0	111.8	116.6	Older People	Core
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions - Vulnerable Adults	81.8	103.8	22.0	14.5	6.7	Vulnerable Adults	Core
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Safeguarding	Removal of two year pilot to combat Serious and Organised Crime	-42.0	-42.0	0.0	0.0	0.0	Adult Social Care staffing	Core
Service Strategies & Improvements	CED	Peter Oakford	Partnership Arrangements with District Councils	Incentive payments for Kent District Councils to remove the remaining empty property discounts to maximise council tax, and reimburse Kent District Councils for temporary discretionary council tax discounts provided for properties affected by fire or flooding	541.1	541.1	0.0	0.0	0.0	Other	Core
Service Strategies & Improvements	CED	Peter Oakford	Member Allowances	Uplift to Member Allowances	115.5	115.5	0.0	121.3	115.5	Other	Core
Service Strategies & Improvements	CYPE	Rory Love	Special Educational Needs	Increase in staff numbers in SEN service to support improved quality of Education Health & Care Plans	2,000.0	2,000.0	0.0	0.0	0.0	Other	Core
Service Strategies & Improvements	CYPE	Sue Chandler	Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions - Vulnerable Adults 18-25	8.0	8.0	0.0	0.0	0.0	Vulnerable Adults	Core

APPENDIX G: 2024-27 DRAFT BUDGET - SPENDING PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Spending Template relate to?	Is this Externally or Core funded?
Service Strategies & Improvements	DCED	Peter Oakford	Oakwood House Development	Removal of holding costs and loss of income in the short term once Oakwood House is no longer operational, offset by savings in the longer term following change of use	-320.0	-320.0	0.0	0.0	0.0	Other	Core
Service Strategies & Improvements	GET	Neil Baker	Highways	Increased highway spend in line with additional Outcome allocation for 2024/24. Activity focused on supporting the front line operational activities across the highway network as follows:	5,000.0	2,800.0	-2,200.0	2,200.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Neil Baker	Highways - Streetlighting	Upgrade of the Streetlighting Control Management System from 3G connectivity due to the shutting down of the 3G network	0.0	475.0	475.0	-475.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Neil Baker	Mobilisation costs for new HTMC contract	Mobilisation and commissioning costs associated with the new Highways Term Maintenance contract (April 2026)	0.0	300.0	300.0	300.0	2,400.0	Highways	Core
Service Strategies & Improvements	GET	Clair Bell	Country Parks	Change the funding of improvements and adaptations to country parks from capital to revenue	70.0	70.0	0.0	0.0	0.0	Other	Core
Service Strategies & Improvements	GET	Clair Bell	Sports Facilities	Change the funding of refurbishment and provision of sports facilities and community projects from capital to revenue	37.5	37.5	0.0	37.5	0.0	Other	Core
Service Strategies & Improvements	GET	Clair Bell	Village Halls & Community Centres	Change the funding of grants for improvements and adaptations to village halls and community centres from capital to revenue	37.5	37.5	0.0	37.5	0.0	Other	Core
Service Strategies & Improvements	GET	Roger Gough	Waste - infrastructure	Operating costs of a new waste transfer facility in the Folkestone & Hythe area which is required as existing facility approaches capacity	0.0	0.0	0.0	300.0	0.0	Waste	Core
Service Strategies & Improvements	GET	Roger Gough	Asset Management	Revenue contributions to capital required to maintain and deliver asset management for Kent's Windmills and Surface Water Flood Risk Management	0.0	0.0	0.0	0.0	500.0	Other	Core
Service Strategies & Improvements	GET	Derek Murphy	Economic Development Recovery Plan	Removal of time limited funding for re-design of the service and additional staffing and consultancy capacity to draft and deliver the Economic Recovery Plan/Economic Strategy following the Covid pandemic	-80.0	-80.0	0.0	-50.0	0.0	Other	Core
Service Strategies & Improvements	NAC	Peter Oakford	Project Prime	Loss of income from a review of contract with Commercial Services Group, specifically due to the removal of buy back of services	3,000.0	3,000.0	0.0	0.0	0.0	Other	Core
Service Strategies & Improvements	NAC	Peter Oakford	Capital Programme	The impact on debt charges of the review of the 2021-24 capital programme.	2,500.0	2,500.0	0.0	0.0	0.0	Other	Core
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					13,205.7	11,871.7	-1,334.0	2,597.6	3,138.8		Core
Demand & Cost Drivers	Public Health	Dan Watkins	Public Health	Estimated increase in internal recharges for support services	375.1	345.1	-30.0	0.0	0.0	Other	External
Demand & Cost Drivers	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of additional temporary funding for reducing waiting lists for Postural Stability	-60.4	-60.4	0.0	0.0	0.0	Other	External
TOTAL DEMAND & COST DRIVERS					314.7	284.7	-30.0	0.0	0.0		External
Government & Legislative	ASCH	Dan Watkins	Domestic Abuse New Burdens	Costs of undertaking domestic abuse support in safe accommodation duties funded by specific grant	59.9	59.9	0.0	0.0	0.0	Other	External
Government & Legislative	CHB	Roger Gough	Household Support Fund	Removal of the extension of the Government funded Household Support Fund into 2023-24 as announced in the Chancellor's Autumn Statement on 17th November 2022	-22,130.8	-22,130.8	0.0	0.0	0.0	Other	External
Government & Legislative	CYPE	Sue Chandler	Family Hubs	Estimated reduction in our share of the DfE/DHSC Family Hubs and Start for Life grant	-777.0	-777.0	0.0	-3,332.0	0.0	Integrated Children's Services	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Targeted housing support interventions for people in drug and alcohol treatment funded by Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities	23.1	23.1	0.0	-932.1	0.0	Other	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Investment in substance misuse services funded by Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	7.5	7.5	0.0	-256.5	0.0	Other	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Removal of wraparound and engagement and community treatment funded by one-off Rough Sleeping Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities in 2023-24	-520.2	-520.2	0.0	0.0	0.0	Other	External
TOTAL GOVERNMENT & LEGISLATIVE					-23,337.5	-23,337.5	0.0	-4,520.6	0.0		External

APPENDIX G: 2024-27 DRAFT BUDGET - SPENDING PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Spending Template relate to?	Is this Externally or Core funded?
Pay	Public Health	Dan Watkins	Public Health Pay	Estimated net impact of KCC pay award and other adjustments for KCC Public Health staff	505.1	505.1	0.0	0.0	0.0	Other	External
TOTAL PAY					505.1	505.1	0.0	0.0	0.0		External
Prices	Public Health	Dan Watkins	Public Health contracts	Estimated increase in public health contract values linked to the NHS Agenda for change pay increases	614.2	614.2	0.0	0.0	0.0	Other	External
Prices	Public Health	Dan Watkins	Public Health - Sexual Health	Contractual increases in other services including Sexual Health and Health Improvement	353.2	353.2	0.0	0.0	0.0	Other	External
TOTAL PRICES					967.4	967.4	0.0	0.0	0.0		External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Substance Misuse	Investment in Substance Misuse services funded by Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities	1,412.9	1,412.9	0.0	-3,615.4	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Additional one-off funding for Live Well Kent Mental Health contract	Additional one-off funding for Live Well Kent Mental Health contract	0.0	1,000.0	1,000.0	-1,000.0	0.0	Vulnerable Adults	External
Service Strategies & Improvements	Public Health	Dan Watkins	Removal of additional one-off investment in Recovery Housing (new contract) in 24/25	Removal of additional one-off investment in Recovery Housing (new contract) in 24/25	0.0	30.0	30.0	-30.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Removal of one-off investment in Cohort Modelling in 23/24 & 24/25	Removal of one-off investment in Cohort Modelling in 23/24 & 24/25	0.0	0.0	0.0	-21.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Removal of temporary investment in research capacity in 23/24 & 24/25	Removal of temporary investment in research capacity in 23/24 & 24/25	0.0	0.0	0.0	-85.6	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Removal of additional temporary investment in Public Health Consultants in 23/24 and 24/25	Removal of additional temporary investment in Public Health Consultants in 23/24 and 24/25	0.0	0.0	0.0	-200.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Other	Removal of additional temporary investment in other minor service improvements	-20.0	-20.0	0.0	0.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of temporary investment in Public Health services to promote and support health visiting	-118.4	-118.4	0.0	0.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of additional temporary investment in Public Health services to promote and support Healthy Lifestyles	-195.4	-195.4	0.0	0.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Sexual Health	Removal of additional temporary investment in Public Health Sexual Health Services	-212.9	-212.9	0.0	0.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of temporary public health contribution towards the voluntary sector in 2023-24	-350.0	-350.0	0.0	0.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Children's Programme	Removal of additional temporary investment in counselling services for children	-1,085.0	-1,085.0	0.0	0.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Mental Health	Removal of one-off public health investment in Live Well Kent in 2023-24	-2,000.0	-2,000.0	0.0	0.0	0.0	Other	External
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					-2,568.8	-1,538.8	1,030.0	-4,952.0	0.0		External

APPENDIX G: 2024-27 DRAFT BUDGET - SAVINGS PROPOSALS

					-48,638.0	-66,906.9	-24,423.7	-84,861.2	-51,780.4		
MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Saving/ Income Template relate to?	Is this Externally or Core Funded?
Policy	ASCH	Dan Watkins	Adult Social Care Charging	Review of the Adults Charging Policy, in line with Care Act legislation and the statutory guidance	-1,250.0	-2,600.0	-1,350.0	-800.0	0.0	Vulnerable Adults	Core
Policy	ASCH	Dan Watkins	Mental Health	One-off contribution from Public Health for Mental Health Live Well Kent contract	0.0	-1,000.0	-1,000.0	1,000.0	0.0	Vulnerable Adults	Core
Policy	CED	Peter Oakford	Partnership arrangements with District Councils	Cease Early Intervention Payments to District Councils	-82.5	-82.5	0.0	0.0	0.0	Other	Core
Policy	CED	Peter Oakford	Member Services	End Select Committees and Short Focused Inquiries	-20.0	-20.0	0.0	0.0	0.0	Other	Core
Policy	CHB	Peter Oakford	Corporately Held saving (to be allocated before County Council in February)	Part year impact of further discretionary policy decisions and deep dive into contract renewals with consideration of reducing service specifications	0.0	-2,300.0	-2,300.0	0.0	0.0	Other	Core
Policy	CYPE	Rory Love	Services to Schools	Review our offer to schools in light of the latest DFE funding changes and guidance including exploring alternative funding arrangements and engaging in efficiency measure to reduce costs	-1,200.0	-1,200.0	0.0	-250.0	0.0	Other	Core
Policy	CYPE	Sue Chandler	Youth Services	Review of youth services offer: cease commissioned youth services contracts	0.0	-913.0	-913.0	0.0	0.0	Integrated Children's Services	Core
Policy	CYPE	Rory Love	SEN Transport	Introduction of charging for post 16 SEN transport and reductions to the Post 19 transport offer	-781.0	-781.0	0.0	-541.0	-300.0	Transport	Core
Policy	CYPE	Sue Chandler	Review of Open Access - Youth Services & Children's Centres	Review of open access services in light of implementing the Family Hub model	-1,500.0	-400.0	1,100.0	-1,600.0	0.0	Integrated Children's Services	Core
Policy	CYPE	Sue Chandler	Children's Residential Care	Development of in-house residential units to provide an alternative to independent sector residential care placements (invest to save)	100.0	100.0	0.0	200.0	-600.0	Integrated Children's Services	Core
Policy	CYPE	Rory Love	Kent 16+ Travel Saver	Removal of undeliverable 2023-24 saving and review the Kent 16+ Travel Saver scheme	250.0	250.0	0.0	0.0	-478.6	Transport	Core
Policy	DCED	Peter Oakford	Corporate Landlord	Review of Office Assets	-763.9	-763.9	0.0	-310.6	-1,238.0	Other	Core
Policy	DCED	Peter Oakford	Corporate Landlord	Review of Community Delivery including Assets	-101.0	-101.0	0.0	-604.5	-576.3	Other	Core
Policy	GET	Clair Bell	Review of Community Wardens	Review of Community Warden Service to deliver a £1m saving which is likely to result in an overall reduction in wardens	-500.0	-433.0	67.0	-67.0	0.0	Other	Core
Policy	GET	Neil Baker	Road Safety activity	Review of level of campaigns and related activity within Road Safety	0.0	-200.0	-200.0	0.0	0.0	Highways	Core
Policy	GET	Clair Bell	Trading Standards staffing	Review of staffing levels within Trading Standards service. Mix of one-off and permanent savings.	0.0	-60.8	-60.8	48.0	0.0	Other	Core
Policy	GET	Clair Bell	Reduction of Trading Standards Budget	Adjustment of Trading Standards legal costs as Courts recover post-Covid	-55.0	-55.0	0.0	0.0	0.0	Other	Core
Policy	GET	Roger Gough	Planning Applications	Savings from delayed recruitment	-50.0	-50.0	0.0	0.0	0.0	Other	Core
Policy	GET	Roger Gough	Waste - Household Waste & Recycling Centres (HWRCs)	Review of the number and operation of HWRC sites	-616.0	0.0	616.0	-988.0	0.0	Waste	Core
Policy	ASCH	Dan Watkins	Community Based Preventative Services	Further review of contracts and grants for discretionary services including investment from other strategic partners - Older People	0.0	0.0	0.0	-7,413.5	0.0	Older People	Core
Policy	ASCH	Dan Watkins	Community Based Preventative Services	Further review of contracts and grants for discretionary services including investment from other strategic partners - Vulnerable Adults	0.0	0.0	0.0	-1,086.5	0.0	Vulnerable Adults	Core
Policy	ASCH	Dan Watkins	Adult Social Care	Review of in-house services	0.0	0.0	0.0	-1,000.0	0.0	Older People	Core
Policy	ASCH	Dan Watkins	Community Based Preventative Services	Explore alternative sources of funding for the Kent Support & Assistance Service	0.0	0.0	0.0	-567.2	0.0	Other	Core
Policy	CYPE	Sue Chandler	Looked After Children	Review contract with Health for fast tracking mental health assessments for Looked After Children	0.0	0.0	0.0	-1,000.0	0.0	Integrated Children's Services	Core
Policy	CYPE	Rory Love/ Neil Baker	SEN Home to School Transport (HTST)	Implementation of new statutory guidance for Home to School Transport (published June 23) including making use of a new system for transport planning to explore route optimisation and the use of standard pick up points, where appropriate.	0.0	0.0	0.0	500.0	-1,000.0	Transport	Core
Policy	CYPE	Rory Love	Post 19 Transport	Review of ongoing discretionary offer for post 19 education transport	0.0	0.0	0.0	0.0	-2,000.0	Transport	Core

APPENDIX G: 2024-27 DRAFT BUDGET - SAVINGS PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Saving/ Income Template relate to?	Is this Externally or Core Funded?
Policy	CYPE	Rory Love/ Neil Baker/ Sue Chandler	Kent Travel Saver	Review of Kent Travel Saver Scheme, including a review of the ongoing discretionary offer for free transport for Looked After Children, Care Leavers and Young Carers	0.0	0.0	0.0	0.0	1,890.0	Transport	Core
Policy	GET	Roger Gough	Waste Savings - impact of new Govt legislation	Savings from reduced incentivisation payments to districts following the introduction of Extended Producer Responsibility (EPR) legislation and where DEFRA will incentivise districts directly.	0.0	0.0	0.0	-1,300.0	-1,000.0	Waste	Core
Policy	GET	Neil Baker	Review of on-street parking	Review of on-street parking, which may involve insourcing and the need to invoke a 24 month notice period, or current arrangement to be reviewed to see if synergies may exist and cost savings to be shared by KCC and its partners	0.0	0.0	0.0	0.0	-100.0	Highways	Core
Policy	CHB	Peter Oakford	Unidentified	Further policy savings to be developed to replace the one-off solutions for closing the 2024-25 budget gap. This will need to include further savings over and above those already included in the MTFP including but not solely from the following examples: - Libraries, Registration and Archives - Kent Travel Saver - Supported Buses - Household Waste Recycling Centres - 16+ Home to School Transport - Waste Collection Partnerships - Regeneration & Economic Development - Services for Schools - Schools maintenance - Other Community Services	0.0	0.0	0.0	-23,945.8	0.0	Other	Core
TOTAL POLICY SAVINGS					-6,569.4	-10,610.2	-4,040.8	-39,726.1	-5,402.9		Core
Income	ASCH	Dan Watkins	Annual uplift in line with benefits and income uplift for social care client contributions	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams - Older People	-4,773.1	-6,400.0	-1,626.9	-2,900.0	-2,100.0	Older People	Core
Income	ASCH	Dan Watkins	Annual uplift in line with benefits and income uplift for social care client contributions	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams - Vulnerable Adults	-1,529.1	-1,600.0	-70.9	-800.0	-400.0	Vulnerable Adults	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Older People	-2,188.0	-2,188.0	0.0	-2,311.8	-2,442.6	Older People	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Vulnerable Adults	-179.5	-179.5	0.0	-189.7	-200.4	Vulnerable Adults	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Adult Social Care Staffing	-99.8	-99.8	0.0	-105.4	-111.4	Adult Social Care staffing	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Integrated Community Equipment Service and Assistive Technology	-4.4	-4.4	0.0	-4.6	-4.9	Other	Core
Income	CHB	Peter Oakford	Review of fees & charges	Removal of corporately held saving from a review of all fees and charges as these savings are reflected within the individual directorate proposals	500.0	500.0	0.0	0.0	0.0	Other	Core
Income	CYPE	Sue Chandler	Adoption Service	Adoption Service	-200.0	-200.0	0.0	0.0	0.0	Integrated Children's Services	Core
Income	CYPE	Sue Chandler	Annual uplift in line with benefits and income uplift for social care client contributions	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams - 0-25	-123.7	-120.0	3.7	-60.0	-30.0	Vulnerable Adults	Core
Income	CYPE	Rory Love	Kent 16+ Travel Saver	Kent 16+ Travel Saver price realignment to offset bus operator inflationary fare increases	-94.0	-100.0	-6.0	-104.0	0.0	Transport	Core
Income	GET	Neil Baker	Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases	-463.5	-463.5	0.0	-479.7	0.0	Transport	Core
Income	GET	Neil Baker	Highways income	Review of Highways income based on current/projected activity levels	-100.0	-400.0	-300.0	0.0	0.0	Highways	Core
Income	GET	Clair Bell	Review of Charges for Service Users - existing service income streams & inflationary increases	A review of fees and charges across all KCC services, in relation to existing service income streams	-50.0	-200.0	-150.0	-50.0	0.0	Other	Core

APPENDIX G: 2024-27 DRAFT BUDGET - SAVINGS PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Saving/ Income Template relate to?	Is this Externally or Core Funded?	
Income	GET	Neil Baker	Highways	Income from traffic management penalties including contravening traffic restrictions, box junctions and bus lanes	-100.0	-100.0	0.0	0.0	0.0	Highways	Core	
Income	GET	Neil Baker	Public transport grant funding	Use of grant funding to support project & scheme costs	0.0	-100.0	-100.0	100.0	0.0	Transport	Core	
Income	GET	Clair Bell	Public Protection	Increased income within Kent Scientific Services for toxicology analysis for the Coroners Service	-60.0	-56.0	4.0	-3.7	-4.1	Other	Core	
Income	GET	Neil Baker	funding	Grant funding to support Electric Vehicle Strategy	0.0	-50.0	-50.0	0.0	0.0	Highways	Core	
Income	GET	Derek Murphy	Increased income from Regeneration projects	One-off increase in profit share from East Kent Opportunities LLP	0.0	-50.0	-50.0	50.0	300.0	Other	Core	
Income	GET	Clair Bell	Review of Charges for Service Users - existing service income streams & inflationary increases	Increased contribution from Medway Council under SLA relating to increasing costs for provision of Coroner service in Medway	-49.0	-49.0	0.0	-42.7	-16.0	Other	Core	
Income	GET	Clair Bell	Public Protection	Inflationary increase in income levels and pricing policy for Kent Scientific Services	-45.0	-45.0	0.0	-33.3	-33.9	Other	Core	
Income	GET	Clair Bell	Trading Standards	Inflationary increase in fees and charges	-1.4	-1.4	0.0	-0.6	-0.7	Other	Core	
Income	NAC	Peter Oakford	Income return from our companies	Estimated increase in the income contribution from our limited companies, including a one-off increase in 2024-25.	-500.0	-3,500.0	-3,000.0	3,000.0	0.0	Other	Core	
TOTAL INCOME					-10,060.5	-15,406.6	-5,346.1	-3,935.5	-5,044.0		Core	
Partnership	Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Review and reshape ASCH as set out in the sustainability plan to deliver new models of social care, which will address increases in demand and costs associated with care and support. This will include increasing take-up of direct payments for use on micro-enterprises and personal assistants, greater use of technology enabled living, and further development of digital self service. This will also include the use of self assessment, financial assessment tools, and regular reviews of both new and existing care packages to ensure that the best outcomes are being achieved. Older People.	-12,292.8	-17,436.1	-8,579.4	-17,042.1	-16,460.7	Older People	Core
	Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Review and reshape ASCH as set out in the sustainability plan to deliver new models of social care, which will address increases in demand and costs associated with care and support. This will include increasing take-up of direct payments for use on micro-enterprises and personal assistants, greater use of technology enabled living, and further development of digital self service. This will also include the use of self assessment, financial assessment tools, and regular reviews of both new and existing care packages to ensure that the best outcomes are being achieved. Vulnerable Adults.	-18,464.0	-12,718.7	3,026.6	-12,037.1	-11,770.0	Vulnerable Adults	Core
	Transformation & Efficiency	ASCH	Dan Watkins	Older People's Residential & Nursing Care	Efficiency Savings in relation to the purchasing of residential care	-8,000.0	-8,000.0	0.0	0.0	0.0	Older People	Core
	Transformation & Efficiency	ASCH	Dan Watkins	Care & Support in the Home	Efficiency Savings in relation to the purchasing of care and support in the home	-3,400.0	-3,400.0	0.0	0.0	0.0	Older People	Core
	Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care Equipment contract	Efficiencies from new contract for the supply of equipment for adult social care clients	-900.0	-900.0	0.0	0.0	0.0	Older People	Core
	Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Rephasing of 2023-24 service redesign saving - Older People.	1,356.6	1,356.6	0.0	0.0	0.0	Older People	Core
	Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Rephasing of 2023-24 service redesign saving - Vulnerable Adults	1,942.1	1,942.1	0.0	0.0	0.0	Vulnerable Adults	Core
	Transformation & Efficiency	CED	Peter Oakford	Historic Pension Costs	Reduction in the number of Historic Pension Arrangements within CED Directorate	-250.0	-250.0	0.0	0.0	0.0	Other	Core
	Transformation & Efficiency	CHB	Peter Oakford	Reduced spend on agency staff	The reduction of the volume and duration of agency staff.	0.0	-750.0	-750.0	-250.0	0.0	Other	Core
	Transformation & Efficiency	CYPE	Rory Love	Home to School transport - SEN	Estimated reduction to the impact of rising pupil population on SEN Home to School and College Transport	-6,300.0	-6,300.0	0.0	-10,600.0	-10,300.0	Transport	Core
Transformation & Efficiency	CYPE	Sue Chandler	Looked After Children	Implement strategies to reduce the cost of packages for looked after children, including working with Health	-1,000.0	-1,000.0	0.0	0.0	0.0	Integrated Children's Services	Core	

APPENDIX G: 2024-27 DRAFT BUDGET - SAVINGS PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Saving/ Income Template relate to?	Is this Externally or Core Funded?
Transformation & Efficiency	CYPE	Sue Chandler	Adult Social Care	Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health	-650.0	-650.0	0.0	-650.0	0.0	Vulnerable Adults	Core
Transformation & Efficiency	CYPE	Sue Chandler	Early Help & Preventative Services	Expanding the reach of caseholding Early Help services	-560.0	-560.0	0.0	0.0	0.0	Integrated Children's Services	Core
Transformation & Efficiency	CYPE	Sue Chandler	Disabled Children's Placement and Support	Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health	-550.0	-550.0	0.0	-550.0	0.0	Integrated Children's Services	Core
Transformation & Efficiency	CYPE	Sue Chandler	Children's Social Care	Explore strategies, including statutory guidance, to reduce dependency on social work agency staff	-300.0	-300.0	0.0	0.0	0.0	Integrated Children's Services	Core
Transformation & Efficiency	CYPE	Rory Love	Initiatives to increase use of Personal Transport Budgets	Initiatives to increase use of Personal Transport Budgets to reduce demand for Hired Transport	-300.0	-300.0	0.0	-400.0	-400.0	Transport	Core
Transformation & Efficiency	CYPE	Rory Love	Historic Pension Costs	Reduction in the number of Historic Pension Arrangements - CYPE Directorate	-180.0	-206.0	-26.0	-110.0	-54.0	Other	Core
Transformation & Efficiency	CYPE	Sue Chandler	Open Access - Youth & Children's Centres	Removal of one-off saving in 2023-24 from vacancy management and avoiding all non-essential spend across open access	600.0	600.0	0.0	0.0	0.0	Integrated Children's Services	Core
Transformation & Efficiency	DCED	Peter Oakford	Corporate Landlord	Property savings from a review of specialist assets	-45.0	-45.0	0.0	-68.5	-68.5	Other	Core
Transformation & Efficiency	GET	Roger Gough	Review of green/organic waste contracts	Re-tender of green waste contract, with market analysis indicating a reduction in gate fee	0.0	-621.0	-621.0	-444.0	0.0	Waste	Core
Transformation & Efficiency	GET	Derek Murphy	Review of the level of spend/service with the 3 Brand Kent commissions (Visit Kent, Locate in Kent, Produced in Kent)	Review of the services and as aspiration for all three to be amalgamated to ensure synergies achieved in systems/back office functions and to limit any reduction in service levels	0.0	-150.0	-150.0	-42.0	0.0	Other	Core
Transformation & Efficiency	GET	Roger Gough	Waste - Household Waste & Recycling Centres (HWRCs)	Increased waste material segregation, increased re-use, black-bag splitting and trade waste recycling with a view to generating income or reducing cost	-105.0	-105.0	0.0	0.0	0.0	Waste	Core
Transformation & Efficiency	GET	Neil Baker	Highways	Review of all Highways & Transportation fees and charges, that are to be increased annually in line with inflation	-50.0	-50.0	0.0	-50.0	0.0	Highways	Core
Transformation & Efficiency	GET	Roger Gough	Windmills	Temporary reduction in spend on weatherproofing windmills	-50.0	-50.0	0.0	0.0	50.0	Other	Core
Transformation & Efficiency	GET	Clair Bell	Kent Sport	Withdraw the remaining contribution to the KCC hosted Active Kent and Medway.	-28.0	-28.0	0.0	0.0	0.0	Other	Core
Transformation & Efficiency	GET	Clair Bell	Reduction in grant fund	Reduction to the Arts Investment Fund, which provides grants to Kent-based arts organisations	0.0	-25.0	-25.0	0.0	0.0	Other	Core
Transformation & Efficiency	GET	Roger Gough	Environment	Removal of one-off saving in 2023-24 from planned delay in recruiting to the new structure in the Environment Team Closing the gap adjustment - deferred to 25/26.	300.0	0.0	-300.0	300.0	0.0	Other	Core
Transformation & Efficiency	GET	Clair Bell	Libraries, Registration & Archives (LRA)	Removal of one-off reduction in 2023-24 in the Libraries Materials Fund and one year contribution holiday for the Mobile Libraries renewals reserve	-1.0	0.0	1.0	207.0	0.0	Other	Core
Transformation & Efficiency	GET	Roger Gough	Improved Food Waste Recycling Rates through collaboration with Districts	Work with Kent District Councils to deliver savings from improving kerbside food waste recycling rates	-160.0	232.0	392.0	-388.3	0.0	Waste	Core
Transformation & Efficiency	CED	Peter Oakford	Efficiencies within Member support administration	Efficiencies within the Member support administration	0.0	-5.0	-5.0	0.0	0.0	Other	Core
Transformation & Efficiency	CED	Roger Gough	Strategic Commissioning	Explore alternative sources of funding for the administration of the Kent Support & Assistance Service	0.0	0.0	0.0	-262.0	0.0	Other	Core
Transformation & Efficiency	CHB	Peter Oakford	Review of embedded staff	Review of embedded teams in Directorates, to establish opportunities for consolidation and/or centralisation of practice	0.0	0.0	0.0	-1,300.0	0.0	Other	Core

APPENDIX G: 2024-27 DRAFT BUDGET - SAVINGS PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Saving/ Income Template relate to?	Is this Externally or Core Funded?
Transformation & Efficiency	CHB	Peter Oakford	Spans and layers	Review of structures across the Council to ensure adherence to the Council's organisation design policy	0.0	0.0	0.0	-500.0	-1,500.0	Other	Core
Transformation & Efficiency	CYPE	Sue Chandler	Looked After Children	Reduce the recent increase in the number of Looked After Children placements through practice reviews & improved court proceedings	0.0	0.0	0.0	-1,500.0	0.0	Integrated Children's Services	Core
Transformation & Efficiency	CYPE	Sue Chandler	Children's Social Care	Review of Legal Services Spend through cost efficiencies by Invicta Law and review of the use of legal services by social workers	0.0	0.0	0.0	-850.0	0.0	Integrated Children's Services	Core
Transformation & Efficiency	DCED	Dylan Jeffrey	Contact Centre	Review of service levels when the contract for the provision of the Contact Centre is renewed	0.0	0.0	0.0	-72.5	-217.5	Other	Core
Transformation & Efficiency	GET	Roger Gough	Increased food waste recycling due to new legislation	Reduced cost of food waste disposal following Govt legislation regarding consistent collections.	0.0	0.0	0.0	-331.0	-331.0	Waste	Core
Transformation & Efficiency	CHB	Peter Oakford	Corporately Held saving (to be allocated before County Council in February)	Further actions from Securing Kent's Future to reduce costs including from: - Cost drivers in demand led services, largely in Adult Social Care, Children in Care and Home to School Transport - Contract Reviews including their scope - Scope of Council ambitions - Transforming the operating model of The Council	0.0	0.0	0.0	-10,603.6	0.0	Other	Core
TOTAL TRANSFORMATION & EFFICIENCY SAVINGS					-49,387.1	-50,269.1	-7,036.8	-57,544.1	-41,051.7		Core
Financing	NAC	Peter Oakford	Flexible Use of Capital Receipts	One-off use of capital receipts under the Governments flexible use of capital receipts policy, which allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services	0.0	-8,000.0	-8,000.0	8,000.0	0.0	Other	Core
Financing	NAC	Peter Oakford	Investment Income	Increase in investment income largely due to the increase in base rate	-2,279.6	-2,279.6	0.0	1,222.4	718.2	Other	Core
Financing	NAC	Peter Oakford	Debt repayment	Review amounts set aside for debt repayment (MRP) based on review of asset life	-1,000.0	-1,000.0	0.0	-1,000.0	-1,000.0	Other	Core
TOTAL FINANCING SAVINGS					-3,279.6	-11,279.6	-8,000.0	8,222.4	-281.8		Core
Policy	Public Health	Dan Watkins	Public Health	Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant	-9.2	-9.2	0.0	0.0	0.0	Other	External
TOTAL POLICY SAVINGS					-9.2	-9.2	0.0	0.0	0.0		External
Income	Public Health	Dan Watkins	Additional income linked to HIV prevention	Additional income from NHSE to fund increased costs linked to HIV prevention	-275.2	-275.2	0.0	0.0	0.0	Other	External
Income	Public Health	Dan Watkins	Public Health	Estimated additional income for externally funded posts	-6.1	-6.1	0.0	0.0	0.0	Other	External
TOTAL INCOME					-281.3	-281.3	0.0	0.0	0.0		External
Transformation & Efficiency	Public Health	Dan Watkins	Reduction in expenditure relating to one-off drawdown from reserve to support 24/25 budget	Reduction in expenditure relating to one-off drawdown from reserve to support 24/25 budget	0.0	0.0	0.0	-13.9	0.0	Other	External
TOTAL TRANSFORMATION & EFFICIENCY SAVINGS					0.0	0.0	0.0	-13.9	0.0		External
Increases in Grants and Contributions	ASCH	Dan Watkins	Domestic Abuse	Increase in Domestic Abuse Duty grant to fund new burdens in providing domestic abuse support in safe accommodation	-59.9	-59.9	0.0	0.0	0.0	Other	External
Increases in Grants and Contributions	CHB	Roger Gough	Household Support Fund	Removal of the extension of the Government funded Household Support Fund into 2023-24 as announced in the Chancellor's Autumn Statement on 17th November 2022	22,130.8	22,130.8	0.0	0.0	0.0	Other	External
Increases in Grants and Contributions	CYPE	Sue Chandler	Family Hubs	Estimated reduction in our share of the DfE/DHSC Family Hubs and Start for Life grant	777.0	777.0	0.0	3,332.0	0.0	Integrated Children's Services	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities	-1,412.9	-1,412.9	0.0	3,615.4	0.0	Other	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health Grant	Estimated increase in Public Health Grant pending announcement from Department of Health and Social Care	-975.5	-975.5	0.0	0.0	0.0	Other	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities	-23.1	-23.1	0.0	932.1	0.0	Other	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	-7.5	-7.5	0.0	256.5	0.0	Other	External

APPENDIX G: 2024-27 DRAFT BUDGET - SAVINGS PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area (Big 6) does the Saving/ Income Template relate to?	Is this Externally or Core Funded?
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Remove one-off Rough Sleeping Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	520.2	520.2	0.0	0.0	0.0	Other	External
TOTAL INCREASES IN GRANTS & CONTRIBUTIONS					20,949.1	20,949.1	0.0	8,136.0	0.0		External

APPENDIX G: 2024-27 DRAFT BUDGET - RESERVES PROPOSALS

					19,910.3	5,548.0	-14,362.3	8,752.3	-14,350.0		
MTFP Category	Directorate	Cabinet Member	Headline description of reserve template	Brief description of reserve template	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area does the Reserve Template relate to?	Is this Externally or Core Funded?
Contributions to reserves	DCED	Peter Oakford	Facilities Management	Contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)	160.0	160.0	0.0	160.0	160.0	Other	Core
Contributions to reserves	NAC	Peter Oakford	Dedicated Schools Grant (DSG) Deficit - Safety Valve	KCC Contribution towards funding the DSG deficit as agreed with DfE as part of the Safety Valve agreement	15,100.0	15,100.0	0.0	14,600.0	11,100.0	Other	Core
Contributions to reserves	NAC	Peter Oakford	General Reserves repayment	Repay the General Reserve over two years (2024-25 & 2025-26) for the drawdown required in 2022-23 to fund the overspend	11,050.0	11,050.0	0.0	11,050.0	0.0	Other	Core
Contributions to reserves	NAC	Peter Oakford	General Reserves	Contribution to reserves in order to maintain general reserve at 5% of net revenue budget	5,100.0	5,100.0	0.0	3,100.0	3,300.0	Other	Core
Contributions to reserves	NAC	Peter Oakford	Corporate Reserves	Contribution to reserves to repay the drawdown required to balance the budget in 2023-24 in order to maintain financial resilience	4,289.7	4,289.7	0.0	0.0	0.0	Other	Core
Contributions to reserves	NAC	Peter Oakford	Emergency capital events reserve	Annual contribution to a new reserve for emergency capital works and revenue costs related to capital spend such as temporary accommodation, and condition surveys which don't result in capital works	1,000.0	1,000.0	0.0	1,000.0	1,000.0	Other	Core
TOTAL CONTRIBUTIONS TO RESERVES					36,699.7	36,699.7	0.0	29,910.0	15,560.0		Core
Drawdowns from reserves	ASCH	Dan Watkins	Drawdown corporate reserves	Fund the Kent Support and Assistance Service from Corporate Reserves for two years 2023-24 and 2024-25 - ASCH Directorate	-567.2	-567.2	0.0	0.0	0.0	Other	Core
Drawdowns from reserves	CED	Roger Gough	Drawdown corporate reserves	Fund the Kent Support and Assistance Service from Corporate Reserves for two years 2023-24 and 2024-25 - CED Directorate	-262.0	-262.0	0.0	0.0	0.0	Other	Core
Drawdowns from reserves	GET	Neil Baker	ICT Reserve	Drawdown of ICT reserve to fund the upgrade of the streetlighting Control Management System from 3G connectivity (subject to approval of a business case via Strategic Technology Board)	0.0	-475.0	-475.0	0.0	0.0	Highways	Core
Drawdowns from reserves	NAC	Peter Oakford	Drawdown Corporate Reserves	One-off use of corporate reserves in 2024-25 - yet to be decided which reserves this will come from or whether it is from a mix of drawdowns and/or reduced contributions to reserves.	0.0	-12,887.3	-12,887.3	0.0	0.0	Other	Core
TOTAL DRAWDOWNS FROM RESERVES					-829.2	-14,191.5	-13,362.3	0.0	0.0		Core
Removal of prior year Contributions	DCED	Peter Oakford	Facilities Management	Removal of prior year contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)	-160.0	-160.0	0.0	-160.0	-160.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Risk Reserve	Removal of prior year one-off contribution to risk reserve (2023-24 increase in annual contribution)	-7,000.0	-7,000.0	0.0	0.0	0.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	General Reserves	Removal of prior year one-off contribution to general reserve	-5,800.0	-5,800.0	0.0	-5,100.0	-3,100.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Risk Reserve	Removal of prior year one-off contribution to risk reserve (original contribution)	-5,000.0	-5,000.0	0.0	0.0	0.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Local Taxation Equalisation - Council Tax Collection Fund	Removal of prior year contribution to Local Taxation Equalisation smoothing reserve of Council Tax Collection Fund surplus above £7m assumed	-4,488.7	-4,488.7	0.0	0.0	0.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Removal of contribution related to repayment of previous "borrowing" from reserves	Reduction & full removal of the annual repayment of the "borrowing" from reserves to support the budget in 2011-12, reflecting when the reserves will be fully repaid	-1,223.3	-1,223.3	0.0	0.0	0.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Local Taxation Equalisation - Business Rates Collection Fund	Removal of prior year contribution to the Local Taxation Equalisation smoothing reserve of the Business Rates Collection Fund surplus	-1,067.6	-1,067.6	0.0	0.0	0.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Dedicated Schools Grant (DSG) Deficit - Safety Valve	Removal of prior year contribution to the DSG deficit in accordance with the Safety Valve Agreement with DfE	0.0	0.0	0.0	-15,100.0	-14,600.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	General Reserves repayment	Removal of prior year repayment of General Reserve for the drawdown in 2022-23 to fund the overspend	0.0	0.0	0.0	-11,050.0	-11,050.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Corporate Reserves	Removal of one-off repayment of reserves in 2024-25	0.0	0.0	0.0	-4,289.7	0.0	Other	Core

APPENDIX G: 2024-27 DRAFT BUDGET - RESERVES PROPOSALS

MTFP Category	Directorate	Cabinet Member	Headline description of reserve template	Brief description of reserve template	Initial Draft Budget 2024-25 Amount £000's	Revised Draft Budget 2024-25 Amount £000's	2024-25 Change in value £000's	2025-26 Amount £000's	2026-27 Amount £000's	What priority service area does the Reserve Template relate to?	Is this Externally or Core Funded?
Removal of prior year Contributions	NAC	Peter Oakford	Emergency capital events reserve	Removal of prior year contribution to the emergency capital events reserve	0.0	0.0	0.0	-1,000.0	-1,000.0	Other	Core
TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS					-24,739.6	-24,739.6	0.0	-36,699.7	-29,910.0		Core
Removal of prior year Drawdowns	ASCH	Dan Watkins	Drawdown corporate reserves	Removal of use of corporate reserves in prior year to fund the Kent Support and Assistance Service - ASCH Directorate	567.2	567.2	0.0	567.2		Other	Core
Removal of prior year Drawdowns	CED	Roger Gough	Remove prior year drawdown from Covid reserve	Removal of use of corporate reserves in prior year to fund the Kent Support and Assistance Service - CED Directorate	262.0	262.0	0.0	262.0		Other	Core
Removal of prior year Drawdowns	GET	Neil Baker	ICT Reserve	Removal of the drawdown in 2024-25 from the ICT reserve to fund the one-off cost of the streetlighting Control Management System upgrade from 3G connectivity	0.0	0.0	0.0	475.0		Highways	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Drawdown corporate reserves	Removal of one-off use of reserves in 2023-24	4,289.7	4,289.7	0.0	0.0	0.0	Other	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Drawdown corporate reserves	Removal of one-off drawdown from No Use Empty reserve in 2023-24	200.0	200.0	0.0	0.0	0.0	Other	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Drawdown Corporate Reserves	Removal of one-off use of corporate reserves in 2024-25	0.0	0.0	0.0	12,887.3		Other	Core
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					5,318.9	5,318.9	0.0	14,191.5	0.0		Core
Drawdowns from reserves	Public Health	Dan Watkins	Public Health Reserves	One-off funding for Live Well Kent Mental Health contract	0.0	-1,000.0	-1,000.0	0.0	0.0	Vulnerable Adults	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health Reserves	Use of Public Health reserves to fund one-off costs and invest to save initiatives in 2024-25	-336.6	-336.6	0.0	0.0	0.0	Other	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health Reserves	Use of Public Health reserves to balance 2024-25 budget plans	-13.9	-13.9	0.0	0.0	0.0	Other	External
TOTAL DRAWDOWNS FROM RESERVES					-350.5	-1,350.5	-1,000.0	0.0	0.0		External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Removal of use of Public Health reserves to fund one-off costs in previous year	2,440.3	2,440.3	0.0	0.0	0.0	Other	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Removal of use of Public Health (Kent Community Health NHS Foundation Trust) reserves to fund one-off costs in previous year	1,313.9	1,313.9	0.0	0.0	0.0	Other	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Removal of use of Public Health (Maidstone & Tunbridge Wells NHS Trust) reserves to fund one-off costs in previous year	56.8	56.8	0.0	0.0	0.0	Other	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Replace one-off drawdown from Public Health Reserve 24/25	0.0	0.0	0.0	13.9	0.0	Other	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Replace 24/25 drawdown of Public Health Reserves	0.0	0.0	0.0	336.6	0.0	Other	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Removal of one-off funding for Live Well Kent Mental Health contract	0.0	0.0	0.0	1,000.0	0.0	Vulnerable Adults	External
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					3,811.0	3,811.0	0.0	1,350.5	0.0		External

Key

ASCH	Adult Social Care & Health
CED	Chief Executive's Department
CHB	Corporately Held Budgets
CYPE	Children, Young People & Education
DCED	Deputy Chief Executive's Department
GET	Growth, Environment & Transport
NAC	Non Attributable Costs

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Reserves Policy

1. Background and Context

- 1.1 Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued Local Authority Accounting Panel (LAAP) Bulletin No.99, Guidance Note on Local Authority Reserves and Balances in July 2014, which updated previous Bulletins to reflect the new requirements of the International Financial Reporting Standards (IFRS) Code of Practice. In addition, during the period of financial austerity for the public sector, the LAAP considered it necessary to update the guidance on local authority reserves and balances. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.
- 1.3 All reserves are categorised as per the LAAP guidance, into the following groups:
- **Smoothing** – These are reserves which are used to manage large fluctuations in spend or income across years e.g., Private Finance Initiative (PFI) equalisation reserves. These reserves recognise the differences over time between the unitary charge and PFI credits received.
 - **Trading** – this reserve relates to the non-company trading entities of Laser and Commercial Services to cover potential trading losses and investment in business development.
 - **Renewals for Vehicles Plant & Equipment** – these reserves should be supported by an asset management plan, showing projected replacement profile and cost. These reserves help to reduce fluctuations in spend.
 - **Major projects** – set aside for future spending on projects.
 - **Insurance** - To fund the potential cost of insurance claims in excess of the amount provided for in the Insurance Fund provision, (potential or contingent liabilities)
 - **Unspent grant/external funding** – these are for unspent grants which the Council is not required to repay, but which have restrictions on what they may be used for e.g., the Public Health grant must be used on public health services. This category also consists of time limited projects funded from ringfenced external sources.
 - **Special Funds** – these are mainly held for economic development, tourism and regeneration initiatives.
 - **Partnerships** – these are reserves resulting from Council partnerships and are usually ringfenced for the benefit of the partnership or are held for investing in shared priorities.
 - **Departmental underspends** – these reserves relate to re-phasing of projects/initiatives and bids for use of year end underspending which are requested to roll forward into the following year.
- 1.4 Within the Statement of Accounts, reserves are summarised by the headings above. By categorising the reserves into the headings above, this is limited to the nine groups, plus Public

Health, Schools and General. Operationally, each will be divided into the relevant sub reserves to ensure that ownership and effective management is maintained.

- 1.5 Reserves are an important part of the Council's financial strategy and are held to create long term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of ensuring the Council's strong financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks.
- 1.6 Earmarked reserves are reviewed regularly as part of the monitoring process and annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three-year period.

2. Overview

- 2.1 The Council's overall approach to reserves will be defined by the system of internal control.
- 2.2 The system of internal control is set out, and its effectiveness reviewed, in the Annual Governance Statement (AGS). Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management. The AGS includes an overview of the general financial climate which the Council is operating within and significant funding risks.
- 2.3 The Council will maintain:
 - a general reserve; and
 - a number of earmarked reserves.
- 2.4 The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context). The Council's aim is to hold general reserves of 5% of the net revenue budget to recognise the heightened financial risk the Council is facing.

3. Strategic context

- 3.1. The Council continues to face a shortfall in funding compared to spending demands and must annually review its priorities in order to address the shortfall.
- 3.2 The Council also relies on interest earned through investments of our cash balances to support its general spending plans.

3.3 Reserves are one-off money. The Council aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan and one of the Council's financial principles is to stop the use of one-off funding to support the base budget. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

4. Management and governance

4.1 Each reserve must be supported by a protocol. All protocols should have an end date and at that point any balance should be transferred to the general reserve. If there is a genuine reason for slippage then the protocol will need to be updated.

A questionnaire is completed by the relevant budget holder and reviewed by Finance to ensure all reserves comply with legislative and accounting requirements. A de-minimis limit has been set to avoid small funds being set up which could be managed within existing budgets or declared as an overspend and then managed collectively. This has been set at £250k.

4.2 Reserves protocols and questionnaires must be sent to the Chief Accountant's Team within Finance for review and will be approved by the Corporate Director of Finance, Corporate Management Team and then by the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services. Protocols should clearly identify contributions to and drawdowns from reserves, and these will be built into the Medium Term Financial Plan (MTFP) and monitored on a quarterly basis.

Accessing reserves will only be for significant unusual spend, more minor fluctuations will be managed or declared as budget variances. In-year drawdowns from reserves will be subject to the governance process set out in the revised financial regulations. Ongoing recurring costs should not be funded from reserves. Any request contrary to this will only be considered during the budget setting process. The short term use of reserves may be agreed to provide time to plan for a sustainable funding solution in the following financial year.

Decisions on the use of reserves may be delayed until financial year end and will be dependent on the overall financial position of the council rather than the position of just one budget area.

The current Financial Regulations state:

Maintenance of reserves & provisions

A.24 The Corporate Director of Finance is responsible for:

- i. proposing the Council's Reserves Policy.
- ii. advising the Leader and the Council on prudent levels of reserves for the Authority when the annual budget is being considered having regard to assessment of the financial risks facing the Authority.
- iii. ensuring that reserves are not only adequate but also necessary.
- iv. ensuring that there are clear protocols for the establishment and use of each earmarked reserve. Reserves should not be held without a clear purpose or without a planned profile of spend and contributions, procedures for the reserves managements and control, and a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

- v. ensuring that all renewals reserves are supported by a plan of budgeted contributions, based on an asset renewal plan that links to the fixed asset register.
- vi. ensuring that no money is transferred into reserves each financial year without prior agreement with him/herself.
- vii. ensuring compliance with the reserves policy and governance procedures relating to requests from the strategic priority and general corporate reserves.

4.3 All reserves are reviewed as part of the monitoring process, the budget preparation, financial management and closing of accounts processes. Cabinet is presented with the monitoring of reserves on a regular basis and in the outturn report and the Council will consider a report from the S151 Officer on the adequacy of the level of reserves in the annual budget setting process. The report will contain estimates of reserves where necessary. The Governance and Audit Committee will consider actual reserves when approving the statement of accounts each year.

4.4 The following rules apply:

- Any in year use of the General Reserve will need to be approved by Cabinet and any planned use will be part of the budget setting process.
- In considering the use of reserves, there will be no or minimal impairment to the Council's financial resilience unless there is no alternative.

4.5 The Council will review the Reserves Policy on an annual basis.

Budget Risks and Adequacy of Reserves

The assessment of budget risks and the adequacy of reserves is even more important for the 2024-25 revised draft budget and the medium-term financial plan due to the priority to restore the council's financial resilience as set out in "Securing Kent's Future – Budget Recovery Strategy" and the announcement of the Provisional Local Government Finance Settlement (PLGFS) for 2024-25. The administration's revised draft budget for 2024-25 includes a package of £23.9m of one-off measures to balance the budget together with the expectation that these will be replaced by recurring savings in 2025-26/2026-27. As well as these one-off measures, the balanced position includes completely removing the 1% risk contingency, a one-off increased dividend from the trading companies, and reduced debt charges as a result of capital programme rephasing and lower levels of borrowing. The remainder of the gap has been closed through sustainable measures on spending growth and further savings and income. The PLGFS includes an unexpected reduction in Services Grant which has increased the budget saving requirement by £5.4m. Putting all this together means the revised draft is only marginally less risky than the initial draft and still requires the Council to agree and deliver significant savings both in 2024-25 and over the medium term. The package of one-off measures includes the following:

- £2.1m for the announcement of a further one-year payment of New Homes Bonus Grant
- £8.0m flexible use of capital receipts
- £13.8m use of corporate and public health reserves

The 2023-24 budget monitoring shows a significant forecast overspend largely on adult social care and children's services. Management action (the majority of which is one-off) has been identified and is expected to balance the position by year end. If this management action does not bring 2023-24 into balance by year end the only option would be a greater drawdown from reserves further weakening financial resilience going into 2024-25.

This section includes a new and separate assessment of the current position of the council against the key symptoms of financial stress identified by CIPFA in its report entitled "Building Financial Resilience".

There are a number of significant risks that could affect either the cost of providing key services and/or the level of service demand or its main sources of funding. In addition, there are general economic factors, such as the level of inflation and interest rates that can impact on the net cost of services going forward. Pressures from the main cost drivers and in some cases from service demand are evident in children's and adults social care, waste volumes, and home to school and special educational needs transport.

The main risks are summarised below.

Risks

Cost of Living

- Extraordinary increases in the costs of goods and services procured by the Council
- Market instability due to workforce capacity as a result of recruitment and retention difficulties leading to exit of suppliers, increased costs, and supply chain shortages
- Increased demand for Council Services over and above demographic demands, including crisis and welfare support
- Reductions in income from fees and charges
- Under collection of local taxation leading to collection losses and reductions in tax base
- Increased Claimant eligible for of Local Council Tax Reduction Scheme discounts

International Factors

- Impact of war in Ukraine and other conflicts
- Impact of the decision to leave the European Union
- Legacy impact of Covid-19
- Ongoing supply chain disruption including energy supplies
- Breakdown of hosting arrangements under Homes for Ukraine scheme

Regulatory Risk

- **High Court ruling on Unaccompanied Asylum Seeking (UAS) Children** – the judgement that the council is responsible for supporting all UAS children arriving in the county until they are transferred under the National Transfer Scheme impacts on the availability and therefore cost of carers for local children as well as risks of shortfalls in funding refugee schemes (see below)
- **Replacement Legislation and Regulation following Brexit** – including additional council responsibilities, impact on businesses and supply chains, and economic instability
- **Statutory overrides** – currently there are a number of statutory overrides in place which reduce short term risks e.g., high needs deficit, investment losses, etc. These are time limited and require a long-term solution
- **Funding settlements** - adequacy of the overall settlement and reliance on council tax over the medium term, and uncertainty over future settlements (especially beyond 2024-25)
- **Delayed Reforms to Social Care Charging** - uncertainty over future plans and funding, and providers' fee expectations
- **Other delayed legislative reforms** – impact on council costs and ability to deliver savings/spending reductions e.g. Extended Producer Responsibilities
- **Departmental Specific Grants** - Unanticipated changes in specific departmental grants and the ability to adjust spending in line with changes

- **Asylum and Refugee Support** – increase in numbers of refugees (adults and families) accommodated within the community impacting on council services. Inadequate medium-term government funding for asylum and refugee schemes
- **New Burdens** – Adequacy of funding commensurate with new or additional responsibilities
- **Further delay of the Local Government Funding Review** - The government has committed to updating and reforming the way local authority funding is distributed to individual authorities. However, this has now been even further delayed until 2025-26 at the earliest. The Fair Funding Review of the distribution methodology for the core grants was first announced as part of the final local government settlement for 2016-17. The majority of data used to assess funding distributions has not been updated for over 10 years, dating from 2013-14 to a large degree, and even as far back as 2000.

General Economic & Fiscal Factors

- Levels of national debt and borrowing
- Inflation continues to be well above the government target for a sustained period with consequential impacts on contracted services (see below) and household incomes (including incomes of KCC staff)
- Poor economic growth
- Rise in unemployment
- A general reduction in debt recovery levels
- Reductions in grant and third-party funding
- Increase in fraud

Increases in Service Costs and Demand

- Long term impact of Covid-19 pandemic on clients and suppliers
- Higher cost for new clients coming into care than existing clients especially but not exclusively older persons' residential and nursing care and children in care
- Adult Social Care cost and demand increases from increased complexity
- Children's Social Care including sufficiency of Foster Carers and numbers of UAS children or those with no recourse to public funds
- Significantly higher than the national average Education and Health Care Plans with consequential impact on both Dedicated Schools Grant (DSG) High Needs placements/services and General Fund services for assessment and home to school transport
- Waste tonnage
- High demand for mandated Public Health services
- General demographic trends (including a rising and ageing population and growth in the number of vulnerable persons)

Contractual Price Increases

- Index linked contracts rise above budgeted amounts
- Containing locally negotiated contracts within the amounts provided in the budget
- Financial sustainability of contracted providers

Efficiencies and Savings Programme

- Slippage in the expected delivery of the savings programme
- Non-delivery of planned savings
- Shortfalls in income from fees and charges

The main opportunities are summarised below.

Opportunities

- Growth in local taxbase for both housing and businesses
- Service transformation and redesign including digital services
- Invest to save approach to reduce revenue costs
- Service remodelling
- Extension of the power to use capital receipts to fund revenue spending on transformation activity and other spending that reduce future costs until March 2030
- Further flexibilities due to be announced in January over the use of ring-fenced grants

Adequacy of Reserves

Reviewing the level of reserves the Council holds is an important part of the budget setting process. The review must be balanced and reasonable, factoring in the current financial standing of the Council, the funding outlook into the medium term and beyond, and most importantly, the financial risk environment the Council is operating in. The assessment of reserves is based on factors recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) as set out below together with an indication of the direction of travel (up arrow represents an improved position i.e., the risk is less than it was last year).

Assumptions for inflation



The direction of travel for this indicator was showing as deteriorating in last year's budget due to the historically high levels of inflation that arose during 2022. The annual rate of inflation (using CPIH) peaked at 9.6% in October 2022 and has been on a downward trajectory in the subsequent months (CPI peaked at 11.1% and RPI at 14.2% in October 2022).

The November 2023 Office for Budget Responsibility forecasts are for the rate of inflation to peak in quarter 4 of 2022 (CPI 10.7% in quarter 4 2022), before the rate of prices growth falls back as follows:

- 10.2% in quarter 1 2023
- 8.4% quarter 2
- 6.7% quarter 3
- 4.8% quarter 4
- 4.6% in quarter 1 2024
- 3.7% quarter 2
- 3.3% quarter 3
- 2.8% quarter 4
- 2.3% in quarter 1 2025

Thereafter inflation is forecast to be below the 2% target.

The latest inflation release for November 2023 showed the annual rate of increases in CPI at 3.9% (compared to 4.6% in October). CPIH was 4.2% in November 2023 (compared to 4.7% in October). If these trends continue then the rate of inflation would be reducing compared to forecasts on which the revised draft budget is based although it is too early to confirm this at this stage.

The higher than forecast inflation is the reason why this measure is still showing as constant for 2024-25 and not improving. Inflation is still volatile and subject to external shocks such as a return to higher oil prices.

Estimates of the level and timing of capital receipts



The Council uses receipts as part of the funding for the capital programme. The Administration's revised draft budget for 2024-25 assumes £8m of receipts will be used to fund revenue spending using the direction powers under the Local Government Act 2003. This flexibility has now been extended to March 2030. Delivery of receipts against the target has continued to fall behind in recent years necessitating additional short-term borrowing/use of reserves. However performance is forecast to be above target in 2023-24, which together with the previous unapplied balance allows scope to use the flexibility powers.

Performance in the current year has been mixed with the rise in interest rates dampening large new-build housing developments. Although there is a reasonable pipeline of assets for disposal, the risk profile for potential delays remains high therefore leading to a continued deterioration in this measure.

Capacity to manage in-year budget pressures and strategy for dealing with demand and service delivery in the longer term



2022-23 ended with a revenue budget overspend for the first time in 23 years. The net overspend in 2022-23 was £47.1m after roll forwards (3.9% of net revenue). Overspends before roll forwards were reported in Adult Social Care & Health (ASCH) of £24.4m, Children, Young People and Education (CYPE) of £32.7m, Growth Environment and Transport (GET) of £0.9m, Deputy Chief Executive Department (DCED) of £1.6m. These were partly offset by underspends in Chief Executive Department (CED) of £3.5m and Non-Attributable Costs and Corporately held budgets (NAC) of £11.8m

The most significant overspends were:

- £30.5m older persons' residential and nursing care in ASCH
- £16.1m home to school transport in CYPE
- £9.9m children in care in CYPE

The most recent 2023-24 revenue budget monitoring reported to Cabinet on 4th January 2024 shows a forecast overspend of £35.6m before management action. This is a slight reduction on previous months following the introduction of spending controls. The latest monitoring report identifies the management action that needs to be delivered to bring the 2023-24 outturn into balance by the year end. More stringent spending controls are being considered to ensure sufficient progress is made in the remaining months of the year. The overspend is largely driven by higher spending growth than the £182.3m (excluding spending on externally funded activities) provided for in the

budget. The largest overspends are in the same main areas as 2022-23 (adult social care, children in care and home to school transport). This is despite including additional spending in the budget for the full year effect of recurring spend from 2022-23 and forecasts for future price uplifts, increases in demand and cost increases unrelated to price uplifts.

Cabinet on 5th October 2023 and County Council on 16th November 2023 agreed “Securing Kent’s Future – Budget Recovery Strategy” setting out the broad strategic approach to providing reassurance on the necessary action to bring the 2023-24 budget back into balance and the opportunity areas for further savings and avoidance of future cost increases over the medium term 2024-27.

However, until this strategic plan has been converted into detailed plans and these have been delivered, managing in-year spending and spending growth over the medium term presents the most significant risk to the Council’s financial resilience and sustainability and therefore the highest rating of deterioration.

Strength of financial reporting and ability to activate contingency plans if planned savings cannot be achieved



There continues to be a reasonable degree of confidence in the validity of financial reporting despite the uncertainties and volatility as a result of overspends. However, the ability to activate contingency plans if planned savings cannot be achieved has to date been severely restricted as a result of these overspends. although every effort is being made to reduce the forecast overspend in 2023-24.

Reporting has been enhanced to include separate analysis of delivery of savings plans, treasury management and council tax collection. Further improvements have been made in terms of the timeliness of financial monitoring and reporting to ensure corrective action is taken as early as possible.

Some areas of spending can still be changed at short notice if required as a contingency response if planned savings cannot be achieved (or there are unexpected changes in spending). A significant plank of the 2023-24 recovery strategy is to reduce non committed spending for the remainder of the year. At this stage it is expected that managers across the whole organisation will exercise this restraint to reduce forecast spending for the remainder of the year. However, if this does not result in sufficient reductions

to bring in-year spending back into balance, further more stringent spending controls will need to be introduced for the remainder of the year. These spending reductions are largely anticipated to be one-off and will not flow through into 2024-25 or later years unless the spending controls remain in place into 2024-25.

The increased focus on savings monitoring and delivery has had some impact and the majority of the overspend in 2023-24 and forecast for 2024-25 is due to unbudgeted spend rather than savings delivery, although savings delivery is still a contributory factor and remains a risk, this is no greater a risk than in previous years, hence this measure has not been rated as deteriorating.

However, if the further savings necessary to bring 2023-24 back into balance are not expected to be achieved this measure would need to be reassessed.

Risks inherent in any new partnerships, major outsourcing arrangements, and major capital developments



Partnership working with NHS and districts has improved. However, further sustained improvements are still needed to change the direction of travel.

Trading conditions for Council owned companies continue to be challenging although a higher one-off dividend is included in the administration's revised draft budget 2024-25.

A number of outsourced contracts are due for retender and the Council is still vulnerable to price changes due to market conditions.

The ability to sustain the capital programme remains a significant challenge. It is essential that capital programmes do not rely on unsustainable levels of borrowing and additional borrowing should only be considered where absolutely essential to meet statutory obligations. This will impact on the condition of non-essential assets possibly resulting in the closure of facilities although the planned spending to limit modernisation programmes to essential measures to ensure buildings are safe warm and dry has proved to be inadequate and the draft capital programme includes additional spending in 2024-25 and 2025-26 to reflect a more realistic level of spend on the assets the Council needs to sustain necessary functions. Despite the action taken to limit additional borrowing, just under ¼ of the draft capital programme (£376m) is still funded by borrowing. Slippage within individual projects remains

an issue leading to lower than planned spending in the short-term but potentially higher medium to long term costs due to inflation. This slippage defers borrowing rather than reducing it.

The quarter 2 capital monitoring report showed a forecast net underspend of £106.4m, comprising £5.7m real overspend on projects and programmes, and £112.2m reduction due to slippage. £4.3m of the real variance is due to spending on grant and externally funded projects where funding was announced after the capital programme was approved.

Financial standing of the Authority (level of borrowing, debt outstanding, use of reserves, etc.)



The financial standing of the Council has weakened significantly as a result of the overspend in 2022-23 that was balanced by the drawdown of £47.1m from general and risk reserves (39% of general reserve and all of the £25m risk reserve). Usable reserves were also reduced through the transfer of £17m from earmarked reserves to the Dedicated Schools Grant (DSG) reserve as part of the Council's contribution to the Safety Valve agreement with the Department for Education (DfE) in March 2023 (with a further transfer of £14.4m planned for 2023-24). Overall, the council's usable revenue reserves have reduced from £408.1m at 31/03/22 (40% of net revenue) to £355.1m at 31/03/23 (29.8% of net revenue) with a further reduction to £316.3m (24% of net revenue) forecast for 31/03/24. This forecast assumes the 2023-24 revenue spend is brought back to a balanced budget position by year end with no further draw down from reserves.

The reduction in usable reserves has significantly reduced the Council's ability to withstand unexpected circumstances and costs and reduced the scope to smooth timing differences between spending and savings plans. The levels of reserves now pose a more significant risk to the Council's financial resilience than levels of debt. Levels of reserves are now considered to be the second most significant financial risk after capacity to deal with in-year budget pressures. Reserves will need to be replenished at the earliest opportunity and will need to be factored into future revenue budget plans.

The Council has an ongoing borrowing requirement of £1.1bn arising from its historic and ongoing capital expenditure which is expected to remain broadly stable over the medium term. Most of this requirement is covered by existing external debt, which is forecast to decline gradually over the medium term (from around

72% in 2023-24 to 66% in 2026-27. The remaining portion is met via internal borrowing (namely the temporary use of internal cash balances in lieu of investing those balances with external counterparties).

Although the Council has been protected to a significant extent from the material increase in interest rates over the past two years (given that most of its borrowing requirement is already met by fixed rate debt) the higher rate environment has increased the expected cost of internal borrowing as well as costs associated with any new external borrowing over the near and medium term.

A small portion of the borrowing requirement (8.4% in 2023-24) is met via “LOBO” (Lender Option Borrower Option) loans. These instruments provide lower cost financing in exchange for giving the lender the periodic opportunity to reset the loan’s interest rate. The Council manages the risks around these loans being “called” by restricting their use to only a minor portion of the borrowing portfolio and by avoiding any concentration in the loans’ associated option dates.

In managing the structure of its borrowing (the balance between internal and external borrowing, and the portion of the latter that is made up of fixed-rate as opposed to variable-rate loans), the Council is chiefly concerned with risks arising from uncertainty around interest rates as well as ensuring it has adequate liquidity over the medium term. The Council reviews its borrowing strategy formally on an annual basis to ensure it remains appropriate. The revised draft budget report includes an updated Treasury Management Strategy.

The Authority’s record of budget and financial management including robustness of medium-term plans



The direction of travel for this factor was shown as deteriorating in the final budget presented to County Council on 9th February 2023 due to the quarter 3 monitoring for 2022-23 showing a significant £53.7m forecast revenue overspend. The overspend reduced a little by year-end to £44.4m before roll forwards (£47.1m after roll forwards). However, this was not sufficient to change the direction of travel bearing in mind the scale of the forecast overspends for 2023-24.

The most significant cause of the overspends is higher than budgeted spending growth despite significant increases already factored into the budget. The need to include the full year effect of current year overspends as a variance to the published medium-term plan

means that the capacity to manage in-year budget pressures (highest rated risk assessment) is the most significant factor in MTFP variances rather than the robustness of MTFP forecasts. This is the only reason that this particular assessment has not been shown as a significant deterioration with a double arrow. Nonetheless, the robustness of forecasts included in the MTFP does need improvement (hence this assessment is still showing a deterioration until these are improved).

The revised draft budget for 2024-25 and MTFP for 2024-27 is balanced albeit through a significant amount of one-offs for 2024-25 which are shown as being replaced in the balanced position for 2025-26 and 2026-27. However, this replacement does increase the savings requirement for these years. As yet details of these savings have not been confirmed and will only be confirmed over the coming months. Consequently, until these savings have been confirmed and are delivered, this measure is still showing as deteriorating.

Virement and year-end procedures in relation to under and overspends



The direction of travel for this factor was shown as deteriorating in last year's budget due to the 2022-23 forecast overspend and ongoing issues with Whole Government Accounts. The forecast for 2023-24 is a further forecast overspend and issues remain with Whole of Government Accounts meaning there has not been sufficient progress to date to change the direction of travel on this assessment.

The Council continues to adhere to its virement and year end procedures as set out in its financial regulations. The Council's ability to close the year-end accounts early or even on time is becoming increasingly difficult. The audit certificate for 2020-21 was issued on 4th September 2023, following confirmation that no further work was required on the Whole Government Accounts. The audit certificate for 2021-22 has not been issued due to the audit of the 2021-22 Whole of Government Accounts being outstanding as the external auditors have prioritised the audit of the 2022-23 accounts.

The draft outturn for 2022-23 was reported to Cabinet on 29th June 2023 outlining the main overspends and underspends together with roll-forward requests. This was presented alongside an update of the medium-term financial outlook. The net overspend of £47.1m was reported after roll forwards of £2.7m. The overspend was funded from a drawdown from earmarked and general reserves. The draft accounts

for 2022-23 were published on 1st July 2023 and are due to be signed off following the February Governance and Audit Committee.

The availability of reserves and government grants/other funds to deal with major unforeseen events



As identified in the assessment of the financial standing of the Council, the levels of usable reserves have reduced at the end of 2022-23 and are forecast to reduce further by the end of 2023-34. A number of significant risks remain unresolved (including at this stage balancing the 2023-24 revenue budget) which could impact on reserves and the assessment of their adequacy if the management action to reduce spending in the current year does not result in a balanced outturn.

The most significant risk to reserves in previous years has been identified from the accumulated and growing deficit on the Dedicated Schools Grant (DSG) reserve largely from the overspending high needs support within the DSG. This has now been addressed over a number of years through the Safety Valve agreement with the Department for Education (DfE). However, at this stage the Safety Valve agreement is a recovery plan that will be delivered over a number of years with spending on high needs support gradually brought back into balance with the available grant funding and the historic accumulated deficit cleared with contributions from the DfE and the Council. However, this does not fully mitigate the risk as should the plan not be fully delivered there is a risk that the DfE could withhold contributions and a residue deficit would remain.

The reserves forecast includes the transfer to the DSG reserve of the Council's contribution for 2022-23 and a further forecast transfer for the Council's contribution in 2023-24. Provision is included in the 2024-25 revised draft budget and 2024-27 MTFP for the remaining Council contributions. The DSG reserve forecast also includes the DfE contributions for 2022-23 to 2027-28. These contributions together with the recovery plan to reduce the in-year deficit on high needs spending would see the accumulated deficit cleared by 2027-28. However, resolving this aspect of risk to reserves results in £82.3m over the term of the agreement of the Council's resources which would otherwise have been available to mitigate other risks.

Although this DSG risk has been addressed the risk of the requirement for further drawdowns if the 2023-24 current year spend and the one-offs including use of reserves in 2024-25 revised draft budget and 2024-27 MTFP and the overall forecast level of reserves means

the assessment of this risk cannot yet show an improvement and could be a further deterioration.

A new risk has arisen during 2023-24 following the high court judgment that the Council must take all possible steps to care for all Unaccompanied Asylum Seeking (UAS) children arriving in the county under the Children Act 1989, unless and until they are transferred to other local authorities under the National Transfer Scheme. The council is currently in negotiations with the Department for Levelling Up Housing and Communities (DLUHC), Home Office and Department for Education (DfE) to ensure the Council's costs are fully covered by Government to enable compliance with the judgment. Whilst circa £9m has been offered by the Home Office for revenue costs in 2023-24, negotiations continue on an updated offer for 2023-24, 2024-25 and on-going basis as this is insufficient to cover the actual and estimated one-off and recurring costs. A capital grant has been agreed with DfE for £10.39m to cover capital costs to upgrade existing property assets to provide compliant facilities and additional capacity, and negotiations are ongoing with the Home Office for sufficient capital grant to upgrade existing facilities and to secure further additional properties. Until negotiations are complete and the Council has been made whole for all costs to support UAS children arriving in the county until they are transferred to other local authorities under National Transfer Scheme this remains a major threat to the Council's financial sustainability.

A register of the most significant risks is published as part of the revised draft 2024-25 revenue budget, 2024-27 medium term plan, 2024-34 capital programme and Treasury Management Strategy.

The general financial climate including future expected levels of funding



The Autumn Statement 2022 included departmental spending plans up to 2024-25 and high-level spending plans up to 2027-28. The plans for 2023-24 and 2024-25 included additional support for local government including additional grants and increased assumptions for council tax. These plans were updated in the 2023 Autumn budget on 22nd November 2023 but are still only high-level overall forecasts beyond 2024-25 with no individual departmental details.

The Autumn Budget 2023 identified that while day to day spending on public services will continue to grow above inflation in future years (1% in real terms), public spending will continue to face many pressures and the

government remains committed to boost public sector productivity and focus spending on government priorities. This combination is likely to impact on the distribution of spending between departments and priorities. Forecasts suggest that unprotected areas of spending, including local government, could be facing a real terms reduction in funding of around 1.8% implied by the overall plans for 2024-25 to 2028-29. If these forecasts are correct this could result in another sustained period of flat cash settlements for local government.

The Provisional Local Government Finance Settlement (PLGFS) only included individual grant allocations and core spending power calculations for 2024-25. The settlement did not include indicative council tax referendum levels beyond 2024-25. Other departmental specific grants are not included in the settlement.

The planned reforms to social care charging have been delayed until 2025 at the earliest. It is this delay that has enabled Government to redirect the funding allocated for social care reform as a short term increase in funding for current pressures in adult social care. A further tranche of funding for the Market Sustainability and Improvement Fund for workforce reform for 2023-24 and 2024-25 was announced in July 2023 and included in the PLGFS.

However, the inadequacy of medium to long term sustainable funding for adult social care remains, and the lack of certainty that the additional funding available in 2023-24 and 2024-25 will be baselined for subsequent years.

The lack of detailed government departmental plans beyond 2024-25, the unexpected reduction in Service Grant for 2024-25 and the forecast that the planned growth in public spending is unlikely to be distributed evenly means that the assessment of this risk has deteriorated from the initial draft budget and is now assessed as deteriorating over the medium term.

The long-awaited update and reform to the funding arrangements for local government have also been delayed again until 2025 at the earliest.

Despite increased certainty of funding for 2023-24 and 2024-25, medium term financial planning remains uncertain, particularly future spending and income forecasts. The plans for 2025-26 include a higher level

of uncertainty. Plans can only be prepared based on prudent assumptions and forecasts for later years remain highly speculative.

The adequacy of insurance arrangements



The Council's insurance policies were reviewed for January 2022. A hardening market along with changing levels of risk has resulted in a rise in premiums, with some deductibles being increased to mitigate this. The implications of limiting capital borrowing to absolutely essential statutory services increases the risk of insurance claims where assets have not been adequately maintained. A fund audit confirms the levels of insurance reserve are adequate, however as the corporate contribution to the fund is remaining unchanged, more reliance will be placed on the reserve to balance insurance claims.

Of the eleven factors used to assess risk and the adequacy of reserves, only one has improved since the initial draft in November (prospects for inflation) and one has deteriorated (expected levels of funding). The strength of financial reporting and ability to activate contingency plans remains the only other factor not deteriorating, and even this is conditional on delivering the plans to bring 2023-24 spending back into balance. The capacity to manage in-year budget pressures and strategy for dealing with demand and service delivery in the longer term, and financial standing of the Council (level of borrowing, debt outstanding, use of reserves, etc.) continue to be assessed as the most significant deterioration and therefore the biggest risks to the Council's financial sustainability and remain a cause for serious concern. There are aspects of these deteriorations as well as a number of the others that are largely due to external factors but these still need to be managed and mitigated as much as possible. No weighting has been applied to the individual factors, but the general financial risk to the Council should now be regarded as substantially and severely increased compared with a year ago, which in turn, was increased from the year before and has hardly improved since the initial draft budget.

The amounts and purposes for existing reserves have been reviewed to ensure the Council achieves compliance with Local Authority Accounting Panel (LAAP) Bulletin 99. This bulletin sets out the recommendations on the purposes for holding reserves. Reserves are split between general reserves (working balance to help cushion the impact of uneven cashflows/avoiding unnecessary temporary borrowing and contingency to cushion the impact of unexpected events/emergencies) and earmarked reserves to build up funds for known/predicted specific events.

The administration's updated draft 2024-25 budget includes a £3.1m net increase from changes in contributions and draw down from reserves in 2024-25. This includes additional contributions to replenish the draw down from general reserves in 2022-23 over two years 2024-25 and 2025-26 and provision for the Council's contribution to the DSG reserve under the safety valve agreement, as well as a further £13.8m of drawdowns from/reduced contribution to corporate reserves and use of public health reserves as part of the one-off measures to balancing 2024-25 budget. A full

reconciliation of all the changes to contributions and draw down from reserves for 2024-25 is available through the detailed dashboard of budget variations.

Appendix J: Budget Risks Register 2024-25

TOTAL £m	586.5
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
Significant Risks (over £10m)						
CYPE	High Needs Spending	The Dedicated Schools Grant (DSG) High Needs Block does not meet the cost of demand for placements in schools, academies, colleges and independent providers.	The Safety Valve programme does not deliver the reduction to the in-year deficit on spending to support children with high needs as planned leading to a higher deficit	The Department for Education withholds its contribution towards the accumulated deficit and/or the increased overspend leaves a residue deficit. The government requires that the total deficit on the schools budget to be carried forward and does not allow authorities to offset from general funds anything above the amounts included in the Safety Valve agreement without express approval from Secretary of State. This approach does not resolve how the deficit will be eliminated and therefore still poses a significant risk to the council	4	150.0
Page 117	Non delivery of Savings and income and inability to replace one-off measures	Changes in circumstances, resulting in delays in the delivery of agreed savings or income and inability to replace one-off measures with sustainable permanent alternatives	Inability to progress with plans to generate savings or additional income as planned, due to changing circumstances	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	111.5
CYPE	Unaccompanied Asylum Seeking (UAS) Children	The High Court has ruled that the Council is responsible for the care of all Unaccompanied Asylum Seeking children arriving in the county until such time as they are transferred to other councils under National Transfer Scheme	Failure to reach agreement with government departments (Home Office and Department for Education) to cover all costs incurred by the council in supporting UAS children	Overspend on the revenue and or capital budgets, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	60.0
GET	Waste capital infrastructure life expired and insufficient to cope with increased housing and population levels	A number of KCC's Household Waste Recycling Centres (HWRC) and Waste Transfer Stations (WTS) are life expired (35-40 years old) and require significant repair or replacement/reconfiguration. In addition to this, District Local Plan targets mean additional houses, and increasing population, presents a capacity issue for the service. Council Tax allows price inflation, additional tonnes (demography) and legislative changes to be taken into account, but does not allow for renewing or adding new infrastructure. The service started securing s106 from 2023 onwards, but unless other (Government) funding can be secured, the Council will need to invest in both of these areas	Unless grant or other funding (s106, CIL) can be secured, the Council will need to fund replacing and reconfiguring (due to Government legislative unfunded changes) the existing sites, as well as building new sites. Outside of the capital programme, which includes building one new WTS, there is up to £40m investment required and noted in the 10-year capital programme. Funding has not been identified for these schemes, which include two new WTS and renewing existing sites, but is an indication of the level of investment required over the medium to long term and for which there is no currently identified funding source (one WTS/HWRC could be partner funded).	The consequence is that the Council has to put forward match funding, or the entirety of funding, for the new sites and/or reconfigured sites which means additional borrowing and the financing/borrowing costs that go along with this. £40m is the maximum financial impact figure, or accept the consequential reduction in capacity.	4	40.0

Appendix J: Budget Risks Register 2024-25

TOTAL £m	586.5
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
ALL	2023-24 potential overspend impact on reserves	Under delivery of recovery plan to bring 2023-24 revenue budget into a balanced position by 31-3-24.	Overspend against the revenue budget in 2023-24 required to be met from reserves leading to a reduction in our financial resilience	Insufficient reserves available to manage risks in 2023-24 and future years	3	36.0
GET/DCED	Changing Government focus on funding to support the Net Zero/Carbon Reduction green agenda (capital spend)	Government has previously provided 100% funding for certain Net Zero/green projects e.g. Public Sector Decarbonisation Scheme (PSDS) Funding towards the Bowerhouse and Kings Hill Solar Farms (£20m in total on community/HQ buildings, and £2m on schools), as well as LED installation, heat network or heat source pumps (gas, water). The PSDS grant is now moving focus from LED/Solar - despite the Council requiring 2 more Solar Parks as part of its Net Zero ambitions - and towards Heat Networks. Not only this, but whereas some projects were previously match funded, Government is now looking at >50% match funding requirements. The latest PSDS funding secured only funded 18% of the project. The cost of one large and one small Solar Park is in the region of £22.5m, plus a need for gas boilers on the corporate and schools estate to be replaced by heat source pumps (and/or hydrogen in the future).	The risk is that the Council has to find much higher match funding for future Net Zero projects, or review its expectations with regards to Net Zero 2030 and 2050 ambitions.	The consequence is that the Council has to put forward match funding for capital projects which can only come from borrowing or reserves. Borrowing then has a revenue implication and adds to the financing cost budget which is currently unaffordable, or accept that we will have to meet the target in other ways.	4	30.0
ALL	Full year effect of current overspends	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Increases in forecast current year overspends on recurring activities resulting in higher full year impact on following year's budget (converse would apply to underspends)	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	20.0

Appendix J: Budget Risks Register 2024-25

TOTAL £m	586.5
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
ASCH / CYPE	Market Sustainability	The long term impact of Covid-19 is still impacting on the social care market, and there continue to be concerns about the sustainability of the sector. At the moment all areas of the social care sector are under pressure in particular around workforce capacity including both recruitment and retention of staff especially for providers of services in the community, meaning that sourcing appropriate packages for all those who need it is becoming difficult. This is likely to worsen over the next few months with the pressures of winter, and increased activity in hospitals. Throughout this year we have continued to see increases in the costs of care packages and placements far greater than what would be expected and budgeted for, due to a combination of pressures in the market but also due to the increased needs and complexities of people requiring social care support.	If staffing levels remain low, vacancies unfilled and retention poor, then repeated pressure to increase pay of care staff employed in the voluntary/private sector in order to be able to compete in recruitment market. At the moment vacancy level said to be 1 in 10. The increases to the National Minimum and National Living Wage will create more challenges for the market to recruit and retain when other sectors may be paying more, so it may be that they will need to increase their wages accordingly.	Care Homes closures are not an infrequent occurrence and whilst some homes that close are either too small or poor quality others are making informed business decisions to exit the market. The more homes that exit in this unplanned manner further depletes choice and volume of beds which can create pressures in the system regarding throughput and discharge from hospital thus potentially increasing price.	4	20.0
ALL	Capital - Developer Contributions	Developer contributions built into funding assumptions for capital projects are not all banked.	Developer contributions are delayed or insufficient to fund projects at the assumed budget level.	Additional unbudgeted forward funding requirement and potential unfunded gaps in the capital programme	4	15.0
ALL	Revenue Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Price pressures rise above the current MTFP assumptions and we are unsuccessful at suppressing these increases. Each 1% is estimated to cost £14m.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	14.0
CYPE	Market Sustainability	Availability of suitable placements for looked after children. Availability in the market for home to school transport, due to reducing supplier base and increasing demand.	Continued use of more expensive and unregulated placements, where it is difficult to find suitable regulated placements as no suitable alternative is available. The cost of transport contracts continues to increase above inflation.	Unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4	10.0
ALL	Demand & Cost Drivers	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Non inflationary cost increases (cost drivers) continue on recent upward trends particularly but not exclusively in adult social care, children in care and home to school transport above the current MTFP assumptions and the Council is not able to suppress these	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	10.0

Appendix J: Budget Risks Register 2024-25

TOTAL £m	586.5
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
Other Risks (under £10m - individual amounts not included)						70.0
GET	Capital – asset management and rolling programmes including: Highways, Country Parks, PROW	The asset management/rolling programmes for KCC Highways are annual budgets and are not increased for inflation each year, meaning that the purchasing power reduces year on year as inflation is compounded yet the budget remains fixed.	Inflation pressures are incurred annually on these budget areas but the funding sources (Council borrowing, DfT grant) remain fixed and therefore this contributes to the ‘managed decline’ notion in that these budgets do not even maintain steady state as often the level of investment is significantly below (risk accepted by the Executive) the required level of spend - steady state asset management principles recommend £150m pa is spent. Plus year-on-year inflation is not budgeted for so the level of works commissioned reduces year-on-year also, which was exacerbated in 2023 with BCIS reaching 29% and RPIX 12%+.	A funding gap exists annually, so steady state cannot be achieved, so unless budget provision is made, the level of capital/asset management preventative works commissioned each year will reduce. This will present a revenue pressure, as more reactive works are likely to be required, plus the respective backlogs for Highways Asset Management (c£700m) will increase exponentially. The risk represents the level of annual inflation required to mitigate this risk or accept that the asset will deteriorate.	4	
GET Page 120	Capital - highways grant allocation	DfT capital grant funding has reduced by £9m resulting in insufficient capital funding available to continue at previous budgeted and approved service/investment levels, leading to an accelerated managed decline in the state of our highways network. Kent Highways invest c£70m of capital each year (£25m Council, £40-£45m pa DfT) and this is less than half of what is recommended under best practice asset management principles.	The requirement to manage safety concerns may lead to increased unbudgeted revenue spend on reactive works or an increase in the level of Category 1 & 2 works required on key strategic routes. The Council was already operating a managed decline in the state of the network due to increasing traffic volumes, increasing inflation without compensating increases in funding etc so this will further exacerbate that position.	An overspend on the capital/revenue budget, requiring alternative offsetting savings or temporary funding from reserves/other sources. A re-prioritisation of the Council's capital programme would be required or service levels would need to be reduced. Asset management backlog (currently in excess of £700m) would continue to grow at an even quicker rate.	4	
ALL	Capital	Capital project costs are subject to higher than budgeted inflation.	Increase in building inflation above that built into business cases.	Capital projects cost more than budgeted, resulting in an overspend on the capital programme, or having to re-prioritise projects to keep within the overall budget. For rolling programmes (on which there is no annual inflationary increase), the level of asset management preventative works will reduce, leading to increased revenue pressures and maintenance backlogs.	4	
ALL	Contract retender	Contracts coming up for retender are more expensive due to prevailing market conditions and recruitment difficulties	This risk could result in a shortage of potential suppliers and/or increases in tender prices over and above inflation	Higher than budgeted capital/revenue costs resulting in overspends unless that can be offset by specification changes	4	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	586.5
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
GET	Investment in the Public Rights of Way (PROW) network	Insufficient funding to adequately maintain the PROW network	Condition of the PROW network suffering from under-investment. A £150k allocation was included in the 2021-22 but additional one-off and base funding is likely to be needed for a service that is already operating at funding levels below best practice recommended asset management levels. This has been further exacerbated by the increased usage several years ago arising from the covid related restrictions and national lockdown	The potential for claims against the Council due to injury and from landowners and the need to undertake urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4	
GET	Revenue - drainage and adverse weather	Persistent heavy rainfall and more frequent storm events mean insufficient revenue and capital budget to cope with the reactive and proactive demands on the service	An additional £1m was put into the drainage budget in 2021-22 but this was below the level of overspends in the two prior years and the risk is therefore the budget is not being funded at the level of demand/activity. More erratic weather patterns also cause financial pressures on the winter service and many other budgets. The risk is that this weather pattern continues and additional unbudgeted funding is required. A £1m saving was put into the budget in 2023-24 with a view to reducing the service standards/intervention levels in this area but due to the climate/persistent rainfall, damage to the network meant that additional works were required. Despite provisionally including £1m back into the 2024-25 budget, there is still a view that the budget is £1m light due to the changing weather climate/events and that the budget could see activity/demand require an additional £1m-£1.5m being required to reduce potential for flooding on the road network and the level of defects that then arise.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	4	
GET	Changing Government focus on funding to support the Net Zero/Carbon Reduction green agenda (revenue spend)	The Sustainable Business and Communities team with Net Zero within its remit has received significant EU/Interreg funding which has helped plan and deliver the plan for Net Zero by 2030/2050. This funding ceased in 2023-24 and the Council has invested £0.7m (2023-24) into the base budget to create a permanent team, with £0.3m deferred until 2025-26 (budgetary constraints) to deliver this strategy/Framing Kent's Future priority. If such funding is unaffordable to the Council then Net Zero requirements won't be met.	The risk is that the Council has to fund any reduction or cessation of funding.	The consequence is an overspend against the revenue budget, requiring compensating savings or funding from reserves, as simply not delivering Net Zero by 2050 is not an option due to Government legislation being implemented.	4	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	586.5
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
CYPE	Recruitment, retention & cover for social workers	Higher use of agency staff to meet demand and ensure caseloads remain at a safe level in children's social work. The Service has relied on recruitment of newly qualified staff however this is being expanded to include a more focused campaign on attracting experienced social workers. There are higher levels of sickness and maternity leave across children's social work	Inability to recruit and retain sufficient newly qualified and experienced social workers resulting in continued reliance on agency staff, at additional cost. Higher levels of sickness and maternity leave resulting in need for further use of agency staff.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	
DCED	Cyber Security	Malicious attacks on KCC systems.	Confidentiality, integrity and availability of data or systems is negatively impacted or compromised leading to loss of service, data breaches and other significant business interruptions.	Financial loss from damages and potential capital/revenue costs as a result of lost/damaged data and need to restore systems	3	
DCED	Strategic Headquarters	Sub optimal solution for the Council's strategic headquarters following the decision to market Sessions House as an entire site (with options on individual blocks)	Capital programme includes a capped £20m allocation for strategic assets project that limits the available options	Inability to address all backlog issues increases the risk of cost overruns and potential need for higher future maintenance, running and holding costs	3	
ALL	IFRS9	Removal of statutory override that allows unrealised gains/losses resulting from changes in the fair value of pooled investment funds to be transferred to an unusable reserve until the gain/loss is realised once the financial asset has matured.	Any unrealised gain or loss as a result of stock market performance will impact on the General Fund.	A significant loss would reduce our General Fund and the council's financial resilience. There are two uncertainties: (1) the Statutory Override could be extended, and (2) the ultimate value of any impact	3	
ALL	Capital - Capital Receipts	Capital receipts not yet banked are built into the budget to fund projects.	Capital receipts are not achieved as expected in terms of timing and/or quantum.	Funding gap on capital projects requiring additional forward funding.	3	
ALL	BREXIT and EU Transition	The Council requires full reimbursement from Central Government for the additional ongoing costs of BREXIT and transition.	Full cost reimbursement not received from government. The grants received to date have not been sufficient to cover the Council's additional spending on BREXIT and transition costs.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	3	
ALL	Income	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust income estimates.	Income is less than that assumed in the MTFP.	Loss of income or reduced collection of income that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	586.5
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
GET	Waste income, tonnage and gate fee prices	The current market has seen a considerable volatility in the income received for certain waste streams (potentially due to other supply shortages), as well as increased gate fees due to the double digit inflation seen in 2023 (majority of Waste contracts are RPI which was 12% during the year). The budget for 2024-25 includes not only significant price pressures for contract inflation, gate fees and HWRC management costs, but also realignment of budgets from 2023-24 where the actual inflation levels at the point the contracts are uplifted being higher than budgeted. Inflation is reducing, but November OBR showed a slowing rate of reduction than March OBR.	Projected levels of income fall, or gate fees/contractual price uplifts are above budgeted levels which leave an unfunded pressure.	This will result in an unfunded pressure that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	
GET	English National Concessionary Travel Scheme (ENCTS) and Kent Travel Saver (KTS) journey levels	ENCTS journeys have reduced over time, more so during the pandemic, so a £3.4m reduction was reflected in 2022-23 budget with a further £1.9m reduction in the 2023-24 budget. Should custom/patronage return to pre-covid levels, this would lead to a £5.3m budget shortfall. This is a national scheme and the Council has to reimburse the operators for running this on the Council's behalf. There was initially a ringfenced grant for this service, it then became part of the Revenue Support Grant and now no specific grant exists so the taxpayers of Kent fund this scheme and would need to fund any update.	Activity levels return to a level of journeys in excess of the revised budget, therefore causing a financial pressure.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years if current activity levels are not indicative of the new normal.	3	
Non Attributable Costs	Insecure funding	The 2024-25 core budget includes £14.6m from insecure funding (company dividends, business rate pool and new homes bonus).	Previously it was recognised that core spending should not be funded from insecure/volatile sources and such funding should be held in reserve and used for one-off purposes	Funding is not secured at the planned level resulting in overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	

Appendix J: Budget Risks Register 2024-25

TOTAL £m **586.5**

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
Non Attributable Costs	Volatility on Investment Income	Income returns have increased in 2023-24 in line with rising interest rates. The 2023-24 budget included an assumed £2.9m additional income on financial investments under the Treasury Management Strategy and the latest budget monitoring assumes this will be overachieved. The 2024-25 budget assumes a further £2.3m of investment income.	Performance of our investments falls below predicted levels as a result of volatility in the economy	Reduction in investment income leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	
CYPE	Home to School Transport	Lack of suitable local education placements for children with Special Education Needs	Parents seek alternative placements outside of their locality requiring additional transport support	Additional transport costs incurred resulting in an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves and potential recurring budget pressure for future years; or seek to demonstrate that the available local placements are suitable for the child's needs	3	
CYPE Page 124	Changes to OFSTED regulation for 16 & 17 year olds	The Department of Education has introduced quality standards, registration and inspection requirements for providers of supported accommodation for 16 & 17 year olds looked after children. Local Authorities are no longer permitted to place or arrange accommodation in unregulated accommodation for any child under 18 from October 2023. Future commissioning must reflect the new OFSTED regulations.	The cost of regulated accommodation is more expensive and could add a further pressure on placement costs in future. Additional Government funding may not be sufficient to fully compensate.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years. Further discussions with Home Office if the additional costs relating to UAS Children cannot be managed within existing grant rates.	3	
CYPE / DCED	Reduction in DFE grants for central services for schools and review of school services provided by the Local Authority	The government has reaffirmed its intention for all schools to become part of a multi-academy Trust. Local Authority grant funding to support schools continues to be reduced, equating to a cumulative total reduction of nearly £4m for the Council since 2019-20. Consequently the Council needs to review its relationship with schools and the services it provides free of charge.	Long term solutions cannot be implemented within timescales and may require schools agreement (which may not be achieved). There is also a risk that passing greater responsibilities to schools could have a possible negative impact on other areas of Local Authority responsibility if schools do not comply (for example: school maintenance). There is also the risk of further cuts to the Local Authority Central Services for School Grants in the future.	If this remains unresolved there is a risk that this will also have to either be met from reserves in future years or result in an overspend until a longer term solution is identified	3	
ASCH (PH)	Uplift in Public Health Grant	The anticipated 'real' increase in the Public Health grant is insufficient to meet additional costs due to i) price increases and/or increased demand; and/or ii) costs of new responsibilities.	The increase in the Public Health grant is less than the increases in costs to Public Health.	(i) Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. (ii) Public Health Reserves could be exhausted	3	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	586.5
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
DCED	Highways unadopted land	Maintenance costs for residual pieces of land bought by Highways for schemes and subsequently tiny pieces not required or adopted.	Work becomes necessary on these pieces of land and neither Highways or Corporate Landlord have budget to pay for it.	Work needs to be completed whilst estates work to return the land to the original landowner	2	
DCED	Enterprise Business Capabilities (EBC)	Cost and/or timescale overruns on implementation phase for Oracle replacement	Unforeseen or higher than budgeted costs	Additional unfunded costs over and above the reserve set aside for the project	2	
DCED	Capital Investment in Modernisation of Assets	Unless the Council estate asset base is reduced sufficiently, there is risk of insufficient funding to adequately address the backlog maintenance of the Corporate Landlord estate and address statutory responsibilities such as Health & Safety requirements	Condition of the Corporate Landlord estate suffering from under-investment. Recent conditions surveys estimate an annual spend requirement of £12.7m per annum required for each of the next 10 years. Statutory Health & Safety responsibilities not met.	The estate will continue to deteriorate; buildings may have to close due to becoming unsafe; the future value of any capital receipts will be diminished. Potential for increased revenue costs for patch up repairs. Risk of legal challenge.	2	
Page 125	VAT Partial Exemption	The Council VAT Partial Exemption Limit is almost exceeded.	Additional capital schemes which are hosted by the Council result in partial exemption limit being exceeded.	Loss of ability to recovery VAT that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	
ALL	Capital - Climate Change	Additional costs are incurred to comply with climate change policy	Project costs increase beyond budget	Overspend on the capital programme resulting in additional borrowing	2	
CYPE	Capital - Basic Need Allocations	Estimates of future basic need allocations are included in the capital programme.	Basic need allocations are less than expected.	Funding gap for basic need projects which will need to be funded either by reprioritising the capital programme or by descoping.	2	
DCED	Backlog of maintenance for properties transferring to Corporate Landlord	Maintenance backlog historically funded by services from reserves or time limited resources which have been exhausted. Properties that have been transferred to the corporate landlord require investment.	Urgent repairs required which cannot be met from the Modernisation of Assets planned programme within the capital budget	Unavoidable urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	

Likelihood Rating

Very Likely	5
Likely	4
Possible	3
Unlikely	2
Very Unlikely	1

The estimated maximum financial exposure shown in the table relates to 2024-25 for the revenue risks and for the rolling programmes within capital, whereas the capital risks for specific schemes reflect the financial exposure over the life of the project

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Details of Core Grants within the 2024-25 Provisional Local Government Finance Settlement

The Council is in receipt of a mix of general un-ringfenced grants which can be used in any way the Council decides to discharge its functions (core grants) and specific grants which must be spent according to government priorities. Given the uncertainty of future settlements beyond 2024-25 assumptions will have to be included in the Medium Term Financial Plan for future years. There are risks associated with this approach as the government may decide to change its priorities and reduce or cease funding through a grant or reallocate service specific grants into more general funding with a changed distribution.

A) Revenue Support Grant

Revenue Support Grant (RSG) is a central government grant given to local authorities from the centrally retained share of business rates which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the Local Government Finance Settlement using the relevant funding formulae; the revision of these formulae (along with the redistribution of the locally retained share of business rates) is the focus of the (deferred) Fair Funding review process.

The Council's RSG has decreased from circa £161m in 2015-16 to circa £9.6m in 2020-21 with only small inflationary uplifts since then. The inflationary uplift for 2024-25 is based on September 2023 CPI (6.62%). For planning purposes we have assumed that a similar CPI inflationary uplift will be applied in subsequent years (based on OBR forecast) although there has been no confirmation of this beyond 2024-25.

B) New Homes Bonus

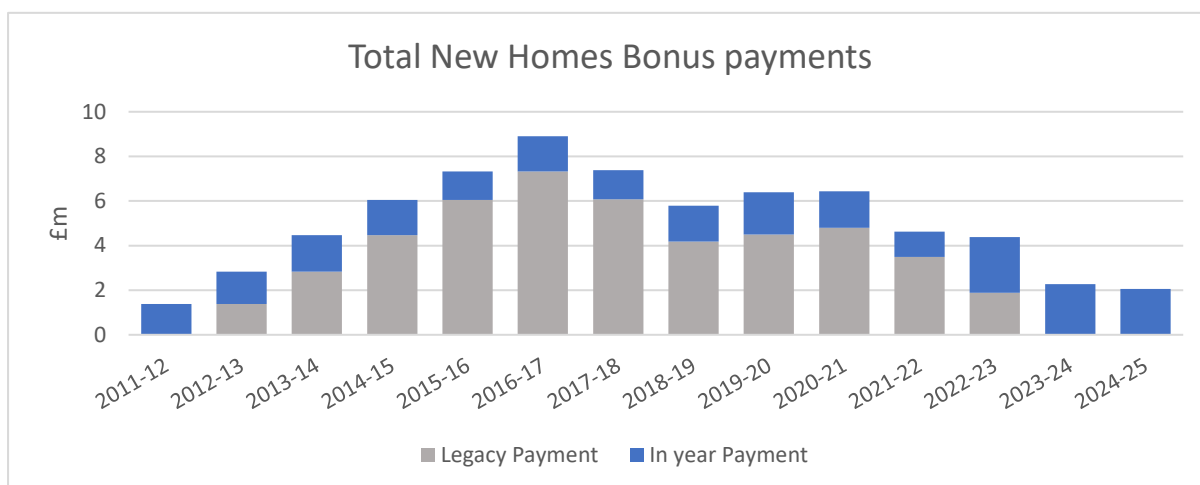
The New Homes Bonus (NHB) scheme was introduced in 2011-12 to help tackle the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. The grant is un-ringfenced.

Initially the NHB grant increased each year as the grant provided an incentive for six years by adding an additional in year growth to the previous year's legacy amount. This saw the grant peak in value in 2016-17. From 2017-18 the grant was reformed with the incentive reduced to four years in stages over two years by removing the earliest two year's legacy payments and adding in year additional growth.

A further reform was introduced in 2020-21 which saw the additional in year growth added as a one-off (i.e. not included in the subsequent year's legacy) with oldest year's legacy removed. This meant three years' worth of legacy payments in that year and one in year's growth. The same system was used in 2021-22 with one-off allocation

of in year growth and two years' worth of legacy payment. In 2022-23 the grant included the one year's remaining legacy and one further year of additional in year growth. For 2023-24 the legacy payment has expired, and the grant represented one year of growth. The provisional local government finance settlement for 2024-25 has confirmed the continuation of NHB payments for one final year, and like 2023-24 these will not attract legacy payments. The provisional settlement for 2024-25 is based on the same methodology as 2023-24 using updated data from Council Tax Base (CTB) returns and DLUHC data on affordable housing supply. Councils can make representations about the data on which allocations are based by 15th January 2024.

The graph below depicts the legacy and growth elements over the lifetime of NHB.



C) Improved Better Care Fund

The Better Care Fund (BCF) was introduced in the 2013-14 spending review. The fund is a pooled budget, bringing together local authority and NHS funding to create a national pot designed to integrate care and health services.

In addition to this, an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities to deal with the growing health and social care pressures during the period 2017-20. The grant is allocated according to relative needs formula for social care with an equalisation adjustment to reflect the adult social care council tax precept. The allocations increased each year between 2017-18 to 2020-21. The subsequent spending reviews and local government settlements have seen the grant rolled forward at the same value in cash terms as 2020-21 (£48.5m). The grant for 2022-23 included a 3% inflationary uplift as part of the additional resources for adult social care within the settlement. The grant for 2024-25 is the same value in cash terms as 2023-24 and 2022-23 (£50m). For planning purposes we have assumed that this grant will continue at the same value in cash terms for the medium term in subsequent years although there has been no confirmation of this.

D) Social Care Grant

The social care support grant was first introduced in 2019-20 following the announcement in the Chancellor's 2019-20 budget of an additional £410m for adult and children's social services. The Council's allocation for 2019-20 was £10.5m based on a formula using the Adult Social Care (ASC) Relative Needs Formula (RNF) with an equalisation adjustment to reflect the adult social care council tax precept.

An additional £1bn was added to the 2020-21 settlement taking the total for social care grant to £1.41bn. The same formula as 2019-20 was used based on using the ASC RNF with an equalisation adjustment to reflect the adult social care council tax precept. The Council's allocation was £34.4m. The government believes there is not a single bespoke needs formula that can be used to model relative needs for both adult and children's social care, therefore the existing ASC RNF was used to distribute this Social Care Grant funding.

The 2021-22 settlement included a further £300m taking the total social care grant to £1.71bn. The same formula was used again providing the Council with an additional £4.7m, increasing the total grant value for 2021-22 to £ 39.1m.

The 2022-23 settlement included an additional £636.4m, £556.4m of this was allocated via the existing ASC RNF and the remaining £80m was allocated to reflect the 1% adult social care council tax precept. This took the total grant to £2.346bn. Combined with the rollover from 2021-22, the Council's total social care grant for 2022-23 was £54.5m, an increase of £15.4m on 2021-22.

The 2023-24 settlement included an additional £1.345bn from the additional funding for adult social care announced in Autumn Budget 2022 which was added to the £2.346bn rolled forward from 2022-23. £160m of this increase was allocated to reflect the 2% adult social care council tax precept, with the remaining £1.185bn allocated using the existing ASC RNF. In addition, the Independent Living Fund (ILF) was rolled into the Social Care Grant (accounting for £161m of the total grant figure) and will no longer be received as a separate specific grant. This took the total Social Care grant to £3.852bn in 2023-24. The Council's total Social Care Grant for 2023-24 was £88.771m including £1.920m from rolled in ILF.

The provisional settlement proposes increasing allocations of the Social Care Grant by £0.692bn, of which £0.612bn was previously announced (and expected) as part of the additional funding for social care announced in Autumn Budget 2022, and £80m was unexpectedly transferred from Services Grant. These increases have been added to the rolled forward grant from 2023-24 of £3.852bn taking the total grant for 2024-25 to £4.544bn. £0.532bn of the increase was allocated according to ASC RNF (as we had been expecting) and £160m of the increase allocated to reflect the 2% adult social care council tax precept (we had been expecting £80m via ASC council tax before the transfer of the further £80m from Services Grant). The Council's total Social Care Grant in the provisional settlement for 2024-25 is £104.2m, an increase of £15.4m on 2023-24.

The Social Care Grant is ringfenced for adults' and children's social care.

E) Services Grant

This was a new one-off, un-ringfenced grant for 2022-23. The Services Grant was £822m in 2022-23. This grant was distributed through the existing formula for assessed relative need across the sector, using 2013-14 shares of Settlement Funding Assessment (SFA). The new grant was to provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government. It also included funding for local government costs for the increase in employer National Insurance Contributions. The Council's share of this grant for 2022-23 was £13.0m.

The Services grant reduced to £483m in the 2023-24 settlement, £188m of this reduction was related to the cancellation of the increase in employer's National Insurance Contributions. The 2023-24 settlement confirmed the Council's allocation had reduced to £7.6m.

The provisional settlement for 2024-25 proposes a further significant reduction in the Services Grant to £77m, a reduction of £406m. This was an unexpected reduction although £266m has been recycled into increases in other grants (RSG, 3% funding guarantee and £80m into Social Care Grant). It is not clear at this stage what the remaining £140m balance will be used for. The Council's share reduced by £6.4m to £1.2m (an 84% reduction) which equates to net unexpected reduction in the overall provisional settlement of £5.4m after taking into the additional social care grant.

For planning purposes we have assumed that Services Grant will continue at the same value in cash terms for the medium term although there has been no confirmation of this.

F) Market Sustainability and Fair Cost of Care Fund

This was a new grant for 2022-23. In total £162m out of the £3.6bn over 3 years was made available in 2022-23. The grant was allocated using the existing the Adults RNF. The Council's share of this grant was £4.2m. The charging reforms have now been delayed so the 2023-24 allocations of this grant have now been used to fund the increases to the social care grant as explained in paragraph section D of this appendix. The £162m from 2022-23 has now been rolled into the Adult Social Care Market Sustainability and Improvement Funding as explained in Section G below.

G) Adult Social Care Market Sustainability and Improvement Funding (MSIF)

The 2023-24 settlement maintained the current levels of Fair Cost of Care funding for local authorities for 2023-24 at £162 million.

The Autumn Budget 2022 announced that there will be an additional £400m for adult social care to increase MSIF to £562m for 2023-24. This additional funding was

intended to make tangible improvements to adult social care and, in particular, to address discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector. The additional grant was allocated on the same basis as 2022/23 using the ASC RNF. The Council's allocation of the additional £400m was £10.3m taking the total grant for 2023-24 to £14.4m. The grant was included in the Council's 2023-24 budget plans.

A further £600m funding for adult social care over 2023-24 and 2024-25 was announced on 28th July 2023. £570m was added to MSIF (£365m in 2023-24 and £205m in 2024-25). This additional funding was intended to fund workforce improvements.

The provisional local government finance settlement for 2024-25 has provided confirmation of an Autumn Statement 2022 announcement that this grant has increased nationally by £283m in 2024-25 and by a further £205m for the 2024-25 increase in the workforce element. The additional funding is allocated by the same mechanism as 2023-24 (ASC RNF). The Council's total allocation for 2024-25 is £26.969m, an increase of £12.5m (as expected). For planning purposes we have assumed that the grant will continue at the same value in cash terms for 2025-26 although there has been no confirmation of this.

H) Adult Social Care Discharge Fund

The Autumn Statement 2022 announced £600m of new grant funding for 2023-24 to ensure those people who need to draw on social care when they are discharged from hospital can leave as soon as possible, freeing up hospital beds for those who most need them. Local authorities received £300m of this funding. This funding is required to be pooled as part of the Better Care Fund (BCF). 50% is to be made available to local authorities in the local government finance settlement and the remaining 50% held by Health within the BCF.

In 2023-24 this grant has been distributed using the existing Improved Better Fund allocations, the Council's share was £7.0m. There are conditions attached to this grant.

The 2024-25 provisional local government finance settlement has confirmed the previous announcement in Autumn Budget 2022 that the local authority 50% share of the ASC Discharge Fund increases to £500m in 2024-25. The Council's allocation of £11.7m was confirmed in the provisional local government finance settlement for 2024-25 (as expected). For planning purposes we have assumed that this grant will continue at the same value in cash terms in 2025-26 although there has been no confirmation of this.

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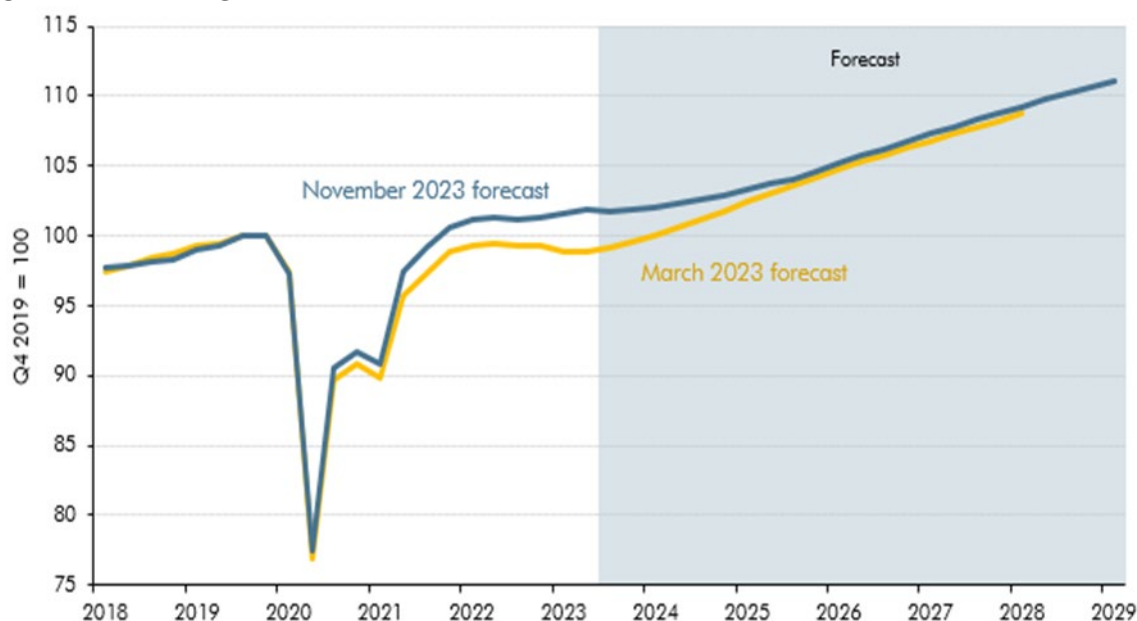
Economic & Fiscal Context

The national fiscal and economic context is an important consideration for the Council in setting the budget. This context not only determines the amount received through central government grants, but it also sets out how local government spending fits in within the totality of public spending and the wider economy. The Autumn Statement and Local Government Finance Settlement LGFS set the government's expectations of how much local authorities can raise through local taxation as well as departmental spending from which central government grants to local government are funded. The Office for Budget Responsibility (OBR) produces an Economic and Fiscal Outlook (EFO) report to provide the Chancellor of the Exchequer with an independent and up to date fiscal and economic forecast including impact of government policy decisions. This section of the report highlights the key elements for economic growth, inflation, and public sector spending/borrowing.

Economic Outlook - Growth

The November OBR report identified that the overall economy has recovered more fully from the Covid-19 pandemic and weathered the energy price shock better than previously anticipated. Gross domestic product (GDP) recovered to its pre-pandemic level by the end of 2021 and was 1.8% above it by mid 2023. This compares to the March 2023 forecast that GDP would be 1.1% below pre-pandemic levels at the same point in time. The EFO report indicates that survey data suggests that much of the improved economic strength can be attributed to a modest degree of excess demand. However, although GDP is starting nearly 3% higher than previous forecast, future growth is forecast to be more sluggish and GDP is only to be 0.6% higher by 2027 than the previous forecast as GDP growth is squeezed in the short-term forecasts by a combination of real wages, higher interest rates and unwinding of temporary government support. The comparison between previous and latest forecast for GDP is shown in the following chart 1 from the EFO report.

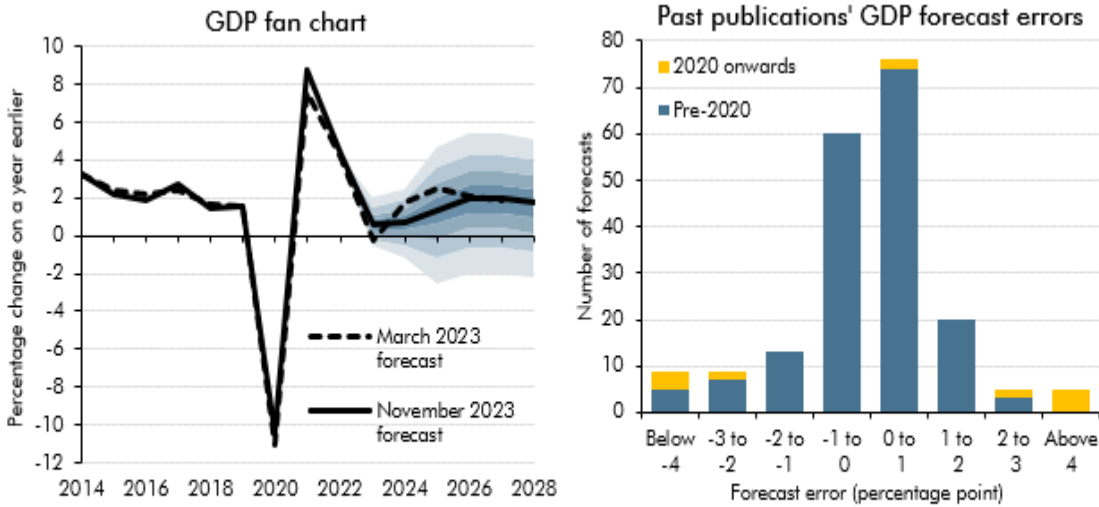
Chart 1 – Real GDP



Source: ONS, OBR

The OBR recognises there is significant uncertainty around GDP growth forecast. This is illustrated through a fan graph showing the central case (as per chart 1 above) and other potential scenarios (shaded according to probability) and the scale of errors in previous forecasts. These comparisons are shown in the following chart 2 from the EFO report.

Chart 2 – GDP Growth Fan Chart and Past GDP Forecast Errors

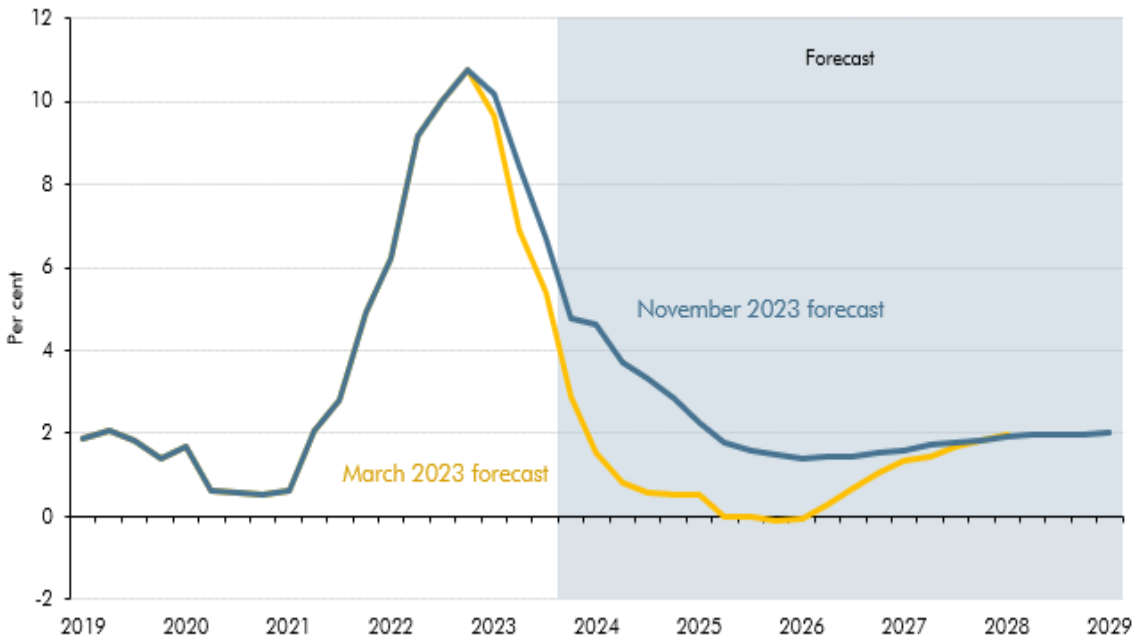


Note: On the left-hand chart, successive pairs of lighter-shaded areas around our forecast represent 20 per cent probability bands. The right-hand chart shows the distribution of forecast errors for every Autumn forecast since 1987. Source: ONS, OBR

Economic Outlook - Inflation

The OBR is forecasting that inflation will remain higher for longer, taking until the second quarter of 2025 to return to around the 2% target, this is more than a year later than in the March 2023 forecast. The OBR has concluded that this slower decline in the rate growth in inflation from previous forecast is due to domestic factors including the higher demand (and subsequent gap between demand and supply within the economy) and stronger wage growth more than offsetting the faster than expected decline in gas prices. From a peak of 10.7% in the last quarter of 2022, CPI is forecast to fall to 4.8% in the final quarter of 2023 (noting that since the OBR forecast was published CPI rate of inflation in the year to November 2023 fell to 3.9% compared to 4.6% for the year to October, and if this trend continues the quarter 4 2023 forecast would be overestimated). The OBR forecasts that as rate of GDP slows and a modest amount of spare capacity opens up and gas prices fall further that inflation is forecast dip slightly below the 2% target between 2025 to 2027, before returning to the target level in the longer-range forecast. The comparison between previous and current inflation is shown in the following chart 3 from EFO report.

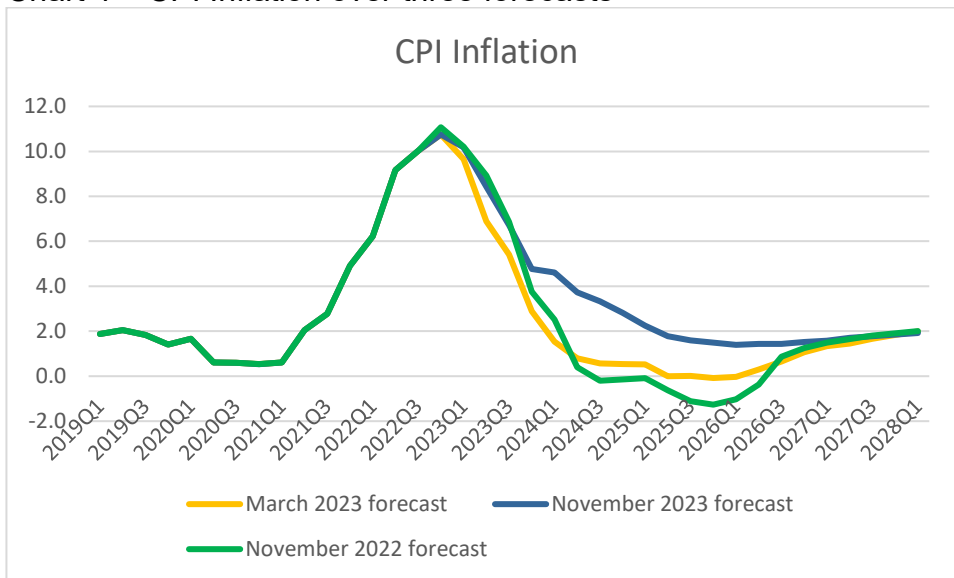
Chart 3 – CPI Inflation



Source: ONS, OBR

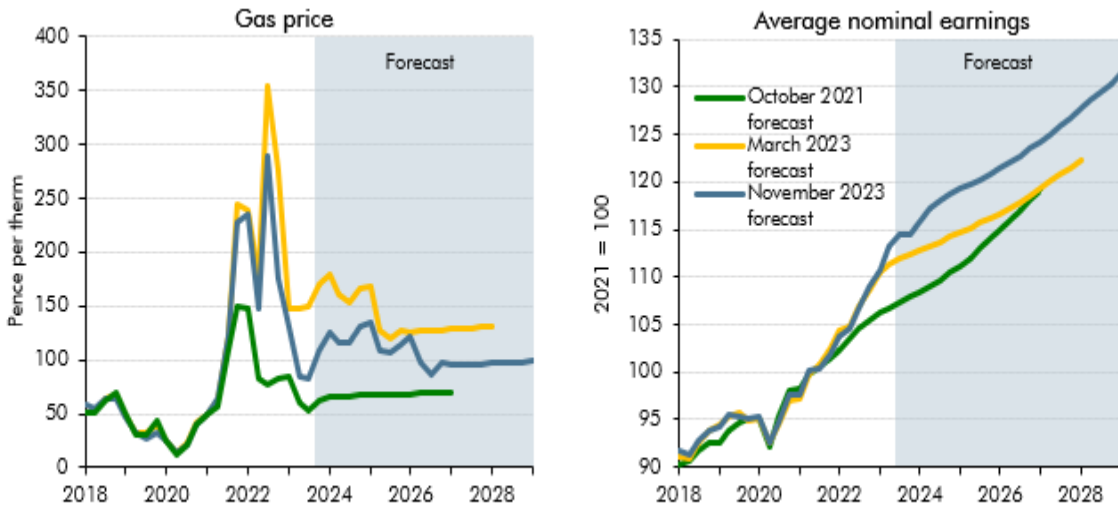
We have also compiled a comparison with previous November 2022 forecast where at one stage inflation was forecast to be negative in Chart 4 below.

Chart 4 – CPI Inflation over three forecasts



The impact of gas prices and wages on inflation were demonstrated in the EFO report as per chart 5 below.

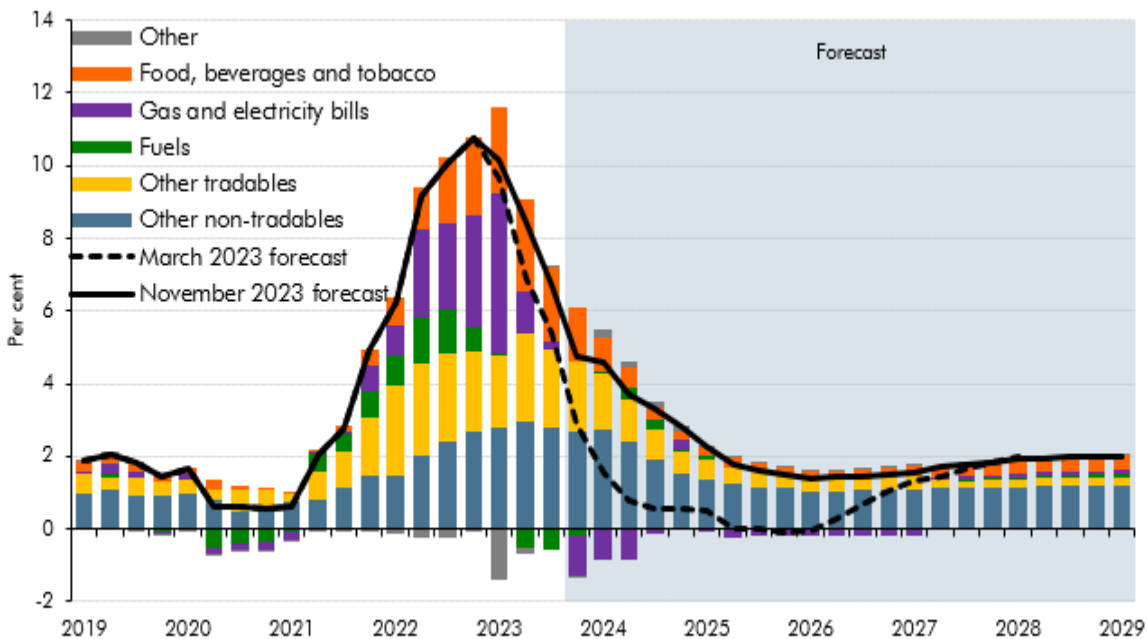
Chart 5 – Impact of Gas Prices and Average Earnings



Source: Datastream, ONS, OFGEM, Eikon, OBR

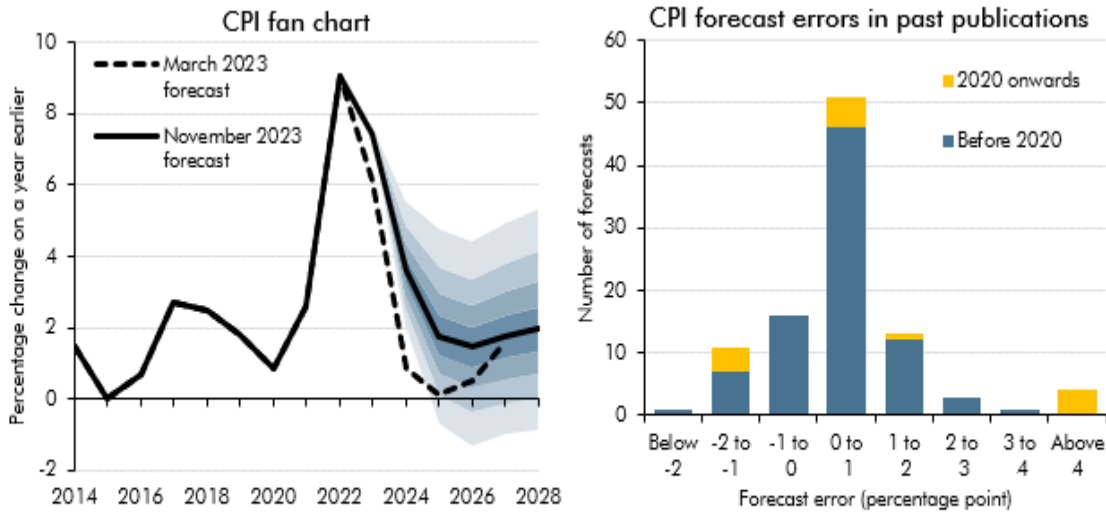
The EFO report confirms that the risks around inflation outlook remain high given both domestic and international uncertainty. The EFO report includes an analysis of the main contributors to inflation (chart 6) as well as an analysis of the more significant variations in inflation forecasts since 2020 (chart 7) similar to chart 2 for GDP uncertainty.

Chart 6 – Contributions to CPI Inflation



Source: ONS, OBR

Chart 7 – CPI Inflation Fan Chart and Forecast Errors in Previous Publications

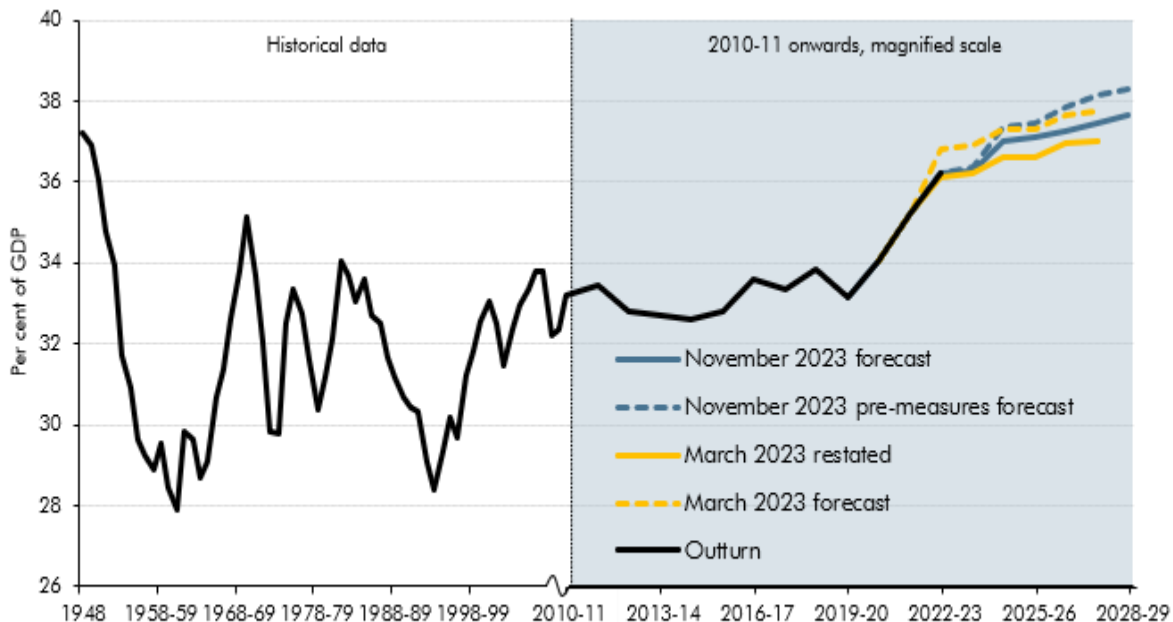


Note: On the left-hand chart, successive pairs of lighter-shaded areas around our forecast represent 20 per cent probability bands. The right-hand chart shows the distribution of forecast errors for every Autumn forecast since 2003. Source: ONS, OBR

Fiscal Outlook – Public Sector Receipts

Total public sector receipts in 2022-23 as a share of GDP reached 40.1%, a 3.2% increase on pre pandemic level of 36.8% in 2019-20. Public sector receipts are forecast to continue grow faster than GDP reaching 41.6% by 2028-29. National account taxes¹ equate to 36.2% of GDP in 2022-23 (an increase of 1% on 2021-22), and marginally higher than the restated forecast for 2022-23 in March 2023. The share of national account taxes is forecast to reach a post-war high of 37.7% of GDP in 2028-29, 4.5% above the pre pandemic level in 2019-20 of 33.1%. The share of national account taxes as % of GDP is shown in the following chart 8 from EFO report.

Chart 8 – National Account Taxes as a share of GDP



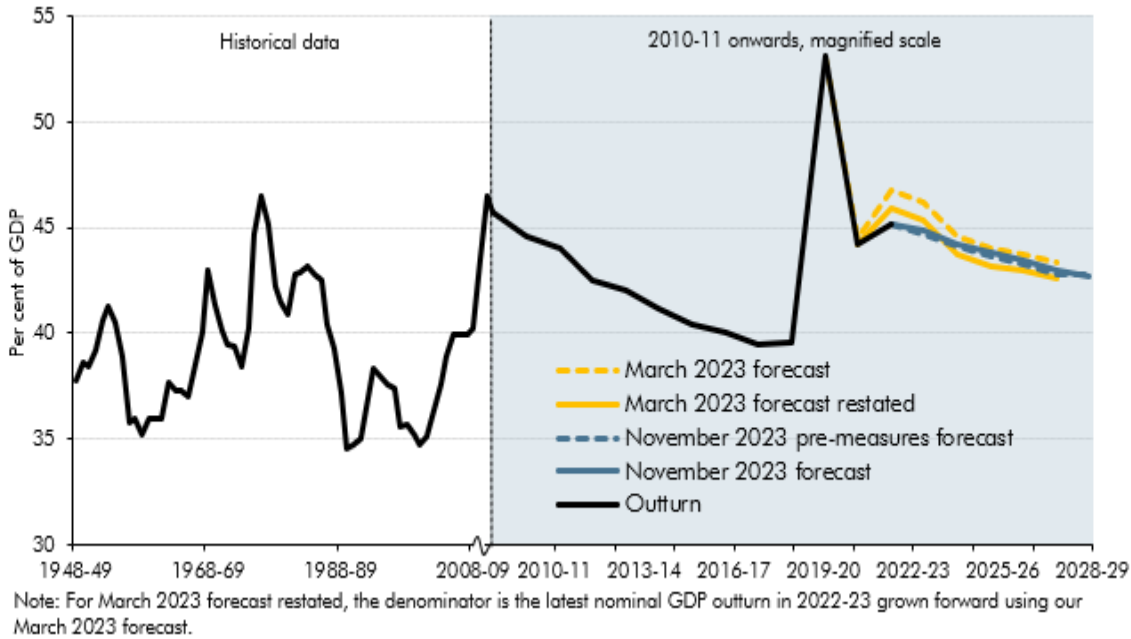
Note: For March 2023 forecast restated, the denominator is the latest nominal GDP outturn in 2022-23 grown forward using our March 2023 forecast. Source: ONS, OBR

¹ National account taxes are a slightly narrower measure of public sector receipts and are more comparable over longer historical periods as they exclude public sector gross operation surplus, interest and dividend receipts and other non-tax receipts.

Fiscal Outlook – Public Sector Expenditure

Total public spending in 2022-23 as share of GDP reached 45.1%, an increase of 0.9% on 2021-22, and 0.8% lower than the restated forecast for 2022-23 in March 2023. Total public sector spending is forecast to fall marginally to 44.8% of GDP in 2023-24 as the unwinding of energy support measures is largely offset by higher welfare costs. Public sector spending as a share of GDP is forecast to fall further each year over the forecast period as a share of GDP from 44.2% in 2024-25 to 42.7% in 2028-29. The share of public sector spending as % of GDP is shown in following chart 9 from the EFO report.

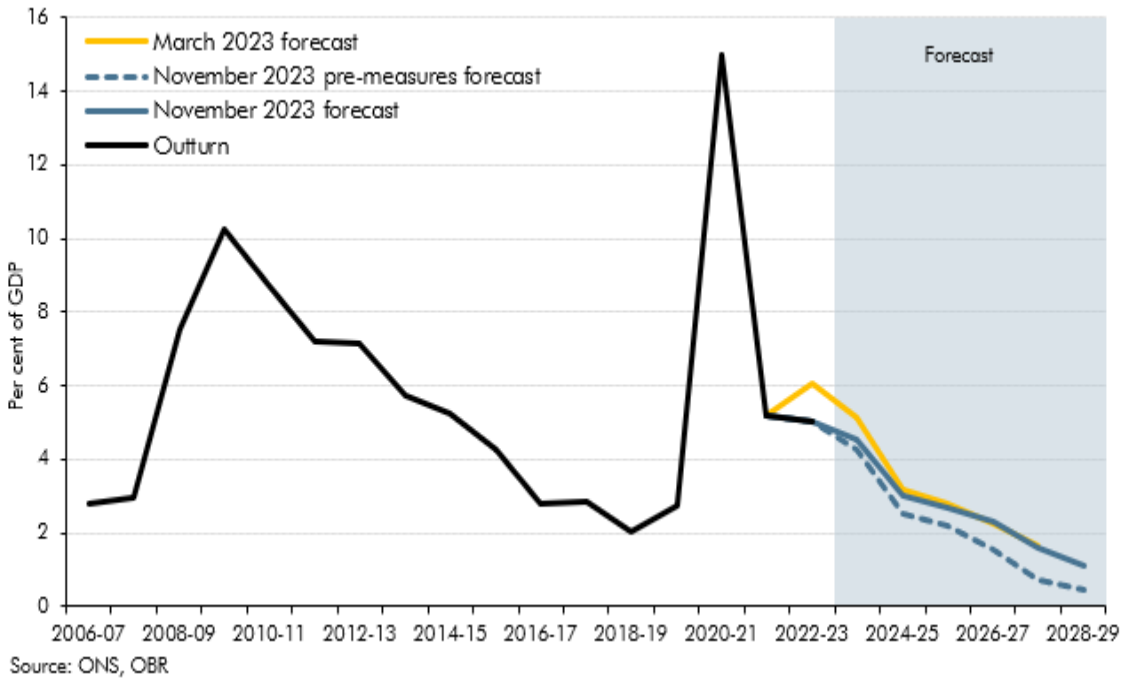
Chart 9 – Public Sector Expenditure as share of GDP



Fiscal Context – Public Sector Borrowing and Total Debt

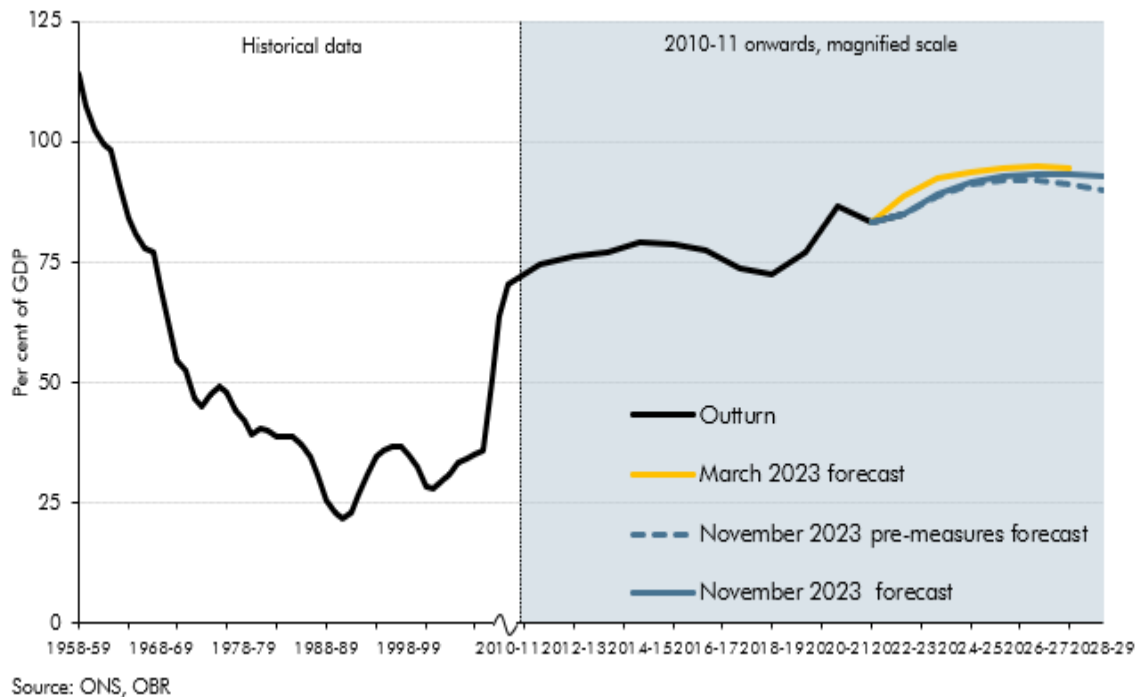
Public sector net borrowing in 2022-23 was £128.3bn (5.0% of GDP), this is a reduction from 5.2% in 2021-22. Net borrowing is forecast to fall to £123.9bn in 2023-24 (4.5% of GDP), this is 0.6% lower than the March 2023 forecast for 2023-24 of 5.1%. Net borrowing is forecast to fall further over the forecast period to £35bn by 2028-29 (1.1% of GDP). Public sector borrowing as % of GDP is shown in following chart 10 from the EFO report.

Chart 10 – Public Sector Net Borrowing



Public sector net accumulated debt was £2,251bn in 2022-23 (84.9% of GDP), an increase from 83.2% in 2021-22 but less than the March 2023 forecast for 2022-23 of 88.9%. Total debt is forecast to increase through the period to £2,458bn in 2023-24 (89.0% of GDP) to £2,845bn in 2026-27 (93.2% of GDP) and to £3,039bn by 2029-29 (92.8% of GDP). The improvement in 2023-24 is due to higher than forecast GDP and compared to the March 2023 forecast total debt as % of GDP is forecast lower in every year. Public sector net debt (excluding Bank of England) as a % of GDP is shown in the following chart 11 from the EFO report.

Chart 11 – Public Sector Net Debt (excluding Bank of England)



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Treasury Management Strategy

Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
3. Investments held for service purposes or for commercial profit are considered in the separate Appendix O - Investment Strategy.

External Context

Economic background

4. The following economic commentary is provided by the Council's treasury advisors, Link Group.
5. *The first half of 2023/24 saw:*
 - *Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.*
 - *Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.*
 - *CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.*
 - *Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.*
 - *A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).*
6. *The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.*

7. *The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.*
8. *The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.*
9. *As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.*
10. *The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.*
11. *But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.*
12. *CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.*
13. *In its latest monetary policy meeting on 02 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.*

14. Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that “further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures”, citing the rise in global bond yields and the upside risks to inflation from “energy prices given events in the Middle East”. So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be “sufficiently restrictive for sufficiently long” and that the “MPC’s projections indicate that monetary policy is likely to need to be restrictive for an extended period of time”. Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
15. This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.
16. Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.
17. Ultimately, however, from a UK perspective it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

Interest rate forecast

18. The Council has appointed Link Group as its treasury advisor and part of their service is to assist the formulation of a view on interest rates. Link provided the following forecasts on 07 November 2023. These are forecasts for Bank Rate and PWLB certainty rates (gilt yields plus 80 bps).

Link Group Interest Rate View 07.11.23	Dec -23	Mar -24	Jun -24	Sep -24	Dec -24	Mar -25	Jun -25	Sep -25	Dec -25	Mar -26	Jun -26	Sep -26	Dec -26
Bank Rate	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
5yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

19. Link forecast that the MPC will keep Bank Rate at 5.25% for the remainder of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures. Link Group do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.
20. The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of Link Group forecasts, as inflation starts to fall through the remainder of 2023 and into 2024.

21. These interest rate forecasts are a central estimate, not a prediction, and there are upside and downside risks, which could alter the eventual path of interest rates.

Local Context

22. The following table summarises the Council's balance sheet for the current (2023/24) and previous financial year and provides a forecast for the medium term.

Balance sheet summary and forecast

	31.3.23	31.3.24	31.3.25	31.3.26	31.3.27
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Total CFR	1,292.4	1,271.6	1,314.6	1,300.4	1,264.0
Other long-term liabilities and adjustments	-164.6	-157.3	-149.2	-140.0	-130.8
Loans CFR	1,127.8	1,114.3	1,165.4	1,160.4	1,133.2
External borrowing	-802.4	-771.9	-742.6	-710.3	-685.1
Internal borrowing	325.4	342.4	422.8	450.1	448.1
Less balance sheet resources	-821.6	-769.8	-777.6	-792.8	-824.0
Treasury investments	496.2	427.4	354.8	342.7	376.0

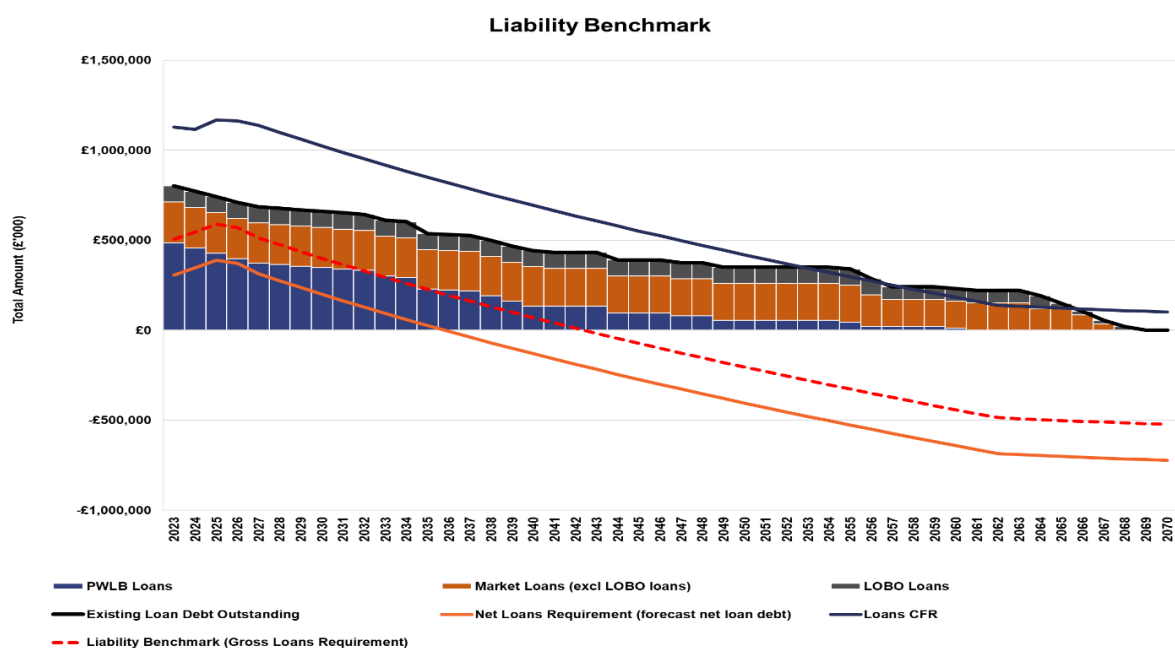
23. The Council's capital expenditure plans are the key driver of treasury management activity and the starting point for the treasury management strategy is the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The Council's current capital expenditure and financing plans are set out in the Capital Strategy at appendix M.
24. The CFR does not increase indefinitely, due the requirement to make a minimum revenue provision, a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used. The MRP charge is not shown separately here but is factored into the CFR.
25. The Total CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. For the purposes of determining the treasury management strategy, other long-term liabilities are removed to arrive at the Loans CFR.
26. The Council has externally borrowed £802.4m (as at 31 March 2023) to meet most of the borrowing requirement implied by the Loans CFR, and this figure will decline gradually over the medium term as external loans mature and are repaid (assuming no additional external borrowing is undertaken).

27. The balance of the Loans CFR borrowing requirement is met through internal borrowing, namely the temporary use of the Council's balance sheet resources on lieu of investment. The Council's internal borrowing is forecast to rise over the medium term, compensating for the change in external borrowing noted above.
28. Balance sheet resources represent the Council's underlying capacity for investment (mostly reserves, provisions and working capital). Balance sheet resources exceed internal borrowing and therefore the Council is forecast to continue to have positive external investment balances for the foreseeable future.
29. The current borrowing and investment balances, as at 30 November 2023, when the Council held £776.0m of external borrowing and £508.5m of treasury investments, are set out in further detail in Annex A.

Liability benchmark

30. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £200m at each year-end to maintain sufficient liquidity but minimise credit risk.
31. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the minimum cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.
32. The liability benchmark is shown in the below chart. The chart illustrates the maturity profile of the Council's existing borrowing and assumes no new capital expenditure funded by borrowing beyond 2026/27.

Figure 1: Liability Benchmark Chart



33. The chart shows the overall borrowing requirement (the Loans CFR), which is projected to increase moderately over the medium term in line with the authority's plans, before declining over the long term as the annual minimum revenue provision (MRP) charge gradually reduces the Council's borrowing requirement. The borrowing requirement is currently met by a combination of fixed rate loans, LOBO loans and internal borrowing.
34. The Council could theoretically reduce its investment balances to zero and maximise the use of internal borrowing before acquiring any external borrowing. The net loans requirement (orange solid line) represents the minimum amount of external borrowing required under this strategy. However, such an approach would naturally involve an intolerable level of liquidity risk, and therefore a minimum liquidity requirement (assessed at £200m) is added to the net loans requirement to arrive at the liability benchmark itself. In effect, the liability benchmark represents the minimum amount of debt that the Council requires to meet its borrowing requirement and to provide sufficient liquidity for day-to-day cash flow.
35. The chart demonstrates that the Council's existing stock of external debt, exceeds the minimum amount required based on current financial plans, and therefore the authority does not have a need to enter into new external borrowing. The liability benchmark is forecast to rise over the medium term due to a combined increase in capital expenditure and reduction in available balance sheet resources (usable reserves, mainly) before declining over the long term. At the same time external debt is forecast to decline as individual loans expire.
36. Although not shown in figure 1, both the Loans CFR and the liability benchmark are likely to increase in later years as new capital expenditure cycles are approved.

Borrowing Strategy

37. On 30 November 2023, the Council had £776.0m external debt, including £28.1m attributable to Medway Council, as part of its strategy for funding previous years' capital programmes. This represents a decrease of £26.5m on 31 March 2023 and reflects the Council's strategy of maintaining borrowing below the underlying levels.
38. The balance sheet forecast in table 1 shows that the Council does not expect to need to undertake additional borrowing in 2024-25. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing set out in the Capital Strategy (Appendix M).

Objective

39. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy

40. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
41. The Council is currently maintaining an under-borrowed position. This means that the underlying borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.
42. By doing so, the Council is able to reduce net borrowing costs and reduce investment counterparty exposure. Internal borrowing is not cost free as it is at the expense of investment returns foregone and neither does it remove the need for Minimum Revenue Provision (MRP) to be made.
43. Given borrowing rates are forecast to decline over the medium term, consideration will also be given to short term rather than long term external borrowing should liquidity considerations necessitate any additional external borrowing (although it is not the Council's central expectation that borrowing will be required for liquidity reasons).
44. Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years. The Corporate Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
 - *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*
45. The Council also retains the option to arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
46. Any decisions will be reported to the Treasury Management Group and the Governance and Audit Committee at the next available opportunity.

Sources of borrowing

47. The Council has previously raised the majority of its long-term borrowing from the PWLB and is likely to continue with this practice but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the

possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

48. The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Kent Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- UK Infrastructure Bank

49. PWLB lending arrangements have changed, and loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Council does not intend to borrow to invest primarily for financial return and will retain its access to PWLB loans.

Other sources of debt finance

50. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire-purchase
- Private Finance Initiative
- sale and leaseback

LOBO (Lender's Option Borrower's Option) loans

51. The Council holds £90m of LOBO loans (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. LOBOs totalling £40m have option dates during 2024/25, and with interest rates having risen recently, there is a reasonable chance that lenders will exercise their options. If they do, the Council will likely take the option to repay LOBO loans to reduce refinancing risk in later years.

Debt rescheduling

52. The PWLB allows councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

53. Any decisions involving the repayment of LOBO loans or debt rescheduling will be reported to the Treasury Management Group and the Governance and Audit Committee at the next available opportunity.

Policy on Borrowing in Advance of Need

54. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Treasury Investment Strategy

55. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the beginning of April 2023, the Council's cash balance has ranged between £470.5m and £640.5m; investment balances are forecast to be around £427.4m at the end of 2023/24 and approximately £354.8m at the end of 2024/25.

56. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) risks when investing.

57. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and to mitigate the negative impact of inflation on the value of the Council's long-term resources.

58. **ESG policy:** The Council is committed to responsible treasury management and to being a good steward of the assets in which it invests. As stated in paragraph 1 above, the successful identification, monitoring and control of financial risk are central to the Council's prudent financial management, and this includes the identification and management of environment, social and governance (ESG) risks that arise in the course of carrying out treasury management activities. Therefore, the Council integrates ESG considerations into its treasury management decision-making process.

59. The framework for evaluating investment opportunities is still developing. When investing in banks and funds, and after satisfying security, liquidity and yield considerations, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code

60. Assets within the strategic pooled funds portfolio are managed by third-party investment managers responsible for the day-to-day investment decisions, including undertaking voting and engagement activities on behalf of the Council. The Council incorporates analysis of ESG integration and active ownership capabilities when selecting and monitoring investment managers.
61. The Council requires its investment managers to engage with companies to monitor and develop their management of ESG issues in order to enhance the value of the Council's investments. The Council also requires feedback from the investment managers on the activities they undertake and regularly reviews this feedback through meetings and reporting.
62. **Business models:** Under IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties

63. The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	unlimited	
UK Local Authorities	10 years	£25m	
Kent local authorities for cashflow purposes only	1 year		£70m
Other Government entities	25 years	£20m	£30m
UK banks and building societies (unsecured) *	13 months	£20m	Unlimited
Council's banking services provider *	Overnight	£20m	
Overseas banks (unsecured) *	13 months	£20m	£30m country limit
Money Market Funds *	n/a	£20m per fund or 0.5% of the fund size if lower	
Cash plus / short term bond funds		£20m per fund	
Secured investments *	25 years	£20m	£150m
Corporates (non-financials)	5 years	£2m per issuer	£20m
Registered Providers (unsecured) *	5 years	£10m	£50m
Loans incl. to developers in the No Use Empty programme			£40m
Strategic pooled funds and real estate investment trusts	n/a		£250m
- Absolute Return funds		£25m per fund	
- Multi Asset Income funds		£25m per fund	

- Property funds		£75m or 5% of total fund value if greater	
- Bond funds		£25m per fund	
- Equity Income Funds		£25m per fund	
- Real Estate Investment Trusts		£25m per fund	

64. This table should be read in conjunction with the notes below.

* Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

65. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

66. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used.

67. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investments with banks rated below the agreed minimum rating of A- are restricted to overnight deposits with the Council's current banking services provider.

68. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.

69. **Money Market Funds:** Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to Money Market Funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

70. **Pooled investment funds:** Bond, equity, multi-asset and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
71. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
72. **Other investment:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
73. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings

74. Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
75. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that entity until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

76. The Council understands that credit ratings are good but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the entities in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from Link Group, the Council's treasury

management advisor. No investments will be made with an entity if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

77. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This may cause investment returns to fall but will protect the principal sum invested.

Investment limits

78. The Council may invest its surplus funds with any of the counterparty types listed above subject to the cash limits per counterparty and the durations shown in the table at paragraph 63.

Liquidity management

79. The Council forecasts its cash flow requirements to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

80. The Council will spread its liquid cash over several bank accounts and money market funds to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

81. The Council measures and manages its exposures to treasury management risks using the following indicators.

82. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Minimum Level
Portfolio average credit rating	AA-

83. **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Minimum Level
Total cash available within 3 months	£75m

84. **Interest rate exposure:** The 2021 CIPFA Prudential Code removes the requirement to set treasury indicators for fixed and variable interest rate exposure. Instead, the Council is required to set out how it intends to manage interest rate exposure.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

85. **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	50%	0%
20 years and within 40 years	50%	0%
40 years and longer	50%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

86. **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2024-25	2025-26	2026-27	No fixed date
Limit on principal invested beyond year end	£150m	£100m	£50m	£250m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

87. **Liability indicator:** see paragraph 32 above.

Related Matters

88. The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.
89. **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
90. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
91. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
92. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
93. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance believes this to be the most appropriate status.
94. **IFRS 9 Statutory Override:** Under the accounting standard IFRS 9, entities are required to recognise the revenue impact arising from the movement in value of investments held at fair value. The MHCLG (DLUHC) initially enacted a statutory over-ride from 1 April 2018 for a five-year period until 31 March 2023 following the introduction of IFRS 9 in respect of the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year. This was subsequently extended to 31 March 2025 and has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2025. The Council currently holds investment assets which fall under the statutory override (the strategic pooled funds) and it manages the risk arising from expiry of the statutory override on a corporate basis.

Financial Implications

95. The budget for net investment income in 2024-25 is £13.0m, based on an average investment portfolio of £426m at an average interest rate of 4.88%.¹ The budget for debt interest payable in 2024-25 is £32.5m, based on an average debt portfolio of £748.3m at an average interest rate of 4.35%. If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different.

Other Options Considered

96. The CIPFA Code does not prescribe any particular Treasury Management Strategy for councils to adopt. The Corporate Director of Finance, having consulted the Treasury Management Group, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income in the long term	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income in the long term though potentially not in the short term	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

¹ Gross investment income for 2024-25 is estimated to be £20.8m including £7.8m attributable to other bodies.

Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management.

Training was most recently undertaken by members on 23 November 2023 and further training will be arranged as required.

Annex A – Existing Investment & Debt Portfolio Position

	30-Nov-23	30-Nov-23
	Actual Portfolio	Average Rate
	£m	%
External borrowing		
Public Works Loan Board	460.12	4.40
LOBO loans from banks	90.00	4.15
Banks and other lenders (Fixed term)	216.10	4.54
Streetlighting Project	9.79	2.55
Total external borrowing	776.01	4.39
Treasury investments		
Bank Call Accounts	1.00	1.92
Covered bonds (secured)	97.25	4.80
Government (incl. local authorities)	88.80	5.25
Money Market Funds	134.76	5.33
Equity	1.30	
No Use Empty Loans	16.55	4.50
Total internally managed investments	339.66	5.14
Pooled investments funds		
- Property	55.19	5.05
- Multi Asset	53.52	5.00
- Absolute Return	5.19	2.26
- Equity UK	30.21	6.24
- Equity Global	24.74	4.17
Total pooled investments	168.85	5.09
Total treasury investments	508.51	5.12
Net debt	267.50	

GLOSSARY

Local Authority Treasury Management Terms

Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owed and bonds issued.
CFR	Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Collective investment scheme	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Cost of carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. Covered bonds are exempt from bail-in.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Diversified income fund	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMADF	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Equity	An investment which usually confers ownership and voting rights
Floating rate note (FRN)	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two

GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
GILT	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
Income return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
IMF	International Monetary Fund
LIBID	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
LOBO	Lender's Option Borrower's option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Monetary Policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
MPC	Monetary Policy Committee. Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
MRP	Minimum Revenue Provision – an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP. Not applicable in Scotland, but see Loans Fund
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code. The Code was update din December 2021
PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy in order to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.

REIT	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways
Share	An equity investment, which usually also confers ownership and voting rights
Short-term	Usually means less than one year
SONIA	Based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.
Weighted average life (WAL)	The weighted average time for principal repayment, that is, the average time it takes for every dollar of principal to be repaid. The time weights are based on the principal payments,
Weighted average maturity (WAM)	The weighted average maturity or WAM is the weighted average amount of time until the securities in a portfolio mature.

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By: Anna Taylor, Scrutiny Research Officer

To: Scrutiny Committee, 24 January 2024

Subject: Work Programme

Summary: This report gives details of the proposed work programme for the Scrutiny Committee.

1. Introduction

- a) Any Member of the Council is entitled to give notice that they wish an item relevant to the functions of the Committee (which is not an excluded matter) to be included on the agenda for the next available meeting.
- b) The definition of an excluded matter referenced above is:
 - a. Any matter relating to a planning or licensing decision,
 - b. Any matter relating to a person in respect of which that person has a right of recourse to a review of right of appeal conferred by or under any enactment,
 - c. Any matter which is vexatious, discriminatory or not reasonable to be included in the agenda or discussion at a meeting of the Scrutiny Committee.
- c) The Scrutiny Committee has the ability to 'call-in' decisions made by the Cabinet or individual Cabinet Members. Any two Members from more than one Political Group may give notice within five clear working days from the publication of a decision taken of their wish to call-in the decision.

2. Recommendation

The Scrutiny Committee is asked to consider and note the report.

Background Documents

None

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Work Programme - Scrutiny Committee January 2024

Items identified for upcoming meetings

Date requested	Item
06.12.23	Decision 23/00083 – Supported Accommodation Service 16-19 and transitional arrangements – Possible report back to Scrutiny December 2024.
November 2023	Update on S106 SFI – possible Member Briefing
November 2023	- Impact on ASC Budget from high EHCP numbers and related transition arrangements (deferred from November 2023)
November 2023	Framing Kent's Future (deferred from November 2023)
06.06.23	Homeless Connect – Report back on social and financial impacts of the decision to end funding to Kent Homeless Connect.
17.05.22 6 month update: 07.12.22	Making a Difference Everyday – a further update to be provided at the appropriate time and outstanding answers to be addressed.

Work Programme

28 February 2024	
Item	Item background
Scrutiny Committee – Review of Activity report	Report from the Monitoring Officer following the Annual Governance Statement

24 April 2024	
Item	Item background
Review of SEND Sub-Committee	Annual Report

5 June 2024	
Item	Item background
Budget Monitoring Year End Scrutiny Committee meeting as Crime and Disorder Committee	

November 2024 – Kent Flood Risk Management Committee Annual Report
March/April 2025 – Review of SEND Sub-Committee – Annual Report
June 2025 – Budget monitoring year end
June 2025 – Scrutiny Committee meeting as Crime and Disorder Committee

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