Summons to and Agenda for the **Budget County Council Meeting** on

Monday, 19th February, 2024

at **9.30 am**

DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Friday, 9 February 2024

To: All Members of the County Council

A meeting of the County Council will be held in the Council Chamber, County Hall, Maidstone, Kent, ME14 1XQ on Monday, 19th February, 2024 at **9.30 am** to deal with the following business. **The meeting is scheduled to end by 5.00 pm.**

A G E N D A

1.	Apologies for Absence	
2.	Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda	
3.	Minutes of the meeting held on 14 December 2023	**(Pages 1 - 12)**
4.	Chairman's Announcements	
5.	Section 25 Assurance Statement	**(Pages 13 - 20)**
6.	Capital Programme 2024-34 and Revenue Budget 2024-25 (including Council Tax Setting 2024/25)	**(Pages 21 - 224)**

Benjamin Watts
General Counsel
03000 416814

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KENT COUNTY COUNCIL

COUNTY COUNCIL

MINUTES of a meeting of the County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 14 December 2023.

PRESENT: Mr G Cooke (Chairman), Mr B J Sweetland (Vice-Chairman), Mr N Baker, Mr P V Barrington-King, Mr P Bartlett, Mr D Beaney, Mrs C Bell, Mrs R Binks, Mr T Bond, Mr A Booth, Mr A Brady, Mr D L Brazier, Mr C Broadley, Mr T Cannon, Miss S J Carey, Sir Paul Carter, CBE, Mrs S Chandler, Mr I S Chittenden, Mrs P T Cole, Mr P Cole, Ms K Constantine, Mr P C Cooper, Mr D Crow-Brown, Mr M C Dance, Ms M Dawkins, Mrs T Dean, MBE, Mr M Dendor, Mr R W Gough, Ms K Grehan, Ms S Hamilton, Peter Harman, Jenni Hawkins, Mr P M Hill, OBE, Mr A R Hills, Mrs S V Hohler, Mr S Holden, Mr M A J Hood, Mr A J Hook, Mrs S Hudson, Mr D Jeffrey, Mr A Kennedy, Mr J A Kite, MBE, Mr B H Lewis, Mr R C Love, OBE, Mr R A Marsh, Mr J P McInroy, Ms J Meade, Mr J Meade, Mr D Murphy, Mr P J Oakford, Mr C Passmore, Mr H Rayner, Mr O Richardson, Mr A M Ridgers, Mr D Robey, Mr D Ross, Mr A Sandhu, MBE, Mr T L Shonk, Mr C Simkins, Mr M J Sole, Mr P Stepto, Mr R G Streatfeild, MBE, Dr L Sullivan, Mr R J Thomas, Mr S Webb and Mr J Wright

IN ATTENDANCE: Mr J Cook (Democratic Services Manager) and Mr B Watts (General Counsel)

UNRESTRICTED ITEMS

188. Apologies for Absence
(Item 1)

The General Counsel reported apologies from Mrs Becki Bruneau, Mr Nick Chard, Mr Nigel Collor, Mr Rich Lehmann, Mr Steve Manion, Mrs Margot McArthur, Mrs Lottie Parfitt-Reid, Mrs Shellina Prendergast, and Mrs Linda Wright.

Mr Jeffrey reported apologies from Mrs Game and Mr Hood reported apologies from Mr Campkin.

189. Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda
(Item 2)

There were no declarations of interest.

190. Minutes of the meeting held on 16 November 2023 and, if in order, to be approved as a correct record

(Item 3)

RESOLVED, subject to a minor correction and the noting of voting for some items, that the minutes of the meeting held on 16 November 2023 be approved as a correct record.

191. Chairman's Announcements
(Item 4)

Mr Kent Tucker

1. The Chairman referred to the sad passing of Mr John Martyn Kent Tucker MBE, former Member for Sevenoaks North-East from 1989 – 2005 and a former Chairman of Kent County Council.

2. The Chairman invited Members to pay tribute to Mr Tucker and tributes were made by Mr Brazier, Mrs Cole, Mr Gough, Dr Sullivan, Mr Hood, and Mr Hook.

Staff Lottery Fund

3. The Chairman was pleased to be invited to serve as a representative on the Staff Lottery Committee and was thrilled to announce that the Staff Lottery had donated £2,000 to the Corporate Parenting Christmas Appeal in memory of Mrs Ann Allen. The Chairman explained that the appeal was undertaken in partnership with the Young Lives Foundation.

4. The Staff Lottery Fund had also agreed to donate £10,000 to this year's Chairman's charities, Imago and Crossroads, to support their work with Young Carers across Kent. The Chairman expressed his gratitude to the Staff Lottery Fund and to all members of staff who participated in the lottery.

Found a Pound Campaign

5. The Chairman thanked those who attended and donated towards the Chairman's charities at various events in 2023 including a luncheon at the annual meeting in May, and the Chairman's Civic Carol Service at All Saints Church in Maidstone on Tuesday 14 December. He invited Members and staff to join him at lunchtime where they would be joined, for carols, by the choir from Valley Park School.

6. The Chairman officially announced the launch of his Found a Pound Campaign and Appeal and highlighted that if just one person in ten, living in Kent, were to make a £2 donation that would raise £200,000 which would help to change the lives of Young Carers for the better. The Chairman encouraged Members, as Corporate Parents and Champions of their communities, to donate.

7. Finally, the Chairman thanked all members of staff, past and present, for their service and wished them and their families a happy Christmas and a healthy, happy, and peaceful new year.

192. Questions

(Item 5)

In accordance with Sections 14.15 to 14.22 of the Constitution, 15 questions were submitted by the deadline and 15 questions were put to the Executive. 8 questions were asked, and replies given. A record of all questions put and answers given at the meeting is available online with the papers for this meeting.

Questions 9-15 were not put in the time allocated but written answers were provided.

193. Report by Leader of the Council (Oral)

(Item 6)

1. The Leader opened his report by referring to the government's Autumn Statement and the lack of additional funding for local authorities which many county and unitary councils had argued for. Mr Gough stressed that the Council's financial planning had been on the assumption that there would not be additional resource from the Autumn Statement and therefore, although it was disappointing, it was not surprising.

2. Mr Gough referred to the report on Securing Kent's Future which went to Cabinet on 5 October 2023 and the four strategic objectives which included balancing the budget for 2023/24, initiatives in areas such as large scale contracting which had the most rapid growth in expenditure, policy choice in relation to statutory and discretionary services, and the continued transformation of the organisation for delivery under the financial circumstances. Mr Gough highlighted that although savings plans had come an exceptionally long way since the summer there were still significant challenges to address.

3. Mr Gough spoke about the devolution deals referenced in the Autumn Statement and said it remained his position, following the expression of interest submitted by the Council, that the overall national policy position should continue to be advanced. He was encouraged that both major parties had a commitment to the devolution agenda and said it was important that the right proposition for Kent and Medway was developed.

4. The Leader turned to Unaccompanied Asylum Seeing Children (UASC) and the High Court judicial review of the Home Secretary which ruled in favour of the Council. The ruling established that the current operation of the National Transfer Scheme (NTS) was not fit for purpose in terms of the Council delivering all its statutory obligations, and it was a national and international issue. He stressed that the Council would continue to work with

the Home Office and Department for Education to ensure the NTS was effectively delivered but would continue to push against the assumption that Kent was the place where so many migration related issues were solved.

5. Regarding Operation Brock, the Leader commented that the Kent Resilience Forum, subject to unforeseen events, had assessed that the traffic management system would not be implemented over the Christmas period. Mr Gough highlighted that the bigger problem was the anticipated introduction of the EU's Entry Exit System, most likely in October 2024. The prospect of significant delays, therefore, remained a material risk but was one on which local and national partners were working to develop a strong response. He commented that development of the EES had implications for Eurostar at St Pancras, and the Council would continue to make the case for Kent's international stations at Ebbsfleet and Ashford.

6. Mr Gough said the Integrated Care Strategy would be brought to Cabinet for approval in early January 2024 and a report to Full Council on the implementation aspects would follow in March. There was a meeting of the Integrated Care Partnership recently and the strategy, now much developed, brought forward measures for effective working.

7. Turning to winter preparations within Adult Social Care, Mr Gough said work continued with partners to develop further hospital discharge and community services. Discharge to assess processes had been well established and there had been significant development of integrated transfer of care hubs across Kent. He noted that the Council had worked hard with health colleagues to respond to the scale of pressures and said that nearly £3m of the local authority grant for urgent and emergency care had been secured from Department of Health and Social Care.

8. Finally, the Leader noted that the Council had reached and exceeded the £20,000 Care Leavers Appeal which secured among other things a £20 voucher for each care leaver. He thanked everyone who had contributed and concluded by wishing all Members and staff a merry Christmas.

9. The Leader of the Labour Group, Dr Sullivan, thanked Council staff for the delivery of many services in general and over the Christmas period.

10. Dr Sullivan referred to the government's forthcoming financial settlement and said, along with residents, staff, and Members, she hoped it would include funding for local government. She commented on the Council's budget situation and noted that services needed to be cut for the Council to stay afloat but questioned where enough was enough. She stressed the importance of the government listening to, and funding, local government to resolve the financial issues and to enable the Council to support residents.

11. Dr Sullivan stressed the importance of considering whether the care markets in Kent were broken, and questioned where the safety net was if the market failed, who the provider of last resort was, and the financial cost

that would come with that. She said it was important to reconsider and invest in inhouse services so that the Council was the provider of last resort.

12. Dr Sullivan spoke about prevention and suggested that funding of the Kent Communities Programme could have been better spent on youth services. She stressed the importance of empowering staff and thanked all Council staff at this challenging time for noting the need to achieve the best outcomes quickly and resiliently. She implored all staff to speak up to help solve the problem and she implored Cabinet Members and senior officers to listen and see the trends from the residents themselves, not just through dashboards and scorecards.

13. Dr Sullivan referred to the recent decisions on Commissioned Youth Service Contracts and the Kent Family Hub Model, and suggested there was a failing in statutory duty. She questioned who was accountable and said young people were suffering without a youth service. Dr Sullivan said it was important to consider partnership working and not cost shunting.

14. Dr Sullivan commented that it was a shame that Pfizer was looking to pull out and noted the importance of growing the science community in Kent.

15. Finally, Dr Sullivan wished all members a very happy Christmas.

16. Mr Hood, on behalf of the Green and Independents Group, said the lack of government funding had forced local authorities to cut services and led many into bankruptcy. He said a recent Local Government Association (LGA) survey suggested that one in five local authorities may have to issue a section 114 notice in 2024 or 2025, and authorities across the country would be forced to cut further than ever before making the lives of many people worse off, particularly the most vulnerable. Mr Hood explained that the Office of Budgetary Responsibility confirmed that the repercussions of the Autumn Statement would mean significant reductions to councils' reserves.

17. Turning to the climate, Mr Hood said an LGA report revealed that just 5% of the British public felt prepared for climate change. He said local authorities could play a key role in preparing communities for climate change by delivering policies that increased community resilience and mitigated the damaging effects of climate change on local biodiversity. Mr Hood referred to the Motion for Time Limited Debate that his group had, today, brought to Full Council, and which he hoped could move the Council in that direction whilst not adding additional excessive financial burden.

18. Mr Hood referred to the EU's Entry/Exit System and said it was not known how much chaos it would bring to the county's roads but considering recent holiday periods he said it could be assumed that Operation Brock would be in place for some years to come.

19. Mr Hood commented on the Lower Thames Crossing and the urgent decision which had been taken. He said the crossing would have a

devastating effect on hundreds of acres of woodland on both sides of the Thames, and on Kent's road network as thousands of lorries would use routes not designed for the levels of traffic they would be subjected to.

20. Turning to devolution Mr Hood raised concerns that conversations with the government referred to an elected mayor and not, in his view, about the deal that was ultimately desired.

21. Finally, Mr Hood wished all Members a very happy Christmas.

22. Mr Hook, Leader of the Liberal Democrats Group, also wished all Members and staff of the Council a merry Christmas.

23. Mr Hook welcomed the recent judgment in the Council's favour against the Home Office. He explained that the outcome of high court proceedings could never be predicted with absolute certainty and congratulated the General Counsel and all those involved. Mr Hook referred to the wider national problem of refugee entry and said safe and legal routes needed to be created.

24. Regarding devolution Mr Hook said his party strongly supported devolution and said the future needed more than ever a dispersal of power from government to a local level.

25. Mr Hook said the financial pressure on local government was driven by the rising pressure on adult social care and the government was collecting more tax than ever but giving less of it back to spend on local services. He said the care service was broken and care providers were raising their prices because of greater costs of labour, food, and energy. The number of people needing care was increasing due to an aging population and the people who needed care needed it more intensively.

26. Mr Hook referred to the Autumn Statement and said not only did it not offer anything for local government but the NHS, which was one of the biggest problems facing residents, faced a considerable spending cut and there was no mention within the statement of GPs, dentists, or ambulances.

27. Mr Hook condemned the changes to legal migration rules for family and work visas in 2024 and said they would have a great impact on many of Kent's residents. He said the new high-income threshold restricted the rights of British people and that it had been reported in the news that there were many British people living abroad with non-British partners, such as teachers, nurses, and academics, who faced this position. He said the people of Kent were paying the price for a government focused on populism and it was time for something better.

28. The Leader responded to some of the points that were made. Firstly, in relation to local government funding he explained that, although the Autumn Statement had been announced and the local government finance settlement would be seen the following week, the Council would continue to

make the case for additional funding particularly in relation to children's services. Mr Gough said he feared the funding situation for local government would remain for some considerable time even if there was a change of government nationally, and the Council had to work on that basis with a degree of clarity and realism. In response to Dr Sullivan's comments, he said there were many things that the Council found itself under pressure to do, that it did not want to do, but its greatest responsibility was to ensure that services were provided. He stressed the importance of staying in control of that and managing the Council's own fate.

29. In response to Dr Sullivan's comments about the provision of services in house or commissioned, the Leader said the Council looked carefully at circumstances where markets were broken to determine the best response. He disagreed that bringing everything in house was the solution to the Council's budget problems and said that a pragmatic response, which considered the circumstances and sought to get the best value for Kent residents, was essential.

30. The Leader responded to Mr Hood's comments and said that the Council had a proud record in responding to environmental pressures. He referred to the Local Flood Risk Management Strategy 2024-34 consultation which the Council was working with partners on to address the challenges and pressures in relation to climate change and flooding.

31. The Leader endorsed Mr Hook's comments and thanked the General Counsel and all staff that contributed for their excellent work in relation to the claim against the Home Secretary.

32. Mr Gough referred, in response to Mr Hook's comment about safe and legal routes, to the Syrian Vulnerable Persons Resettlement Scheme which showed how local and central government could work together to provide safe and legal routes for particularly vulnerable people. However, he challenged whether it addressed all pressures such as housing requirements and provision. He explained that Kent Leaders were collectively responding to a consultation on safe and legal routes.

33. RESOLVED that the Leader's Report be noted.

194. Governance Update
(Item 7)

1. Mr Jeffrey proposed, and Mr Gough seconded the motion that

"County Council is asked to:

a) Note and comment on the report.
b) Agree to adopt the amendments to the Constitution set out in paragraphs 2.b.i.i.1, 2.b.ii.i.1, 2.b.iii.i.1-3, and 2.b.iv.i.1 as recommended by the Selection and Member Services Committee.

c) Note the establishment of a Member Working Party chaired by the Cabinet Member for Communications and Democratic Services to work on a cross party basis.

d) Agree the establishment of the Shareholder Board as a formal sub-Committee of the Cabinet from 1 April 2024.

e) Delegate the responsibility for drafting terms of reference for the Shareholder Board to the General Counsel in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services.

2. Following the debate, the Chairman put recommendations a) to c) within the motion, as set out in paragraph 1, including the four amendments within recommendation b), individually to the vote. Recommendations d) and e) were put to the vote together:

a) Note and comment on the report.

Agreed.

b) Agree to adopt the amendments to the Constitution set out in paragraphs 2.b.i.i.1, 2.b.ii.i.1, 2.b.iii.i.1-3, and 2.b.iv.i.1 as recommended by the Selection and Member Services Committee.

Amendment 2.b.i.i.1 – Carried.
Amendment 2.b.ii.i.1 – Carried.
Amendment 2.b.iii.i.1-3 – Lost.
Amendment 2.b.iv.i.1 – Lost.

c) Note the establishment of a Member Working Party chaired by the Cabinet Member for Communications and Democratic Services to work on a cross party basis.

Agreed.

d) Agree the establishment of the Shareholder Board as a formal sub-Committee of the Cabinet from 1 April 2024.

e) Delegate the responsibility for drafting terms of reference for the Shareholder Board to the General Counsel in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services.

Agreed.

The Opposition Groups asked that their votes for amendment 2.b.iii.i. 1-3 of recommendation b) be noted.

The Labour and Green & Independents Groups asked that their votes for amendment 2.b.iv.i. 1 of recommendation b) be noted.

The Liberal Democrat group abstained to recommendations d) and e).

3. RESOLVED that the County Council:

a) Notes the report.
b) Agrees to adopt the amendments to the Constitution set out in paragraphs 2.b.i.i.1 and 2.b.ii.i.1 as recommended by the Selection and Member Services Committee.
c) Notes the establishment of a Member Working Party chaired by the Cabinet Member for Communications and Democratic Services to work on a cross party basis.
d) Agrees the establishment of the Shareholder Board as a formal sub-Committee of the Cabinet from 1 April 2024.
e) Delegates the responsibility for drafting terms of reference for the Shareholder Board to the General Counsel in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services.

195. Pre-Submission Draft Kent Minerals and Waste Local Plan 2024-39
(Item 8)

1. The Chairman explained, and the General Counsel confirmed, that the draft Kent Minerals and Waste Local Plan 2024-39 would come back to Full Council for decision on its approval once it had been reviewed by government.

2. Mr Gough proposed, and Mr Hills seconded the motion that

"County Council is asked to:

"A. (i) Approve, and publish for public consultation, a Pre-Submission Draft of the Kent Minerals and Waste Local Plan 2024-39 for representations on soundness and legal compliance;
(ii) Agree to submit the Pre-Submission Draft of Kent Minerals and Waste Local Plan 2024-39 to Government for Independent Examination into its soundness and legal compliance following the representation period;
(iii) Agree to request the examination Inspector to recommend changes ('main modifications') needed to ensure the soundness of the Kent Minerals and Waste Local Plan; and
(iv) Delegate powers to the Corporate Director for Growth, Environment & Transport to, in consultation with the relevant Cabinet Member,
a. Agree main modifications with the Inspector and to publish them for representations on soundness and legal compliance;
b. Approve any non-material changes to the draft Kent Minerals and Waste Local Plan 2024-39;

B. Note the timetable for work related to mineral and waste planning policy in Kent."

3. Ms Meade proposed, and Mr Hood seconded an amendment that the word “ragstone” be replaced by the word “hardstone” throughout the document.

4. The Chairman put the amendment set out in paragraph 3 to the vote.

Amendment lost.

The Opposition groups asked that their votes in favour of the amendment be noted.

5. The Chairman put the substantive motion set out in paragraph 2.

6. RESOLVED that the County Council:

A. (i) Approves, and publishes for public consultation, a Pre-Submission Draft of the Kent Minerals and Waste Local Plan 2024-39 for representations on soundness and legal compliance;
(ii) Agrees to submit the Pre-Submission Draft of Kent Minerals and Waste Local Plan 2024-39 to Government for Independent Examination into its soundness and legal compliance following the representation period;
(iii) Agrees to request the examination Inspector to recommend changes (‘main modifications’) needed to ensure the soundness of the Kent Minerals and Waste Local Plan; and
(iv) Delegates powers to the Corporate Director for Growth, Environment & Transport Page 30 to, in consultation with the relevant Cabinet Member,
a. Agree main modifications with the Inspector and to publish them for representations on soundness and legal compliance;
b. Approve any non-material changes to the draft Kent Minerals and Waste Local Plan 2024-39;

B. Notes the timetable for work related to mineral and waste planning policy in Kent.

The Opposition Groups asked that their votes to abstain from the recommendation be noted.

196. Motion for Time Limited Debate
(Item 9)

Motion for Time Limited Debate 1 – Ecological Emergency

1. Mr Hood proposed, and Mr Streatfeild seconded the following motion for time-limited debate:

“The Council resolves to:

1. Declare an ecological emergency; and

Recommend that the Executive;

2. Makes arrangements to require explicit consideration of ecological and climate change implications to Council reports as part of decision-making processes.

3. Ensures that addressing the climate and ecological emergencies and nature recovery are considered as strategic priorities for planning and related policies.

4. Sets measurable targets and standards for biodiversity increase, in both species and quantities, seeking also to increase community engagement via specific policies or strategies.

5. Works with our partners and River Catchment Organisations to explore what role the Council can play in improving the ecology of our rivers in keeping with the urgency of this declaration.

6. Seeks to ringfence the funding for the Plan Tree planting strategy and Kent's Plan Bee, to support nature protection and carbon sequestration, within its budget proposals.

7. Ensures that our property policies consider opportunities for biodiversity enhancements and tree planting on Council landholdings.

8. Writes to all Kent’s MPs urging them to support the Climate and Ecological Bill, a private member’s bill, in keeping with the declarations of this Council.”

2. The Chairman put the motion, set out in paragraph 1 to the vote in two parts.

Motion lost.

The Opposition Groups asked that their votes in favour of recommendations 1 to 8 be noted.

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From: John Betts, Acting Corporate Director, Finance

To: County Council

Date: 19th February 2024

Subject: Section 25 Assurance Statement

Classification: Unrestricted

Summary:

This report sets out my view as the acting Section 151 officer as to the robustness of the budget estimates for the administration's proposed budget for 2024-25, the medium-term financial plan, and the adequacy of reserves. It includes an evaluation of the background to budget preparations for 2024-25, including the impact of revenue overspends in 2022-23 and forecast for 2023-24 before management action, the evaluation of the most significant budget variances and necessary changes in spending forecasts and savings income plans identified under "*Securing Kent's Future – Budget Recovery Strategy*" (SKF).

It is acknowledged that setting a balanced budget for 2024-25 has been incredibly challenging, due to the ongoing and escalating cost pressures the Council faces, alongside insufficient funding in the local government finance settlement. Together these mean that the Council can only set a balanced budget with further and significant savings and income (including the use of one-off measures in 2024-25 which will need to be replaced in 2025-26 & 2026-27).

The combination of drawdowns and transfers at the end of 2022-23 have reduced the adequacy of reserves since the assurance given when approving 2023-24 budget. The levels of reserves are now considered to pose a more significant risk to the Council's medium to long term sustainability than levels of capital debt. This is a significant change from previous assurance statements.

The latest budget monitoring for 2023-24 (reported to Cabinet on 4th January 2024) showed a forecast overspend of £35.6m before management action. Until this management action is delivered the level of forecast overspend for 2023-24 poses a further risk to the council's reserves and financial sustainability. This risk is identified in the assessment of budget risks and adequacy of reserves.

Setting a robust revenue budget for 2024-25 means the budgets with forecast overspends in 2023-24 need to reflect the full year recurring effect of higher than budgeted costs and demand in the current year, as well as under delivery and rephasing of savings plans, forecast future cost increases from price uplifts and other cost/demand drivers affecting spending in the forthcoming year, provision for Kent Scheme pay award 2024-25, and the revenue consequences of the borrowing required for the capital programme. These cost increases amount to a significant additional revenue spending requirement on core funded activities of £194.4m (14% of net revenue in 2024-25). This is significantly more than the government forecast increase in core spending power of 7.7%.

To safeguard the Council's financial resilience and sustainability, it will be essential that for 2024-25 there is a relentless focus on financial management, cost avoidance, demand management, timely delivery of the agreed savings, with all the necessary key decisions taken in a timely manner. This is the only way to strengthen the Council's financial resilience and sustainability.

Provided all the measures set out in the draft budget and medium term plan are implemented, including the delivery of the proposed revenue savings and income, resisting future spending growth, minimising the level of borrowing for the capital programme, council tax increases and precepts, the Council will continue to demonstrate financial sustainability over the short-term, although there remains considerable uncertainty over the medium term.

Recommendation:

Pursuant to section 25 of the Local Government Act, County Council is asked to CONSIDER and NOTE this report and AGREE to have due regard to the contents when making decisions about the proposed budget.

Background and Introduction

The 2003 Local Government Act places specific responsibilities on me, as "Chief Financial Officer", to report on the robustness of the budget and the adequacy of proposed financial reserves when the authority is considering its budget requirement. The Council is required to have regard to this report when it sets the budget. There are a range of other safeguards that I must also ensure are complied with, including:

- the balanced budget requirement (England, Scotland, and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)
- the legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs (section 151 of the Local Government Act 1972); and
- Best Value responsibilities (section 3 of Local Government Act 1999)

The report includes an evaluation of the background to budget preparations for 2024-25, including the impact of revenue overspends in 2022-23 and forecast for 2023-24 before management action, the evaluation of the most significant budget variances and necessary changes in spending forecasts and savings income plans identified under "*Securing Kent's Future – Budget Recovery Strategy*" (SKF).

It is acknowledged that setting a balanced budget for 2024-25 has been very challenging, due to the ongoing increases in costs the Council continues to face and insufficient funding in the local government finance settlement to fully fund these inescapable cost pressures. Together these mean that the Council can only set a balanced budget using significant savings and additional income, including considerable use of one-off measures in 2024-25, which will need to be replaced in 2025-26 and 2026-27.

Analysis of Risks

I have set out below, what I see as the key risks associated with the proposed budget and how they can be managed, so that Members are clear on the risks associated with these budget proposals when making their budget decision. A fuller assessment of risks and adequacy of reserves is included in appendix I of the budget report together with a register of budget risks in appendix J. It is worth noting that the maximum exposure from these budget risks is now higher than the total usable revenue reserves, due to a combination of recent reductions in the council's reserves and increased risks. The risk register includes revenue and capital risks, and it is highly unlikely that the maximum exposure would occur in the forthcoming year.

There is an expectation from government that authorities should continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities.

Although the council's draft revenue budget for 2024-25 includes one-off use of reserves, planned contributions still exceed planned use of reserves, so the draft budget does not assume an overall reduction in reserves in 2024-25. However, the drawdown in 2022-23 was disproportionate compared to the drawdown from all other authorities, and the risk remains of further unplanned drawdowns in 2023-24 and beyond should the management action necessary to balance 2023-24 and savings/income planned for 2024-25 and 2024-27 MTFP not be delivered in full.

Risk 1 – Delivery of the Savings Plans / Income Targets

The proposed 2024-25 draft budget requires the delivery of a package of £68.2m of planned savings and income. This comprises £36.5m of savings from avoiding forecast future spending increases, £37.0m savings from reductions in current recurring spending, £15.4m increased income from charges and contributions, offset by £20.9m net reduced income from specific government grants[1]. The £88.9m savings expected from core funded activities (grant funding in the core spending power for local government in the provisional spending power, council tax and retained business rates) are shown separately from the net £20.7m reduction in external income from specific governmental departmental grants.

The planned budget reductions need to be fully implemented to ensure the Council's 2024-25 budget remains balanced and sustainable into the future. The Council no longer has the capacity within its reserves to fund the impact of delays to difficult policy decisions that impact on the reduction or cessation of services. This is an issue for all Members, not just the Executive. In an environment of rapidly increasing cost/demand pressures, together with market and workforce challenges, delivery of the savings will be more challenging than ever.

[1] This net reduction includes assumed £22.1m as Household Support Fund has not yet been announced to continue in 2024-25

To mitigate this risk:

- Key policy changes associated with major savings proposals in 2024-25 have been identified;
- Corporate Directors, Directors and Portfolio Holders must ensure that processes are in place to ensure that the planned savings are delivered to the required timetable;
- If the planned savings are not delivered, Corporate Directors, Directors and Portfolio Holders must identify alternative ways of balancing the Service and/or Directorate budgets; and
- Monitoring of the delivery of the planned savings will include the monitoring of project delivery milestones to ensure decisions are taken in a timely manner and implementation timescales are met.

Risk 2 - Impact of Forecast Overspend

The latest budget monitoring for 2023-24 as at November 2023 was reported to Cabinet on 25th January 2024. This showed a forecast overspend of £32.1m before management action. The most significant forecast overspends in children's services are on home to school transport and children in care. The most significant forecast overspend in adult social care continues to be older persons residential and nursing care.

Management action is identified to bring the outturn back into balance by year end including £6.5m of specific directorate actions and £25.6m from limiting spend across the whole Council using strict spending criteria. Until this management action is delivered the level of forecast overspend for 2023-24 poses a significant risk to the council's reserves and financial sustainability.

The majority of the management action to balance 2023-24 revenue outturn is from one-off measures that will not flow through into 2024-25. Consequently, the forecast revenue overspend for 2023-24 has added spending growth pressures to the administration's draft 2024-25 revenue budget.

This assurance statement is based on the assumption that 2023-24 revenue outturn is balanced without any unplanned use of reserves (other than the risk reserve of £12m). If the outturn position is overspent this will add more pressure to already diminishing reserves.

To mitigate the risks and pressures noted above:

- The risk reserve for 2023-24, specifically set aside for this purpose, may be drawn down
- The Council is introducing additional more stringent spending controls to reduce and minimise discretionary spending for the remainder of the current year (and, if necessary, into 2024-25)
- The full year recurring impact of forecast service overspends has been built into budget allocations for 2024-25

Risk 3 – Spending Pressures

Setting a robust revenue budget for 2024-25 means the budgets with forecast overspends in 2023-24 need to reflect the full year effect of higher than budgeted costs and demand in the current year, as well as under delivery and rephasing of savings plans and the revenue consequences of the borrowing required for the capital programme. It is critical that budgets are not simply increased to reflect increased spending, without a rigorous approach to demand and financial management. So, the proposed 2024-25 budget also includes estimates for future demand and price, based on a rigorous assessment of current and forecast trends.

These cost increases amount to a significant additional revenue spending requirement on core funded activities of £194.4m (14% of net revenue in 2023-24). This is significantly more than the 8.2% increase in funding, which itself is already more than the government forecast in core spending power of 7.7%, largely due to higher tax base forecast than assumed by government in its calculation of core spending power.

This mix of revising budgets for known variances and forecast spending growth is a robust approach and provides a sound basis for financial planning. However, there inevitably remains considerable uncertainty about these forecasts, given the precarious economic position, both nationally and internationally. So, although the risk has been mitigated through the allocations in this budget resolution, the risk cannot be completely removed. To mitigate this risk:

- Increases in spending pressures through price increases and other cost drivers have been updated to reflect the latest forecasts and trends.
- Growth based on future estimates will be held in a way that ensures it is separately identifiable so that it can be revised once the actual incidence has been evidenced.
- Enhanced budget monitoring arrangements will be introduced to require corrective action to be put in place as soon as any areas of overspending begin to emerge.
- Other provisions will be held centrally and allocated during the year.

Risk 4 – Dedicated Schools Grant Deficits

For several years, the single greatest financial risk to the Council was the substantial and growing deficit on High Needs spending from the Dedicated Schools Grant (DSG). This risk has been substantially mitigated by a Safety Valve agreement with Department for Education (DfE), which includes £140m of DfE funding, contingent on keeping spend to an agreed trajectory, alongside £82m of Council funding (over a 5 year period). Currently, the Council remains on track to meet the cumulative deficit targets set by DfE. There is a risk that if we do not stay on trajectory and DfE withhold their contribution, then the deficit will be larger than currently planned. To mitigate this risk, formal regular monitoring and reporting of the local deficit recovery action plan, highlighting any corrective action, remains critical to ensure the deficit is being tackled effectively. Members will need to support changes to SEND policy and services that help delivery this financial sustainability.

Risk 5 – Uncertainty of the National Funding Position

There is uncertainty around the national funding position for local government, as a result of the lack of any multi-year government departmental spending plans or local government settlement.

The Chancellor's Autumn Budget statement only set out departmental spending plans for 2024-25, with the plans for subsequent years only set out for total public spending. Although these show year on year increases public spending as a proportion of the overall economy (GDP) is forecast to fall over the period. The most likely scenario is that any additional funding in 2025-26 will be substantially less than spending growth needed to maintain services at the current level and further significant savings are likely to be needed to continue to set a balanced budget.

To mitigate the risks associated with a lack of long-term certainty we continue to produce a medium term financial plan alongside the annual budget and a ten year capital strategy. To mitigate the considerable risk of ongoing reduced funding from Government, we need to rebuild a higher level of overall reserves. However, this doesn't completely mitigate the risk and we may face more significant revenue pressures, until a multi-year spending review is received.

Risk 6 – Local Government Funding Reform

The 2024-25 Local Government Finance Settlement once again deferred any fundamental changes on how the relative need to spend and the level of Government support needed by authorities is calculated until after the next general election, known generally as the 'Fair Funding Review'. This review may result in the level of our government funding increasing or decreasing, compared to 2024-25 levels. This places greater importance on the need to maintain reserves to manage this volatility risk.

Risk 7 – Impact on the Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) outlines the significant additional financial challenge to the authority in future years. The indicative future spending allocations and planned reductions deliver a balanced MTFS over the 3 year period, but is dependent on maximising council tax increases, including the available adult social care levy. Without this level of increase in council tax, or if future spending needs exceeds the indicative levels, or if future grant settlement are less than to rollover assumptions included in the MTFS further budget reductions will need to be identified and delivered to ensure the budget remains sustainable.

Also, the Council has only set a balanced budget for 2024-25 with the use of significant savings and income, including the use of one-off measures in 2024-25 which will need to be replaced in 2025-26 & 2026-27. There needs to be a commitment to support the identification and delivery of ongoing savings in the latter years of the MTFS, to replace the one-off measures used in 2024-25.

In the medium to longer term the Council needs a sustainable plan where spending growth is more closely aligned to Council priorities and available funding, as the scope for savings without significant changes to legislative requirements is limited.

The commitment of Members to meet the financial challenges ahead and take the decisions needed to ensure the finances of the authority remain robust into the future is welcomed.

Reserves

The £47.1m overspend in 2022-23 was balanced with a drawdown from reserves (this drawdown equated to 11.5% of general and earmarked revenue reserves) comprising £25m from the earmarked risk reserve (the entire balance of this reserve) and £22.1m from general reserve (39% of this reserve). The 2022-23 outturn also included £17m transfer to Dedicated Schools Grant reserve for the council's 2022-23 contribution to Safety Valve agreement. This combination of drawdowns and transfers at the end of 2022-23 have reduced the adequacy of reserves, since the assurance given when approving 2023-24 budget. The levels of reserves are now considered to pose a more significant risk to the council's medium to long term sustainability than levels of capital debt. This is a significant change from previous assurance statements.

As a result of the above, I have also undertaken a risk analysis of the adequacy of financial reserves, taking account the financial risks above. This highlighted the need to retain a minimum of £58.9 million in general reserves in 2024-25 and the plan is to restore the general reserve to close to 5% of net revenue (£73.0m) by 2025-26. This resolution makes provision for this level of reserves and the Council remains on track to deliver this. I am therefore of the view that this budget does provide for an adequate level of reserves.

Conclusions

It is worth reflecting on the external auditor's latest annual report to the Council[2] where, in considering whether statutory audit action is required, they emphasise "to members that the Council must set a balanced budget for 2024-25 and must ensure that appropriate reserves are in place to support risks that may emerge in 2024-25 and beyond. This responsibility extends to all members and not just the Leader and Cabinet".

So, to safeguard the Council's financial resilience and sustainability, it will be essential that for 2024-25 there is a relentless focus on financial management, cost avoidance, demand management, timely delivery of the agreed savings, with all the necessary key decisions taken in a timely manner, and that there are no additional spending requests that would add to costs over and above budgeted levels or repurposing of budget variances without following due governance processes.

The budget information used in preparing this budget resolution has undergone extensive scrutiny by Corporate Directors, Directors, and their staff, alongside staff within the Finance Service and the Corporate Management Team collectively. In addition to this I have worked closely with Members in preparing this budget resolution.

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[2] See papers to Governance & Audit committee 1 February 2024 – item 8.

In overall terms I am of the view that this revenue budget has been prepared on realistic assumptions in an uncertain environment and that as such it represents a robust, albeit challenging, budget.

Provided all the measures set out in the draft budget and medium term plan are implemented, including the delivery of the proposed revenue savings and income, resisting future spending growth, minimising the level of borrowing for the capital programme, implementing council tax increases and precepts, the Council will continue to demonstrate financial sustainability over the short-term (defined here as over the following two years), although there remains considerable uncertainty over the medium term.

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

To: County Council 19th February 2024

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

Classification: **Unrestricted**

Summary:
The updated and balanced draft budget report containing the administration's budget proposals for 2024-25 was published on 3rd January 2024 to support the scrutiny and democratic process through Cabinet Committees and the Scrutiny Committee. Feedback from those Committees was presented to Cabinet on 25th January 2024 (along with the announcement of additional funding for social care to be included in the final Local Government Finance Settlement) and taken into account for the administration's final draft budget report, published on 9th February 2024, for the annual County Council budget setting meeting on 19th February 2024.

This final draft budget replaces the previous drafts and includes the latest updates and the administration's final proposals and amounts for Council consideration and approval.

Appendices A to G of the final draft budget report set out the administration's updated final budget plans and are published in a format recommended by the Acting Corporate Director of Finance and agreed by the Leader as required under the Council's constitution and Financial Regulations. The final draft includes the approved tax base notifications from collection authorities which must be used for precept calculations. The tax base is slightly lower than the estimate in the 3rd January draft and the use of reserves amount has been adjusted to reflect the change with a consequential impact on the savings to replace the use of one-offs being developed for 2025-26.

The other appendices published in the draft for scrutiny (reserves policy, budget risks and adequacy of reserves, budget risk register, core grants in the local government finance settlement, reserves policy, economic & fiscal context, treasury management strategy) have also been updated where necessary for the final approval.

The final updated draft includes additional sections on social care funding and spending, and schools funding settlement. The final draft includes additional appendices to support approval decisions covering Investment Strategy, Capital Strategy (including Prudential Indicators), the Minimum Revenue Provision (MRP) statement, and Flexible Use of Capital receipts Strategy.

Members are asked to refer to the final updated draft 2024-25 budget report published on 9th February for this meeting and not previous drafts.

Recommendations:

County Council, having given due regard to the s25 Report (published for consideration and noting as agenda item 5 of this meeting), is asked to agree the following:

2024-34 Capital Programme

(a) The 10-year Capital programme and investment proposals of £1,665.3m over the years from 2024-25 to 2033-34 together with the necessary funding and subject to approval to spend arrangements.

(b) The directorate capital programmes as set out in appendices A & B of the final draft budget report published on 9th February 2024.

2024-25 Revenue Budget and Medium Term Financial Plan

(c) The net revenue budget requirement of £1,423.6m for 2024-25.

(d) The directorate revenue budget proposals for 2024-25 and the medium term financial plan as set out in appendices D (high level county 3 year plan) E (high level 2024-25 plan by directorate), F (2024-25 key services), appendix G (individual spending, savings, income and reserves variations for 2024-25) of the final draft budget report published on 9th February 2024.

2024-25 Council Tax

(e) To increase Council Tax band rates up to the maximum permitted without a referendum as set out in section 6.4 (tables 6.1 and 6.2) in the final draft report published on 9th February 2024.

(f) To levy the additional 2% social care precept (raising an additional £17.774m and taking the total social care precept to £135,347,128 out of the total precept set out in recommendation (g) below).

(g) The total Council Tax requirement of £935,667,397 to be raised through precepts on districts as set out in section 6.6 (table 6.3) in the final draft report published on 9th February 2024.

Kent Pay Scheme 2024-25

(h) The recommendations from Personnel Committee on the changes to Kent Pay Scheme as set out in sections 7.8 and 7.9 of the final draft budget published on 9th February 2024

(i) The uprating of member allowances linked to pay awards as set out in section 7.10 of the final draft budget published on 9th February 2024

Key Policies and Strategies

(j) Fees and charges to continue to be reviewed in line with the policy agreed in the 2023-24 budget approval

(k) The Capital Strategy as set out in appendix O of the final draft report published on 9th February 2024 including the Prudential Indicators.

(l) The Treasury Management Strategy as set out in appendix M of the final draft report published on 9th February 2024

(m) The Minimum Revenue Provision (MRP) Statement as set out in appendix P of the final draft report published on 9th February 2024

(n) The Flexible Use of Capital Receipts Strategy as set out in appendix Q of the final draft report published on 9th February 2024.

(o) The Reserves Policy as set out in appendix H of the final draft budget report published on 9th February 2024**.**

In addition:

(p) To note that the Cabinet Member for Finance Corporate and Traded Services, in consultation with the Leader and Cabinet, will determine the final TCP reward thresholds for staff assessed as successful, excellent, and outstanding, and the uplift to the Kent Ranges consistent with Personnel Committee recommendation to County Council, and agree any other changes to the Kent Scheme through the conclusion of pay bargaining (after consultation with the Leader and the political Group Leaders)

(q) To delegate authority to the Corporate Director of Finance (after consultation with the Leader, the Deputy Leader and Cabinet Member for Finance, Corporate & Traded Services and the political Group Leaders) to resolve any minor technical issues for the final budget publication which do not materially alter the approved budget or change the net budget requirement and for any changes made to be reflected in the final version of the Budget Book (blue combed) due to be published in March 2024.

(r) To note the information on the impact of the County Council's share of retained business rates, business rate pool and business rate collection fund balances on the revenue budget will be reported to Cabinet once it has all been received.

(s) To note the ongoing and escalating cost pressures on the Council's budget alongside insufficient funding in the local government finance settlement and knock on requirement for savings and income in the final draft 2024-25 budget and medium term financial plan.

(t) To note further potential economic volatility and the uncertain financial outlook for later years in the absence of a multi-year settlement from government from 2025-26 onwards as well as uncertain impact of the delayed social care reforms and reforms to local government funding arrangements.

(u) To note that the planned use of reserves still ensures sufficient reserves are available in the short term with no immediate concerns triggering a S114 notice provided the use of these reserves is replaced with sustainable savings over the medium term.

(v) To note the rate of recent drawdown from reserves and increase in risk is cause for serious concern and reserves need to be strengthened, particularly general reserve and the draft budget includes a strategy to restore the general reserve to 5% by 2025-26. Further unplanned drawdowns would weaken resilience and should only be considered as a last resort with an agreed strategy to replenish reserves at earliest opportunity

All Members of the County Council are respectfully reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to a matter relating to, or which might affect, the calculation of council tax.

Any Member of a Local Authority who is liable to pay council tax, and who has any unpaid council tax amount overdue for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must not cast their vote on anything related to KCC's Budget or council tax.

1. Update to Draft Budget Report

1.1 This final draft budget report replaces the previous drafts and includes the latest updates and final proposals and amounts for Council consideration and approval.

- The additional £12.8m social care grant included in the final 2024-25 local government finance settlement. This grant has funded additional spending in adult social care and children's services with some used to fund full year effect of further costs and activity increases in the current year since the revised draft budget was produced and some to fund additional transformation activities in pursuance of objectives set out in Securing Kent's Future.
- The updated final draft report includes the approved tax base notification from collection authorities which shows a 1.64% increase on 2023-24. This is slightly lower than the 1.7% estimated in previous drafts meaning the precept is £530.8k lower than assumed. The impact is reflected through increased one-off use of reserves in 2024-25 to be replaced with increased savings of a matching amount in 2025-26
- The updated final draft report includes confirmation of estimated council tax collection fund balance surplus from Kent districts of £2.515m, an estimated £4.485m lower than the forecast included in the updated January draft budget with the shortfall to be drawn down from the local taxation equalisation reserve.
- The recommendations from Personnel Committee for the Kent Pay Scheme 2023-24, these can be delivered within the provision included in the original 3rd January draft budget.
- Saving brought forward from 2025-26 into 2024-25 to account for the potential expiration of inter authority agreement on waste partnerships with four district councils.

1.2 Information on the County Council's estimated share of retained business rates, business rate pool and business rates collection fund balances have not been received from all district councils in time to include in the administration's final draft revenue budget 2024-25 and MTFP 2024-27 for council approval. A separate report on the impact on revenue spending, savings and reserves will be presented to Cabinet.

1.3 The final estimated council tax collection fund balance, tax base and additional Social Care Grant have increased the proposed net revenue budget 2024-25 from £1,415.7m to £1,423.6m.

1.4 The final draft budget report includes the following additional appendices which are necessary to support the report's recommendations, some of which form part of the budget framework and need to be agreed by County Council. These include:

- Appendix F – Revenue Budget 2024-25 Key Service Analysis. This shows the planned spending on individual services in 2024-25
- Appendix N – Investment Strategy. This provides information on the levels of investments in loans, shares and commercial property
- Appendix O - Capital Strategy. This provides a high-level overview of how capital expenditure, financing and treasury management contribute to delivery of council services. The prudential indicators set out a high level medium-term view of capital and treasury plans
- Appendix P - Annual Minimum Revenue Provision (MRP) Statement. This covers the Council's policy for charges to the revenue account each year to finance capital expenditure initially funded from borrowing.
- Appendix Q – Flexible Use of Capital Receipts Strategy. This covers the proposed approach to use the power to fund revenue spending intended to generate ongoing revenue savings or reduced future costs/demand from capital receipts.

1.7 The updated report dated 9th February 2024 is published alongside the Council papers. This replaces previous drafts.

2. Contact details

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

From	Leader of the Council; Roger Gough
	Deputy Leader and Cabinet Member for Finance, Corporate & Traded Services; Peter Oakford
	Cabinet Members
Relevant Director(s)	Acting Corporate Director, Finance; John Betts
	Chief Executive, Corporate Directors, ASCH, CYPE and GET
Report author	Head of Finance Policy, Planning and Strategy; Dave Shipton
Circulated to	County Council
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
	CHB – Corporately Held Budgets

1.1 This report sets out the administration's final draft revenue budget 2024-25, three-year medium term financial plan (MTFP) 2024-27 and ten-year capital programme 2024-34. The report focuses on the changes since from the updated draft published on 3rd January 2024 (which itself was an update on the initial draft published on 1st November 2023). The revenue changes include the additional Social Care Grant in the final Local Government Finance Settlement (LGFS) for 2024-25, the final Council Tax base and collection fund estimates from districts, Personnel Committee recommendations on Kent pay scheme for 2024-25, and any other material policy issues arising since the January draft as well minor technical changes that need to be reflected in the final budget. Capital changes relate to rephasing (including removing completed scheme) and revised funding of schemes. The changes to revenue and capital have been kept to a minimum. The report and appendices provide the essential information for County Council approval on 19th February 2024.

1.2 The administration's final draft revenue budget and MTFP set out planned spending on day-to-day services based on variations in spending from the approved budget for 2023-24. The variations include known and forecast impacts for both spending growth and reductions from savings, future cost increase avoidance and income. The variations show the impact on net spending. A separate appendix (appendix F) shows gross spending, income and net spend on individual key service lines. This appendix can only be produced for the final draft for approval, although a dashboard was available with previous drafts to provide more information on individual spending growth and savings/income proposals. An updated version of the dashboard is circulated as background document to this report. Further developments will be made to the dashboard as part of preparing for the 2025-26 budget cycle.

1.3 The administration's final draft 2024-25 revenue budget includes £194.4m of core funded spending growth. This is £9.9m more than the updated draft published in January. The increase is largely due to full year effect of latest forecasts costs/activity from current year and new transformation/sustainability actions, funded from the additional Social Care Grant included in the final LGFS. The revised spending also includes the amount necessary to fund the Personnel Committee recommendations on Kent Pay scheme after taking account of cost reductions from staff turnover.

1.4 Funding from Council Tax and grants in the final LGFS is £1,423.6m, £7.9m more than the updated draft in January. This is mainly due to the additional £12.8m in Social Care Grant and £5.0m reduction final taxbase & collection fund balances. The final retained business rates have not been received from all authorities in time for the final draft and will need to be incorporated into final budget through Cabinet approval under delegated powers. The additional Social Care Grant is reflected in increased spending and reduction in Council Tax funding is reflected in changes in reserves. The funding gap of £86.5m[1] is resolved through savings, income and future cost increase avoidance (which have increased to £88.9m from the updated draft) and net £2.4m changes in contributions to and drawdowns from reserves.

[1] Spending Growth of £194.4m less increase in core funding of £108.0m

1.5 A reconciliation of the main movements in revenue spending plans is set out in section 7 of this report. As with earlier drafts the revenue spending growth largely derives from forecasts for increased costs/demands in adult social care, home to school transport and children's services for a variety of reasons including inflationary contract price uplifts, cost/demand increases unrelated to inflation (including changes in age demographics, increased client needs/complexity, market factors and placement patterns), and full year effect of current year variances.

1.6 The final draft revenue budget and MTFP continue to be 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 final draft is unchanged for these estimates as it has been produced within weeks of the updated January draft and inevitably focuses on necessary changes for full Council approval. The final draft budget continues to include 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 mitigating 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 over the medium term.

1.7 The administration's final draft revenue budget includes £19.8m of one-off solutions from use of capital receipts to fund qualifying expenditure, use of reserves and the final year of New Homes Bonus Grant. The final draft includes an appendix (appendix Q) setting out the flexible use of capital receipts strategy including the spending proposed to be funded from capital receipts. This expenditure must result in ongoing savings or income (anticipated amounts set out in the strategy) and should only relate to initial set-up and implementation costs of new processes and arrangements and not the ongoing cost of these processes and arrangements. The package of one-off solutions in 2024-25 will need to be replaced with equivalent, ongoing savings in 2025-26 and 2026-27. The details of these savings are still under development and will need to be consulted on as required. Wherever possible, they will need to be agreed during the first half of 2024-25 for implementation in 2025-26. The full financial effect of some actions may not impact until 2026-27, where there is a part-year effect in 2025-26. What is required for Council approval of the 2024-25 budget is confirmation of the principle that any recurring costs funded from one-off sources in 2024-25 will be replaced through ongoing savings and income in subsequent years.

1.8 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.

1.9 The revenue 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.

1.10 The final draft capital programme for 2024-25 to 2033-34 has increased to £1,665m (from £1,646m in the January draft). The change is largely due to grant funded projects and grant funding has increased from £992m to £1,011m. Borrowing is unchanged at £376m, and there are minor changes in funding from receipt and revenue contributions. The core principles of rolling forward the previous programme, avoiding 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 still apply. The flexible use of capital receipts to fund from asset sale proceeds to fund revenue costs in 2024-25 reduces the level of receipts available to fund future capital expenditure. The final budget for full Council approval includes appendices on investment strategy, capital strategy and annual Minimum Revenue Provision (MRP) statement.

1.11 The January draft included the updated Treasury Management Strategy for 2024-25. This is unchanged in the final draft and is included for full Council approval.

1.12 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 commentary was that Consumer Price Index (CPI) inflation peaked at 10.7% in quarter 4 2022 but was not forecast to fall below 2% target until quarter 2 2025. The rate of inflation in November 2023 was 3.9% (a reduction from 4.6% in October and 6.7% in September), December 2023 saw a slight rise to 4.0%.

1.13 The administration's final draft budget includes a 4.992% proposed 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 proposed increase is in line with the government's Council Tax referendum principles for 2024-25. The tax base (the number of dwellings liable for Council Tax after discounts, exemptions and assumed collection rates) has increased by 1.64% on the base for 2023-24. The Council Tax precept is based on a combination of the Council Tax band D charge and the band D equivalent tax base for 2024-25.

1.14 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 are largely unchanged from the initial draft budget published on 1st November 2023 but are set out again in full in this final draft as the setting of the budget is a decision reserved for full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Cabinet and Scrutiny Committees to allow for their comments to be considered before the final budget proposals are made to full Council. Feedback from Scrutiny Committees was considered by Cabinet on 25th January and there are no material changes other than further clarification of some individual proposals included in the administration's final draft budget. There are changes following the final settlement, final Council Tax and collection fund notifications, Personnel Committee recommendations on Kent pay scheme, and potential expiration of inter authority agreement since the January draft was published.

2.2 The overall strategy for the budget is to ensure that the Council continues to plan for revenue and capital budgets which are affordable, reflect the Council's strategic priorities, allow the Council to fulfil its statutory responsibilities and continue to maintain and improve the Council's financial resilience. This is consistent with the objectives set out in Securing Kent's Future – Budget Recovery Strategy. However, these aims are not always an easy combination and involves some difficult decisions about service levels and provision both for the forthcoming year and over the medium term. In reaching this balance it is essential that the Council has regard to bearing down on spending growth (future price inflation, non-inflation related cost increases and demand increases), delivering efficiency/transformation savings, generating income to fund services, and agreeing changes in policies to reduce current recurring spending and/or avoid future spending while making the necessary investments to support service improvement. In this context it is worth clarifying that savings relate to reducing current recurring spend, whereas bearing down on future growth is cost avoidance, both amount to the same end outcome of reducing future spending from what it would otherwise have needed to be without action and intervention. The final draft budget should be assessed against these aims recognising that there are still gaps to close.

2.3 The Council is under a legal duty to set a balanced and sustainable budget and maintain adequate reserves such that it can deliver its statutory responsibilities and priorities. A MTFP covering the entirety of the resources available to the Council is considered to be the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty. However, it must also be acknowledged that the Government's Autumn Budget 2023 statement only included very high level public spending plans and no individual department plans beyond 2024-25, and the LGFS only covered 2024-25 with no indicative allocations for subsequent years. This means that although the funding for 2024-25 is now confirmed, the forecasts for later years are speculative, consequently planning has to be sufficiently flexible to respond accordingly. Even so, it is clear that 2024-25 and the medium term to 2026-27 are likely to continue to be exceptionally challenging and will require significant spending reductions. Even though overall net cash is increasing, this is not sufficient to keep pace with forecast spending demands. This will be a difficult message to convey.

2.4 As the Council develops its detailed proposals it must continue to keep under review those key financial assumptions which underpin the Council's MTFP, particularly in the context of wider public spending and geo-economic factors. Over the previous decade the Council had to become ever more dependent on locally raised sources of income through Council Tax and retained business rates, and it is only in recent years that additional central government funding has been made available to local authorities, primarily to address spending pressures in social care (albeit at a time when the national public sector deficit has been increasing). However, there is no certainty that this additional central government funding will be baselined/continued for future years.

2.5 In accordance with the Council's Financial Regulations, a medium term capital programme and financing plan is prepared on an annual basis. Where capital estimates are included, funding must be secured and approved prior to any expenditure being incurred.

2.6 Setting the annual budget is one of the most significant decisions the County Council takes each year. It sets the County Council's share of Council Tax and the overall resource framework in which the Council operates. The administration's budget is the financial expression of the Council's strategic priorities. The budget gives delegated authority to manage the budget to Corporate Directors and Directors within the parameters set out in the Council's Constitution and Financial Regulations. Corporate Directors and Directors are accountable for spending decisions within delegated powers reporting to the Chief Executive, and these are monitored through the Council's budget monitoring arrangements reported to every Cabinet meeting. The final draft budget has been developed, scrutinised and ultimately approved in compliance with the following six key considerations:

A) Strategic Priorities – Strategic Statement

2.7 The County Council approved a new strategic statement "Framing Kent's Future (FKF)" on 26th May 2022. The statement sets out the challenges and opportunities Kent is faced with and the actions the Council will prioritise to address them over the next four years, focussing on four key priorities. The 2023-24 budget recognised that the significant shift in the financial and operating landscape since FKF's approval meant that policy and service decisions had to be taken to balance the budget which could run counter to some of the priorities and ambitions set out in Framing Kent's Future.

2.8 Securing Kent's Future (SKF) has explored these shifts in more depth and acknowledges that given the significance of adults and children's social care within the Council's budget, and that spending growth pressures on the Council's budget overwhelming (but not exclusively) come from social care, that the priority of delivering New Models of Care and Support within FKF must take precedence over the other priorities. This creates an expectation that council services across all directorates must prioritise delivering the new models of care and support objective as a collective enterprise.

2.9 This does not mean that the other objectives of Levelling Up Kent, Infrastructure for Communities, and Environmental Step Change are not still important and all work on these must stop. However, the scope of these other three objectives will have to be scaled back in terms of additional investment and funding, and management time and capacity that can reasonably be given to them.

B) Best Value

2.10 SKF has recognised that the Council must prioritise its Best Value statutory responsibility. The expansion of the legislative framework in which councils operate in has extended statutory duties without the necessary additional financial resources through increased government funding or income generating/local tax raising powers to cover all the additional costs. The government has recently issued revised statutory Best Value guidance (subject to consultation) reminding local authorities of the requirement to secure continuous improvement having regard to economy, efficiency and effectiveness. The revised guidance goes on to explicitly state that this covers delivering a balanced budget, providing statutory services, including adult social care and children's services, and securing value for money in all spending decisions.

2.11 The implication is clear. Those councils that cannot balance competing statutory duties, set a balanced budget, deliver statutory services, and secure value for money are not meeting their legal obligations under the Local Government Act 1999. Consequently, the statutory Best Value duty must frame all financial, service and policy decisions and the Council must pro-actively evidence best value considerations, including budget preparation and approval. The final draft budget is balanced in line with the enhanced Best Value requirements, and we will look to continue to develop Best Value assessments of individual elements within the budget (and in subsequent budgets).

C) Requirement to set a balanced budget

2.12 The Local Government Finance Act 1992 requires the Council to consult on and ultimately set a legal budget and Council Tax precept for the forthcoming financial year, 2024-25. Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice with an expectation that the financial strategy is based on a balanced plan in the medium term (albeit the resource equation beyond 2024-25 is still highly uncertain).

2.13 Setting the Council's revenue and capital budgets for the forthcoming year has been incredibly challenging, due to the economic circumstances and forecast levels of growth pressures on council services. This has made managing within the current year budgets significantly more volatile, due to unpredictable cost of providing council services from inflation, market conditions, placement decisions, delivering statutory responsibilities and ultimately client and resident expectations. Demand is also unpredictable although currently this is less volatile in terms of client numbers in most services. This volatility has knock-on consequences for our ability to forecast future spending requirements and income levels.

2.14 The LGFS for 2024-25 provided some additional certainty and increase in the resources available to the local government sector as a whole (and social care in particular) in the final settlement. Nonetheless, the additional funding in the final settlement still means that the combination of Council Tax referendum levels and grant increases is still significantly less than forecast spending increases.

2.15 The Council has a statutory duty to set a balanced budget. However, what is meant by ‘balanced’ is not defined in law and relies on the professional judgement of the Chief Financial Officer to ensure that the budget is robust and sustainable. A prudent definition of a balanced budget would be a financial plan based on sound assumptions which shows how planned spending and income equals the available funding for the forthcoming year. Plans can take into account deliverable cost savings and/or local income growth strategies as well as the use of reserves. The government has confirmed that the Statutory Override for the Dedicated Schools Grant deficits is extended for a further 3 years from 2023-24 to 2025-26. However, despite this extension under the Safety Valve programme the Council will have to start to make provision for a contribution in the 2024-25 budget and subsequent years for the duration of the agreement towards the accumulated DSG deficit.

2.16 While there is no legal definition of a balanced budget, legislation does provide a description to illustrate when a budget is considered not to balance:

- where the increased uncertainty leads to budget overspends of a level which reduce reserves to unacceptably low levels, or
- where an authority demonstrates the characteristics of an insolvent organisation, such as an inability to pay creditors.

2.17 The administration’s final draft budget 2024-25 reflects significantly increased financial risks, compared to previous years. These have only been partially mitigated by the additional funding for social care in the final LGFS. These risks arise from a combination of the magnitude of overspends in the current year (including under delivery of savings plans), unsustainable levels of growth and the need to avoid/reduce these, the magnitude of savings/income required for 2024-25, and external factors including geo economic circumstances and the impact of a recent high court order that the Council must take all possible steps to care for all Unaccompanied Asylum Seeking (UAS) children arriving in the county under the Children’s Act 1989, unless and until they are transferred to other local authorities under the National Transfer Scheme (NTS). The risks from the judgment not only arise from the cost of securing additional care provision for UAS children should government departments not fully compensate the Council but also knock-on consequences on the availability and cost of care for other children already in Kent. At the time of drafting this report, we are close to reaching agreement with government departments on both capital and revenue funding which would increase the capacity to care for UAS children in appropriately registered and regulated provision which would substantively reduce the risks, although there are still financial and operational risks in both the short and medium terms should arrivals exceed the increased capacity or transfers through NTS are delayed or don’t happen at all.

2.18 The increased overall risks means there will need to be:

- a very robust approach to negotiating and agreeing prices for a range of council services to stay within the inflation allocations in the draft budget;
- an enhanced emphasis on controlling the drivers of non-inflation related cost increases;
- a more rigorous approach to managing, monitoring and reporting on demand for council services; and
- greater oversight, monitoring and reporting of savings delivery to reduce the risk of further calls on reserves.

2.19 The level of savings required in 2024-25 and over the medium term continues to be higher than in recent years driven largely by growth in spending rather than cuts in funding, representing a new and very specific challenge.

2.20 To avoid the risk of an unbalanced budget the Council has to be financially resilient. Good financial management is fundamental in establishing confidence in the budget and ensuring that the finances can withstand unexpected shocks. The Council undertook a review of each Directorate's financial management arrangements, following the Council wide financial management review undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Council is also developing Outcomes Based Budgeting which will see a more integrated approach to budget and service planning over the MTFP period focussing on priority outcomes and value for money.

2.21 Setting a clear medium term financial plan (MTFP) also strengthens the Council's financial resilience by identifying financial issues early and options for potential solutions.

D) Budget Consultation

2.22 The Council launched a consultation on the 2024-25 budget on 13th July 2023. The consultation was open until 6th September 2023 and can still be viewed via the https://letstalk.kent.gov.uk/budget-consultation-2024-25 or the Council's website.

2.23 2,620 responses were received which is higher than the 2,161 responses to last year's budget consultation. Responses were received from Kent residents, KCC staff and local businesses. 49.8% of respondents found out about the consultation via Facebook advertising, 19.4% via a KCC e-mail and/or website.

2.24 A supporting document set out the background to the consultation including key facts about Kent, KCC's strategic priorities, the financial challenges the Council has had to address in recent years, the 2022-23 budget outturn, and the 2023-24 budget. The document included information on the Council Tax referendum principles together with the assumed levels for 2024-25 and impact on Council Tax bills. The document sets out the financial outlook for the forthcoming year and the difficult decisions that will be needed to balance significant forecast spending increases with the forecast resources from Council Tax and central government settlement.

2.25 The supporting document focuses on the six main spending areas which account for over 80% of revenue spending (excluding non-attributable costs):

- Care, support and preventative services for vulnerable adults (32%)
- Care, support and preventative services for vulnerable and disabled children (17%)
- Care, support and preventative services for older persons (15%)
- Public transport including home to school transport (8%)
- Waste recycling and disposal (7%)
- Highways management and maintenance (4%)

2.26 The consultation sought views on both the general Council Tax and the adult social care levy, and whether increases up to the referendum level are supported, increases should be less than referendum level, or any increase is opposed. The consultation sought views on spending priorities within the big six areas, and whether current spending is too little, too much or about right. The consultation sought views on if spending has to be reduced in one of the big six areas which should it be. The consultation also sought views on ideas for savings.

2.27 A separate detailed report setting out the responses received is included as a background document to this report and previous draft budgets.

E) Equalities Considerations

2.28 The Equality Act 2010 requires the Council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

2.29 To help meet its duty under the Equality Act the Council undertakes equality impact assessments to analyse a proposed change to assess whether it has a disproportionate impact on persons who share a protected characteristic. As part of our budget setting process an equality impact assessment screening will be completed for each savings proposal to determine which proposals will require a full equality impact analysis (with mitigating actions set out against any equality risks) prior to a decision to implement being made.

2.30 The amounts for some savings can only be confirmed following consultation and completion of an equalities impact assessment. Consequently, amounts are only planned at the time the budget is approved and can change. Any changes will be reported through the in-year budget monitoring reports which will include separate and specific consideration of delivery of savings plans.

F) Treasury Management Strategy

2.31 The Treasury Management Strategy Statement is included as an appendix to the report for approval by full Council, in accordance with the CIPFA Treasury Management Code of Practice. The Statement sets out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.

2.32 The prudential indicators set out in the Treasury Management Strategy and Capital Strategy are based on the first three years of the 10 year Capital Programme.

3.1 The final LGFS for 2024-25 was published on 5th February 2024. In an unusual step the final settlement included some changes from the provisional LGFS published on 18th December 2023. These changes provided an additional £600m in total increasing the overall settlement from 6.5% increase in Core Spending Power (CSP) to 7.5%. The additional funding was largely distributed as £500m through Social Care Grant, Rural Services Grant, Services Grant, Internal Drainage Boards and increasing the minimum guarantee from 3% to 4%.

3.2 The final settlement shows an increase in CSP for the Council of £99.2m (7.7%). The largest single element of the increase in CSP is still coming through Council Tax (3.5% in the CSP increase) nationally and (4.2% in the CSP increase) for the Council. The CSP assumes every authority increases Council Tax up to maximum allowed including general and social care elements and is based on DLUHC's autumn tax base information. The Council's 2024-25 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 Social Care Grants account for next largest element of the final settlement (2.3% in the CSP increase) nationally and (2.8% in the CSP increase) for the Council. The additional Social Care Grant in the final settlement for the Council amounts to £12.8m (1.0% in the increase in CSP). This has been reflected through increases in the final draft budget for adult social care and children's social care on a 50/50 basis reflecting the emphasis on children's services in the minister's letter dated 24th January 2024. The Social Care Grants for 2024-25 are based on several different announcements as set out in table 3.1 below for the Council, and for England. Each grant is allocated by a slightly different methodology.

Table 3.1 – Social Care Grants

	Social Care Grant £'m	MSIF* £'m	Discharge Fund £'m	Total £'m
KCC				
Base 2023-24	88.8	14.4	7.0	110.2
**ABS 2022/LGFS 2023-24	14.4	7.3	4.7	26.4
Workforce Fund – Summer 2023		5.3		5.3
From Services Grant in PLGFS 24-25	1.0			1.0
Final LGFS 2024-25	12.8			12.8
Total Settlement 2024-25	**117.0**	**27.0**	**11.7**	**155.7**
England				
Base 2023-24	3,852	562	300	4,714
ABS 2022/LGFS 2023-24	532	283	200	1,015
Workforce Fund – Summer 2023		205		205
From Services Grant in PLGFS 24-25	80			80
Final LGFS 2024-25	500			500
Total Settlement 2024-25	**5,044**	**1,050**	**500**	**6,594**

**MSIF in above table is Market Sustainability and Improvement Fund*
*** ABS in above table is Autumn Budget Statement*

3.4 The increased Social Care Grants in the final settlement have been included in the final 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 other elements of the core spending power include settlement funding assessment (SFA) – comprising revenue support grant and business rate baseline, and compensation grant for business rates indexation and reliefs. These have to be considered in conjunction and account for (2.1% in the CSP increase) in the final settlement nationally and (1.2% in the CSP increase) for the Council. Other elements of the settlement include Services Grant (still significantly (82%) reduced), one final year of New Homes Bonus Grant, Rural Services Grant and 4% funding guarantee.

3.6 The overall increase in the core spending power (and therefore funding for the final draft 2024-25 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 Settlement Funding Assessment (SFA) and further permitted Council Tax increases.

3.7 A summary of the change in core spending power between the restated 2023-24 position and the final 2024-25 position is set out in table 3.2 below:

Table 3.2 – Core Spending Power

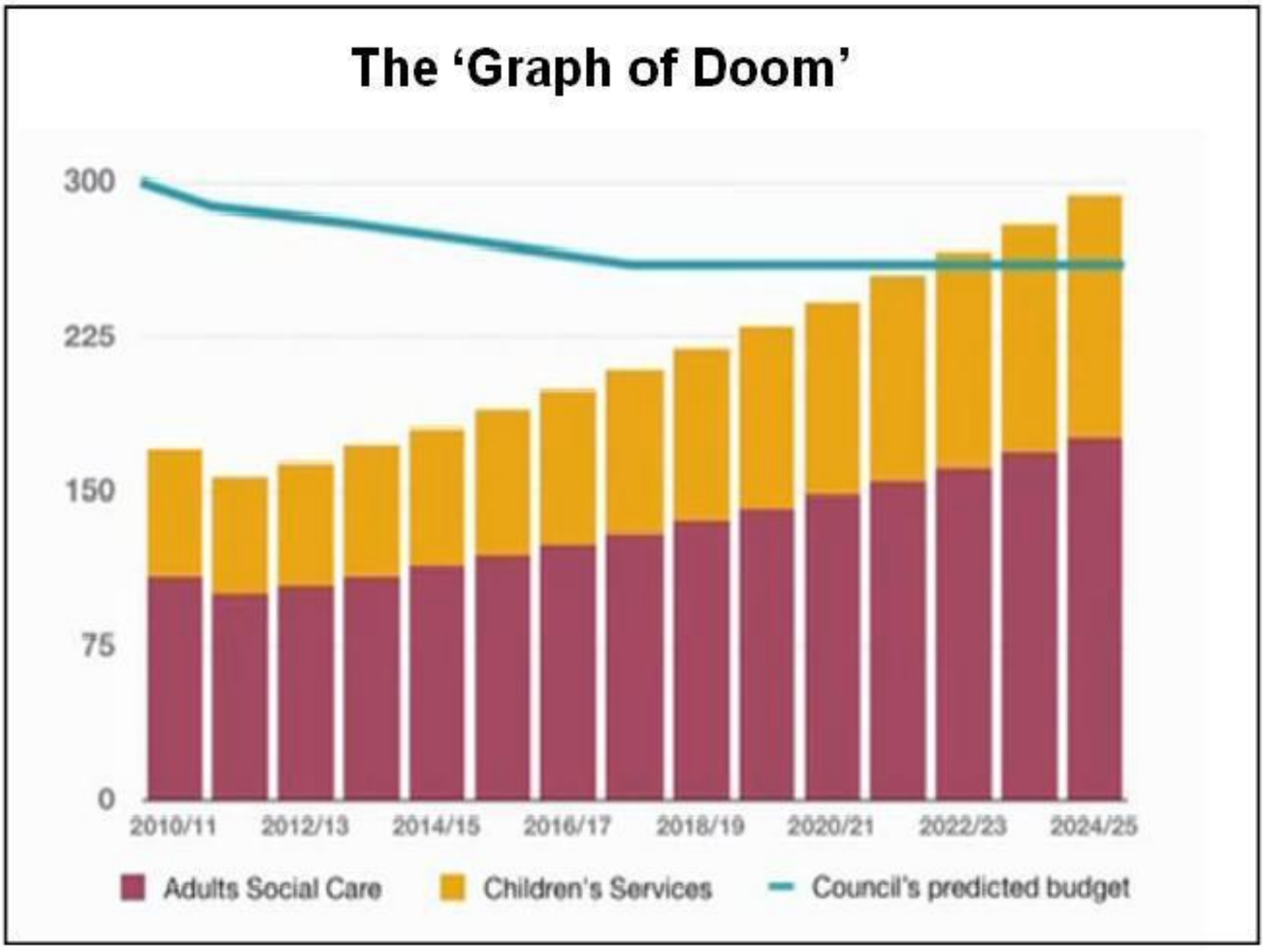
	KCC			England		
	2024-25 £'m	2023-24 £'m	Change £'m	2024-25 £'m	2023-24 £'m	Change £'m
Council Tax	931.0	876.8	54.3	36,070.8	33,984.3	2,086.5
Settlement Funding Assessment	215.8	206.0	9.8	16,562.7	15,671.1	891.5
Business Rate Compensation	38.8	33.2	5.6	2,581.3	2,204.6	376.7
Social Care Grant	117.0	88.8	28.2	5,044.0	3,852.0	1,192.0
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	1.3	7.6	-6.3	87.4	483.3	-395.9
New Homes Bonus	2.1	2.3	-0.2	290.8	291.3	-0.5
Rural Services	0.0	0.0	0.0	110.0	95.0	15.0
Funding Guarantee	0.0	0.0	0.0	268.6	133.3	135.3
Rolled in Grants (MSIF)	0.0	9.4	-9.4	0.0	480.0	-480.0
Totals	**1,394.7**	**1,295.5**	**99.2**	**64,705.3**	**60,196.7**	**4,508.6**
Year on Year % increase			7.7%			7.5%

3.8 The Public Health grant for 2024-25 was also confirmed on 5th February 2024. The grant allocation amount for the Council is £75,734.8k, which is an increase of £728.2k on the indicative 2024-25 grant allocation reflected in the draft budget, and £1,703.7k (+2.3%) higher than the 2023-24 grant allocation. The service is currently reviewing how to allocate this additional funding across Public Health services, and this will be fully reflected via a technical adjustment prior to the start of the 2024-25 financial year.

Historical Social Care Spending

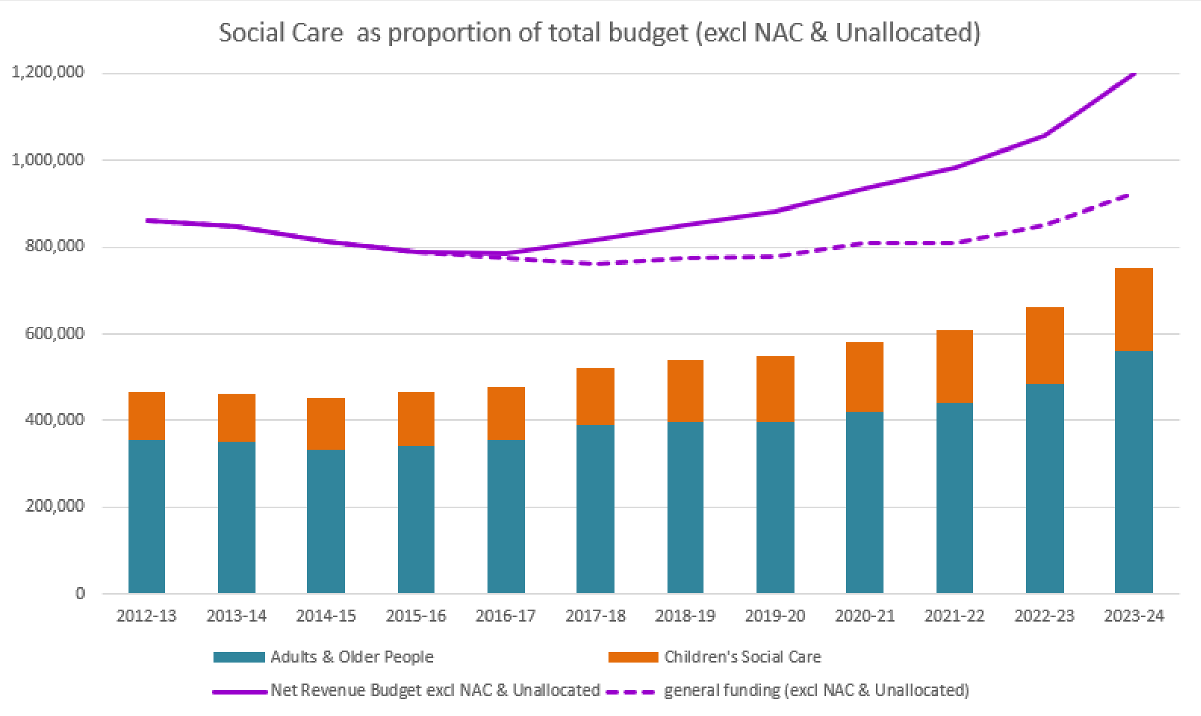
4.1 In the early years of austerity the Barnet "graph of doom" received a lot of attention, partly due to its evident simplicity. The graph showed a prediction of how dramatic the impact would be if spending and adult and children's social care was rising at the same time overall budget of the Council was reducing. The graph is repeated as chart 4.1.

Chart 4.1 – Barnet Graph of Doom



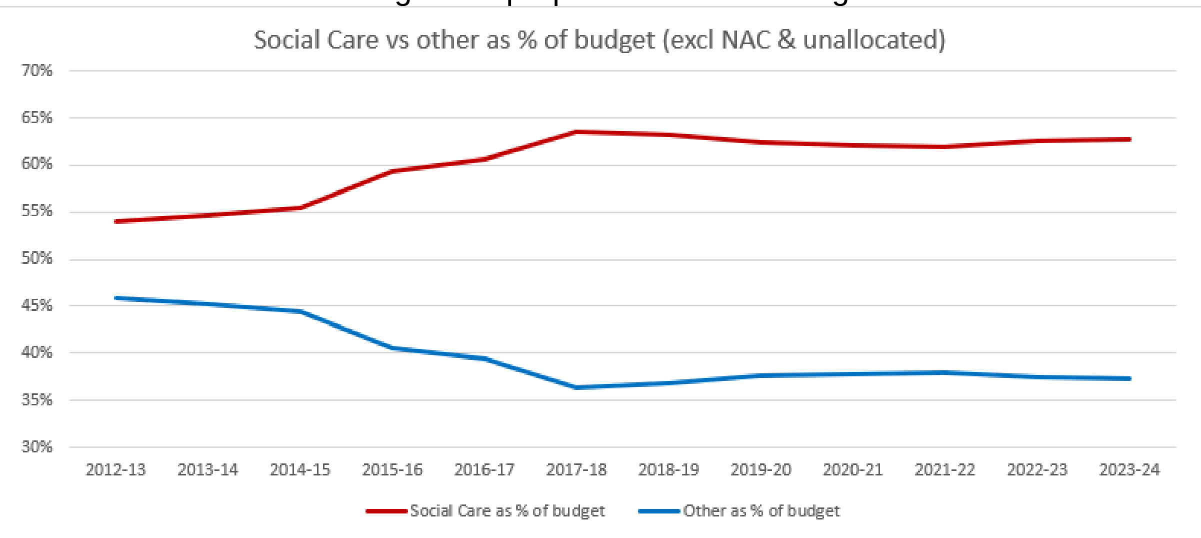
4.2 The reality has been somewhat different, particularly following the change in emphasis from 2016 which allowed councils to raise a specific adult social care Council Tax charge and greater recognition of adult social care in grant settlements since 2016. We have plotted the Council's budgeted expenditure on adult's and children's social care over a similar period compared to total budget (excluding non attributable and centrally held costs for consistency). This shows a similar picture to the Barnet prediction in the early years but a marked shift since around 2016 to 2017 as the Council passported the increases in funding for social care from Council Tax and grants into social care budgets. Had this additional funding not been available (dotted line on chart 4.2), the Barnet prediction would have been a more accurate portrayal. Chart 4.2 shows KCC comparison of approved budgets for social care.

Chart 4.2 – KCC Approved Budgets on Social Care



4.3 Effectively the graph shows that the Council's social care budgets initially increased as a proportion of the total budget in the early years and have subsequently plateaued with the passporting of specific funding. However, what this does not show is the recent trends with significant cost and demand increases to fulfil the Council's statutory obligations in both adults and children's social care. If the graph was plotted on actual spend it would show adults and children's consuming an ever increasing share of overall Council spending. Chart 4.3 shows a simpler presentation as the same information as chart 4.2 plotting social care and other budgets as proportion of total budget (although again if this were based on actual spend it would show an increasing proportion on social care).

Chart 4.3 – Social Care budgets as proportion of Total Budget



Social Care Funding 2024-25

4.4 The vast majority of the Council's funding is not hypothecated for individual services. This includes the general Council Tax precept, the settlement funding assessment (comprising the retained business rate baseline and revenue support grant), business rate compensation grant, service grant and New Homes Bonus Grant. In total this un-hypothecated funding amounts to nearly £1.1bn of the £1.4bn net budget for 2024-25 (76.6% of total funding).

4.5 Since 2016-17 the Council has had the ability to raise a specific adult social care Council Tax precept, now raising approx. £135m in 2024-25 (9.6% of total funding) and a number of social care related grants have been included in the settlement, now amounting to over £200m in 2024-25 (14.5% of total funding). The 2024-25 final draft budget includes an overall increase in funding of £108m (8.2%). Of this £19.7m is from the adult social Council Tax precept and £36.1m from the following Social Care Grants:

- £28.3m Social Care Grant - this grant is to address pressures in adults and children's social care
- £3.1m market sustainability and improvement fund grant – This comprises £12.5m increase from the additional element from 2023-24 settlement announcement (£7.3m) and the 2024-25 workforce element (£5.3m) less an adjustment of £9.4m for the workforce element in 2023-24 that has not been rolled in. The primary purpose of the fund is to support local authorities to make tangible improvements to adult social care services in their area, in particular to build capacity and improve market sustainability and now includes the previous workforce element aimed at supporting more workforce and capacity within the adult social care sector.
- £4.7m hospital discharge fund – this grant is to support people who need to draw on social care when they are discharged from hospital can leave as soon as possible

4.6 There are no prescribed splits of either the general Social Care Grant between adults and children's social care, or of the Council Tax precept or the other grants on how much should be used to fund price uplifts to reflect cost pressures in the market and how much should be devoted to other objectives and cost pressures e.g. increasing capacity. DLUHC had advised that national average split of social care for 2023-24 was 63% adults and 37% children's (although the Council has applied a 50/50 split to the share of the additional £500m in the final settlement). If we apply these splits to the social grant £28.3m increase for 2024-25 this equates to £16.2m for adult social care and £12.1m for children's. This together with the adult social care Council Tax and other grants amounts to a total of £43.5m for adult social care. If theoretically it is assumed 2/3 of this is available for price uplifts this amounts to £29.0m. As set out in section 7 of this report the total adult social care budget is increasing by 10% for 2024-25 including the amounts for full year effect of 2023-24 overspend, inflationary price uplifts, demand and non-inflationary cost drivers, policy and efficiency savings, transformation savings and increases in income.

5.1 The largest single grant received by the Council is the Dedicated Schools Grant (DSG), which is ring-fenced to fund school budgets and services that directly support the education of pupils The Local Authority is responsible for distributing and spend these grants in accordance with the Department of Education (DfE) guidance. The Local Authority receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for Academies to pay them directly, based on the same formula as the funding allocations made to local authority-maintained schools.

5.2 The DSG is allocated through four blocks: The Schools Block, Central School Services Block, High Needs Block and Early Years Block. All elements of the DSG are calculated based on a national funding formula, however these are calculated using historic funding as a baseline. In addition, the Council receives, and passports fully to schools, other specific grants such as pupil premium funding or the Teachers Pay Grant announced for September 2023.

5.3 The table below sets out the latest DSG allocation over the funding blocks for 2024-25.

Table 5.1 - Dedicated Schools Grant 2024-25 and Final DSG 2023-24

Block	**2024-25 £m**	**2023-24 £m**	**Change £m**
Schools Block	1,275.7*	1,202.1	73.6
CSSB	12.2	11.9	0.3
High Needs Block	322.6	312.0	10.6
Early Years Block	154.2	97.9	56.3
Total	**1,764.7**	**1,623.9**	**140.8**

* includes £40.7m (23-24 supplementary grant rolled in) and £32.8m (new monies)

5.4 The early years block is used to fund the free entitlements for under-fives and has been increased in 24-25 to reflect funding increases announced in September 2023 along with further inflationary increases of between 2.9% & 3.8%. Further funding has also been allocated to fund the extension of the free entitlement for working age parents down to 2 years from April 2024 and, to 9 months from September 2024. The Council is required to plan to pass on at least 95% of the funding to early years providers.

5.5 The primary and secondary pupil funding rate in the Schools Block, used to fund School Budgets, has increased by 2.1% & 1.9% respectively in 24-25. The total schools block for Kent (before deductions for academies) has increased by £73.6m (6.1%) to £1.3bn on the comparable figure for 2023-24, of which £32.8m (2.9%) is new monies.

5.6 The High Needs Block is funding to support costs of pupils with additional educational needs, across mainstream and special schools & colleges as well as the associated support costs. The allocation of the high needs block for 2024-25 has increased by £11.5m (3.7%) on the comparable figure for 2023-24.

5.7 The increase in funding for schools and the high needs block is significantly lower than in recent years, at the same time Central Government has confirmed the National Living Wage (NLW) will rise by a further 9.5% from April 2024. The disparity between funding and staff cost rises will have a financial impact on schools, where the salaries of most support staff track close to NLW, with the most significant impact on schools supporting high numbers of children with special education needs (where there is greater requirement for support staff), including special schools and pupil referral units. Community and Voluntary Controlled maintained schools are required to implement the Personnel Committee recommendations on Kent Scheme pay, whilst other schools (voluntary aided and foundation-maintained schools, academy trusts & free schools) can make their own pay decisions, many still mirror the KCC pay structure to remain competitive in the County.

5.8 A significant financial risk for the Council is the continuing and increasing underlying deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG), a forecast total of £178m as at 31st March 2024 (excluding contributions from KCC and DfE). Since the introduction of the Children and Families Act 2014, the Council has seen an unprecedented rise in the number of children and young people assessed for Education Health and Care Plans (EHCPs) and the increasing proportion of children being educated in special and independent schools and a smaller proportion educated in mainstream schools. The high needs funding within the DSG has not kept pace, resulting in in-year overspends and an accumulated deficit on the unallocated DSG reserve. Whilst this is recognised as a national problem it has been particularly acute in Kent with numbers significantly higher than the national and nearest neighbours' average.

5.9 Since March 2023, KCC has been part of the Safety Valve Programme where the DfE and the Council are contributing towards the historic deficit on the understanding that plans will be put in place to bring the Council to a breakeven position by 2027-28. As a result of this, the deficit on the High Needs Block has been reduced by contributions to an estimated £76m at the end of 2023-24.

5.10 The Council recognises it needs to take further actions to ensure children with SEN are supported and that this is sustainable within the funding provided, and significant work is being undertaken to identify efficiencies and improvements in high needs provision, including:

- Reviewing the commissioning strategy to ensure greater consistency in offer of SEN provision across the county including reviewing both special schools and Specialist Resource Provision (SRP) to reduce the increasing reliance on independent schools
- Reviewing commissioning arrangements with independent providers.
- Improving parental confidence through supporting inclusive practice and capacity building in mainstream schools
- Further collaborative working with Health and Social Care partners

5.11 The Schools' Funding Forum have also agreed a 1.2% transfer from Schools Block to the High Needs Block to help to support the system of SEN support in mainstream schools across the county including ensuring sufficient funding for the County Approaches to Inclusive Education. This has been approved by the Secretary of State.

5.12 The Central School Services Block (CSSB) was introduced in 2018-19 to fund councils for their statutory duties relating to maintained schools and academies including for retained statutory duties and ongoing central functions i.e. admissions, and historic commitments including items previously agreed locally such as termination of employment costs. The element of the CSSB that funds ongoing services has increased by 2.5%

6.1 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.

6.2 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.

6.3 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.

6.4 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 final 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 6.1 and 6.2.

Table 6.1 – 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 6.2 – 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

6.5 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.

6.6 The final Council Tax precept and Council Tax funding levels are based on tax base estimates notified by the 12 district and borough councils as shown in table 6.3. The total tax base increase of 1.64% is very close to our initial estimate of 1.7% and results in an increase in Council Tax funding of £14.4m (£0.5m less than estimated in the January draft budget).

Table 6.3 – Final estimates of tax base changes and 2024-25 Precept

District	2023-24 Band D Equivalent Taxbase	2024-25 Band D Equivalent Taxbase	2024-25 Precept @ £1,610.82 (incl. ASCL) £000s	% change
Ashford	48,906.00	49,832.00	80,270.4	1.89%
Canterbury	52,372.76	53,348.27	85,934.5	1.86%
Dartford	40,288.37	41,029.46	66,091.1	1.84%
Dover	39,974.37	40,874.50	65,841.5	2.25%
Folkestone & Hythe	39,977.09	40,466.09	65,183.6	1.22%
Gravesham	35,266.50	35,994.62	57,980.9	2.06%
Maidstone	67,161.69	68,263.60	109,960.4	1.64%
Sevenoaks	51,990.30	52,394.75	84,398.5	0.78%
Swale	49,673.46	50,367.85	81,133.5	1.40%
Thanet	45,759.46	46,454.06	74,829.1	1.52%
Tonbridge & Malling	52,706.29	53,477.93	86,143.3	1.46%
Tunbridge Wells	47,402.10	48,360.90	77,900.7	2.02%
Total	**571,478.39**	**580,864.03**	**935,667.4**	**1.64%**

6.7 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 final draft budget includes a £2.5m collection balance, this is £4.5m less than the £7m assumed in previous drafts and in accordance with established policy and practice the difference from the assumption is drawn from the local taxation equalisation reserve, which avoids any impact on the overall revenue budget and savings/income requirement. Table 6.4 shows the changes in collection fund balances in 2023-24 and 2024-25 for each collection authority.

Table 6.4 – Collection Fund Estimated Balances

District / Borough Council	2023-24 Collection fund surplus/ (deficit) £	2024-25 Collection fund surplus/ (deficit) £	Difference £
Ashford	264,941	-1,290,972	-1,555,913
Canterbury	2,443,390	1,091,180	-1,352,210
Dartford	676,599	1,584,612	908,013
Dover	664,823	487,573	-177,250
Folkestone & Hythe	539,543	1,070,000	530,457
Gravesham	-218,830	-218,780	50
Maidstone	3,637,927	-1,425,915	-5,063,842
Sevenoaks	985,043	-58,283	-1,043,326
Swale	128,708	-207,649	-336,357
Thanet	497,105	568,715	71,610
Tonbridge & Malling	465,627	412,048	-53,579
Tunbridge Wells	1,403,800	502,950	-900,850
Total	**11,488,676**	**2,515,480**	**-8,973,196**

7.1 The administration's updated draft revenue and capital budget report published on 3rd January 2024 was subject to the budget scrutiny process during January and endorsed by Cabinet on 25th January 2024 subject to the caveats about the need to make the changes arising from final settlement, final tax base and collection fund and other changes as set out in this report. No formal proposed amendments were presented to Cabinet from Cabinet Committees and Cabinet Members addressed informal comments raised. 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 Deputy Leader/Cabinet Member for Finance Corporate and Traded Services (under delegated powers from the Leader) and published in a format recommended by the Acting Corporate Director, Finance and agreed by the Leader.

7.2 The administration's final draft capital programme 2024-34 is set out in appendices A and B of this report. Appendix A provides a high-level summary of planned capital spending and financing over the 10 year period. The financing is a combination of government departmental capital grants, anticipated developer contributions and capital receipts, external funding and borrowing. In many cases funding has not been increased for inflation and consequently inflation has had to be absorbed, reducing the real terms values within the programme. The programme is largely unchanged from the January draft other than inclusion of additional grant funded spending and some rephasing, borrowing is unchanged and there are minor changes in funding from receipt and revenue contributions. Appendix B contains planned spending on individual projects and rolling programmes by directorate. Appendix C is not part of the approved programme and is only included for reference, providing information on indicative spending on potential projects in the pipeline where funding has not yet been secured.

7.3 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.

7.4 The presentation of the administration's final 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 LGFS and local taxation) from changes in externally funded activities (largely specific grant funded). There have been a number of changes in planned core spending and funding from the January draft as result of the final LGFS, final tax base and collection fund balance, Personnel Committee recommendation on Kent scheme pay and potential expiration of inter authority agreement. The changes are summarised in table 7.1 and listed in table 7.2.

Table 7.1 - Changes in core funded spending, savings and funding in Appendix D from January draft

	2024-25 £'m	2025-26 £'m	2026-27 £'m
Spending			
Base budget changes – from latest forecast	10.2		
Pay – from Personnel Committee recommendation	-3.5		
Demand – from Social Care Grant	0.4		
Service Improvements – from Social Care Grant	2.3		
Service Improvements – Provision for impact of potential expiration	0.5	-0.5	
Policy Savings – Rephasing due to expiration and replacement for one-offs	-1.3	1.3 3.0	
Reserves drawdown – from Council Tax changes, pay and other	-0.7	0.7	
Net Change	7.9	4.5	
Funding			
Social Care Grant	12.8		
Council Tax Base	-0.5		
Council Tax Collection Fund	-4.5	4.5	
Other (Services Grant)	0.1		
Net Change	7.9	4.5	

Table 7.2 – List of significant changes since January Draft

	2024-25 £'m
Social Care Grant income in final settlement	-12.8
ASCH spending from Social Care Grant	+6.4
CYPE spending from Social Care Grant	+6.4
Personnel Committee pay recommendation	-3.5
Change in one-off use of reserves	+3.5
Potential Waste Partnership saving brought forward	-1.3
Contingency provision for potential impact on waste collection/disposal	+0.5
Potential change in one-off use of reserves	+0.8
Council Tax taxbase	+0.5
Council Tax collection fund	+4.5
Change in one-off use of reserves	-5.0

7.5 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. Table 7.3 shows the net increases in core funded spending for each directorate as a result of spending growth, and savings/income. The adult social care Council Tax levy and Social Care Grants in the settlement must be passported into social care spending in ASCH and CYPE. In total the passporting amounts are £65.2m. In reality this has been exceeded by a net proposed budget increase of more than £90m across Adult Social Care and Integrated Children's Services. In addition CYPE includes a net £27.2m increase in Home to School transport. These increases in social care and home to school transport spend account for the vast majority of spending increases and funding gap necessitating savings across council services and one-off to balance 2024-25.

Table 7.3 – Year on Year changes in net budget by directorate

	ASCH £m	CYPE £m	GET £m	CED & DCED £m	NAC & CHB £m	Total £m
Revised Base Budget 2023-24	529.9	363.9	194.7	111.3	115.8	1,315.6
Spending Growth	106.2	75.3	10.2	0.1	2.7	194.4
Cost Increase Avoidance	-30.2	-6.3	-	-	-	-36.5
Savings and Income	-23.1	-6.3	-4.7	-1.3	-17.0	-52.4
Reserves	-	-	-0.5	-	2.9	2.4
Net Budget 2024-25	582.9	426.5	199.7	110.2	104.3	1,423.6
Net Change	53.0	62.6	5.0	-1.1	-11.5	108.0
Net Change (%)	10.0%	17.2%	2.6%	-1.0%	-9.9%	8.2%

7.6 The final draft budget presented to County Council includes the key service analysis in appendix F. The key service analysis sets out the spending in the main service areas by directorate (at director level) as used for budget monitoring reports to Cabinet at every meeting. 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. The half-year monitoring report for 2023-24 was reported to Cabinet on 30th November 2023 . Reports for October and November were reported to Cabinet on 4th January 2024 and 25th January 2024.

7.7 Appendix G provides a full list of individual spending, savings & income, and reserves items. This appendix shows the spending forecasts, savings and income proposals, and changes in reserves for all the three years 2024-27. The scale of the savings for 2024-25 is such that detailed delivery plans are prepared for the key savings that require action or policy change (these saving amount to £62.3m out of the total of £88.9m) and enhanced monitoring arrangements will be put in place to track progress in addition to the arrangements already embedded through the monthly monitoring with budget managers and regular budget monitoring reports to Cabinet. 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 amounts are considered to be indicative for planning purposes.

7.8 The final draft budget includes the impact of the Personnel Committee recommendations on Kent Scheme pay for 2024-25. The previous drafts included scope for negotiation as part of the pay bargaining process, but it has not been possible to reach an agreement in time for the Personnel Committee recommendation on the budget. The Committee recommended that an overall pay pot of 4% should be agreed with a total cost of £11m, of which £10m needs to be included as increase in the budget (with the remaining £1m covered from savings from staff turnover where new staff are appointed lower in the pay range than existing staff).

7.9 The pay pot will be distributed via Total Contribution Pay (TCP) awards for all staff with corresponding adjustment to pay scales in accordance with the Council's agreed pay principles (these allows the pay ranges to be uplifted by the equivalent of at least ½ of the successful rating and maintain 0.5% differential between the top of a range and the bottom of the next range) and a minimum pay rate for Kent Range 3 set £12.10 per hour. This minimum rate maintains the Council's position above the National Living Wage (this requires a minimum of £11.44 per hour for employees aged over 21) and 10p per hour above the Living Wage Foundation minimum. The pay principles mean there is a knock on consequence for KR4, KR5, KR6 and the bottom of KR7 to maintain the 0.5% gap and ensure each grade has a reasonable range for progression. It is estimated that the successful award from a 4% pot after funding the increases for the lower pay ranges will be circa 2.6%.

7.10 The County Council agreed the Members' Allowances Scheme for 2021-2025 on 4th November 2021. This included agreement to an updated annual indexation formula. It is not possible, under the relevant regulations, to vary the Scheme without separate independent panel review which is scheduled to take place for 2025/26. 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 (6.2%). The second is the percentage proposed to be awarded to staff awarded 'Successful' in the Total Contribution Pay scheme based on the proposals from Personnel Committee for 2024-25 (circa 2.6%) in the forthcoming year. This approach involves some time lag between the national element and the KCC element because the percentage increase covered by the other public sector pay review bodies is taken from the previous year. Applying the required formula for this year, as per the agreed Members' Allowances Scheme, results in a 4.4% increase in Basic Allowance, Special Responsibility Allowances and Dependent's Carers Allowance from 1st April 2024. The final draft budget includes the impact of both Kent Scheme pay and member allowances.

7.11 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 7.4 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).

Table 7.4 – Net Year on Year 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	194.4	-23.1	Increase in Social Care Grants	45.5
Proposed savings from spending reductions and future cost avoidance	-73.5*		Net Increase in other government grants	7.6
Proposed changes in income	-15.4*	-0.3	Change in Council Tax base	14.4
Assumed changes in specific government grants		20.9	Assumed increase in Council Tax charge	44.5
Proposed net change in reserves	2.4	2.5	Change in retained business rates	2.6
			Change in net Council Tax collection fund/S31 compensation	-4.3
			Change in net Business Rate collection fund balances/S31 compensation	-2.3
Total Change in Net Spending	**108.0**	**0.0**	**Total Change in Net Funding**	**108.0**

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

7.12 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.

7.13 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.

7.14 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.

7.15 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.

Proposed Revised Draft 2024-25 Revenue Budget – key numbers

£1,423.6m	Assumed net revenue budget for 2024-25. This represents a £108.0m increase on the final approved budget for 2023-24 of £1,315.6m.
£194.4m	Additional estimated core funded spending growth – see paragraph 8.1 for more detail.
-£88.9m	Assumed savings, income and future cost increase avoidance. Of this £37.0m relates to proposed savings, £15.4m additional income generation (mainly fees and charges), and £36.5m reductions in the amount assumed for future demand and cost increases in adult social care and home to school transport – see paragraph 8.2 for more detail.
£2.4m	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.
£935.7m	Estimated to be raised from Council Tax precept. An increase of £58.9m on 2023-24. £14.4m is due to a 1.64% 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).
£55.7m	Net increases as announced in the final LGFS. This comprises of the following changes: • £28.3m expected increase in Social Care Grant announced in the 2023-24 settlement from repurposed funding from social care charging reforms, including an unexpected additional amount added to the final settlement of £12.8m • £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 • -£6.3m 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 • £2.6m expected net increase in local share of retained business rates

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.

9.1 The additional estimated core funded spending growth (i.e. excluding changes arising from external funding changes) of £194.4m for 2024-25 is summarised in appendices D and E and set out in more detail in appendix G. It has been subdivided into the following categories:

Net base budget changes £31.7m	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 £10.8m	Additional net cost of estimated pay award and progression after savings from appointing new staff lower in pay ranges. Lowest pay rate increased to £12.10/hour, with remaining balance distributed via Total Contribution Pay assessments. Also allows for increases in agency rates, non kent scheme pay and apprenticeship levy.
Service Strategies & Improvements £15.7m	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.

9.2 The proposed savings, income and future cost increase avoidance of £88.9m for 2024-25 are summarised in appendices D and E and set out in more detail in appendix G. They have been subdivided into the following categories:

Policy Savings £11.9m	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 £36.5m	Savings aimed at avoiding future cost increases.
Transformation & Efficiency Savings £14.1m	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 relate to reductions to existing recurring spend. Transformation and efficiency savings include contracted spending as well as in-house spending on staffing and premises.
Financing Savings £11.0m	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

£1,665m	Total planned capital spending over the ten years 2024-25 to 2033-34
£1,011m	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)

9.1 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.

9.2 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.

9.3 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.

9.4 Appendix A of this report sets out a summary of the administration's final draft 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.

10.1 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.

10.2 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.

10.3 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.

11.1 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.

11.2 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.

11.3 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.

11.4 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 totaling £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.

11.5 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.

11.6 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 plans.

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

11.8 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.

11.9 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.

11.10 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.

11.11 The administration's final draft budget 2024-25 includes an assumed net impact on the MTFP from the use of reserves of £2.4m 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 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 -£34.3m

- -£9.1m drawdown from reserves/reduced contributions to reserves to balance the budget as part of the package of £19.8m 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)
- -£4.5m drawdown from Local Taxation Equalisation Reserve due to lower than anticipated estimated collection fund balance included in 2024-25 budget
- -£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

Background documents

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

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

ROW REF	Directorate	Dir	Total Cost	Prior Years Spend	2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Adult Social Care & Health	ASCH	6,157	3,308	599	250	250	250
2	Children, Young People & Education	CYPE	647,325	227,615	126,200	97,102	43,572	35,586
3	Growth, Environment & Transport	GET	1,472,030	334,767	182,392	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	117,998	13,989	31,546	25,992	3,421	6,150
6	**Total Cash Limit**		**2,247,020**	**581,748**	**340,482**	**267,601**	**206,403**	**227,192**
	Funded By:							
7	Borrowing		464,726	88,833	89,115	61,944	31,124	28,460
8	Property Enterprise Fund (PEF) 2		369	369				
9	Grants		1,337,759	326,334	177,042	126,842	133,097	170,277
10	Developer Contributions		186,924	67,286	38,520	40,654	19,991	10,541
11	Other External Funding e.g. Arts Council, District Contributions etc.		25,364	14,733	5,422	3,846	1,363	
12	Revenue Contributions to Capital		71,858	9,737	6,309	6,002	6,041	6,441
13	Capital Receipts		48,947	16,099	9,636	18,197	558	557
14	Recycled Loan Repayments		111,073	58,357	14,438	10,116	14,229	10,916
15	**Total Finance**		**2,247,020**	**581,748**	**340,482**	**267,601**	**206,403**	**227,192**

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

ROW REF	Directorate	Dir	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	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		25,250	28,000	28,000	28,000	28,000	28,000
8	Property Enterprise Fund (PEF) 2			0				
9	Grants		125,528	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					
15	**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	2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£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 Invidivual 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

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

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	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	Home Support Fund & Equipment [2]	Provision of equipment and/or alterations to individuals' homes	250	250	250	250	250	250
2	**Total Rolling Programmes [3]**		**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
4	**Total Invidivual Projects**		**0**	**0**	**0**	**0**	**0**	**0**
5	**Total - Adult Social Care & Health**		**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	2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£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 Kent Commissioning Plan (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	49,011	40,489	2,444	0	400	5,428
8	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	103,092	43,307	40,377	17,908	1,500	0
9	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	13,291	2,287	500	2,000	8,504	0
10	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	13,833	5,202	8,039	592	0	0
11	Basic Need KCP 2023-27 [1]	Increasing the capacity of Kent's schools	67,014	1,670	16,551	34,626	4,509	9,658
12	Basic Need KCP 2024-28 [1][2]	Increasing the capacity of Kent's schools	2,826	187	0	0	2,639	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	High Needs Provision 25-27 [2]	Specific projects relating to high needs provision	10,000	0	0	5,000	5,000	0
16	School Roofs	Structural repairs to school roofs	6,627	6,120	507	0	0	0
17	**Total Invidivual Projects**		**433,546**	**227,615**	**92,873**	**72,650**	**24,072**	**16,086**
18	**Total - Children, Young People & Education**		**647,325**	**227,615**	**126,200**	**97,102**	**43,572**	**35,586**

[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	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 Kent Commissioning Plan (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][2]	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	High Needs Provision 25-27 [2]	Specific projects relating to high needs provision	0	0	0	0	0	0
16	School Roofs	Structural repairs to school roofs	0	0	0	0	0	0
17	**Total Invidivual Projects**		**250**	**0**	**0**	**0**	**0**	**0**
18	**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	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 (PROW)	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	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	1,794	1,136	150	100	186	100
27	Waste Infrastructure	Food storage containers and other small waste infrastructure and equipment	312	0	312	0	0	0
28	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	647	350	127	80	75	15
	Transportation							
29	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	4,400	0	1,500	2,199	701	0
30	A226 St Clements Way	Road improvement scheme	6,571	6,557	14	0	0	0
31	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	3,695	914	2,721	60	0	0
32	A28 Chart Road, Ashford [1]	Strategic highway improvement	26,247	4,456	2,465	11,380	7,676	190
33	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	5,520	4,663	44	813	0	0
34	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	12,000	9,895	2,105	0	0	0
35	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

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

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
36	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
37	Faversham Swing Bridge [1]	Restoration of an opening bridge	2,550	735	815	1,000	0	0
38	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	7,549	3,567	3,982	0	0	0
39	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
40	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
41	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
42	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
43	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
44	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	10,687	1,169	9,518	0	0	0
45	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
46	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	10,910	8,161	2,749	0	0	0
47	Market Square Dover	Project to improve access and public realm at Market Square in Dover	3,640	3,625	15	0	0	0
48	Rathmore Road Link	Road improvement scheme	7,808	7,743	65	0	0	0
49	Sturry Link Road, Canterbury [1]	Construction of bypass	41,601	4,153	2,832	25,547	8,214	752
50	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
51	Urban Traffic Management [1]	Upgrades to the existing urban traffic management system within the Ebbsfleet area.	5,476	5,153	323	0	0	0
52	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
53	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	2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
54	Zebra Funding - Electric Buses and infrastructure	Grant funded projects for electric buses and infrastructure	9,525	6,500	3,025	0	0	0
55	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
56	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
57	Local Electric Vehicle Infrastructure (LEVI) [1]	Grant funded project to provide electric vehicle infrastructure	12,080	0	0	325	762	1,106
58	**Total Invidivual Projects**		**841,547**	**334,767**	**106,510**	**80,920**	**97,540**	**123,586**
59	**Total - Growth, Environment & Transport**		**1,472,030**	**334,767**	**182,392**	**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 likley 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	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 (PROW)	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	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	Waste Infrastructure	Food storage containers and other small waste infrastructure and equipment	0	0	0	0	0	0
28	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	0	0	0	0	0	0
	Transportation							
29	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	0	0	0	0	0	0
30	A226 St Clements Way	Road improvement scheme	0	0	0	0	0	0
31	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	0	0	0	0	0	0
32	A28 Chart Road, Ashford [1]	Strategic highway improvement	80	0	0	0	0	0
33	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	0	0	0	0	0	0
34	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	0	0	0	0	0	0
35	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	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
36	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	0	0	0	0	0	0
37	Faversham Swing Bridge [1]	Restoration of an opening bridge	0	0	0	0	0	0
38	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	0	0	0	0	0	0
39	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	0	0	0	0	0	0
40	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	0	0	0	0	0	0
41	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
42	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
43	Bearsted Road Improvements - formerly Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	0	0	0	0	0	0
44	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	0	0	0	0	0	0
45	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	0	0	0	0	0	0
46	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	0	0	0	0	0	0
47	Market Square Dover	Project to improve access and public realm at Market Square in Dover	0	0	0	0	0	0
48	Rathmore Road Link	Road improvement scheme	0	0	0	0	0	0
49	Sturry Link Road, Canterbury [1]	Construction of bypass	103	0	0	0	0	0
50	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
51	Urban Traffic Management [1]	Upgrades to the existing urban traffic management system within the Ebbsfleet area.	0	0	0	0	0	0
52	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
53	North Thanet Link (formerly known as A28 Birchington) [1] and [4]	Creation of a relief road	28,215	1,693	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	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
54	Zebra Funding - Electric Buses and infrastructure	Grant funded projects for electric buses and infrastructure	0	0	0	0	0	0
55	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
56	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
57	Local Electric Vehicle Infrastructure (LEVI) [1]	Grant funded project to provide electric vehicle infrastructure	1,128	1,150	1,171	1,193	1,215	4,030
58	**Total Invidivual Projects**		**81,266**	**5,396**	**3,589**	**1,728**	**1,715**	**4,530**
59	**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 likley to further be refined before awarding a construction contract and the delivery of the project is dependent on the award of ext

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

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£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 Invidivual 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

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

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	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	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	0	0	0	0	0	0
2	**Total Invidivual 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	2024-25	2025-26	2026-27	2027-28
					Year 1	Year 2	Year 3	Year 4
			£000s	£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	**Total Invidivual Projects**		**47,554**	**13,989**	**18,723**	**14,842**	**0**	**0**
11	**Total - Deputy Chief Executive's Department**		**117,998**	**13,989**	**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	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	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	**Total Invidivual Projects**		**0**	**0**	**0**	**0**	**0**	**0**
11	**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	2024-25	2025-26	2026-27	2027-28	2028-29
				Year 1	Year 2	Year 3	Year 4	Year 5
			£000s	£000s	£000s	£000s	£000s	£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
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
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	48,000		4,000	5,000	5,000	5,000
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
GET	Public Rights of Way	Structural improvements of public rights of way	25,130	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
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
GET	Transitioning Fleet to EV	Transitioning Fleet to EV	7,500					2,500
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					
GET	South East Maidstone Strategic Route - Road Scheme	Construction of bypass	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
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
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**

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 s

Directorate	Potential Forthcoming Projects	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34
			Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s
Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State							
DCED	Modernisation of Assets	Maintaining KCC's Office Estate	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	8,000	8,500	8,500	9,000	9,000
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	5,000	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	100,032	100,032	100,032	100,032	100,032
GET	Public Rights of Way	Structural improvements of public rights of way	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					
Potential Forthcoming Projects							
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation					
CYPE	In-house Residential Children's Facilities	Provision of in-house residential children's facilities					
GET	Casualty Reduction/Congestion Management Schemes	Casualty reduction/congestion management scheme					
GET	Walking/Cycling/Public Transport Improvement Schemes	Walking, cycling and public transport improvement schemes	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	4,000	4,000			
GET	Transitioning Fleet to EV	Transitioning Fleet to EV	5,000				
GET	Kent Scientific Services	Renewal/Modernisation of laboratory facilities					
GET	A228 Colts Hill Strategic Link - Road Scheme	Construction of bypass					45,000
GET	South East Maidstone Strategic Route - Road Scheme	Construction of bypass					80,000
GET	Programme of Waste site Infrastructure Requirements	Programme of Waste Site Infrastructure Requirements	16,000				
GET	Designated Funds	Programme of projects related to the Lower Thames Crossing.					
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					
GET	M20 Junction 7 Improvements	Levelling Up Fund Round 2 bid for capacity improvements					
GET	Folkestone Town Centre Improvements	Levelling Up Fund Round 2 bid for transport, public realm and regeneration improvements in Folkestone Town Centre					
GET	Thanet Way	Structural improvements to the Thanet Way A299					
DCED	Future Assets	Asset review to include community services, office estate and specialist assets	6,750	6,750	6,750	6,750	
DCED	Renewable Energy Programme	Renewable energy source options to work towards Net Zero target					
	Total Potential Forthcoming Projects		**163,795**	**144,295**	**140,295**	**140,795**	**259,045**

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

2023-24				2024-25			2025-26			2026-27		
core funded £000s	externally funded £000s	TOTAL £000s	**SUMMARY REVENUE PLAN**	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**	1,423,595.0		**1,423,595.0**	1,490,817.2		**1,490,817.2**
			Spending									
63,485.7	24.6	**63,510.3**	Base Budget Changes	31,691.5	0.0	**31,691.5**	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	10,798.4	505.1	**11,303.5**	7,830.4	0.0	**7,830.4**	7,844.7	0.0	**7,844.7**
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**	22,530.7	0.0	**22,530.7**
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	15,712.2	-1,538.8	**14,173.4**	2,080.3	-4,952.0	**-2,871.7**	3,131.9	0.0	**3,131.9**
-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**	**194,448.3**	**-23,119.1**	**171,329.2**	**147,836.3**	**-9,472.6**	**138,363.7**	**135,684.3**	**0.0**	**135,684.3**
			Savings, Income & Grants									
0.0	0.0	0.0	Transformation & Efficiency - Future Cost Increase Avoidance	-36,454.8	0.0	-36,454.8	-51,411.9	0.0	-51,411.9	-38,530.7	0.0	-38,530.7
-9,741.1	-1,558.0	-11,299.1	Transformation & Efficiency - Other	-14,126.3	0.0	-14,126.3	-6,949.3	-13.9	-6,963.2	-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	-10,967.6	0.0	**-10,967.6**	7,910.4	0.0	**7,910.4**	-281.8	0.0	**-281.8**
-23,328.9	-608.4	**-23,937.3**	Policy	-11,910.2	-9.2	**-11,919.4**	-34,315.5	0.0	**-34,315.5**	-5,402.9	0.0	**-5,402.9**
-52,519.5	**-2,251.5**	**-54,771.0**	**Total Savings & Income**	**-88,865.5**	**-290.5**	**-89,156.0**	**-88,701.8**	**-13.9**	**-88,715.7**	**-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**	**-88,865.5**	**20,658.6**	**-68,206.9**	**-88,701.8**	**8,122.1**	**-80,579.7**	**-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	-14,877.4	-1,350.5	**-16,227.9**	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**	14,877.4	1,350.5	**16,227.9**	0.0	0.0	**0.0**
-6,285.0	**597.6**	**-5,687.4**	**Net impact on MTFP**	**2,401.6**	**2,460.5**	**4,862.1**	**8,087.7**	**1,350.5**	**9,438.2**	**-14,350.0**	**0.0**	**-14,350.0**
124,116.8	**0.0**	**124,116.8**	**NET CHANGE**	**107,984.4**	**0.0**	**107,984.4**	**67,222.2**	**0.0**	**67,222.2**	**69,553.9**	**0.0**	**69,553.9**
1,315,610.6	**0.0**	**1,315,610.6**	**NET BUDGET REQUIREMENT**	**1,423,595.0**	**0.0**	**1,423,595.0**	**1,490,817.2**	**0.0**	**1,490,817.2**	**1,560,371.1**	**0.0**	**1,560,371.1**
			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	-14,877.4	-1,350.5	-16,227.9	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**	**21,822.3**	**-1,350.5**	**20,471.8**	**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	117,046.1	117,046.1	117,046.1
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	1,311.9	1,311.9	1,311.9
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		
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			
-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)	800,320.3	840,766.3	883,699.8
115,672.9	Council Tax Adult Social Care Levy	135,347.0	156,320.4	178,861.9
11,488.7	Council Tax Collection Fund	2,515.5	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**	**1,423,595.0**	**1,490,817.2**	**1,560,371.1**

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 Executive's Department	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**	**0.0**	**1,315,610.6**	**529,924.0**	**0.0**	**529,924.0**	**0.0**	**363,873.9**	**0.0**	**363,873.9**	**194,699.8**	**28,124.9**	**83,224.0**	**116,062.2**	**-298.2**	**0.0**	**-298.2**
SPENDING																	
Base Budget Changes	31,691.5	0.0	31,691.5	21,781.0	0.0	21,781.0	0.0	26,387.3	0.0	26,387.3	-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	10,798.4	505.1	11,303.5	0.0	0.0	0.0	505.1	659.0	0.0	659.0	85.0	0.0	0.0	54.4	10,000.0	0.0	10,000.0
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	15,712.2	-1,538.8	14,173.4	1,927.4	0.0	1,927.4	-1,538.8	3,708.0	0.0	3,708.0	3,640.0	1,087.5	2,165.2	2,684.1	500.0	0.0	500.0
Government & Legislative																	
- Household Support	0.0	-22,130.8	-22,130.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-22,130.8	-22,130.8
- Other	1,293.1	-1,206.7	86.4	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	0.0	0.0
TOTAL SPENDING	**194,448.3**	**-23,119.1**	**171,329.2**	**106,208.4**	**59.9**	**106,268.3**	**-271.2**	**75,292.8**	**-777.0**	**74,515.8**	**10,182.2**	**1,032.1**	**-940.8**	**-7,624.6**	**10,298.2**	**-22,130.8**	**-11,832.6**
SAVINGS, INCOME & GRANT																	
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	-14,126.3	0.0	-14,126.3	-9,001.3	0.0	-9,001.3	0.0	-2,966.0	0.0	-2,966.0	-1,109.0	-255.0	-45.0	0.0	-750.0	0.0	-750.0
Income	-15,406.6	-281.3	-15,687.9	-10,471.7	0.0	-10,471.7	-281.3	-420.0	0.0	-420.0	-1,514.9	0.0	0.0	-3,500.0	500.0	0.0	500.0
Financing	-10,967.6	0.0	-10,967.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-10,967.6	0.0	0.0	0.0
Policy	-11,910.2	-9.2	-11,919.4	-3,600.0	0.0	-3,600.0	-9.2	-2,944.0	0.0	-2,944.0	-2,098.8	-102.5	-864.9	0.0	-2,300.0	0.0	-2,300.0
TOTAL SAVINGS & INCOME	**-88,865.5**	**-290.5**	**-89,156.0**	**-53,227.8**	**0.0**	**-53,227.8**	**-290.5**	**-12,630.0**	**0.0**	**-12,630.0**	**-4,722.7**	**-357.5**	**-909.9**	**-14,467.6**	**-2,550.0**	**0.0**	**-2,550.0**
Increases in Grants & Contributions	0.0	20,949.1	20,949.1	0.0	-59.9	-59.9	-1,898.8	0.0	777.0	777.0	0.0	0.0	0.0	0.0	0.0	22,130.8	22,130.8
TOTAL SAVINGS, INCOME & GRANT	**-88,865.5**	**20,658.6**	**-68,206.9**	**-53,227.8**	**-59.9**	**-53,287.7**	**-2,189.3**	**-12,630.0**	**777.0**	**-11,853.0**	**-4,722.7**	**-357.5**	**-909.9**	**-14,467.6**	**-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	0.0	0.0	160.0	36,539.7	0.0	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	0.0	0.0	-160.0	-24,579.6	0.0	0.0	0.0
Drawdowns from reserves	-14,877.4	-1,350.5	-16,227.9	-567.2	0.0	-567.2	-1,350.5	0.0	0.0	0.0	-475.0	-262.0	0.0	-13,573.2	0.0	0.0	0.0
Removal of prior year drawdowns	5,318.9	3,811.0	9,129.9	567.2	0.0	567.2	3,811.0	0.0	0.0	0.0	0.0	262.0	0.0	4,489.7	0.0	0.0	0.0
Net Impact on MTFP	**2,401.6**	**2,460.5**	**4,862.1**	**0.0**	**0.0**	**0.0**	**2,460.5**	**0.0**	**0.0**	**0.0**	**-475.0**	**0.0**	**0.0**	**2,876.6**	**0.0**	**0.0**	**0.0**
NET CHANGE	**107,984.4**	**0.0**	**107,984.4**	**52,980.6**	**0.0**	**52,980.6**	**0.0**	**62,662.8**	**0.0**	**62,662.8**	**4,984.5**	**674.6**	**-1,850.7**	**-19,215.6**	**7,748.2**	**0.0**	**7,748.2**
NET BUDGET REQUIREMENT	**1,423,595.0**	**0.0**	**1,423,595.0**	**582,904.6**	**0.0**	**582,904.6**	**0.0**	**426,536.7**	**0.0**	**426,536.7**	**199,684.3**	**28,799.5**	**81,373.3**	**96,846.6**	**7,450.0**	**0.0**	**7,450.0**
Provisional Allocation of Corporately Held Budgets	0.0	0.0	0.0	2,609.8		2,609.8		2,641.7		2,641.7	1,686.8	765.0	-254.5	1.2	-7,450.0		-7,450.0
TOTAL NET BUDGET incl Provisional Share of Corporately Held Budgets	**1,423,595.0**	**0.0**	**1,423,595.0**	**585,514.4**	**0.0**	**585,514.4**	**0.0**	**429,178.4**	**0.0**	**429,178.4**	**201,371.1**	**29,564.5**	**81,118.8**	**96,847.8**	**0.0**	**0.0**	**0.0**
MEMORANDUM:																	
The net impact on our reserves balance 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	-14,877.4	-1,350.5	-16,227.9	-567.2	0.0	-567.2	-1,350.5	0.0	0.0	0.0	-475.0	-262.0	0.0	-13,573.2	0.0	0.0	0.0
Net movement in Reserves	**21,822.3**	**-1,350.5**	**20,471.8**	**-567.2**	**0.0**	**-567.2**	**-1,350.5**	**0.0**	**0.0**	**0.0**	**-475.0**	**-262.0**	**160.0**	**22,966.5**	**0.0**	**0.0**	**0.0**

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APPENDIX F - DIRECTORATE & FUNDING (PROPOSED BUDGET)

Revenue Spending

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Directorate	Directorate Abbreviation	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s
1	529,924.0	Adult Social Care & Health	**ASCH**	100,442.3	771,805.1	**872,247.4**	-193,264.4	-96,078.4	**582,904.6**
2	363,873.9	Children, Young People & Education (excluding Schools' Delegated Budgets)	**CYPE**	163,544.8	679,175.4	**842,720.2**	-68,283.6	-347,899.9	**426,536.7**
3	0.0	Schools' Delegated Budgets	**CYPE**	561,111.2	180,297.3	**741,408.5**	-37,124.5	-704,284.0	**0.0**
4	194,699.8	Growth, Environment & Transport	**GET**	64,183.8	195,901.5	**260,085.3**	-48,901.7	-11,499.3	**199,684.3**
5	28,124.9	Chief Executive's Department	**CED**	29,099.7	14,183.7	**43,283.4**	-8,523.9	-5,960.0	**28,799.5**
6	83,224.0	Deputy Chief Executive's Department	**DCED**	23,604.4	73,974.5	**97,578.9**	-15,779.6	-426.0	**81,373.3**
7	116,062.2	Non Attributable Costs	**NAC**	1,441.7	129,161.6	**130,603.3**	-33,747.7	-9.0	**96,846.6**
8	-298.2	Corporately Held Budgets (to be allocated)	**CHB**	9,250.0	-1,800.0	**7,450.0**	0.0	0.0	**7,450.0**
9	**1,315,610.6**	**Budget Requirement**		**952,677.9**	**2,042,699.1**	**2,995,377.0**	**-405,625.4**	**-1,166,156.6**	**1,423,595.0**
10	1,315,610.6	Budget Requirement (excluding Schools' Delegated Budgets)		391,566.7	1,862,401.8	2,253,968.5	-368,500.9	-461,872.6	1,423,595.0

CHB	Notional allocations of Corporately Held Budgets (row 8) are reflected in the Key Service Statement within Appendix F

Funded By

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Funding Category	Source	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s
11	-883,646.7	Council Tax income including Collection Fund	Local Taxation				-938,182.8		**-938,182.8**
12	-60,137.7	Local Share of Business Rates & Business Rate Collection Fund	Local Taxation				-62,839.4		**-62,839.4**
13	-2,347.5	Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19	Local Taxation						**0.0**
14	-11,072.6	Revenue Support Grant (RSG)	Grants					-11,806.0	**-11,806.0**
15	-140,802.3	Business Rate Top-Up Grant	Grants					-147,382.5	**-147,382.5**
16	-44,241.4	Business Rate Compensation Grant	Grants					-51,039.4	**-51,039.4**
17	-88,770.7	Social Care Grant	Grants					-117,046.1	**-117,046.1**
18	-14,435.1	Adult Social Care Market Sustainability and Improvement Fund	Grants					-26,969.4	**-26,969.4**
19	-7,599.4	Services Grant	Grants					-1,311.9	**-1,311.9**
20	-50,014.7	Improved Better Care Fund (iBCF)	Grants					-50,014.7	**-50,014.7**
21	-7,012.0	Adult Social Care Discharge Fund	Grants					-11,686.6	**-11,686.6**
22	-2,272.8	New Homes Bonus	Grants					-2,058.5	**-2,058.5**
23	-3,257.7	Other Unringfenced Grants	Grants					-3,257.7	**-3,257.7**
24	**-1,315,610.6**	**Total Funding**		**0.0**	**0.0**	**0.0**	**-1,001,022.2**	**-422,572.8**	**-1,423,595.0**
25	**0.0**	**Total Budget**		**952,677.9**	**2,042,699.1**	**2,995,377.0**	**-1,406,647.6**	**-1,588,729.4**	**0.0**

Adult Social Care & Health (ASCH)

Controllable Revenue Budget for 2024-25 £582.9m
Capital Budget for next 10 years £2.8m
Full Time Equivalent (FTE) staff* 2,242.9

Our vision, co-produced with people that access adult social care in Kent, is: "Making a positive difference every day, supporting you to live as full and safe a life as possible and make informed choices." We want to continue to work together with people that draw on support, our workforce and our wider partners to drive the best possible outcomes for people in Kent and keep high quality social care at the heart of everything we do.

In line with our Care Act duties, we focus on the strengths of people, families and carers to promote independence and empower communities. We provide access to person-centred support through our in-house and commissioned providers. Through the co-production and development of our five-year Making a Difference Every Day Adult Social Care Strategy, we have been able to reflect, refocus and reset our ways of working, allowing us to reposition and equip ourselves to reach our ambition of being "best in class" for adult social care. We also have responsibility to ensure our workforce is representative of the communities which they support. To this and we pro-actively create a work environment which is inclusive.

Adult Social Care is a key partner to the Integrated Care System (ICS), and the strategic objectives are aligned to the delivery of the overall ICS strategy. With valuable input from people with lived experience, unpaid carers, members of the public, partner organisations and colleagues across our directorate, we have already:

- Developed a clear view of our key strengths and areas for improvement mapped around our three pillars of Practice – putting the person first, Innovation – improving all the time and Meaningful Measures – measuring what matters

- Agreed on what sustainable success for adult social care will look like in the future

- Built our strategy delivery plan to prioritise immediate actions, set longer term objectives and identify key opportunities for continuous improvement for the next few years

- Started to implement the strategy across a number of priority development areas.

The Adult Social Care and Health (ASCH) directorate consists of five divisions:

The **Operations Division (ASCHO)** includes the social care staff providing the assessment of community care needs and safeguarding work required to support older people, working age adults with both physical and learning disabilities and with those with mental health issues. The 'Making a Difference Everyday Programme' has, as indicated above, enabled ASCHO to reflect, refocus and reset and this has culminated in a move to a truly locality way of working. ASCHO carries this out via community teams that work with local communities, partners, Public Health and commissioning colleagues to deliver care and support that empowers people in their communities, tackling inequalities within these communities. The support offered, and which is commissioned through this division, focuses on what people have told us they want to meet their goals and outcomes. This is achieved through an emphasis on co-production and people with lived experience supporting colleagues across social acre and Health to shape the services needed for the differing needs of different areas of Kent. There are also some in-house services such as short-term residential services for both older people and people with learning disabilities, community services, shared lives and enablement services within this division.

Our **Business Delivery Unit (BDU)** manages the operational business support function for the directorate to achieve our operational business outcomes and making a difference everyday vision, and includes areas such as innovation and project management, stakeholder engagement, co-production and communications, systems and performance, provider payments, direct payments and purchasing.

Strategic Commissioning (Integrated and Adults) (SCIA) leads and shapes the process for deciding how best to use the total resources available to improve outcomes in the most efficient, effective, equitable, and sustainable way. Those resources could be within KCC, or across the public, voluntary, and private sectors. The Division provides capability in commercial leadership and judgement. The budgets relating to community-based preventative services through the voluntary sector are also held within this division.

Strategic Management and Directorate Budgets (SMDBA) incorporates the costs of the Strategic Management Team.

The **Public Health Division (PH)**'s goal is work with all partners to improve and protect the health and wellbeing of Kent's residents. Public Health has three overarching aims: to improve the health of the Kent population, to protect the health of the Kent population, and to improve the equity and quality of health and care services. With these public health goals and actions in place we will not only improve the health and wellbeing of the people of Kent, but also reduce the need for expensive acute interventions, which will ultimately reduce the pressure and demand on other KCC services, and the wider public sector.

**FTE is as per December 2023 data*

Richard Smith

Corporate Director Adult Social Care & Health

APPENDIX F - KEY SERVICE STATEMENT (PROPOSED BUDGET)

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description

Adult Social Care & Health

Corporate Director: Richard Smith

Strategic Management & Directorate Support (ASCH)

Corporate Director: Richard Smith

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
1	0.0	Provision for Demographic Growth - Community Based Services	0.0	21,737.0	**21,737.0**	-1,020.0	0.0	**20,717.0**	Provision for demographic growth within community-based services across all client groups. This may include direct payments, including micro-providers, to support the development of resilient communities alongside some more traditional services such as homecare, day services and supported living. This provision is to be held centrally for allocation to the Operations Division to fund demographic demands during the year in a manner that is consistent with the Directorate's Transformation Programme (MADE)
	0.0	Provision for Demographic Growth - Residential Based Services	0.0	7,696.9	**7,696.9**	-143.4	0.0	**7,553.5**	Provision for demographic growth within residential-based services across all client groups. This provision is to be held centrally for allocation to Operations Division to fund demographic demands during the year in a manner that is consistent with the Directorate's Transformation Programme (MADE)
3	6,527.7	Strategic Management & Directorate Support (ASCH)	998.2	5,758.5	**6,756.7**	-229.0	0.0	**6,527.7**	Central Directorate costs including the costs of the Corporate Director, Directors, and associated Officers
4	0.0	Operational and transformation costs pending allocation	1,540.3	0.0	**1,540.3**	0.0	0.0	**1,540.3**	Funds held centrally for allocation to the Operations Division to fund operational and transformational programmes of work
5	**6,527.7**	**Total - Strategic Management & Directorate Support (ASCH)**	**2,538.5**	**35,192.4**	**37,730.9**	**-1,392.4**	**0.0**	**36,338.5**	

Adult Social Care & Health Operations

Directors: Sydney Hill & Mark Albiston

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
6	1,495.4	Adaptive & Assistive Technology	0.0	9,004.2	**9,004.2**	-8,383.6	0.0	**620.6**	Technology enabled care that supports innovative use of technology to improve outcomes and empower people to manage their care in a way that is right for them. Occupational Therapy Services working in partnership with Health to provide equipment to support people to lead a full life
7	25,655.9	Adult Case Management & Assessment Services	26,634.6	640.2	**27,274.8**	-1,526.9	-139.7	**25,608.2**	Social care staffing providing assessment of needs and ongoing support for vulnerable adults and older people
8	2,355.1	Adult In House Carer Services	2,260.6	105.1	**2,365.7**	-10.6	0.0	**2,355.1**	In-House residential respite services to support carers

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
9	5,837.8	Adult In House Community Services	5,386.4	498.5	**5,884.9**	-47.6	0.0	**5,837.3**	In-House Community-Based Services for Learning Disability Service Users (aged 18+) and Physical Disability (aged 18-25) including In-house Day opporunities both virtual and in person to enable Service Users to remain independent
10	6,349.6	Adult In House Enablement Services	11,900.8	6,304.7	**18,205.5**	-6,611.8	-5,584.9	**6,008.8**	In-House Community-Based Enablement Services to maximise individuals' indpendance and support people to return to living more independently in their community
11	515.0	Adult Learning Disability - Case Management & Assessment Service	502.3	12.7	**515.0**	0.0	0.0	**515.0**	Social care staff providing assessment of community care needs and safeguarding investigations undertaken by Case Managers
12	117,227.3	Adult Learning Disability - Community Based Services & Support for Carers	0.0	137,496.5	**137,496.5**	-10,990.0	0.0	**126,506.5**	Commissioned Community-Based Services for Learning Disability Service Users (aged 26+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
13	77,097.2	Adult Learning Disability - Residential Care Services & Support for Carers	0.0	84,637.6	**84,637.6**	-6,407.7	0.0	**78,229.9**	Commissioned Residential Care Services (and Short Breaks) for Learning Disability Service Users (aged 26+)
14	3,219.3	Adult Mental Health - Case Management & Assessment Services	3,511.1	76.0	**3,587.1**	-367.8	0.0	**3,219.3**	Social care staff providing assessment of community care needs and safeguarding investigations undertaken by Mental Health professionals
15	18,272.7	Adult Mental Health - Community Based Services	0.0	24,940.6	**24,940.6**	-1,588.2	0.0	**23,352.4**	Commissioned Community-Based Services for Mental Health Service Users (aged 18+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communites
16	18,288.7	Adult Mental Health - Residential Care Services	0.0	22,215.9	**22,215.9**	-1,142.1	0.0	**21,073.8**	Commissioned Residential Care Services for Mental Health Service Users (aged 18+)
17	32,929.1	Adult Physical Disability - Community Based Services	0.0	39,627.5	**39,627.5**	-5,158.7	-109.7	**34,359.1**	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25) including domiciliary care, direct payments, day services, supported living and the intorduciton of micro-providers to support the development of resilient communities
18	21,564.8	Adult Physical Disability - Residential Care Services	0.0	26,870.5	**26,870.5**	-2,738.4	0.0	**24,132.1**	Residential Care Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25)
19	6,159.9	ASCH Operations - Divisional Management & Support	6,421.3	270.4	**6,691.7**	-239.3	-29.9	**6,422.5**	Divisional management costs enabling the business to achieve its strategic aims
20	1,004.4	Independent Living Support	1,085.7	150.5	**1,236.2**	-231.8	0.0	**1,004.4**	The Independent Living Support Service (ILSS) offers a wide range of support to help service users live as independently as possible via the use of equipment and technology solutions. Included on this line are the ILSS Technicians Service, ILSS Independent Mobility Assessors, the Blue Badge Service and ILSS Management

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
21	49,584.8	Older People - Community Based Services	0.0	65,499.1	**65,499.1**	-30,928.2	-220.3	**34,350.6**	Commissioned Community-Based Services for Older People (aged 65+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
22	15,611.9	Older People - In House Provision	10,104.3	13,534.5	**23,638.8**	-2,229.2	-5,407.9	**16,001.7**	In-House provision for Older People, including in-house residential and day care centres, and integrated care centres
23	79,209.0	Older People - Residential Care Services	0.0	180,068.0	**180,068.0**	-82,767.3	-120.2	**97,180.5**	Commissioned Residential and Nursing Care Services for Older People (aged 65+)
24	10,301.6	Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	10,357.9	1,110.9	**11,468.8**	-1,018.5	-188.0	**10,262.3**	Social care staff providing assessment of community care needs and safeguarding investigations undertaken by Case Managers
25	1,612.2	Older People & Physical Disability Carer Support - Commissioned	0.0	3,208.1	**3,208.1**	-1,601.1	-11.3	**1,595.7**	Commissioned services to support carers
26	413.3	Sensory - Community Based Services	0.0	345.1	**345.1**	-69.9	0.0	**275.2**	Commissioned Community-Based Services for Sensory Service Users (aged 18+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
27	2.5	Sensory - Residential Care Services	0.0	16.0	**16.0**	-7.7	0.0	**8.3**	Commissioned Residential Care Services (and Short Breaks) for Sensory Service Users (aged 18+)
28	734.9	Sensory - Assessment Service	687.8	57.1	**744.9**	0.0	-10.0	**734.9**	Social care staff providing assessment of community care needs and safeguarding investigations undertaken by Case Managers
29	1,600.5	Statutory and Policy Support	833.8	766.7	**1,600.5**	0.0	0.0	**1,600.5**	Manages the Statutory and Policy support function for the Directorate to achieve the operational business outcomes. This includes Policy and Quality Assurance, Technical Support for Business Operations and Practice Development
30	721.8	Strategic Safeguarding	879.2	17.3	**896.5**	0.0	-216.7	**679.8**	Strategic resource management to ensure a coherent policy and direction for the protection of vulnerable adults
31	**497,764.7**	**Total - Adult Social Care & Health Operations (ASCHO)**	**80,565.8**	**617,473.7**	**698,039.5**	**-164,066.4**	**-12,038.6**	**521,934.5**	

Business Delivery

Director: Paula Parker

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
32	**10,314.2**	**Business Delivery**	**8,011.8**	**3,313.3**	**11,325.1**	**-1,010.9**	**0.0**	**10,314.2**	Manages the operational business support function for the directorate to achieve our operational business outcomes and 'making a difference everyday' vision. This includes areas such as innovation, project management, stakeholder engagement, communications, systems, performance, direct payments and purchasing

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Strategic Commissioning (Integrated and Adults) Director: Richard Ellis							
33	8,549.6	Community Based Preventative Services	0.0	16,475.1	**16,475.1**	-8,174.4	-751.1	**7,549.6**	Social Support Services provided by the voluntary sector to prevent social isolation and provide information and early intervention / preventative services to enable Service Users to remain independent. This includes services for residents with immediate need and who are in crisis, to live independently by signposting to alternative appropriate services and helping with the purchase of equipment and supplies to ensure the safety and comfort of the most vulnerable in our society. This service line also includes Local Healthwatch which is a statutory service commissioned by KCC to ensure that patients, users of social care services and their carers, and the public, have a say in how these services are commissioned and delivered on their behalf
34	1,476.7	Housing Related Support	0.0	5,083.4	**5,083.4**	-776.9	-2,829.8	**1,476.7**	Housing related support for vulnerable households via supported housing, Home Improvement Agencies, women's refuges and community based support to enable them to gain the skills they need to live independently in their own home. Providing welfare assistance and advice to households in an emergency or crisis
35	0.0	Partnership Support Services	0.0	10,425.6	**10,425.6**	-10,425.6	0.0	**0.0**	Manages a number of operational support services, which enable the Directorate to achieve its partnership agenda. Includes pooled budgets with Health which fund community infrastructure to facilitate discharges from specialist hospitals and prevent new admissions for people with Learning disabilities (LD) or (Autism spectrum conditions (ASC)
36	3,032.3	Social Support for Carers	0.0	5,604.0	**5,604.0**	-2,571.7	0.0	**3,032.3**	Services supporting carers provided by the voluntary sector
37	2,258.8	Strategic Commissioning (Integrated and Adults)	3,671.3	10.0	**3,681.3**	-1,066.0	-356.5	**2,258.8**	Responsible for developing and delivering a commissioning strategy and procurement priorities for older people, vulnerable adults and Public Health
38	**15,317.4**	**Total - Strategic Commissioning (Integrated and Adults)**	**3,671.3**	**37,598.1**	**41,269.4**	**-23,014.6**	**-3,937.4**	**14,317.4**	

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Public Health Director: Dr Anjan Ghosh							
39	0.0	Public Health - Advice and Other Staffing	5,381.1	1,469.1	**6,850.2**	-628.0	-6,222.2	**0.0**	Includes cost of management, commissioning, and operational staff to deliver statutory Public Health advice
40	0.0	Public Health - Children's Programme	0.0	33,979.3	**33,979.3**	-43.0	-33,936.3	**0.0**	Includes provision for 0-19 year olds and their families including: Health Visiting, School Public Health, Oral Health, services delivered through Children's Centres and Adolescent services
41	0.0	Public Health - Healthy Lifestyles	0.0	9,041.4	**9,041.4**	0.0	-9,041.4	**0.0**	Improving health and lifestyles through provision of Integrated Lifestyle services and NHS Health Checks to support the following outcomes; reduction in smoking, improved exercise and healthy eating to tackle obesity levels
42	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	273.8	17,886.8	**18,160.6**	-1,060.0	-17,100.6	**0.0**	Includes the provision of drug and alcohol services, domestic abuse services and Mental Health early intervention
43	0.0	Public Health - Sexual Health	0.0	15,851.0	**15,851.0**	-2,049.1	-13,801.9	**0.0**	Commissioning of mandated contraception and sexually transmitted infection advice and treatment services
44	**0.0**	**Total - Public Health (PH)**	**5,654.9**	**78,227.6**	**83,882.5**	**-3,780.1**	**-80,102.4**	**0.0**	
45	**529,924.0**	**Total - Adult Social Care & Health Controllable Budget**	**100,442.3**	**771,805.1**	**872,247.4**	**-193,264.4**	**-96,078.4**	**582,904.6**	
		Corporately Held Budgets Acting Corporate Director: John Betts							
46	0.0	Corporately Held Budgets (to be allocated)	3,209.8	-600.0	**2,609.8**	0.0	0.0	**2,609.8**	Corporately held budgets to be allocated once spend has been incurred
47	**529,924.0**	**Total - Adult Social Care & Health including Corporately Held Budgets**	**103,652.1**	**771,205.1**	**874,857.2**	**-193,264.4**	**-96,078.4**	**585,514.4**	

Children, Young People & Education (CYPE)

Controllable Revenue Budget for 2024-25 **£426.5m**
Capital Budget for next 10 years **£419.7m**
Full Time Equivalent (FTE) staff* **3,138.3**

Children, Young People and Education (CYPE) Directorate comprises of four Divisions: Integrated Children's Services (Operations & County Wide); Education & Special Educational Needs; and Strategic Management and Directorate Budgets.

Our driving ambition is to ensure all Kent children have a good education and a good childhood. The CYPE vision is to make Kent a County that works for all children. We aim to ensure that all children feel safe, secure, loved, fulfilled, happy and optimistic so as they develop and achieve their maximum potential. To achieve this, we are focused upon:

- Securing the most appropriate childcare, education and training opportunities;
- Joining up services to support families at the right time in the right place;
- Being the best Corporate Parent we can be;
- Developing a culture of high aspiration and empathy for children and their families;
- Valuing and listening to children and young people's voices.

We work hard to minimise the impact of reduced resources and continued demand from the most vulnerable in our communities. By seeking to maintain a preventative approach, CYPE are securing improvements to the efficiency and effectiveness of service delivery. The Directorate continues to respond creatively to the demands placed upon it by forming new partnerships, reshaping services and adopting new ways of working.

Integrated Children's Services (Operations & County Wide) (ICS): These two Divisions have a statutory duty to safeguard and promote the welfare of some of Kent's most vulnerable children and young people.
The Divisions are focused on providing an effective and consistent integrated children's service across Kent including delivery of all services to disabled children and young people with autism & complex heath needs. We aim to keep vulnerable families out of crisis and reduce the risk of harm to children by supporting staff to prevent the escalation of need and deliver services that provide timely and appropriate support for children and families earlier when they are most in need. By focusing on the delivery of the Government's Family Hubs programme, alongside our children's social work teams and early help offer, we are ensuring that services match needs, and are developed in partnership with parents and young people, whilst continuing to adapt to Kent's changing demography.

Education & Special Educational Needs (ESEN): This Division's purpose is to secure high quality school, early years and post 16 education places, including delivery of all services for SEN (0-25 years olds) in every community so that every child and young person can have the best start in life, are ready to succeed at school, have excellent foundations for learning and are well equipped for achievement in life, regardless of their social background. The Division is focused on securing the improvements required following challenging SEND Ofsted judgements, in line with financial requirements of the Safety Valve agreement. WE will be concentrating particularly on the delivery of appropriate & timely assessments, and improved pathways for children with SEN including, enhancing SEND support in mainstream schools, making practitioners more confident and inclusive, and ensuring that we have the right SEND provision in Kent. This Division commissions one of KCC's companies 'The Education People' to deliver traded and statutory elements of education support services, providing a continual focus on improving attainment and standards. The Division is also responsible for commissioning Home to School Transport Services along with the strategy and delivery of adult education across the county.

Schools' Delegated Budgets (SDB): This area holds the budget for Kent schools.

Strategic Management & Directorate Budgets (SMDBC): This area incorporates the Directorate centrally held costs, which includes the budgets for the Strategic Directors and support, historic pension costs, Directorate communications and Member interface.

**FTE is as per December 2023 data*

Sarah Hammond

Corporate Director Children, Young People & Education

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Children, Young People & Education **Corporate Director: Sarah Hammond**							
		Strategic Management & Directorate Budgets (CYPE) Corporate Director: Sarah Hammond							
48	**4,354.8**	Strategic Management & Directorate Budgets (CYPE)	**5,149.9**	**6,684.7**	**11,834.6**	**-3,040.2**	**-4,439.6**	**4,354.8**	
		Education & Special Educational Needs Director: Christine McInnes							
49	-239.2	Community Learning & Skills (CLS)	9,458.3	3,205.1	**12,663.4**	-3,040.0	-9,862.6	**-239.2**	Provision of adult education courses and family and responsive learning, together with the delivery of English and Maths learning, to help people improve their employability skills
50	0.0	Early Years Education	0.0	122,209.1	**122,209.1**	0.0	-122,209.1	**0.0**	Parents' statutory entitlement to free Early Years education provision, most commonly from private, voluntary and independent providers for which KCC provides reimbursement from the Dedicated Schools Grant. There is a universal entitlement of 15 hours per week for all 3 and 4 year olds, increasing to 30 hours for children of working parents. This budget also provides entitlement to eligible 2 year olds for up to 15 hours per week
51	1,483.7	Education Management & Division Support	1,338.5	896.0	**2,234.5**	-50.0	-700.8	**1,483.7**	Includes Area Education Officers and their direct support, costs associated with Academy conversions, and other Divisional management and support costs
52	5,162.0	Education Services provided by The Education People	0.0	8,842.6	**8,842.6**	0.0	-4,880.6	**3,962.0**	A range of statutory education services provided by The Education People, including School Improvement, Education, Skills & Employability, Schools Financial Services, and Outdoor Education
53	591.1	Fair Access & Planning Services	4,107.5	670.7	**4,778.2**	-1,325.0	-2,862.1	**591.1**	Planning the provision of school places and managing the schools admissions and eligibility for school transport services
54	68,820.4	Home to School & College Transport	210.4	101,235.6	**101,446.0**	-5,161.6	0.0	**96,284.4**	Transport to education establishments for all entitled pupils including specialist transport to school and college for children and young people with Special Educational Needs & Disabilities, together with free mainstream school transport, and the partly subsidised Kent 16+ Travel Saver (which includes an individual contribution). A small team support specific pupils with their travel arrangements to schools to enable them to become independent as they transition to secondary school
55	5,430.4	Other School Services	0.0	44,123.0	**44,123.0**	-22,180.7	-16,331.9	**5,610.4**	Provision of a wide range of support services to schools

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
56	0.0	Pupil Referral Units & Inclusion	2,040.2	7,156.0	**9,196.2**	-367.0	-8,829.2	**0.0**	Pupil Referral Units (PRU's) are short-stay centres which provide education for children who are excluded, sick, or otherwise unable to attend a mainstream school, until they are reintegrated. Inclusion Advisers work with pupils, families, and schools to improve pupil behaviour and attendance, which reduces the need for permanent or fixed-term exclusion
57	0.0	Special Educational Needs & Disability Management & Divisional Support	0.0	0.0	**0.0**	0.0	0.0	**0.0**	Directorate support costs including those relating our response to the SEN Written Statement of Action
58	14,880.2	Special Educational Needs & Psychology Services	21,306.0	126,335.4	**147,641.4**	-6,737.5	-123,818.7	**17,085.2**	Assessment and placement of children and young people with Special Educational Needs including those with Education Health Care Plans (EHCPs)
59	**96,128.6**	**Total - Education & Special Educational Needs**	**38,460.9**	**414,673.5**	**453,134.4**	**-38,861.8**	**-289,495.0**	**124,777.6**	
		Integrated Children's Services (Operations and County Wide) Directors: Ingrid Crisan, Kevin Kasaven & Carolann James (Interim)							
60	16,857.5	Adoption & Special Guardianship Arrangements & Service	3,574.8	15,368.4	**18,943.2**	-1,387.7	-200.0	**17,355.5**	The Adoption Service works to achieve and support permanent care arrangements for Looked after Children within a family setting. This is delivered by The Adoption Partnership, a partnership between Kent, Medway and Bexley (a Regional Adoption Agency). This also includes payments associated with special guardianship arrangements and adoption payments
61	39,912.7	Adult Learning & Physical Disability Pathway - Community Based Services	0.0	48,425.8	**48,425.8**	-1,736.6	0.0	**46,689.2**	Commissioned Community Based Services for Physical Disability Service Users and Learning Disability Service Users (aged 18+) including domiciliary care, direct payments, day care, and supported living to enable Service Users to remain independent
62	9,254.0	Adult Learning & Physical Disability pathway - Residential Care Services & Support for Carers	0.0	8,685.3	**8,685.3**	-427.8	0.0	**8,257.5**	Residential Care Services (and Short Breaks) for Learning Disability Service Users and Physical Disability Service Users (aged 18+) and services to support carers
63	-60.0	Asylum	3,952.1	32,195.4	**36,147.5**	-1,610.1	-34,552.5	**-15.1**	Supporting unaccompanied asylum seekers under the age of 18 and those aged 18 or over (who were previously in care when aged under 18) as Care Leavers
64	5,098.5	Care Leavers Service	5,486.4	3,818.4	**9,304.8**	-2,617.8	-1,336.8	**5,350.2**	Enables and assists care leavers (post 18) to develop their skills and enhance their life opportunities as they progress into adulthood
65	3,125.2	Children in Need - Care & Support	0.0	3,871.6	**3,871.6**	-45.2	0.0	**3,826.4**	Service for Children in Need (aged 0-18) including day care, direct payments, payments to voluntary organisations, and short breaks for carers
66	5,853.9	Children in Need (Disability) - Care & Support	0.0	8,645.3	**8,645.3**	-2.8	0.0	**8,642.5**	Service for Children in Need (aged 0-18) with a Disability including day care, direct payments, payments to voluntary organisations, and short breaks for carers
67	1,735.1	Childrens Disability 0-18 Commissioning	0.0	1,915.7	**1,915.7**	-144.3	0.0	**1,771.4**	Commissioned Community Based Services (aged 0-18) including short breaks, direct payments and group day care services

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
68	54,027.5	Children's Social Work Services - Assessment & Safeguarding Service	59,543.8	2,237.7	**61,781.5**	-6,328.7	-1,122.8	**54,330.0**	Social care staffing providing assessment of children and families' needs, ongoing support to looked after children, and Safeguarding Service. The Youth Justice Service assesses, plans and intervenes with 10-17 year olds who have come to the attention of the Police or judicial system, to prevent them offending
69	9,648.4	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9,107.3	614.1	**9,721.4**	0.0	0.0	**9,721.4**	Social care staff providing assessment and support services for Service Users (aged 0-25) with Learning Disability, Complex Physical Disabilities and Sensory Impairment
70	3,496.3	Early Help & Preventative Services	9,876.6	3,030.2	**12,906.8**	-1,669.7	-8,300.0	**2,937.1**	Early intervention and prevention services for families, children and young people, including services provided under Supporting Families scheme
71	8,739.8	Family Hubs	10,684.5	4,453.3	**15,137.8**	-3,587.2	-3,522.8	**8,027.8**	Family Hubs in Kent aim to empower parents/carers with universal and targeted support for children's development (aged 0 -19 and up to 25 for children with SEN). The approach integrates community-based advice and complements existing services provided by partners, providing specialised assistance for families with additional needs, focusing on children’s wellbeing, substance misuse, and targeted interventions for vulnerable youth and families
72	6,243.7	Integrated Services (Children's) Management & Directorate Support	7,300.6	1,271.3	**8,571.9**	-496.4	-1,827.9	**6,247.6**	Directorate support costs including practice development for both early help and children social work functions along with the provision of management information for the whole Directorate
73	76,784.1	Looked After Children - Care & Support	5,156.2	97,779.7	**102,935.9**	-1,911.2	-3,102.5	**97,922.2**	Looked After Children Services including residential, fostering, and supported accommodation for under 18s, and Virtual Schools Kent
74	19,270.0	Looked After Children (with Disability) - Care & Support	0.0	24,703.7	**24,703.7**	-2,168.9	0.0	**22,534.8**	Commissioned services for Looked After Children (aged 0-18) with a Disability including both short and long term residential care and fostering services
75	3,403.8	Looked After Children (with Disability) - In House Provision	5,251.7	801.3	**6,053.0**	-2,247.2	0.0	**3,805.8**	In-House Residential Respite and Enablement Services to support Looked After Children and families
76	**263,390.5**	**Total - Integrated Children's Services (Operations and County Wide)**	**119,934.0**	**257,817.2**	**377,751.2**	**-26,381.6**	**-53,965.3**	**297,404.3**	
	363,873.9	**Total - Children, Young People & Education Controllable Budget (excluding Schools' Delegated Budgets)**	**163,544.8**	**679,175.4**	**842,720.2**	**-68,283.6**	**-347,899.9**	**426,536.7**	

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Schools' Delegated Budgets Corporate Director: Sarah Hammond							
77	**0.0**	Schools' Delegated Budgets	**561,111.2**	**180,297.3**	**741,408.5**	**-37,124.5**	**-704,284.0**	**0.0**	Holds the Dedicated Schools Grant (DSG) for Kent schools
78	**363,873.9**	**Total - Children, Young People & Education Controllable Budget (including Schools' Delegated Budgets)**	**724,656.0**	**859,472.7**	**1,584,128.7**	**-105,408.1**	**-1,052,183.9**	**426,536.7**	
		Corporately Held Budgets Acting Corporate Director: John Betts							
79	-150.0	Corporately Held Budgets (to be allocated)	3,141.7	-500.0	**2,641.7**	0.0	0.0	**2,641.7**	Corporately held budgets to be allocated once spend has been incurred
80	**363,723.9**	**Total - Children, Young People & Education (excluding Schools' Delegated Budgets and including Corporately Held Budgets)**	**166,686.5**	**678,675.4**	**845,361.9**	**-68,283.6**	**-347,899.9**	**429,178.4**	
81	**363,723.9**	**Total - Children, Young People & Education (including Schools' Delegated Budgets and including Corporately Held Budgets)**	**727,797.7**	**858,972.7**	**1,586,770.4**	**-105,408.1**	**-1,052,183.9**	**429,178.4**	

Growth, Environment & Transport (GET)

Controllable Revenue Budget for 2024-25 £199.7m
Capital Budget for next 10 years £1,137.3m
Full Time Equivalent (FTE) staff* 1,460.7

Growth, Environment & Transport (GET) has recently restructured to better reflect Council priorities and is made up of three Divisions: Highways and Transportation (HT), Environment and Circular Economy (ECE) and Growth and Communities (GC) as well as Strategic Management & Directorate Budgets (SMDBG).

GET is considerable in terms of its range of both strategic and front-line services and projects, as well as having responsibility for a very large capital programme with complex funding streams and delivery targets. GET is responsible for many visible place-based services that help shape, support and grow our local communities, such as maintaining and improving Kent's highway network, protecting and assisting residents and businesses, disposing of and recycling household waste as well as fostering a lifelong love of reading through our libraries. We also provide loans to help local businesses thrive or convert empty properties into much needed residences, encourage physical activity through our Country Parks and Public Rights of Way, protect vulnerable residents against rogue traders, and actively work with partners on future-proofing climate change adaptation.

By delivering a wide range of good services both directly and through strategic contracts using both local and national suppliers we can improve the everyday lives of the people and businesses of Kent and make the County a better place where people thrive, places flourish and potential grows.

Growth and Communities (GC) - responsible for the development of a range of growth and community related strategies including: the Kent & Medway Economic Framework; Growth and Infrastructure Framework and emerging Infrastructure Mapping Platform; the Developer Contributions Guide; Libraries, Registration & Archive Strategy; Cultural Strategy; the Kent Minerals and Waste Local Plan; and the Community Safety Agreement.

The division leads on economic development, place making and sector support including: business growth investment; local economic planning; delivery of certain Government infrastructure programmes; securing developer contributions for social and community infrastructure; strategic planning including influencing Local Plans and planning applications for sites in Kent; and the delivery, planning and execution of the County Council's Development Management and Local Plan making functions.

The division is responsible for a range of community services delivered across the county including: Libraries (physical, online and outreach), Registration (birth and death registration and ceremonies) and Archives; Community Protection services (comprising Trading Standards, Coroners, Community safety including Community Wardens, and Kent Scientific Services); the Gypsy Roma Traveller Residents Service; Public Rights of Way Service; and the Creative and Cultural Economy Service. The division additionally hosts Active Kent and Medway (formerly Kent Sport).

Environment and Circular Economy (ECE) - responsible for the development of a range of environment and circular economy related strategies including the Kent Environment Strategy, Kent and Medway Energy and Low Emissions Strategy, KCC Net Zero Plan, Climate Change Adaptation Plan, Heritage Strategy, Kent and Medway Local Nature Recovery Strategy, Biodiversity Strategy, Local Flood Risk Management Strategy and the Kent Waste Disposal Strategy,.

The division leads on the management and enhancement of the natural environment, manages local flood risk, manages the conservation of the historic environment, manages Kent's country parks and runs Explore Kent. It also leads on the Council's commitment to net zero 2030 across its own estate and works with partners towards the delivery of net zero 2050 for Kent.

The division is also responsible for the management of all waste and recycling materials collected by Kent's district, borough and city councils through a network of infrastructure, operating household waste and recycling centres and managing closed landfill sites across the county. The division hosts the Kent Downs National Landscapes team and Countryside Partnership teams that operate across the county.

Highways and Transportation (HT) - responsible for the development of a range of transport related strategies including a new Local Transport Plan, the Kent Rail Strategy, the Freight Action Plan, the Road Casualty Reduction Strategy, Vision Zero and the Active Travel Strategy. The division also leads on transport related capital programme including schemes funded by such programmes as the Local Growth Fund, Get Britain Building.

The division also delivers services involved with the management and maintenance of the highway (and related) assets including bridges, drainage, streetlighting and footways in Kent and specific public transport services including the ENCTS concessionary fare scheme, subsidised bus schemes and the Kent Travel saver as well as managing the provision of SEN and home to school transport on behalf of the CYPE Directorate.

Strategic Management & Directorate Budgets (SMDBG): This area incorporates the Directorate centrally held costs.

**FTE is as per December 2023 data*

Simon Jones

Corporate Director Growth, Environment & Transport

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Growth, Environment & Transport **Corporate Director: Simon Jones**							
		Strategic Management & Directorate Budgets (GET) Corporate Director: Simon Jones							
82	**1,406.4**	Strategic Management & Directorate Budgets (GET)	**664.9**	**794.8**	**1,459.7**	**-53.3**	**0.0**	**1,406.4**	Centrally held Directorate costs, as well as the Corporate Director, Portfolio Management Office, and Directorate legacy pension and early retirement costs
		Environment & Circular Economy Director: Matt Smyth							
83	2,954.2	Environment	5,657.8	5,767.9	**11,425.7**	-5,000.1	-3,451.4	**2,974.2**	Covers Net Zero, Climate Change, Natural Environment and Heritage Conservation, Flood and Water Management, Country Parks, Countryside Management Partnerships hosting Kent Downs National Landscape, and partnering High Weald National Landscape
84	2,179.1	Environment and Circular Economy Divisional management costs	2,042.5	284.5	**2,327.0**	-147.9	0.0	**2,179.1**	Commissioning and contract management, resident engagement, business services and business support for the Environment & Circular Economy functions
85	50,471.7	Residual Waste	211.0	53,189.3	**53,400.3**	-475.7	0.0	**52,924.6**	Statutory waste services for Kent residents including treatment and disposal of residual household waste, including management of closed landfill sites
86	36,378.7	Waste Facilities & Recycling Centres	0.0	42,788.3	**42,788.3**	-4,317.9	0.0	**38,470.4**	Statutory waste services for Kent residents including Household recycling centres, cost of recycling, and composting household waste
87	**91,983.7**	**Total - Environment & Circular Economy**	**7,911.3**	**102,030.0**	**109,941.3**	**-9,941.6**	**-3,451.4**	**96,548.3**	
		Growth & Communities Director: Stephanie Holt-Castle							
88	2,159.1	Community (Assets & Services)	2,229.4	2,378.5	**4,607.9**	-2,331.0	-40.0	**2,236.9**	A wide range of services including Public Rights of Way, 8 Gypsy and Traveller sites, and hosting Active Kent & Medway as well as co-ordinating Village Halls and Sports facilities grants
89	1,834.9	Growth - Economy	1,305.7	812.5	**2,118.2**	-475.8	0.0	**1,642.4**	Working with public, private, and voluntary sectors to support Kent's economic growth covering business and enterprise. In addition to this providing support to and the delivery of ongoing capital programmes with a value in excess of £100m which includes Kent & Medway Business Loan Fund (KMBF) and No Use Empty
90	3,793.3	Growth - Place	3,087.5	1,774.1	**4,861.6**	-1,143.3	0.0	**3,718.3**	A group of services working to ensure sustainable growth in Kent including Planning Applications, Strategic Planning, Developer contributions and Broadband. Supporting the growth of the Creative and Cultural Economy to deliver economic and social outcomes across Kent, including Turner Contemporary

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
91	447.2	Growth and Communities Divisional management costs	440.5	6.7	**447.2**	0.0	0.0	**447.2**	Divisional management and support costs
92	10,526.0	Libraries, Registration & Archives	12,779.5	4,047.1	**16,826.6**	-6,482.6	0.0	**10,344.0**	The Libraries, Registration & Archives (LRA) service is delivered through a network of 99 libraries, 5 Register Offices, 5 mobile libraries, an archive centre, the stock distribution and support function building at Quarry Wood, the information service which includes the public 'Ask a Kent Librarian' service, and the 24 hour accessible online services. The LRA service also delivers the records management service on behalf of KCC, is contracted to deliver 5 prison libraries in Kent and the registration service on behalf of the London Borough of Bexley
93	11,798.0	Community Protection	9,741.7	5,166.8	**14,908.5**	-3,269.3	-39.7	**11,599.5**	Community Protection services including Trading Standards, Community Wardens, Coroners, Kent Scientific Services (KSS), and Community Safety
94	**30,558.5**	**Total - Growth & Communities**	**29,584.3**	**14,185.7**	**43,770.0**	**-13,702.0**	**-79.7**	**29,988.3**	
		Highways & Transportation Director: Haroona Chughtai							
95	12,973.5	English National Concessionary Travel Scheme (ENCTS)	0.0	13,020.5	**13,020.5**	-47.0	0.0	**12,973.5**	A statutory concessionary travel scheme, providing free bus travel for older people, disabled people and disabled user companions
96	37,091.2	Highway Assets Management	13,685.8	31,192.1	**44,877.9**	-6,987.0	0.0	**37,890.9**	Road and footway reconstruction, renewal and preservation. Safety inspections, emergency and routine maintenance, customer enquiries. Cycle way maintenance. Signs, lines and barrier maintenance, Highway drainage cleansing, repairs and capital improvements. Soakaway maintenance and construction. Highway trees inspection and maintenance, urban shrubs and grass cutting, rural swathe cutting, weed spraying, emergency tree contract. Bridges, structures and tunnels management and capital renewals. Street Works permitting, coordination and inspection of works undertaken by utility companies, developers and KCC contractors. Temporary Road Closures, highway licences and Vehicle Crossovers. Winter service, gritting and salt bins. Out of hours 24/7/365 Highways Emergency and adverse weather response. Street lighting, LED conversion and CMS management, lit signs and bollards maintenance and energy costs of street lighting. Kent lane rental scheme, Third Party damage repair, fly tip removal, High Speed Road Maintenance Programme
97	3,757.3	Highways & Transportation divisional management costs	3,166.8	1,100.2	**4,267.0**	-338.6	0.0	**3,928.4**	Management, planning, procurement and monitoring of transport services, contract management, business services and business support for Highways & Transportation

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
98	0.0	Kent Karrier	0.0	880.0	**880.0**	-880.0	0.0	**0.0**	Pre bookable transport service, based on membership, for communities and individuals with no access to conventional public transport
99	5,075.5	Kent Travel Saver (KTS)	0.0	15,021.7	**15,021.7**	-9,946.2	0.0	**5,075.5**	Provides discounted travel on the Kent bus network for young people aged 11-16
100	5,252.1	Supported Bus Services	89.0	15,650.3	**15,739.3**	-2,209.5	-7,768.7	**5,761.1**	Financial support for otherwise uneconomic bus routes, as well as community transport schemes
101	6,601.6	Transportation	9,081.7	2,026.2	**11,107.9**	-4,796.5	-199.5	**6,111.9**	Reducing casualties and traffic congestion on Kent's roads by enabling the delivery of a £300m+ capital programme of engineering schemes by managing traffic and through road safety improvements, education and campaigns. Assisting developers in identifying and delivering solutions to protect our network from the negative impacts of development traffic
102	**70,751.2**	**Total - Highways & Transportation**	**26,023.3**	**78,891.0**	**104,914.3**	**-25,204.8**	**-7,968.2**	**71,741.3**	
103	**194,699.8**	**Total - Growth, Environment & Transport Controllable Budget**	**64,183.8**	**195,901.5**	**260,085.3**	**-48,901.7**	**-11,499.3**	**199,684.3**	
		Corporately Held Budgets Acting Corporate Director: John Betts							
104	-300.0	Corporately Held Budgets (to be allocated)	1,786.8	-100.0	**1,686.8**	0.0	0.0	**1,686.8**	Corporately held budgets to be allocated once spend has been incurred
105	**194,399.8**	**Total - Growth, Environment & Transport including Corporately Held Budgets**	**65,970.6**	**195,801.5**	**261,772.1**	**-48,901.7**	**-11,499.3**	**201,371.1**	

Chief Executive's Dept. (CED)

Controllable Revenue Budget for 2024-25	**£28.8m**
Capital Budget for next 10 years	**£1.4m**
Full Time Equivalent (FTE) staff*	**623.6**

The Chief Executive's Department provides core services which support frontline service delivery to achieve better outcomes for Kent's residents and our customers. The Department supports the political and managerial leadership in setting the strategic direction for the Council.

The Chief Executive's Department also supports the organisation to deliver and respond to changes in our operating environment. Priorities include leading the revenue and capital budget process for the Council, ensuring effective governance and assurance processes and leading and shaping commercial and procurement activities for the Council. Our Department also plays a significant role in ensuring the Council is well placed to meet its statutory and regulatory duties.

Chief Executive's Department has the following roles and responsibilities:

Commercial and Procurement (CP): Commercial and Procurement works in partnership across the Council to ensure delivery of best value for the county's residents. It prioritises delivery of financial benefits and ROI; advocates social value; strives for efficiency in commercial and procurement processes and drives up supplier performance to reduce commercial risks.

Strategy, Policy, Relationships & Corporate Assurance (SPRCA): The Division's role is to help prepare the organisation to meet future challenges through environment scanning, medium term planning, corporate and service policy development, safeguarding, analytical assessments, evidence-based decision making and performance reporting, relationship management, as well as leading the equality, risk, and corporate assurance frameworks. It also administers the Council's grant scheme in support of the delivery of the civil society strategy.

Finance (FIN): The Division comprises four key functions that together provide strategic and operational financial, internal audit and counter fraud services to the Council and the Kent Pension Fund. These functions are Finance Operations, Internal Audit and Counter Fraud, Financial Policy, Planning & Strategy and Pensions & Treasury. The services include financial advice and support for all budget holders and members in planning, managing, and reporting on the Council's financial resources, support to the Kent Pension Fund, the provision of Treasury Management services and the provision of an agile, risk based internal audit and counter fraud service.

Governance, Law & Democracy (GLD): Provides democratic services including support of the 81 elected Members of the County Council. The division manages information governance and data protection considerations for the Council including co-ordination of responses to Freedom of Information (FOI) requests. The Division also holds the client-side responsibility for Invicta Law Ltd which provides legal advice and services to KCC, public bodies, and other local authorities.

Strategic Management & Departmental Budgets (SMDBCE): This area incorporates the Department's centrally held costs and external grant income.

**FTE is as per December 2023 data*

Amanda Beer

Chief Executive

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Chief Executive's Department **Chief Executive: Amanda Beer**							
		Strategic Management & Departmental Budgets Chief Executive: Amanda Beer							
106	**-459.6**	Strategic Management & Departmental Budgets	**562.2**	**1,404.0**	**1,966.2**	**-625.8**	**-2,050.0**	**-709.6**	Historic Corporate services costs and grant contributions to central Corporate Services' overheads. Provides support to Corporate Management Team and other Strategic meetings
		Finance Acting Corporate Director: John Betts							
107	9,552.6	Finance	14,294.1	2,118.6	**16,412.7**	-5,642.3	-904.8	**9,865.6**	Finance advice and support for all budget holders and Members in planning, managing, and reporting on the Council's financial resources, both revenue and capital. Pensions & Treasury functions. Provision of Internal Audit and Counter Fraud Services
108	3,171.3	Grants to Kent District Councils to maximise Council Tax collection	0.0	4,103.1	**4,103.1**	-357.1	0.0	**3,746.0**	Grants to Kent District Councils to support local council tax collection, including compensation for second homes discount and counter fraud initiatives
109	**12,723.9**	**Total - Finance**	**14,294.1**	**6,221.7**	**20,515.8**	**-5,999.4**	**-904.8**	**13,611.6**	
		Governance, Law & Democracy Director: Ben Watts							
110	7,303.9	Governance & Law	4,399.8	3,772.3	**8,172.1**	-758.6	-35.0	**7,378.5**	Includes the cost of supporting the 81 elected Members of the County Council and their responsibilities, together with the management of the contract with Invicta Law Ltd for legal advice and services to KCC, public bodies, and other local authorities. Co-ordination of responses to Freedom of Information (FOI) requests
111	291.6	Local Member Grants	0.0	291.6	**291.6**	0.0	0.0	**291.6**	Member Grants made to a wide range of community based groups, individuals and organisations
112	**7,595.5**	**Total - Governance, Law & Democracy**	**4,399.8**	**4,063.9**	**8,463.7**	**-758.6**	**-35.0**	**7,670.1**	
		Commercial and Procurement Director: Clare Maynard							
113	**2,968.6**	Commercial and Procurement	**3,462.4**	**-147.6**	**3,314.8**	**-328.5**	**0.0**	**2,986.3**	Delivery of best value and efficiency in all commercial and procurement processes; improving supplier performance to reduce commercial risks

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Strategy, Policy, Relationships & Corporate Assurance Director: David Whittle							
114	327.7	Childrens and Adults Safeguarding Services	538.5	291.8	**830.3**	-558.0	0.0	**272.3**	Frontline support to children's and adult safeguarding services, including Serious Case Reviews, Kent & Medway Safeguarding Vulnerable Adults Board, Child Protection Conferencing and the Kent Children Safeguarding Board (KCSB)
115	401.3	Resettlement Schemes, Domestic Abuse and Civil Society Strategy	1,134.0	1,963.3	**3,097.3**	0.0	-2,696.0	**401.3**	Administration of the council's local welfare assistance grant schemes, including Civil Society Strategy, Homes for Ukraine, the Afghan Resettlement Scheme and Domestic Abuse Duty
116	4,567.5	Strategy, Policy, Relationships & Corporate Assurance	4,708.7	386.6	**5,095.3**	-253.6	-274.2	**4,567.5**	Supports the political and managerial leadership of KCC through corporate strategy, policy development, corporate risk management and the Kent analytics service
117	**5,296.5**	**Total - Strategy, Policy, Relationships & Corporate Assurance**	**6,381.2**	**2,641.7**	**9,022.9**	**-811.6**	**-2,970.2**	**5,241.1**	
118	**28,124.9**	**Total - Chief Executive's Department Controllable Budget**	**29,099.7**	**14,183.7**	**43,283.4**	**-8,523.9**	**-5,960.0**	**28,799.5**	
		Corporately Held Budgets Acting Corporate Director: John Betts							
119	0.0	Corporately Held Budgets (to be allocated)	765.0	0.0	**765.0**	0.0	0.0	**765.0**	Corporately held budgets to be allocated once spend has been incurred
120	**28,124.9**	**Total - Chief Executive's Department including Corporately Held Budgets**	**29,864.7**	**14,183.7**	**44,048.4**	**-8,523.9**	**-5,960.0**	**29,564.5**	

Deputy Chief Executive’s Dept. (DCED)

Controllable Revenue Budget for 2024-25 **£81.4m**
Capital Budget for next 10 years **£104.0m**
Full Time Equivalent (FTE) staff* **369.3**

The Deputy Chief Executive’s Department delivers professional advice and support services to the Council, Kent residents and customers.

Our Department contains key functions which support the Council to respond to changes in our operating environment and support the services and our staff to deliver their objectives. Priorities include enabling the development and delivery of ICT that improves and supports the transformation of the authority, defining the future direction and priorities of the council’s property services, working with front line services to help design and improve customer and user experiences, and providing support for extensive business change across the Council as we continue with our Strategic Reset Programme.

The Deputy Chief Executive’s Department has the following roles and responsibilities:

Infrastructure (INF): The Division is responsible for the provision of the Authority’s Property & Emergency Planning Services which support our frontline service delivery; it sets the Council’s asset strategy and delivers the Council’s disposal and capital programmes; strategic management of the Corporate Landlord estate and schools estate.

Corporate Landlord (CL): As part of Infrastructure Division the service is responsible for day-to-day management of the Council's complex estate of operational front-line buildings; the office estate and non- operational buildings.

Human Resources & Organisational Development (HROD): The Division is responsible for employment strategy, policy and practice and provides advice and guidance to support and enhance business performance. It also seeks to enhance the capability of the existing and future workforce through its Organisation Development function.

Marketing & Resident Experience (MRX): The Division is responsible for ensuring that the Authority’s reputation is protected, enhanced, and promoted and that customer experience is championed, enhanced, and protected across all major customer contact channels. It contains marketing and communications, media relations, public consultation, customer feedback, brand management and engagement functions for the Authority.

Technology (TEC): The Division is responsible for the provision and implementation of the Technology Strategy and overall direction for the Authority’s technological and digital priorities ensuring they reflect KCC’s wider priorities. The Division holds the client-side responsibility for Cantium Business Solutions Ltd.

Strategic Management & Departmental Budgets (SMDBDC): This area incorporates some of the Department’s centrally held functions including health and safety, business management and client relationships.

The Division includes the Strategic Reset Programme which brings together critical priority change programmes, including those with significant financial benefits, risk, complexity, and dependencies across the Council.

**FTE is as per December 2023 data*

Amanda Beer

Chief Executive

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Deputy Chief Executive's Department **Chief Executive: Amanda Beer**							
		Strategic Management & Departmental Budgets (DCED) Chief Executive: Amanda Beer							
121	2,160.6	Business & Client Relationships	277.2	2,194.2	**2,471.4**	0.0	0.0	**2,471.4**	Provides a range of business critical support activities for services across KCC, including provision of workforce data and people analytics. Responsible for commissioning HR services delivered by Commercial Services Kent Ltd, and managing the divisional service offer to The Education People and Invicta Law
122	373.0	Health & Safety	373.4	29.7	**403.1**	-30.1	0.0	**373.0**	Provides expert and proportionate advice to staff in all aspects of health and safety management, including risk management and service resilience
123	979.7	Strategic Management & Departmental Support	1,203.8	202.3	**1,406.1**	0.0	0.0	**1,406.1**	Departmental management and support costs, including Heads of Service
124	1,568.1	Strategic Reset Programme	1,568.1	0.0	**1,568.1**	0.0	0.0	**1,568.1**	The Strategic Reset Programme (SRP) is the whole council transformation programme, bringing together priority programmes from across KCC. The SRP Team work closely with services to ensure programmes are delivered successfully
125	**5,081.4**	**Total - Strategic Management & Departmental Budgets**	**3,422.5**	**2,426.2**	**5,848.7**	**-30.1**	**0.0**	**5,818.6**	
		Corporate Landlord Director: Rebecca Spore							
126	**32,572.6**	Corporate Landlord	**0.0**	**38,529.4**	**38,529.4**	**-9,627.7**	**-187.0**	**28,714.7**	Day to day costs relating to the running of the Council's complex estate of operational front line buildings; the office estate and holding costs of non-operational buildings
		Human Resources & Organisational Development Director: Paul Royel							
127	**5,227.6**	Human Resources & Organisational Development	**3,593.2**	**2,016.0**	**5,609.2**	**-320.0**	**-1.0**	**5,288.2**	Responsible for employment practice and policy and provides advice and guidance to support and enhance business performance
		Infrastructure Director: Rebecca Spore							
128	193.2	Emergency Planning	249.9	29.0	**278.9**	-85.7	0.0	**193.2**	The Emergency Planning Service has legal duties under the 'Civil Contingencies Act 2004' which include 24/7 emergency management and response capability to respond to any alerts of potential or actual emergencies

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
129	256.7	Kent Resilience	340.6	37.6	**378.2**	-121.5	0.0	**256.7**	The Kent Resilience Team is a multi-agency team that coordinates the work of all Kent Resilience Forum (KRF) partners. They identify risks affecting Kent and Medway and develop plans / capabilities to mitigate them and develop contingency plans
130	8,181.8	Property related services	9,102.6	998.9	**10,101.5**	-1,919.7	0.0	**8,181.8**	Strategic management of KCC's estate. Leads on the delivery of the Council's Property Asset Management Strategy together with the delivery of day to day management of the KCC estate
131	**8,631.7**	**Total - Infrastructure**	**9,693.1**	**1,065.5**	**10,758.6**	**-2,126.9**	**0.0**	**8,631.7**	
		Marketing & Resident Experience Chief Executive: Amanda Beer							
132	1,949.9	Marketing & Digital Services	1,831.9	491.7	**2,323.6**	-373.7	0.0	**1,949.9**	Marketing & Digital Services provides communications, marketing, media relations and public consultation across the council. This includes managing and developing all of KCC's brands, working with Members and colleagues to prioritise, plan and advise on content production, creative assets and communications across all related activities
133	4,812.0	Resident Experience - Contact Centre; Gateways; Customer care & Complaints	1,518.6	3,638.2	**5,156.8**	-151.9	-89.0	**4,915.9**	Leads on ensuring that KCC's reputation is protected, enhanced, and promoted and that the customer experience is championed and protected across all contact channels. Provides, manages and develops core customer contact channels and systems including the Gateways, Contact Centre and the Customer Care and Complaints service
134	**6,761.9**	**Total - Marketing & Resident Experience**	**3,350.5**	**4,129.9**	**7,480.4**	**-525.6**	**-89.0**	**6,865.8**	
		Technology Director: Lisa Gannon							
135	**24,948.8**	Technology	**3,545.1**	**25,807.5**	**29,352.6**	**-3,149.3**	**-149.0**	**26,054.3**	
136	**83,224.0**	**Total - Deputy Chief Executive's Department Controllable Budget**	**23,604.4**	**73,974.5**	**97,578.9**	**-15,779.6**	**-426.0**	**81,373.3**	
		Corporately Held Budgets Acting Corporate Director: John Betts							
137	-50.0	Corporately Held Budgets (to be allocated)	345.5	-600.0	**-254.5**	0.0	0.0	**-254.5**	Corporately held budgets to be allocated once spend has been incurred
138	**83,174.0**	**Total - Deputy Chief Executive's Department including Corporately Held Budgets**	**23,949.9**	**73,374.5**	**97,324.4**	**-15,779.6**	**-426.0**	**81,118.8**	

Row Ref	2023-24 Revised Base Budget (Net Cost) £000s	Key Service	2024-25 Staffing £000s	2024-25 Non Staffing £000s	2024-25 Gross Expenditure £000s	2024-25 Income £000s	2024-25 Grants £000s	2024-25 Net Cost £000s	Key Service Description
		Non Attributable Costs **Acting Corporate Director: John Betts**							
139	**116,062.2**	Non Attributable Costs	**1,441.7**	**129,161.6**	**130,603.3**	**-33,747.7**	**-9.0**	**96,846.6**	Includes net debt costs (including investment income), transfers to and from reserves, and others including the Insurance Fund, audit fees and Apprenticeship Levy
		Corporately Held Budgets Acting Corporate Director: John Betts							
140	201.8	Corporately Held Budgets (to be allocated)	1.2	0.0	**1.2**	0.0	0.0	**1.2**	Corporately held budgets to be allocated once spend has been incurred
141	**116,264.0**	**Total - Non Attributable Costs including Corporately Held Budgets**	**1,442.9**	**129,161.6**	**130,604.5**	**-33,747.7**	**-9.0**	**96,847.8**	
142	**1,315,610.6**	**Total Budget Requirement (excluding Schools' Delegated Budgets)**	**391,566.7**	**1,862,401.8**	**2,253,968.5**	**-368,500.9**	**-461,872.6**	**1,423,595.0**	
143	**1,315,610.6**	**Total Budget Requirement (including Schools' Delegated Budgets)**	**952,677.9**	**2,042,699.1**	**2,995,377.0**	**-405,625.4**	**-1,166,156.6**	**1,423,595.0**	
144	-1,315,610.6	Funding	0.0	0.0	**0.0**	-1,001,022.2	-422,572.8	**-1,423,595.0**	
145	**0.0**	**Total Budget**	**952,677.9**	**2,042,699.1**	**2,995,377.0**	**-1,406,647.6**	**-1,588,729.4**	**0.0**	

The 2023-24 Revised Budget column includes changes to budgets as a result of structural changes

APPENDIX G: 2024-27 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	2024-25 Amount £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 in most recent forecast in 2023-24 with movement from previous draft funded from additional grant in final settlement	10,482.4	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 in most recent forecast in 2023-24 with movement from previous draft funded from additional grant in final settlement	6,033.1	0.0	0.0	Older People	Core
Base Budget Changes	ASCH	Dan Watkins	Adult Social Care	Realignment of Older People budget to reflect underlying pressure in most recent forecast in 2023-24 funded from the Market Sustainability and Improvement Fund, which is shown within the general funding of the Council's budget	5,265.5	0.0	0.0	Older People	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 most recent forecast for 2023-24	11,400.0	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 most recent forecast for 2023-24 with movement from previous draft funded from additional grant in final settlement	10,902.6	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 most recent forecast for 2023-24 including looked after placement budgets and home support packages of care for children in need, with movement from previous draft funded from additional grant in final settlement	3,389.7	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	0.0	0.0	Vulnerable Adults	Core
Base Budget Changes	GET	Roger Gough - Env	Waste prices	Realignment of prices for a variety of waste streams within the Materials Recycling Facilities contract	970.0	0.0	0.0	Waste	Core
Base Budget Changes	GET	Roger Gough - Env	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	0.0	0.0	Waste	Core
Base Budget Changes	GET	Roger Gough - Env	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	318.7	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	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	-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	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	-75.0	0.0	0.0	Transport	Core
Base Budget Changes	GET	Roger Gough - Env	Waste income from paper & card	An increase in the price per tonne received for recycled paper and card	-485.8	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.	-3,021.8	0.0	0.0	Highways	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	0.0	0.0	Adult Social Care staffing	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	-4,276.5	0.0	0.0	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	-100.0	-100.0	Other	Core
Base Budget Changes	NAC	Peter Oakford	Insurance	Rightsize budget for increase in insurance premiums	564.5	0.0	0.0	Other	Core

APPENDIX G: 2024-27 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	2024-25 Amount £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	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	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	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	-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.	-11,000.0	4,000.0	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	0.0	0.0	Other	Core
Base Budget Changes	CHB	Peter Oakford	Emerging Pressures	Provision for emerging pressures yet to be identified	0.0	20,000.0	20,000.0	Other	Core
TOTAL BASE BUDGET CHANGES					**31,691.5**	**23,855.0**	**19,900.0**		
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	0.0	0.0	Older People	Core
TOTAL REDUCTION IN GRANT INCOME					**35.0**	**0.0**	**0.0**		
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	394.0	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	205.0	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	60.0	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	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	36.0	Other	Core
Pay	NAC	Peter Oakford	Apprenticeship Levy	Increase in the Apprenticeship Levy in line with the pay award	54.4	42.4	43.7	Other	Core
Pay	CHB	Dylan Jeffrey	Pay and Reward	Contribution to pay pot and impact on base budget for TCP awards and uplifting pay grades in accordance with Personnel Committee recommendation for 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. This is still subject to finalising the pay bargaining process with Trade Unions.	10,000.0	7,300.0	7,300.0	Other	Core
TOTAL PAY					**10,798.4**	**7,830.4**	**7,844.7**		
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	16,000.0	10,500.0	5,100.0	Vulnerable Adults	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 - Older People	12,500.0	8,100.0	4,000.0	Older People	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	5,349.0	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	4,795.0	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	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	1,205.0	546.0	308.0	Integrated Children's Services	Core

APPENDIX G: 2024-27 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	2024-25 Amount £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?
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	206.0	110.0	54.0	Other	Core
Prices	CYPE	Rory Love	Facilities Management	Estimated future price uplift to new Facilities Management contracts - schools	180.0	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	100.0	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	75.0	26.0	15.0	Integrated Children's Services	Core
Prices	GET	Roger Gough - Env	Waste contract related inflation.	Provision for price inflation related to Waste contracts (based on contractual indices) - updated for November OBR forecasts	3,927.0	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	1,062.0	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	282.5	299.5	Transport	Core
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	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	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	56.3	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	38.0	40.0	Other	Core
Prices	GET	Clair Bell	Coroners	Provision for inflationary increase in specialist pathologist fees	25.5	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	21.6	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	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	1.0	1.0	Other	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.	-798.6	-1,559.4	0.0	Highways	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	333.6	333.6	Transport	Core
Prices	DCED	Peter Oakford	Facilities Management	Estimated future price uplift to new Facilities Management contracts - Corporate Landlord	751.5	592.2	346.0	Other	Core
Prices	DCED	Peter Oakford	Corporate Landlord	Provision for price inflation for rates for the office estate	378.0	251.0	171.8	Other	Core
Prices	DCED	Peter Oakford	Cantium Business Solutions (CBS)	Inflationary uplift on the CBS ICT contract	332.5	249.7	125.0	Other	Core
Prices	DCED	Peter Oakford	Corporate Landlord	Provision for price inflation for rent for the office estate	229.7	172.3	86.3	Other	Core
Prices	DCED	Peter Oakford	Technology contracts	Provision for price inflation on Third Party ICT related contracts	205.0	166.3	85.1	Other	Core
Prices	DCED	Dylan Jeffrey	Contact Centre	Price inflation on Agilisys contract for provision of Contact Centre	103.9	108.1	0.0	Other	Core
Prices	DCED	Peter Oakford	Kent Commercial Services (KCS)	Inflationary uplift on the KCS HR Connect contract	93.4	70.1	35.1	Other	Core

APPENDIX G: 2024-27 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	2024-25 Amount £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?
Prices	DCED	Peter Oakford	KCC Estate Energy	Anticipated price change on energy contracts for the KCC estate as estimated by Commercial Services	-923.5	-689.2	0.0	Other	Core
Prices	NAC	Peter Oakford	Levies	Estimated increase in Environment Agency Levy together with impact of estimated change in taxbase	23.8	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	22.3	23.4	Other	Core
Prices	CHB	Peter Oakford	Corporately Held Contingency	Contingency for price increases	0.0	0.0	4,459.3	Other	Core
TOTAL PRICES					**49,568.4**	**30,545.0**	**22,530.7**		
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 - Strategic Management & Directorate Support Division	16,430.2	0.0	0.0	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 - Strategic Management & Directorate Support Division	11,840.3	0.0	0.0	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	7,268.8	0.0	0.0	Older People	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 - Operations Division	7,216.3	31,000.0	31,000.0	Older People	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 - Operations Division	6,569.8	23,000.0	23,000.0	Vulnerable Adults	Core

APPENDIX G: 2024-27 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	2024-25 Amount £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	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	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	16,500.0	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	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	3,400.0	Vulnerable Adults	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 with a disability including complexity of packages.	2,260.0	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	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	125.0	0.0	Integrated Children's Services	Core
Demand & Cost Drivers	GET	Roger Gough - Env	Waste - tonnage changes	Estimated impact of changes in waste tonnage as a result of population and housing growth	963.7	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	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	0.0	0.0	Other	Core
Demand & Cost Drivers	GET	Roger Gough - Env	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	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	Highways	Core
Demand & Cost Drivers	GET	Clair Bell	Public Rights of Way	Adoption of new routes	12.0	12.0	12.0	Other	Core
TOTAL DEMAND & COST DRIVERS					**85,349.7**	**83,845.6**	**82,277.0**		
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Social Care	Planned investment from additional grant in final settlement to support the redesign of the "Front door" of Adult Social Care to maximise the use of preventative services and alternative models of support to prevent, reduce and delay the need for long term statutory services. Cost avoidance and savings are anticipated through enhanced enablement and occupational therapy offer for older people and vulnerable adults and additional commissioning capacity.	1,540.3	0.0	0.0	Adult Social Care staffing	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	325.3	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	103.8	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	0.0	0.0	Adult Social Care staffing	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	0.0	0.0	Other	Core

APPENDIX G: 2024-27 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	2024-25 Amount £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	CYPE	Sue Chandler	Children in Need	Planned investment from additional grant in final settlement in enhancing family packages of support to provide an alternative option to children coming into care	1,100.0	0.0	0.0	Integrated Children's Services	Core
Service Strategies & Improvements	CYPE	Rory Love	SEN Transport	Planned investment from additional grant in final settlement expand alternative initiatives to deliver school transport including independent travel trainers, personal transport budgets and school led transport	500.0	0.0	0.0	Transport	Core
Service Strategies & Improvements	CYPE	Sue Chandler	Children in Need - Children with a Disability	Planned investment from additional grant in final settlement enhancing family packages of support to provide an alternative option to children coming into care - Children with a Disability	100.0	0.0	0.0	Integrated Children's Services	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	0.0	0.0	Vulnerable Adults	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	2,800.0	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	475.0	-475.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Neil Baker	Mobilisation costs for new HTMC contract	Mobilisation and commissioning consts associated with the new Highways Term Maintenance contract (April 2026)	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	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	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	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	-50.0	0.0	Other	Core
Service Strategies & Improvements	GET	Roger Gough - Env	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	300.0	0.0	Waste	Core
Service Strategies & Improvements	GET	Roger Gough - Env	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	500.0	Other	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	657.2	0.0	0.0	Other	Core
Service Strategies & Improvements	CED	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 in Finance	313.0	0.0	0.0	Other	Core
Service Strategies & Improvements	CED	Peter Oakford	Member Allowances	Uplift to Member Allowances	99.6	104.0	108.6	Other	Core
Service Strategies & Improvements	CED	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 in Commercial and Procurement	17.7	0.0	0.0	Other	Core

APPENDIX G: 2024-27 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	2024-25 Amount £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	Project Prime	Loss of income from a review of contract with Commercial Services Group, specifically due to the removal of buy back of services in Corporate Landlord	1,212.8	0.0	0.0	Other	Core
Service Strategies & Improvements	DCED	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 in DCED	643.8	0.0	0.0	Other	Core
Service Strategies & Improvements	DCED	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 in Technology	568.0	0.0	0.0	Other	Core
Service Strategies & Improvements	DCED	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 in HROD	60.6	0.0	0.0	Other	Core
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	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	0.0	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	184.1	0.0	0.0	Other	Core
Service Strategies & Improvements	CHB	Peter Oakford	Waste Provision	One-off provision for increased costs of waste disposal in advance of implementation of simpler recycling regulations and new burdens funding	500.0	-500.0	0.0	Waste	Core
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**15,712.2**	**2,080.3**	**3,131.9**		
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	-500.0	0.0	Highways	Core
Government & Legislative	GET	Roger Gough - Env	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	333.1	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	180.0	0.0	Other	Core
TOTAL GOVERNMENT & LEGISLATIVE					**1,293.1**	**-320.0**	**0.0**		
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	0.0	0.0	Other	External
TOTAL PAY					**505.1**	**0.0**	**0.0**		
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	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	0.0	0.0	Other	External
TOTAL PRICES					**967.4**	**0.0**	**0.0**		
Demand & Cost Drivers	Public Health	Dan Watkins	Public Health	Estimated increase in internal recharges for support services	345.1	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	0.0	0.0	Other	External
TOTAL DEMAND & COST DRIVERS					**284.7**	**0.0**	**0.0**		

APPENDIX G: 2024-27 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline description of spending increase	Brief description of spending increase	2024-25 Amount £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	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	-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	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	30.0	-30.0	0.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Other	Removal of additional temporary investment in other minor service improvements	-20.0	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	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	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	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	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	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	0.0	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	-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	-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	-200.0	0.0	Other	External
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**-1,538.8**	**-4,952.0**	**0.0**		
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	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	-3,332.0	0.0	Integrated Children's Services	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	0.0	0.0	Other	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	-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	-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	0.0	0.0	Other	External
TOTAL GOVERNMENT & LEGISLATIVE					**-23,337.5**	**-4,520.6**	**0.0**		

APPENDIX G: 2024-27 BUDGET - SAVINGS/INCOME

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	2024-25 Amount £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	ASCH	Dan Watkins	Adult Social Care service redesign	Older People - Review and reshape ASCH as set out in the sustainability plan to deliver new models of social care, which will consider the 'front door' including the initial contact and further development of digital self service. This will also include the use of self-assessment and financial assessment tools which will address some 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, timely assessments and reviews for both new and existing care packages to ensure that the best outcomes are being achieved. Work with the NHS to develop better pathways on hospital discharge including areas such as occupational enablement, rehabilitation and use of occupational therapists.	-17,436.1	-17,042.1	-16,460.7	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Vulnerable Adults - Review and reshape ASCH as set out in the sustainability plan to deliver new models of social care, which will consider the 'front door' including the initial contact and further development of digital self service. This will also include the use of self-assessment and financial assessment tools which will address some 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, timely assessments and reviews for both new and existing care packages to ensure that the best outcomes are being achieved. Work with the NHS to develop better pathways on hospital discharge including areas such as occupational enablement, rehabilitation and use of occupational therapists.	-12,718.7	-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	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	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	0.0	0.0	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Re-phasing of 2023-24 service redesign saving - Vulnerable Adults. Future years savings are now included within the template STF03-XX-XX_008_CD, which includes all savings relating to transformation and containing growth for Vulnerable Adults.	1,049.3	0.0	0.0	Vulnerable Adults	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Re-phasing of 2023-24 service redesign saving - Older People. Future years savings are now included within the template STF03-XX-XX_008_CC, which includes all savings relating to transformation and containing growth for Older People.	2,249.4	0.0	0.0	Older People	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	-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	0.0	0.0	Integrated Children's Services	Core
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	Vulnerable Adults	Core
Transformation & Efficiency	CYPE	Sue Chandler	Early Help & Preventative Services	Expanding the reach of caseholding Early Help services	-560.0	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	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	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	-400.0	-400.0	Transport	Core
Transformation & Efficiency	CYPE	Rory Love	Historic Pension Costs	Reduction in the number of Historic Pension Arrangements - CYPE Directorate	-206.0	-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	0.0	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	-850.0	0.0	Integrated Children's Services	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	-1,500.0	0.0	Integrated Children's Services	Core

APPENDIX G: 2024-27 BUDGET - SAVINGS/INCOME

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	2024-25 Amount £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	GET	Roger Gough - Env	Review of green/organic waste contract/rates	Review of green waste contract, with market analysis indicating a reduction in gate fee	-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	-150.0	-42.0	0.0	Other	Core
Transformation & Efficiency	GET	Roger Gough - Env	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	0.0	0.0	Waste	Core
Transformation & Efficiency	GET	Roger Gough - Env	Improved Food Waste Recycling Rates through collaboration with Districts	Work with Kent District Councils to deliver savings from improving kerbside food waste recycling rates	-80.0	-76.3	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	Highways	Core
Transformation & Efficiency	GET	Roger Gough - Env	Windmills	Temporary reduction in spend on weatherproofing windmills	-50.0	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	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	-25.0	0.0	0.0	Other	Core
Transformation & Efficiency	GET	Roger Gough - Env	Increased food waste recycling due to new legislation	Reduced cost of food waste disposal following Govt legislation regarding consistent collections.	0.0	-331.0	-331.0	Waste	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	0.0	207.0	0.0	Other	Core
Transformation & Efficiency	GET	Roger Gough - Env	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.	0.0	300.0	0.0	Other	Core
Transformation & Efficiency	CED	Peter Oakford	Historic Pension Costs	Reduction in the number of Historic Pension Arrangements within CED Directorate	-250.0	0.0	0.0	Other	Core
Transformation & Efficiency	CED	Peter Oakford	Efficiencies within Member support administration	Efficiencies within the Member support administration	-5.0	0.0	0.0	Other	Core
Transformation & Efficiency	CED	Roger Gough	Commercial and Procurement	Explore alternative sources of funding for the administration of the Kent Support & Assistance Service	0.0	-262.0	0.0	Other	Core
Transformation & Efficiency	DCED	Peter Oakford	Corporate Landlord	Property savings from a review of specialist assets	-45.0	-68.5	-68.5	Other	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	-72.5	-217.5	Other	Core
Transformation & Efficiency	CHB	Peter Oakford	Reduced spend on agency staff	The reduction in the volume and duration of agency staff	-750.0	-250.0	0.0	Other	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	-11,732.7	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	-1,300.0	0.0	Other	Core
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	-500.0	-1,500.0	Other	Core
TOTAL TRANSFORMATION & EFFICIENCY					**-50,581.1**	**-58,361.2**	**-41,051.7**		
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	-6,400.0	-2,900.0	-2,100.0	Older People	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Older People	-2,188.0	-2,311.8	-2,442.6	Older People	Core

APPENDIX G: 2024-27 BUDGET - SAVINGS/INCOME

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	2024-25 Amount £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	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	-1,600.0	-800.0	-400.0	Vulnerable Adults	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Vulnerable Adults	-179.5	-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	-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	-4.6	-4.9	Other	Core
Income	CYPE	Sue Chandler	Adoption Service	Adoption Service	-200.0	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	-120.0	-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	-100.0	-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	-479.7	0.0	Transport	Core
Income	GET	Neil Baker	Highways income	Review of Highways income based on current/projected activity levels	-400.0	0.0	0.0	Highways	Core
Income	GET	Clair Bell	Libraries, Registration & Archives Income	A review of income levels and fees and charges in relation to existing service income streams	-200.0	-50.0	0.0	Other	Core
Income	GET	Neil Baker	Highways	Income from traffic management penalties including contravening traffic restrictions, box junctions and bus lanes	-100.0	0.0	0.0	Highways	Core
Income	GET	Neil Baker	Public transport grant funding	Use of grant funding to support project & scheme costs	-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	-56.0	-3.7	-4.1	Other	Core
Income	GET	Neil Baker	funding	Grant funding to support Electric Vehicle Strategy	-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	-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	-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	-33.3	-33.9	Other	Core
Income	GET	Clair Bell	Trading Standards	Inflationary increase in fees and charges	-1.4	-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.	-3,500.0	3,000.0	0.0	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	0.0	0.0	Other	Core
TOTAL INCOME					**-15,406.6**	**-3,935.5**	**-5,044.0**		
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	-7,688.0	7,688.0	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	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	-1,000.0	Other	Core
TOTAL FINANCING					**-10,967.6**	**7,910.4**	**-281.8**		
Policy	ASCH	Dan Watkins	Adult Social Care Charging	Review of the Adults Charging Policy, in line with Care Act legislation and the statutory guidance	-2,600.0	-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	-1,000.0	1,000.0	0.0	Vulnerable Adults	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	-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	-1,086.5	0.0	Vulnerable Adults	Core
Policy	ASCH	Dan Watkins	Adult Social Care	Review of in-house services	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	-567.2	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	-250.0	0.0	Other	Core

APPENDIX G: 2024-27 BUDGET - SAVINGS/INCOME

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	2024-25 Amount £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	Sue Chandler	Youth Services	Review of youth services offer: cease commissioned youth services contracts	-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	-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	-400.0	-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	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	0.0	-478.6	Transport	Core
Policy	CYPE	Sue Chandler	Looked After Children	Review contract with Health for fast tracking mental health assessments for Looked After Children	0.0	-1,000.0	0.0	Integrated Children's Services	Core
Policy	CYPE	Rory Love	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	1,890.0	Transport	Core
Policy	CYPE	Rory Love	Post 19 Transport	Review of ongoing discretionary offer for post 19 education transport	0.0	0.0	-2,000.0	Transport	Core
Policy	CYPE	Rory Love	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 use of standard pick up points, where appropriate.	0.0	500.0	-1,000.0	Transport	Core
Policy	GET	Roger Gough - Env	Waste Savings - impact of new Govt legislation	Savings from reduced incentivisation payments to districts from the proposed introduction of Extended Producer Responsibility (EPR) legislation and where DEFRA will incentivise districts directly.	-1,300.0	0.0	-1,000.0	Waste	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	-433.0	-67.0	0.0	Other	Core
Policy	GET	Neil Baker	Road Safety activity	Review of level of campaigns and related activity within Road Safety	-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.	-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	0.0	0.0	Other	Core
Policy	GET	Roger Gough - Env	Planning Applications	Savings from delayed recruitment	-50.0	0.0	0.0	Other	Core
Policy	GET	Roger Gough - Env	Waste - Household Waste & Recycling Centres (HWRCs)	Review of the number and operation of HWRC sites	0.0	-988.0	0.0	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	-100.0	Highways	Core
Policy	CED	Peter Oakford	Partnership arrangements with District Councils	Cease Early Intervention Payments to District Councils	-82.5	0.0	0.0	Other	Core
Policy	CED	Peter Oakford	Member Services	Review of Committee support arrangements	-20.0	0.0	0.0	Other	Core
Policy	DCED	Peter Oakford	Corporate Landlord	Review of Office Assets	-763.9	-310.6	-1,238.0	Other	Core
Policy	DCED	Peter Oakford	Corporate Landlord	Review of Community Delivery including Assets	-101.0	-604.5	-576.3	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	-2,300.0	0.0	0.0	Other	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	-19,835.2	0.0	Other	Core
TOTAL POLICY					**-11,910.2**	**-34,315.5**	**-5,402.9**		

APPENDIX G: 2024-27 BUDGET - SAVINGS/INCOME

MTFP Category	Directorate	Cabinet Member	Headline description of saving/income	Brief description of saving/income	2024-25 Amount £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	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	-13.9	0.0	Other	External
TOTAL TRANSFORMATION & EFFICIENCY					**0.0**	**-13.9**	**0.0**		
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	0.0	0.0	Other	External
Income	Public Health	Dan Watkins	Public Health	Estimated additional income for externally funded posts	-6.1	0.0	0.0	Other	External
TOTAL INCOME					**-281.3**	**0.0**	**0.0**		
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	0.0	0.0	Other	External
TOTAL POLICY					**-9.2**	**0.0**	**0.0**		
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	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	3,332.0	0.0	Integrated Children's Services	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	0.0	0.0	Other	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	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	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	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	256.5	0.0	Other	External
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	0.0	0.0	Other	External
TOTAL INCREASES IN GRANTS AND CONTRIBUTIONS					**20,949.1**	**8,136.0**	**0.0**		

APPENDIX G: 2024-27 BUDGET - RESERVES

MTFP Category	Directorate	Cabinet Member	Headline description of reserve template	Brief description of reserve template	2024-25 Amount £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?
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	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	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	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	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	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	1,000.0	Other	Core
TOTAL CONTRIBUTIONS TO RESERVES					**36,699.7**	**29,910.0**	**15,560.0**		
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	-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	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	-5,100.0	-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	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	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	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	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	-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	-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	-4,289.7	0.0	Other	Core
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	-1,000.0	-1,000.0	Other	Core
TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS					**-24,739.6**	**-36,699.7**	**-29,910.0**		
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	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)	-475.0	0.0	0.0	Highways	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	0.0	0.0	Other	Core
Drawdowns from reserves	NAC	Peter Oakford	Drawdown Corporate Reserves	One-off use of corporate smoothing reserves in 2024-25	-9,088.7	0.0	0.0	Other	Core
Drawdowns from reserves	NAC	Peter Oakford	Local Taxation Equalisation - Council Tax Collection Fund	Drawdown of the Local Taxation Equalisation smoothing reserve of Council Tax Collection Fund shortfall compared to the £7m budget assumption	-4,484.5	0.0	0.0	Other	Core
TOTAL DRAWDOWNS FROM RESERVES					**-14,877.4**	**0.0**	**0.0**		
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	Other	Core

APPENDIX G: 2024-27 BUDGET - RESERVES

MTFP Category	Directorate	Cabinet Member	Headline description of reserve template	Brief description of reserve template	2024-25 Amount £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?
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	475.0	0.0	Highways	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	Other	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	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	0.0	0.0	Other	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Drawdown Corporate Reserves	Removal of one-off use of corporate smoothing reserves in 2024-25	0.0	9,088.7	0.0	Other	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Local Taxation Equalisation - Council Tax Collection Fund	Removal of prior year drawdown from the Local Taxation Equalisation smoothing reserve of the shortfall in the Council Tax Collection Fund surplus compared to the budgeted assumption	0.0	4,484.5	0.0	Other	Core
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					**5,318.9**	**14,877.4**	**0.0**		
Drawdowns from reserves	Public Health	Dan Watkins	Public Health Reserves	One-off funding for Live Well Kent Mental Health contract	-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	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	0.0	0.0	Other	External
TOTAL DRAWDOWNS FROM RESERVES					**-1,350.5**	**0.0**	**0.0**		
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	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	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	0.0	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	1,000.0	0.0	Vulnerable Adults	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Replace 24/25 drawdown of Public Health Reserves	0.0	336.6	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	13.9	0.0	Other	External
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					**3,811.0**	**1,350.5**	**0.0**		

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 final 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 Final Local Government Finance Settlement (FLGFS) for 2024-25. The administration's final draft budget for 2024-25 includes a package of £19.8m 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 final draft budget includes increased spending following the announcement of additional social care grant in the final settlement, final notification of council tax base and collection fund estimates from district councils, the Personnel Committee recommendation on Kent scheme pay, and rephasing of one saving from 2025-26 into 2024-25. Putting all this together means the final draft is marginally less risky than the updated draft published in January with a lower use of reserves to balance the budget and scope for some investment to deliver transformation reducing risk albeit offset by drawdown from local taxation equalisation reserve for the Collection Fund estimate reducing the overall level of reserves, 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
- £7.7m flexible use of capital receipts
- £10.1m 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 substantially reduce the level of the overspend, although the latest monitoring shows there may have to be some offset from reserves by year end 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 eligibility for 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 December 2023 showed the annual rate of increases in CPI at 4.0% (compared to 3.9% in November and 4.6% in October). CPIH was 4.2% in December 2023 (compared to 4.0% in November and 4.7% in October). If these trends continue then the rate of inflation would be reducing compared to forecasts on which the final 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 and other global impacts on 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 final draft budget for 2024-25 assumes £7.7m 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 (without adding to our overall borrowing requirement which has been capped). 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 25th January 2024 shows a forecast overspend of £32.1m based on returns as at November before outstanding management action. This represents a reduction from the previous month of £35.6m before outstanding management action. The movement includes delivery of some of the previously identified management action as well as updated activity/cost forecasts and latest forecast delivery of savings/income plans. The latest monitoring report identifies the remaining management action that needs to be delivered to bring the 2023-24 outturn into balance by the year end and now includes the previously identified management action which cannot be delivered in 2023-24 (as well as any over

		delivery). The management action includes an increased amount to be delivered from the introduction of more stringent spending controls including additional approval requirements for high value purchases (over £10,000) and staff recruitment. The report also recognises that the Council is now close to the point where changes in monitoring forecasts cannot be offset by curtailing non committed spend across the rest of the organisation and alternative solutions to balance 2023-24 may be needed including use of reserves. 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 to restore the council’s financial sustainability. 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 been restricted as a result of these overspends. although the 2023-24 budget includes an overall risk contingency that can be activated at any point in the year once 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. Initially this was via an expectation that managers across the whole organisation will exercise this restraint to reduce forecast spending for the remainder of the year. However, whilst spend is reducing, it is not reducing at the rate required to balance the budget and is not resulting in a corresponding reduction in the forecasts. Consequently more stringent spending controls have been introduced including additional authorisation requirements. 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 budget growth 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.
Risks inherent in any new partnerships, major outsourcing arrangements, and major capital developments	⟺	Partnership working with NHS and districts has improved. The council has not embarked upon any major outsourcing or agreed any large scale capital developments (other than grant/externally funded). The council has restructured and strengthened its Commercial & Procurement team. However, further sustained improvements are still needed to change the direction of travel to overall improvement. Trading conditions for Council owned companies continue to be challenging although a higher one-off dividend is included in the administration's final 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, this is now looking increasingly unlikely. 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 final 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 final draft budget for 2024-25 and MTFP for 2024-27 is balanced albeit through a significant number 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 final 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 final 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's Act 1989, unless and until they are transferred to other local authorities under the National Transfer Scheme (NTS). The risks from the judgment not only arise from the cost of securing additional care provision for UAS children should government departments not fully compensate the council but also knock-on consequences on the availability and cost of care for other children already in Kent. At the time this report was drafted we are close to reaching agreement with government departments on both capital and revenue funding which would increase the capacity to care for UAS children in appropriately registered and regulated provision which would substantively reduce this risk, although there are still financial and operational risks in both the short and medium-terms should arrivals exceed the increased capacity or transfers through NTS are delayed or don't happen at all.

A register of the most significant risks is published as part of the final 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 Final Local Government Finance Settlement (FLGFS) 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, uncertainty over future levels of social care grants and the forecast that the planned growth in public spending is unlikely to be distributed evenly means that the assessment of this risk is still rated as deteriorating compared to previous years and more likely than not to continue to deteriorate 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. At that time a hardening market along with changing levels of risk resulted in a rise in premiums, with some deductibles being increased to mitigate this but there has been no further deterioration since. 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, five have been assessed an unchanged since last year, and six are deteriorating. However, there has been a deterioration since the revised draft budget published in January with the enhanced risk 2023-24 budget may not be bought back into balance, and the contingency may need to be activated and/or further use of reserves. The risk from availability of government grants has lessened with the additional grant in the final settlement and close resolution of funding to support UAS children.

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 final draft 2024-25 budget includes a £2.4m net increase from changes in contributions and draw down from reserves in 2024-25, this has changed from the January draft due to reduced use of reserves to balance 2024-25 (from £12.8m to £9.1m) and additional drawdown from local taxation equalisation reserves for the estimated collection fund balance (£4.5m). 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.

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Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

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
ALL	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	108.7
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
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	32.1

Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure
						£m
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
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

Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure
						£m
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
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 supress 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
Other Risks (under £10m - individual amounts not included)						80.0
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	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure
						£m
GET	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	
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	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
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	
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	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
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	
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	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
GET	Waste recycling	Stopping payments to the four District Councils whose Inter Agency Agreements cease on 31-3-24	Districts no longer incentivised to separately collect recyclable waste	Higher disposal costs of co-mingled waste leading 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	
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	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	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
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	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 '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	
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	

Appendix J: Budget Risks Register 2024-25

TOTAL £m	529.8

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial Exposure £m
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	
ALL	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 Final 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.

There were no changes to RSG in the final settlement for 2024-25 compared to the provisional settlement.

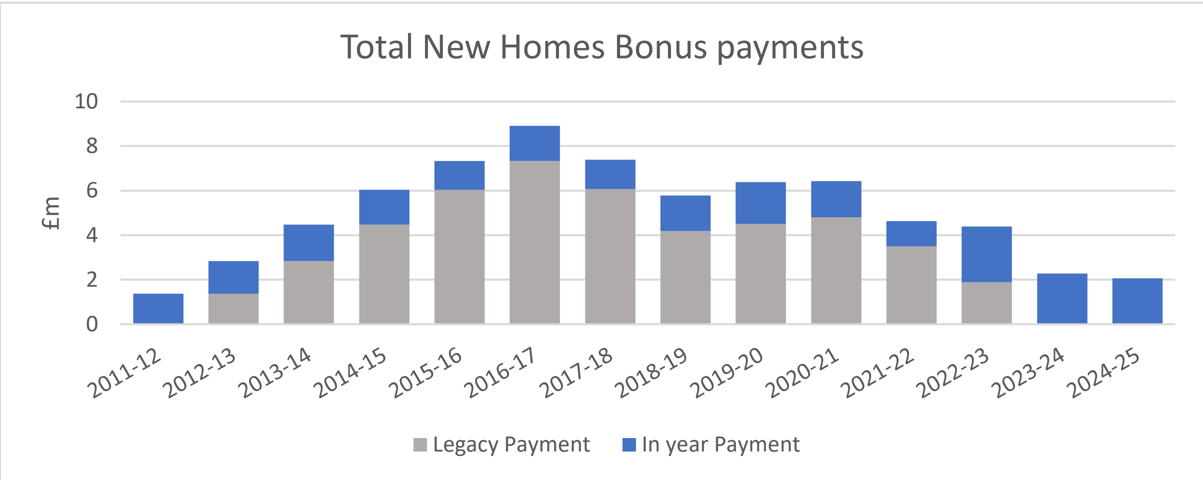
B) New Homes Bonus

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 final 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, updated for any local authority representations regarding the data received by 15th January 2024, these representations had no impact on the Council's allocation for 2024-25.

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.

There were no changes to iBCF in the final settlement for 2024-25 compared to the provisional settlement.

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 2024-25 provisional settlement increased 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 final settlement reflected the unexpected additional £500m increase announced on 24 January 2024. All the additional grant has been allocated via the element allocated according to the ASC RNF, increasing the national share for this element from £532m to £1,032m. The Council's share of this additional allocation is £12.8m.

The Council's total Social Care Grant in the final settlement for 2024-25 is £117.0m, an increase of £28.3m 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 final settlement for 2024-25 is a further significant reduction in the Services Grant to £87m, a reduction of £396m. Some of this reduction (£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 £130m balance will be used for. The Council's share reduced by £6.3m to £1.3m (an 83% reduction).

There was small increase in the total amount and individual allocations of Services Grant in the final settlement for 2024-25 compared to the provisional settlement.

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.

There were no changes to MISF in the final settlement for 2024-25 compared to the provisional settlement.

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.

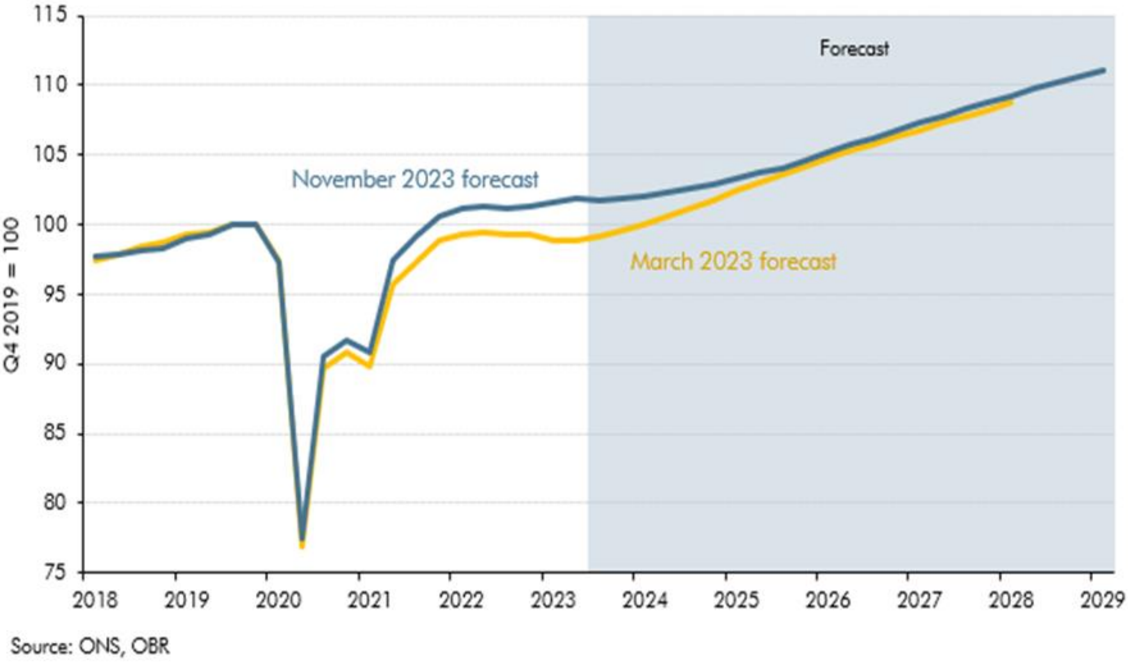
There were no changes to Hospital Discharge grant in the final settlement for 2024-25 compared to the provisional settlement.

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.

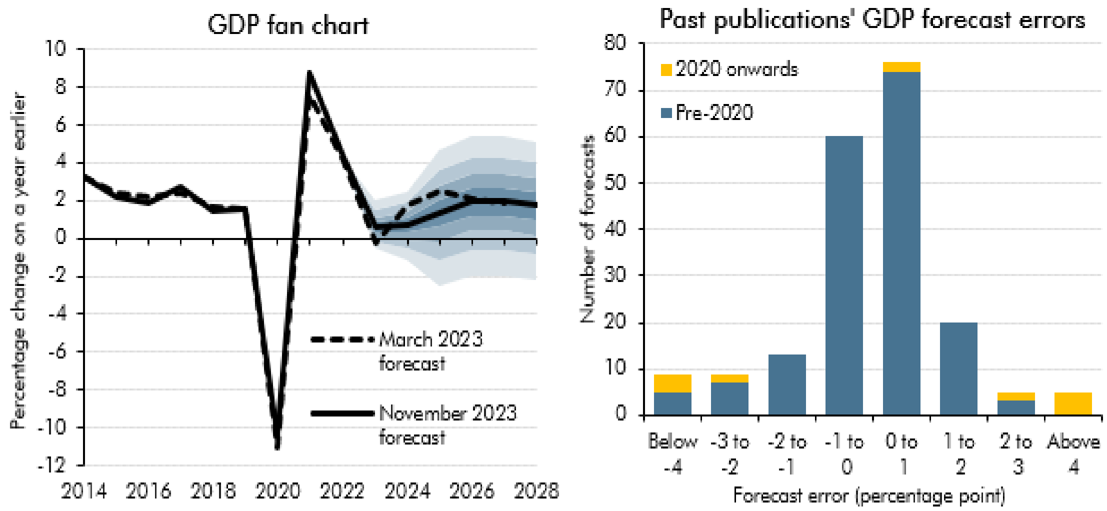
<u>Economic Outlook - Growth</u>
The November OBR report identified that the overall economy has recovered more fully from the Covid-19 pandemic and weathered the energy price shock better than previously anticipated. Gross domestic product (GDP) recovered to its pre-pandemic level by the end of 2021 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



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

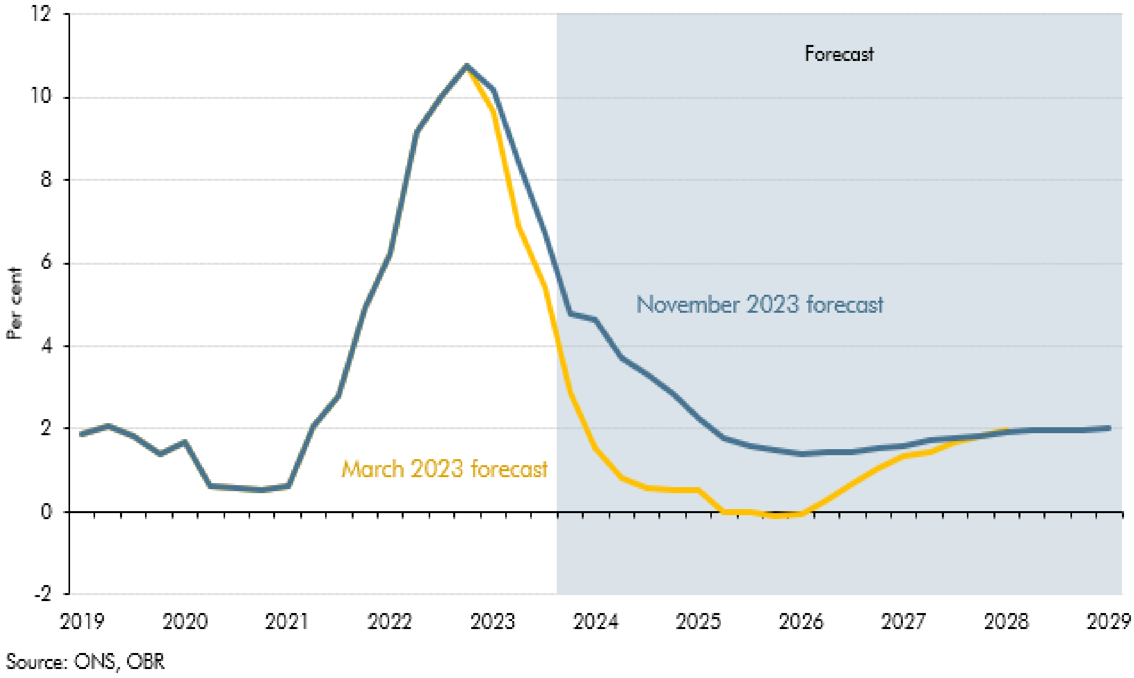


Note: On the left-hand chart, successive pairs of lighter-shaded areas around our forecast represent 20 per cent probability bands. The right-hand chart shows the distribution of forecast errors for every Autumn forecast since 1987.
Source: ONS, OBR

<u>Economic Outlook - Inflation</u>

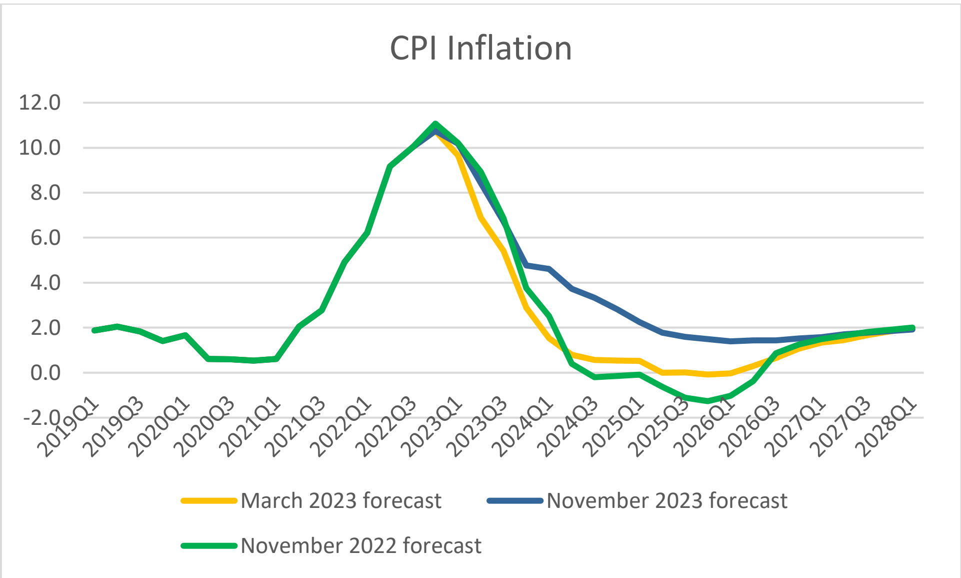
The OBR is forecasting that inflation will remain higher for longer, taking until the second quarter of 2025 to return to around the 2% target, this is more than a year later than in the March 2023 forecast. The OBR has concluded that this slower decline in the rate growth in inflation from previous 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 November 2023 fell to 3.9% compared to 4.6% for the year to October and the rate in December was 4%, and if this trend continues for the final month in quarter 4 2023 the 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



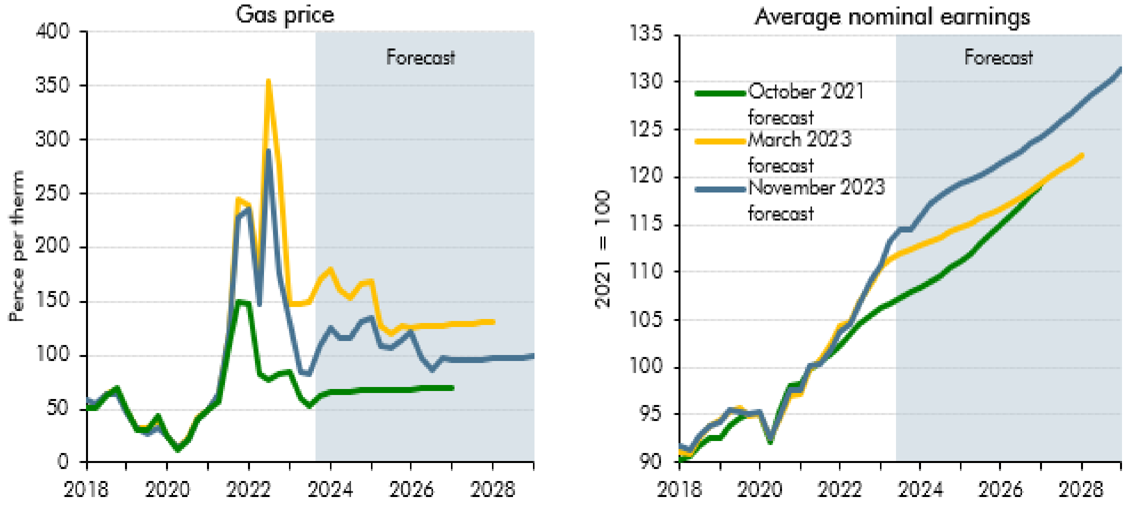
We have also complied a comparison with previous November 2022 forecast where at one stage inflation was forecast to be negative in Chart 4 below.

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.

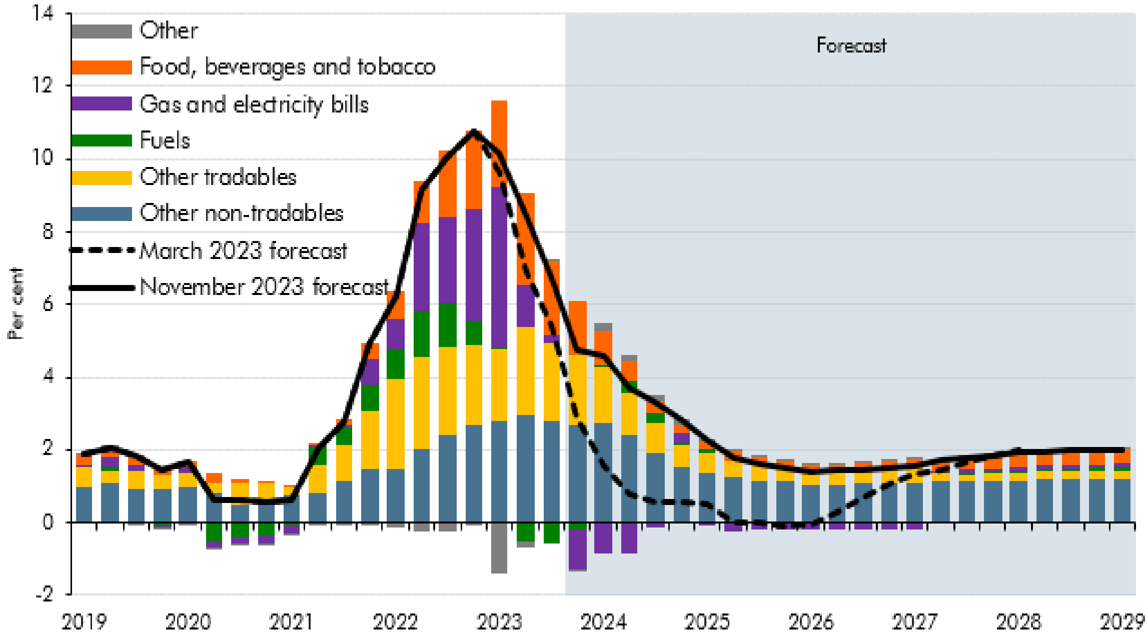
Chart 5 – Impact of Gas Prices and Average Earnings



Source: Datastream, ONS, OFGEM, Eikon, OBR

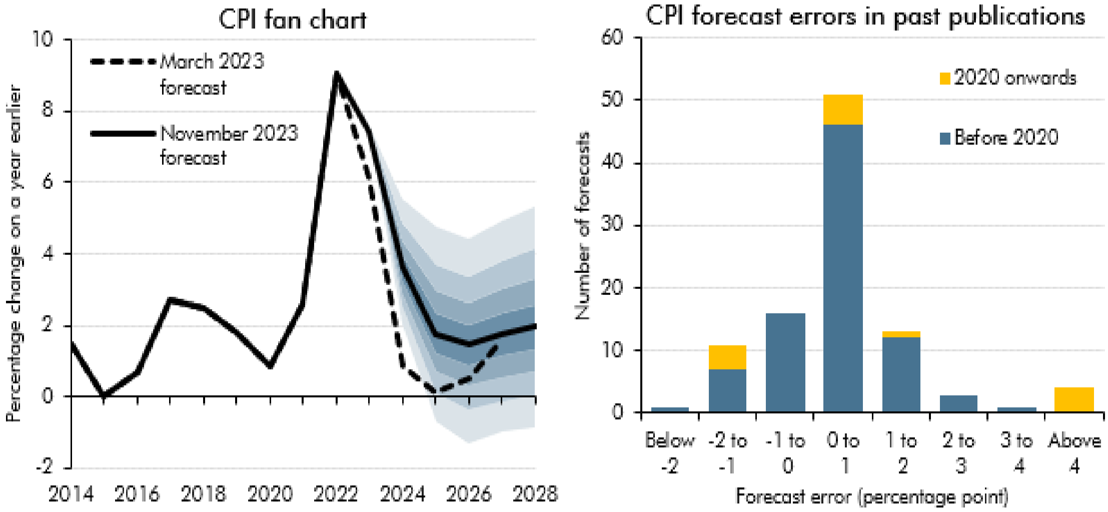
The EFO report confirms that the risks around inflation outlook remain high given both domestic and international uncertainty. The EFO report includes an analysis of the main contributors to inflation (chart 6) as well as an analysis of the more significant variations in inflation forecasts since 2020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

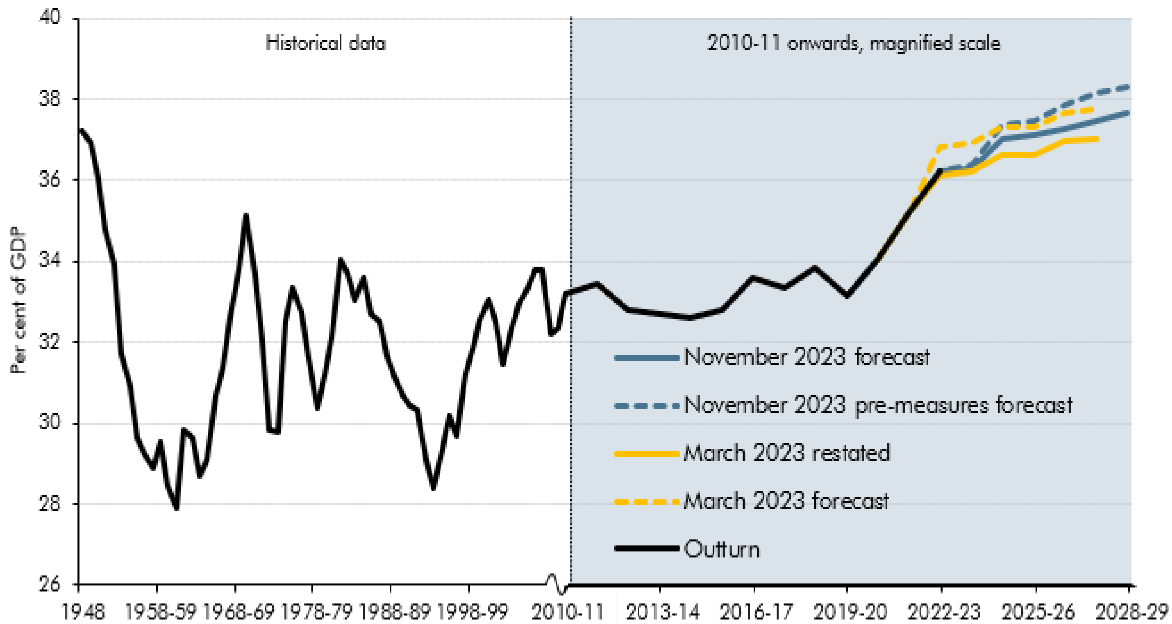


Note: On the left-hand chart, successive pairs of lighter-shaded areas around our forecast represent 20 per cent probability bands. The right-hand chart shows the distribution of forecast errors for every Autumn forecast since 2003.
Source: ONS, OBR

<u>Fiscal Outlook – Public Sector Receipts</u>

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 taxes[1] 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



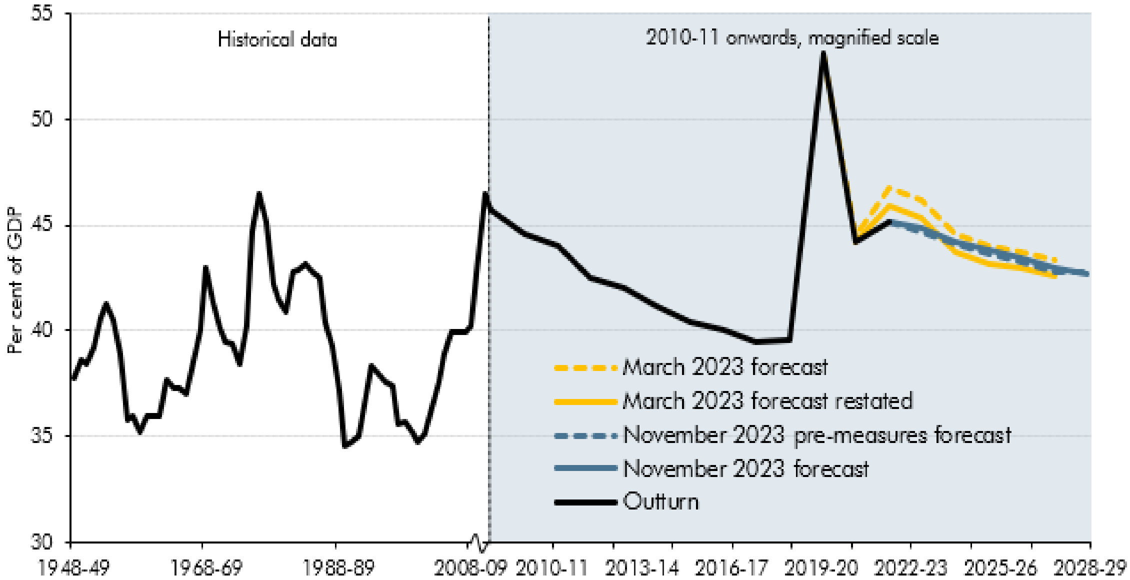
Note: For March 2023 forecast restated, the denominator is the latest nominal GDP outturn in 2022-23 grown forward using our March 2023 forecast.
Source: ONS, OBR

[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.

<u>Fiscal Outlook – Public Sector Expenditure</u>

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

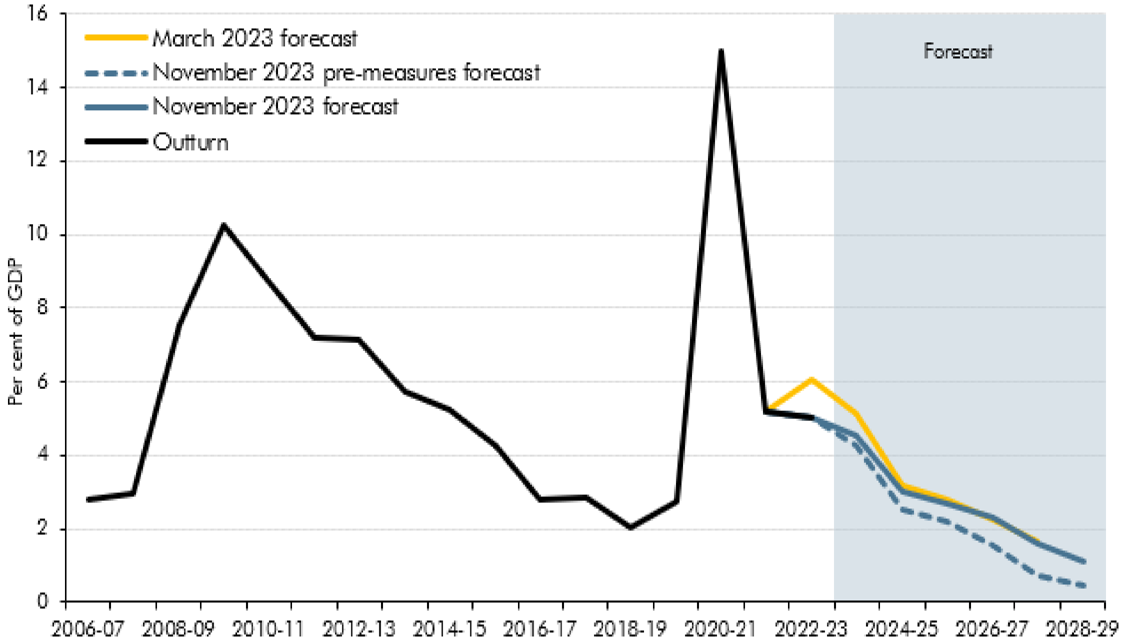


Note: For March 2023 forecast restated, the denominator is the latest nominal GDP outturn in 2022-23 grown forward using our March 2023 forecast.

<u>Fiscal Context – Public Sector Borrowing and Total Debt</u>

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.

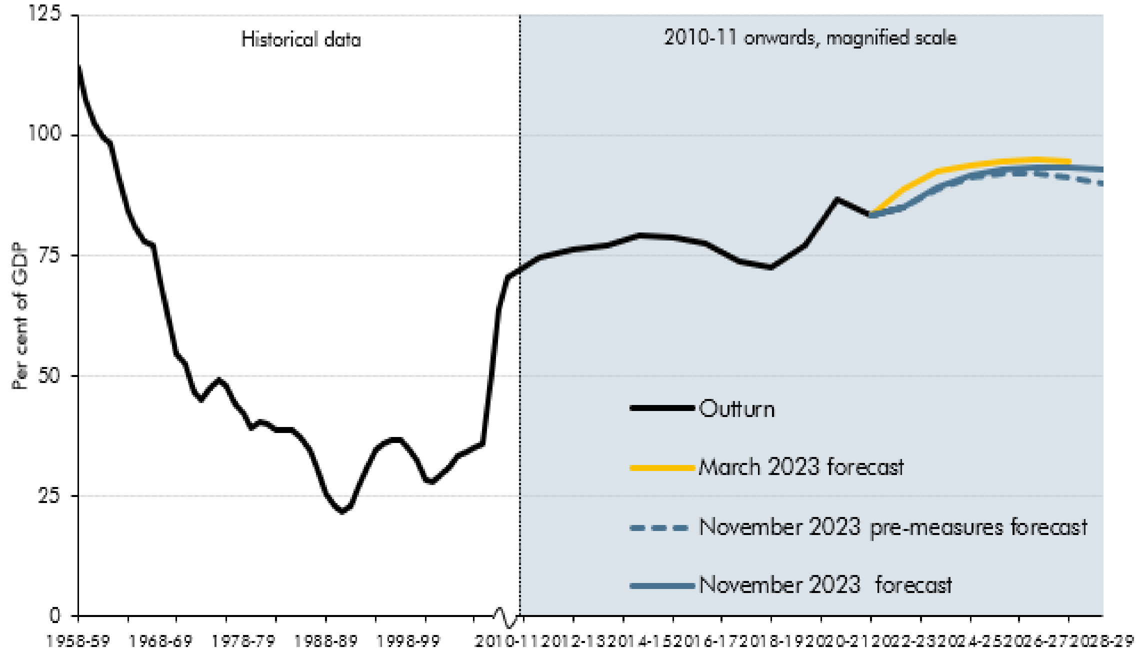
Chart 10 – Public Sector Net Borrowing



Source: ONS, OBR

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)



Source: ONS, OBR

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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 N - 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	1,300.8	1,300.8	1,268.4
Other long-term liabilities and adjustments	-187.5	-178.3	-168.0	-156.8	-145.9
Adjustment for Transferred Debt[1]	28.9	27.7	26.6	25.6	24.5
Loans CFR	**1,133.8**	**1,121.0**	**1,159.4**	**1,169.6**	**1,147.0**
External borrowing	-802.4	-771.9	-742.6	-710.3	-685.1
Internal borrowing	**331.4**	**349.2**	**416.9**	**459.2**	**461.9**
Less balance sheet resources	-827.6	-742.0	-751.0	-767.2	-799.5
Treasury investments	**496.2**	**392.9**	**334.1**	**307.9**	**337.6**

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

[1] The Council manages debt on behalf of Medway Council that was transferred to it following the reorganisation that created Medway Council. The value of this debt is included within the total sum of external borrowing shown in the balance sheet summary and forecast table and therefore it is also included in the calculation of the loans CFR within the table. This is in accordance with the requirements of the Prudential Code and ensures that resultant comparison between the loans CFR, external borrowing and internal borrowing is presented on a consistent basis.

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 O.

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.

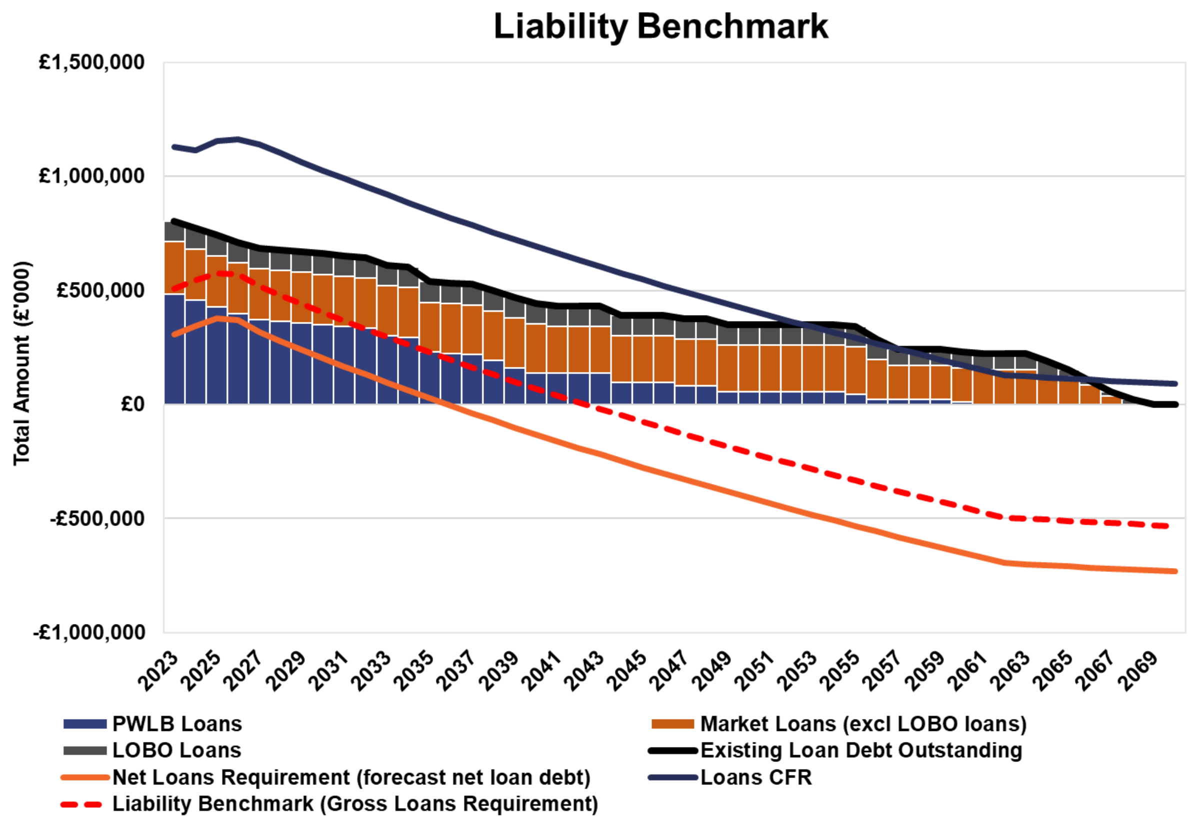
Liability benchmark

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 O).

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 £392.9m at the end of 2023/24 and approximately £334.1m 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%.[2] 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

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

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

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**	

Appendix M

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.

INVESTMENT STRATEGY

Introduction

1.1 This investment strategy meets the statutory guidance issued by the government in January 2018 (Statutory Guidance on Local Government Investments 3rd Edition).

1.2 The Authority invests its money for three broad purposes:

- Because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- To support local public services by lending to or buying shares in other organisations (service investments), and
- To earn investment income (known as commercial investments where this is the main purpose).

1.3 The Investment Strategy focusses on the second and third of these categories. Treasury management investments are covered separately in the Treasury Management Strategy – see Appendix M to the final draft budget report.

1.4 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

1.5 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

1.6 **Further details:** Full details of the Authority's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the Treasury Management Strategy, at Appendix M.

1.7 The Authority will also be looking to invest in schemes where there is an environmental benefit in its future strategy linked to the Council's desire to achieve the net zero target by 2050.

Service Investments: Loans

1.8 The Council lends money for service and regeneration purposes, and to subsidiaries.

1.9 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk financial vetting is done prior to distributing loans and the value of the loans is immaterial.

1.10 As at 31.03.23 the Council had the following amounts outstanding in relation to loans distributed by its own funding:

Loans in relation to:	**Investment Value £m**
Kent Empty Property Initiative - No Use Empty	13.966
Marsh Millions	0.058
Kent PFI Company 1 Ltd	2.245
EDSECo (Trading as The Education People)	2.200
Visit Kent	0.150
Total service investments - loans	**18.619**

Kent Empty Property Initiative - No Use Empty

1.11 The Council runs a "No Use Empty" initiative, which was set up in 2005 with the aim of returning long term empty properties back into use. This operates as a revolving loan fund and is open to those who currently own or have acquired a long-term empty property which needs financial assistance to bring the property back into use for rental or sale. As at 31 March 2023 the debt due to KCC under the scheme totalled £13.966m. Since its inception, the scheme has awarded £58.5m in loans, of which only £143k has been written off as a bad debt. This represents a mere 0.24% of the total loans awarded. The extremely low value of bad debts is aided by the scheme operating a robust application and assessment process, which includes ID checks and proof of additional funds. The applicant must provide at their cost an independent valuation undertaken by a Chartered Surveyor (RICS) to establish current and future values. This is also used within the assessment process as any loan awarded is secured as a charge and registered with Land Registry or Companies House if applicable. Loans are typically offered over 2 or 3 years. A supplementary scheme began in 2020-21 which has allowed an additional £34m of loans to be approved for new builds. These loans provide a 4.5% return to the Council and there are currently no bad debts associated with these loans.

Marsh Millions

1.12 KCC contributed to the Marsh Millions loan scheme. This was set up to aid small businesses in the Romney Marsh area. As at 31.03.23 the balance outstanding to KCC was £0.058m.

Kent PFI Company 1 Ltd

1.13 In 2013-14 KCC purchased loan notes in Kent PFI Company 1 Ltd, which is the holding company to the contractor who runs six schools for KCC under a Private Finance Initiative (PFI) arrangement. As at 31.03.23 the balance outstanding to KCC was £2.245m.

EDSECo (Trading as The Education People)

1.14 During 2019-20 a loan agreement was drawn up with EDSECo, trading as The Education People, for £2.2m to aid the start-up of the company. The balance as at 31.03.23 was £2.2m.

1.15 Visit Kent

During 2020-21 KCC gave a loan to Visit Kent and the balance as at 31.03.23 was £0.15m.

Service Investments: Shares

1.16 As at 31.03.23 the Council had the following equity investments:

Company	**Amount Invested £m**	**Value in Accounts (Fair Value) £m**
Kent PFI Company 1 Ltd (Note 1)	1.902	1.002
Kent Holdco (now Global Commercial Service Group Ltd)	7.890	11.490
Total service investments - shares	**9.792**	**12.492**

Note 1: Kent PFI Company 1 Ltd is the special purpose vehicle (SPV) for the BSF School's PFI contract. The PFI contract is the only asset of the SPV and, as such, the value of the investment in Kent PFI Company 1 Ltd is expected to diminish over the remainder of the PFI contract term.

1.17 **Service Investment: Property**

Creative Enterprise Quarter, Ashford.

KCC has invested in the Creative Enterprise Quarter in Ashford, using both own resources and a significant amount of external funding to create a suitable space for the Jasmin Vardimon Dance Studio. This investment included the build of industrial units to ensure a financially viable project. Some of these units have been sold and some will be kept for rental income. Build costs up to 31st March 2023 are included in the following table where valuations were not performed.

Kings Hill Solar Farm

KCC has invested in the construction of a solar farm as part of its Net Zero strategy, by using a significant amount of public sector decarbonisation grant funding and its own resources. This was under construction until October 2023 and as such was not valued as part of the 2022-23 closure of accounts. The build costs up to 31st March 2023 are included in the following table.

Property	**Investment Value (Build Costs)**
	£m
Creative Enterprise Quarter Industrial Units, Ashford units 1,2,3,18,19,20,21,22,23,24	2.289
Jasmin Vardimon Dance Laboratory	6.401
Creative Entreprise Quarter Industrial unit 14	0.185
Kings Hill Solar Park	4.230
Total	**13.105**

1.18 The Council considers each investment on a case-by-case basis and uses several criteria to obtain a risk/benefit analysis for the Council. Overall, the value of loans outstanding and equity investments as at 31.03.23 are immaterial in relation to the Council's balance sheet. The service benefits derived from these investments are deemed to outweigh the risks. The Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue payments.

Commercial Investments: Property

1.19 The Council invests in property with the intention of making a profit that will be spent on local public services. The main property investments are listed below:

Property	**Purchase/ build cost (including fees)**	**Value in accounts as at 31.03.22**	**Value in accounts as at 31.03.23**
	£m	**£m**	**£m**
Sheehan House	0.723	1.080	1.080
Eurogate	2.275	3.946	3.511
1 & 42 Kings Hill Avenue	23.000	24.817	25.883
Total	**25.998**	**29.843**	**30.474**

1.20 There are several other properties that now come under the definition of investment, because they are held by the Council for no other purpose other than for income or appreciation, although the original acquisition was not for investment purposes. Their total value is disclosed below:

	Value in accounts as at 31.03.22	Value in accounts as at 31.03.23
	£m	£m
Total of other property investments	6.916	7.708

1.21 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs, which the table above shows is the case for all such properties.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2023-24 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments including any revenue consequences. However, the Council is not specifically relying on the sale of these assets to fund future expenditure, therefore the risk relating to fluctuations in the property market is minimal.

Investment Indicators

1.22 The Council has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions:

1) Total Risk Exposure: the first indicator shows the Council's total exposure to potential investment losses.

Investment exposure	31.03.23 Actual £m
Service investments: Loans	18.619
Service investments: Shares	9.792
Service investments: Property	13.105
Commercial investments: Property	25.998
Total	**67.514**

2) Net income from commercial and service investments to net revenue stream: This prudential indicator is calculated to show the proportion of income from commercial and service investments to the Council's net revenue stream and is included in the Council's Capital Strategy

document at Appendix O. This indicator shows that the proportion of income from commercial and service investments to net revenue stream is forecast to be 0.52% for 2023-24.

1.23 Other investment indicators:

It is not considered necessary to publish any additional investment indicators at this time, but this will be reviewed annually.

CAPITAL STRATEGY

INTRODUCTION

1.1 This Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It sets out the strategic direction for KCC's capital management and investment plans and is an integral part of our medium to long term financial and service planning and budget setting process. It establishes the principles for prioritising KCC's capital investment and incorporates requirements from the prudential system.

Capital Expenditure and Financing

1.2 Capital expenditure is where the Council spends money on assets, such as property, highways assets or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are deemed *de-minimis,* they are not capitalised and are instead charged to revenue in year.

1.3 Details of the Council's policy on capitalisation are included in the Council's annual Statement of Accounts, the relevant extract is set out below:

"Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

1.4 All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment above our *de-minimis* of £10k (£2k in schools) is capitalised on an accruals basis. In this context, enhancement means work that has substantially increased the value or use of the assets. Work that has not been completed by the end of the year is carried forward as "assets under construction".

Capital Strategy Principles

1.5 The core principles of the Council's Capital Strategy are as follows:

The Capital Strategy will:

- Be based on delivering the Council's strategic priorities,
- Set out and deliver its statutory responsibilities on a risk-based approach,
- Ensure the capital programme is long term (10 years), deliverable, realistic and affordable,

- Exclude property investments where loans are provided to third parties, such as No Use Empty – these will be considered as part of the Treasury Management Strategy,
- No new borrowing is undertaken – affordability across the medium to long term is key.
- Health and safety aspects of the Council's estate and roads will be monitored closely and prioritised accordingly, with emergency situations being dealt with.

The Council's Strategic Outcomes

1.6 *Framing Kent's Future* – Our Council Strategy 2022-2026, is KCC's Strategic Statement. *Framing Kent's Future* sets priorities to ensure we are harnessing the opportunities and addressing the challenges being faced by KCC as an organisation and by the residents of Kent over the next four years. It is structured around four strategic priorities that KCC will aim to deliver - Levelling Up Kent, Infrastructure for Communities, Environmental Step Change and New Models of Care and Support. The overall budget strategy, articulated through *Securing Kent's Future* has recognised that due to the economic consequences of global and national circumstances there will be policy and service decisions that must be taken to balance the budget which could run counter to the priorities and ambitions set out in Framing Kent's Future. This applies equally to the capital strategy. This means that delivery of some of the ambitions may be deferred until later in the four-year period, with a greater focus in the short-term on ensuring the Council's financial position is sustainable in the medium term, with a particular focus on the New Models of Care and Support priority.

1.7 The Capital Strategy will be refreshed annually to incorporate the organisation's strategic direction. Business planning across the organisation will adapt to the council's circumstances for 2024-25. *Securing Kent's Future* will be developed into the strategic council business plan, and it will be underpinned by divisional business plans. The capital programme will align itself to the revised business planning process.

1.8 Capital investment should also evidence how it will support the priorities and principles set out in significant strategies. The following are examples of the Council's key strategies:

- Local Transport Plan 4 – this plan sets out the county's strategic transport priorities. Local Transport Plan 5 is currently in development.
- Highways Asset Management Plan 2021/22 to 2025/26.
- Commissioning Plan for Education Provision 2024-28 – this sets out changes to existing schools and commissioning of new schools.
- Kent's environment strategies – including the Energy and Low Emissions Strategy and Net Zero Action Plan.
- Asset Management Strategy– this sets the framework for managing the Council's property portfolio effectively.
- KCC Digital Strategy 2024-27 – this outlines the plans for digital transformation within the council.

- KCC's People Strategy 2022-27 – this sets out how it will shape the future of work within the council.
- Making a difference every day - Our strategy for Adult Social Care 2022 to 2027.

Affordability

1.9 Capital plays an important role in delivering long-term priorities as it can be targeted in creative and innovative ways. However, capital is not unlimited or "free money" – capital funding decisions can have significant revenue implications. Every £10m of prudential borrowing costs approximately £0.9m per annum in revenue financing costs (including repayment of the principal) for 25 years, assuming an asset life of 25 years. For Information Technology projects the revenue costs are much higher per annum as the life is shorter. This is in addition to any ongoing maintenance and running costs associated with the investment. The more revenue that is tied up to repay borrowing, the less is available for service provision, and this is considered alongside revenue pressures.

1.10 In assessing affordability, indicators set by the Prudential Code and the Council's own internal set of fiscal indicators are considered. The fiscal indicator "net debt costs should not exceed 10% of net revenue spending" is considered a suitable indicator to help ensure long-term affordability of the capital programme. The Council is following the reporting requirements of the 2021 Prudential Code.

1.11 In 2024-25, the Council is planning capital expenditure of £340.5m as shown in the following table:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £millions

	2022-23 actual	**2023-24 forecast**	**2024-25 budget**	**2025-26 budget**	**2026-27 budget**
General Fund services	251.4	299.1	340.5	267.6	206.4
Capital investments*	6.3	0.5	0.0	0.0	0.0
TOTAL	257.7	299.6	340.5	267.6	206.4

*Represents spend on service investments.

1.12 The main General Fund capital projects for 2024-25 include: investments in highways and other transport improvements (£91m), highways, structures & waste enhancement (£74m), additional school places to increase capacity (£69m), other school projects (£57m), modernisation and improved utilisation of council premises (£34m), economic development initiatives (£14m), community projects (£1m) and adults, social care and health (£1m). The Council does not incur capital expenditure on investments primarily for financial return which is in line with the 2021 Prudential Code.

1.13 **Governance**: Service managers bid to include projects in the Council's capital programme. Capital finance colleagues provide advice during this process. Projects must come forward with alternative options for delivering outcomes, and with a variety of funding options. All projects must be supported by a business case, using the agreed template which captures this information. The business case must also show realistic phasing of the proposed project, with project plans to support this. If a project slips, funding assigned to that project could have been attributed to other worthy projects that were ready to proceed. A critical element of the business case is to identify revenue costs and revenue savings as these will be integral to the budget setting process. Bids are collated by the Capital Team in Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). These are then discussed as part of the budget process, and the final capital programme is presented to Cabinet in January and to County Council in February each year for approval. Bids requiring KCC funding are not being encouraged to mitigate against the challenging global and national financial situation.

Statutory Requirements

1.14 The Council will ensure that appropriate capital funding is allocated on a risk-based approach, to meet immediate statutory requirements, such as basic need, health and safety, Disability Discrimination Act (DDA) and other legal requirements. Increasingly, it is anticipated that satisfying statutory requirements and avoidance of legal challenges will need to play a more prominent role in capital investment decisions. Nonetheless, whilst there may be a statutory requirement, capital bids will still need to explore alternative options to satisfy the affordability requirement. Capital spend may not always be necessary to achieve the minimum or required outcomes. Funding for capital projects will be applied in the most logical and efficient way, for example, to use specific grants for their intended purpose or time limited funding first, and where grant is not sufficient other sources of external funding will be explored, before using the Council's resources.

Invest/Spend to save bids

1.15 Invest/spend to save bids are encouraged as these will be integral to achieving additional savings/income which is increasingly important to ease the pressure on the revenue budget, although not at the expense of meeting the Council's statutory obligations and strategic priorities. Any bids under this category will be rigorously reviewed and challenged to ensure all relevant costs including any costs of borrowing or other revenue impacts have been adequately accounted for and the identified savings are realistically achievable within a reasonable period.

Enhancement of Existing Estate and Roads

1.16 Maintenance of the estate and highway roads and structures network is coming under increasing pressure following years of reactive works. The development of a longer-term capital planning period will help provide the service with future funding stability and the ability to highlight forthcoming pressures for early consideration by Members. In addition to the investment set out in Appendices A and B, funding will be made accessible if required for urgent/emergency works.

- Full details of the Council's capital programme are set out in Appendices A and B.

FUNDING

1.17 All capital expenditure must be financed, either from external sources (government grants, developer contributions and other external funding), the Council's own resources (revenue, reserves and capital receipts from sale of assets) or borrowing. The planned financing of the above expenditure is shown in the following table. This largely represents a continuation of the existing programme, with no new borrowing added.

Table 2: Capital financing in £millions

	2022-23 actual	**2023-24 forecast**	**2024-25 budget**	**2025-26 budget**	**2026-27 budget**
External sources*	167.8	240.2	235.5	181.5	168.7
Own resources	22.2	20.8	15.9	24.2	6.6
Borrowing	67.7	38.6	89.1	61.9	31.1
TOTAL	**257.7**	**299.6**	**340.5**	**267.6**	**206.4**

*External sources include funding from loan repayments. The Council operates several revolving loan schemes, the majority of which are funded from external sources. However, this will also include an element of funding that was originally from the Council's own resources but cannot now be separately identified.

Grants

1.18 The challenging financial environment means that national government grants are reducing or changing in nature and becoming more heavily prescribed. These prescriptions reduce the freedom to decide where and how to spend grants – they are largely tied to specific service areas such as education or highways and must be closely monitored. The Council's aim is to use other, less specific grants for their intended purpose in a way that meets statutory obligations. Where the grant is not sufficient, other sources of external funding such as Central Government grants and s106/Community Infrastructure Levy

(CIL) will be explored first, before using the Council's resources such as capital receipts and borrowing.

Developer Contributions: Community Infrastructure Levy (CIL)/S106

1.19 Developer contributions continue to be a challenging issue and need careful consideration when they are put forward to fund major projects. The nature of s106 agreements means that once the total funding figure has been secured with a s106 contract, in some cases, the funding is received by the County Council in staged payments as the development is built out, with the full funding potentially not received until the development has been fully completed. Depending on size, a development can take several years to be fully completed. Developer contributions will be built into the programme at the point they are secured within s106 agreements, but it must also be recognised that at this point there are still risks around housing development and realisation of the funding. Careful monitoring of expenditure against this funding is critical.

1.20 Any forward funding arrangements of developer contributions must be approved to ensure appropriate debt costs of forward funding are built into the repayments. The repayment schedule must be formalised by being built into the s106 agreement. Delays in housebuilding due to Covid-19 and additional costs to builders to ensure covid-safe workplaces means there is likely to be even greater requirements for forward funding, and renegotiation of agreements. In addition to this, it is also difficult to predict when a development will commence and how long it takes to be completed.

1.21 Several districts in Kent have adopted the Community Infrastructure Levy (CIL), a flat rate tariff charge. CIL rates are set by districts, through their CIL Charging schedules as the Charging Authorities. They are also responsible for collection and spend of the levy. The share of CIL funding which the County Council will receive, varies across the County and also depends on the individual CIL governance that is set up and the decisions of district council administered CIL Spending Boards. This means that the future CIL income is unknown and cannot currently be forecast, as unlike s106 agreements, KCC does not automatically receive a share.

1.22 The "pooling restriction" has been removed in recent regulations. This had previously prevented local authorities using more than five section 106 obligations to fund a single infrastructure project. This is a positive move as a single infrastructure project can now be funded by a number of Section 106 agreements and also CIL and will therefore help to unlock funds. However, the monitoring requirements have increased significantly, and revised arrangements will need to be put in place to ensure compliance with the new regulations.

1.23 Emerging Government policy and legislation, including the Levelling Up and Regeneration Act 2023, may potentially have a significant impact on the way developer contribution funding is collected and distributed in the future. The Act introduces a new Infrastructure Levy that will replace the Section 106 and

CIL regime. However, this will require secondary legislation which does not yet have an appointed commencement date and the Government has yet to publish its response to a consultation on the Levy that concluded earlier this year. Initial indications were that it could create a significant forward funding requirement which would need to be carefully managed by the Council as well as wider financial risks.

Borrowing

1.24 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Borrowing is a combination of external loans and internal borrowing (from cash reserves). Debt is usually only repaid when a loan matures. Occasionally the Council can refinance debt with replacement borrowing at a lower rate of interest, this is rare as there are usually excessive penalties to repay loans earlier than their normal maturity. Planned MRP debt during the medium-term planning period is as follows:

Table 3: Replacement of debt finance (MRP) in £millions

	2022-23 actual	**2023-24 forecast**	**2024-25 budget**	**2025-26 budget**	**2026-27 budget**
MRP	58.3	59.4	60.0	61.9	63.6

- The Council's full minimum revenue provision statement is at Appendix P.

1.25 The level of borrowing to fund the capital programme considers the revenue implications and the requirements of the prudential code. In line with the Code, borrowing is not undertaken in advance of need. The 10-year capital programme planning period will assist in more effective management of borrowing levels over the longer-term.

1.26 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with repayments from MRP and capital receipts used to replace debt. The CFR is expected to decrease by £20.8m during 2023-24 to £1.272bn. Based on the above figures for expenditure and financing, the Council's estimated CFR is shown in table 4:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement £millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
TOTAL CFR	1,292.4	1,271.6	1,300.8	1,300.8	1,268.4

The in-year movement in the total row equals borrowing from table 2 less MRP from table 3.

There will be an impact on the CFR of approximately £17m as at 31.03.2024 due to IFRS16. This will be monitored and reviewed regularly.

Asset Management and Capital Receipts

1.27 To ensure that capital assets continue to be of long-term use, the Council at the time of writing is finalising the drafting of the 2024-2030 to replace its present Asset Management Strategy 2018-2023. This current outgoing Strategy and its replacement provides the framework for managing the property portfolio effectively over the next 3 to 6 years. It will align to KCC's wider statutory duties, policies and corporate strategies and guide future strategic property decisions. It will ensure the property portfolio is managed sustainably and efficiently so that it can adapt to remain fit for the future and support frontline delivery. Property assets are an important part of supporting and enabling the Council to transform the way public services are delivered with partners and it is therefore essential that an innovative and forward-thinking strategy is in place.

The Council's current asset management strategy can be read here:
- https://www.kent.gov.uk/about-the-council/strategies-and-policies/corporate-policies/asset-management-strategy

1.28 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council has had a rigorous disposal programme over the past few years which has helped to minimise the level of borrowing. Going forward the same level of receipts will not be achievable as many surplus assets have already been sold. Increasingly capital receipts will need to be generated from underutilised assets rather than surplus assets. In some cases this may require additional capital investment to develop these assets which would need to be included and approved on an individual scheme basis as part of refreshing future capital programmes. The Council's Infrastructure division will continue to work with service directorates and public sector partners to explore options to release property and maximise capital receipts, with a view to creating a sustainable pipeline of funds in the future.

1.29 The Council plans to use up to £8m of 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.

1.30 Repayments to the Council of capital grants, loans to third parties and investments also generate capital receipts. The timing of when capital receipts are banked and applied to fund the capital programme will not necessarily match, and where necessary, timing differences will be managed through short term internal borrowing from cash balances. The following table shows when the Council plans to apply capital receipts and loan repayments to fund the capital programme in the coming financial years:

Table 5: Capital receipts to be applied in £millions

	Prior Years	2024-25 budget	2025-26 budget	2026-27 budget
Application of asset sales	16.1	9.6	18.2	0.6
Loan repayments	58.4	14.4	10.1	14.2

Treasury Management

1.31 Treasury management is concerned with keeping sufficient, but not excessive, cash available to meet the Council's spending needs while managing the risks involved. Surplus cash is invested earning revenue income until required, while any liquidity shortage would be met by short-term borrowing to avoid excessive overdraft fees. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

1.32 As documented in the proposed treasury management strategy for 2024/25, 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.

1.33 **Borrowing strategy:** The Council's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. The Council does not borrow for the primary purpose of

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

financial return and therefore retains full access to the Public Works Loan Board.

1.34 Projected levels of the Council's total outstanding debt comprising external borrowing and other long-term liabilities identified in the balance sheet (including PFI liabilities, leases, etc) are shown below, compared with the capital financing requirement (see above) and the resulting balance funded from internal borrowing (cash balances).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £millions

	31.3.2023 actual	**31.3.2024 forecast**	**31.3.2025 budget**	**31.3.2026 budget**	**31.3.2027 budget**
Other Long-term Liabilities	187.5	178.3	168.0	156.8	145.9
External Borrowing*	773.5	744.1	715.9	684.8	660.6
Total Debt	961.0	922.4	883.9	841.6	806.5
Capital Financing Requirement	1,292.4	1,271.6	1,300.8	1,300.8	1,268.4
Internal Borrowing (cash balances)	331.4	349.2	416.9	459.2	461.9

*The Council manages debt on behalf of Medway Council that was transferred to it following the reorganisation that created Medway Council. The value of this debt has been excluded from external borrowing shown in table 6 in accordance with the Prudential Code.

1.35 Statutory guidance is that total debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

1.36 **Liability benchmark:** To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This is shown in the Treasury Management Strategy at Appendix M.

1.37 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. Both limits are set with reference to the Council's plans for capital expenditure and financing. The authorised limit provides headroom over and above the operational boundary sufficient for unusual cash movements.

- Further details on borrowing are in the Treasury Management Strategy – see Appendix M.

Table 7: Prudential Indicator: Authorised limit and operational boundary for external debt in £millions

	2023-24 limit	2024-25 limit	2025-26 limit	2026-27 limit
Authorised limit – borrowing	946.0	1,260.6	1,270.7	1,248.1
Authorised limit – other long-term liabilities	232.0	168.0	156.8	145.9
Authorised limit – total external debt	1,178.0	1,428.6	1,427.5	1,394.0
Operational boundary – borrowing	896.0	1,160.6	1,170.7	1,148.1
Operational boundary – other long-term liabilities	232.0	168.0	156.8	145.9
Operational boundary – total external debt	1,128.0	1,328.6	1,327.5	1,294.0

The operational boundaries and authorised limit include capacity for managing the transferred debt belonging to Medway Council as referred to under table 6. This ensures that the Council has sufficient capacity to manage it's own ultimate borrowing requirement.

The lease liability figure on the balance sheet will increase by approximately £17m as a result of IRFS16 as at 31.03.2024. Under this new standard the treatment of leases will change from the current distinction between operating and finance leases, leading to more leases being recognised on the balance sheet.

1.38 **Treasury Investment strategy:** Treasury investments arise from receiving cash before it is paid out again, including balances of reserves. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

1.39 The Council's policy on treasury investments 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. Cash that is likely to be spent in the near term is invested securely, in particular in Money Market Funds, with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, equity and property funds, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy, and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Near-term investments	324.2	257.4	183.1	169.3	200.8
Longer-term investments	172.0	170.0	171.7	173.4	175.2
TOTAL	**496.2**	**427.4**	**354.8**	**342.7**	**376.0**

- Further details on treasury investments are in the Treasury Management Strategy at Appendix M.

1.40 **Risk management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

1.41 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director of Finance and finance staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury management activity are presented to Governance and Audit Committee with half-yearly and annual reports going to County Council. The Treasury Management Group (TMG) is responsible for scrutinising treasury management decisions. This is a Member group supported by officers and chaired by the Cabinet Member for Finance, Corporate and Traded Services.

Investments for Service Purposes

1.42 The Council makes investments to assist local public services, including making loans to or buying shares in other organisations (service investments). In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to generate a surplus after all costs.

1.43 **Governance:** Decisions on service investments are made by the relevant service manager after consultation with and approval of the Corporate Director of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are in the Investment Strategy at Appendix N.

Commercial Activities

1.44 With central government financial support for local public services declining, the Council has, in the past, strategically invested in commercial property purely or mainly for financial gain. Some of these are still held, and all details are available in the Investment Strategy at Appendix N.

1.45 With financial return being the main objective, the Council accepted higher risk on commercial investment than with treasury investments. The principal risk exposures include void periods when properties are empty and reductions in market value. These risks were managed by a rigorous appraisal process prior to any acquisition decision. Total commercial investments as at 31st March 2023 were valued at £30.5m (not yet audited).

1.46 In line with Government expectations, the Authority will not be pursuing commercial investments going forward.

1.47 **Governance:** Decisions on commercial investments and disposals have been made by the Director of Infrastructure in accordance with the Councils constitution, and more relevantly the Property Management Protocol, and following consultation with and approval of the Corporate Director of Finance. Property and most other commercial investments are also capital expenditure and purchases have also been approved as part of the capital programme. The proportion of net income from commercial and service investments to net revenue stream are shown in Table 9.

- Further details on commercial investments and limits on their use are included in the Investment Strategy – Appendix N.

Table 9: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2022/23 actual	**2023/24 forecast**	**2024/25 budget**	**2025/26 budget**	**2026/27 budget**
Total net income from service and commercial investments £m	8.6	6.8	8.5	5.6	5.5
Proportion of net revenue stream (%)	0.72	0.52	0.60	0.37	0.36

- The Council also has commercial activities in several trading companies, details of which are included in the Investment Strategy – Appendix N.

Liabilities

1.48 In addition to the forecast debt of £771.9m detailed in table 6 above, the Council is committed to making future payments to cover its pension fund deficit (valued at £62.4m as at 31.03.23). It has also set aside £43.2m in general reserves to cover unforeseen risks as identified in the Reserves Policy – Appendix H to this document. This is after significant drawdown to fund the revenue budget overspend in 2022-23, which the Council intends to repay over the next two years (2024-26). The Council has identified a number of budget risks but has not put aside any money because the Council has sufficient reserves to cover these eventualities should they arise. These risks are identified in the Budget Risks Register at Appendix J to this document.

1.49 **Governance:** Decisions on incurring new discretional liabilities are taken by service managers after consultation with and approval of the Corporate Director of Finance. The risk of liabilities crystallising and requiring payment is monitored by Corporate Finance and included in monitoring reports.

Revenue Budget Implications

1.50 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2022-23 actual	2023-24 forecast	2024-25 budget	2025-26 budget	2026-27 budget
Proportion of net revenue stream	8.40	8.21	7.52	7.21	6.72

1.51 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Corporate Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the rigour which has been applied to the appraisal of schemes and the application of an affordable future borrowing strategy based on an absolute fiscal limit that the costs of borrowing cannot exceed 10% of the annual revenue budget. The Capital Programme will be reviewed and revised annually to ensure it is affordable in the medium term.

Knowledge and Skills

1.52 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Corporate Director of Finance is a Fellow of the Association of Chartered Certified Accountants (FCCA) with 20 years' post-qualification experience, and the Council's finance team at the last review included a number of qualified accountants who are members of professional accountancy bodies including ACCA, CIMA, CIPFA and ICAEW. In addition, KCC Finance is an approved employer with professional accreditations from ACCA and CIPFA.

1.53 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Group as treasury management advisers, and Amey/Kier/Skanska as property consultants/facilities management contractors. The Council will use the services of other specialists and consultants as necessary. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

1.54 The Council's policy on the use of external advisers is that where a contract for a consultant is estimated to cost £50,000 or more, details of the proposed award must be forwarded to the relevant Cabinet Member prior to the appropriate officer making the award.

Governance Arrangements

1.55 The governance arrangements for the capital programme are as set out in the Council's constitution.

Appendix P

Annual Minimum Revenue Provision (MRP) Statement

Councils are asked to submit a statement on their policy of making Minimum Revenue Provision (MRP) under the guidance issued by the Secretary of State for the Ministry of Housing, Communities and Local Government, under section 21(1A) of the *Local Government Act 2003* to full Council or similar. Any revision to the original statement must also be issued.

MRP represents the minimum amount that must be charged to a council's revenue account each year for financing capital expenditure, which will have initially been funded by borrowing.

In 2008 the Department for Communities and Local Government (DCLG) issued new guidance on the Minimum Revenue Provision. This guidance provided four ready-made options which would be most relevant for the majority of councils but stated that other approaches are not meant to be ruled out, provided that they are **fully consistent with the statutory duty to make prudent revenue provision**. The options that we have implemented since this new guidance came into operation are:

- 4% of our capital finance requirement before the change in regulations.
- The asset life method in subsequent years. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation, so for assets that are not yet operational and still under construction we effectively have an "MRP holiday".

The total of these two methods has provided the annual MRP figure since the regulations changed up until 1 April 2014. However, what this did not do was align the MRP with the repayment of debt and other long term liabilities. Since 1 April 2014 we have continued with the existing calculations but then considered whether an adjustment is required to reflect the timing of internal and external debt repayment and other long term liabilities. We will continue with this approach, which is more prudent, given the challenges that the Council continues to face.

Any adjustment made will be reflected in later years to ensure the overall repayment of our liabilities is covered at the appropriate point in time. This will depend on the position of the balance sheet each year and will be a new calculation each year but using the same principles.

This method retains the guidance calculations but allows for a more prudent approach, ensuring that adequate provision is made to ensure debt is repaid.

Each year an updated MRP statement will be presented.

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Draft - Flexible use of Capital Receipts Strategy 2024-25

1. Introduction

Traditionally, capital receipts could only be used for specific purposes as set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.

The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

The government has recently sought views on allowing local authorities further flexibilities to fund revenue costs from capital sources including allowing borrowing to fund general cost pressures (with a commitment to future efficiency savings), funding specific invest to save revenue costs from borrowing, and allowing authorities to use the proceeds from selling investment assets to fund revenue pressures or increase reserves or repay debt. We have not made any assumptions about new flexibilities within this strategy which is based on the existing guidance, and we are concerned that the options presented for views are contrary to the balanced budget requirement and could increase the risk of medium to long term financial sustainability for short term gain. This strategy has been developed to support the objectives within Securing Kent's Future and draft 2024-25 budget and 2024-27 MTFP to return the Council to financial sustainability.

2. Process and Regulations

Before the council can flexibly use capital receipts it must prepare, publish, and maintain a 'flexible use of capital receipts strategy'. This must consider the impact of this flexibility on the affordability of borrowing by including updated prudential indicators. Full Council must approve this strategy before any qualifying expenditure is incurred. The current government directive allowing the flexible use of capital receipts ends on 31 March 2030.

Under the Flexible Capital Receipts guidance, the Secretary of State sets out that individual authorities are best placed to decide which expenditure projects are best to be funded by capital receipts. The key criteria for expenditure to qualify is that the schemes must be designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether a project qualifies for the flexibility.

Capital receipts used under the direction must be from genuine disposals (qualifying disposals). That is, disposals where the authority does not retain an interest, directly or indirectly, in the assets once the disposal has occurred.

Each authority should disclose the individual projects that would be funded or part-funded through the capital receipts flexibility to Full Council. This requirement can be satisfied as part of the annual budget setting process, through the Medium Term Financial Plan.

The Guidance recommends that the council produces a ‘flexible use of capital receipts strategy’ setting out details of projects to be funded through flexible use of capital receipts be prepared prior to the start of each financial year. The Guidance allows local authorities to update the strategy during the year.

It is a required condition of the direction that authorities must send details setting out their planned use of the flexibility to the Secretary of State, in advance of its use for each financial year. This is to make sure that the government is adequately sighted on the use of the flexibility and can monitor how it is used - it is not a process of approval.

Authorities may update their plans and resubmit to the Secretary of State during the year if things change.

3. <u>Proposed Flexible Use of Capital Receipts</u>

The council currently has a number of transformation schemes with one-off or time limited activity costs which are designed to deliver recurring budget savings. The potential use of Flexible Use of Capital Receipts is focused on the core funded element of the revenue budget.

<u>Transformation and Demand Management in Social Services</u>

The proposal is to use this funding to support the one-off transformation work planned within Adult Social Care including the following service areas:

1) Technology Enabled Care £1.6m
2) Microenterprises £0.3m
3) Other Equipment £1.2m
4) Enablement £4.9m

TOTAL = £8.0m

The transformation activity proposed to be funded from capital receipts will contribute to the delivery of the future cost avoidance savings as summarised below and reflected in the proposed 2024-27 Medium Term Financial Plan.

	2024-25 £’m	2025-26 £’m	2026-27 £’m	Total saving over the MTFP £’m
Adult Social Care redesign savings	30.2	29.1	28.2	87.5

4. Rationale and Considerations

In the opinion of the Section 151 Officer the scheme expenditure for those programmes listed in Section 3, for the council to apply the ‘flexible use of capital receipt strategy’ freedom, qualifies on the basis that the expenditure would “…generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years…”.

The underlying rationale for the approval of the flexibility is to reduce the burden on the council’s revenue budget and specifically a greater call on the use of reserves, if needed, and therefore support the wider financial resilience of the council.

Capital receipts are ordinarily used to support the funding of the council’s capital programme. Re-directing capital receipts under a ‘flexible use of capital receipts strategy’ would ordinarily lead to a corresponding increase in the council’s underlying need to borrow to fund its planned capital programme. However, the level of capital receipts forecast to be received by 31 March 2024 has exceeded the assumed amount by £8m, so there is no adverse impact on capital borrowing. Notwithstanding this proposed use of receipts the council will continue to evaluate the use of the capital receipts from a treasury management perspective against other options in terms of utilising these resources to meet the Councils capital financing needs.

5. Financial Implications

Utilising the capital receipts flexibility would mean that the council’s reserves would not decrease for the £8.0m indicative cost of the transformation activities. This funding along with the associated costs are factored into the council’s final draft budget plans for 2024-25 alongside the savings that are expected to be generated from the transformation activity.

Not utilising the flexibility would mean that there would need to be an increase in the use of the council’s reserves.

Approving the strategy in this report does not commit the council to adopting it. The Section 151 Officer will consider the optimal funding strategy, including the alternative option set out, based on available capital receipts and the actual and forecast level of reserves at the end of the financial year.

6. The Prudential Code

The Council has due regard to the requirements of the Prudential Code and the impact on its prudential indicators from the application of this Flexible Use of Capital Receipts Strategy. These receipts have not been earmarked as funding for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this activity within the 2024-25 Statement of Accounts.

7. Monitoring the Strategy

Implementation of this Strategy will be monitored as part of regular financial reporting arrangements.