

# KENT COUNTY COUNCIL – RECORD OF DECISION

**DECISION TAKEN BY:**

**Cabinet**

**DECISION NO:**

23/00090

**For publication** [Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]

## **Key decision: YES**

*Key decision criteria. The decision will:*

- a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or
- b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:
  - the adoption or significant amendment of major strategies or frameworks;
  - significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.

## **Subject Matter / Title of Decision: Finance Monitoring Report 2023-2024**

### **Decision:**

The Cabinet agree to:

- (a) note the Council's updated financial position,
- (b) approve the required budgetary changes, including the creation of a new emergency capital events & abortive costs reserve and budget recovery reserve and the transfer of funds to those; the transfer of funds to DSG adjustment account for the planned drawdown under Safety Valve agreement, specifically:
  - the transfer of £1m recurring saving from the recalculation of debt charges to a new capital reserve
  - the transfer of £2m from the Earmarked Reserve to Support Future Years Budget to a new Budget Recovery Reserve
  - the transfer from the Kings Hill Smoothing Reserve of £14.4m to fund the 2023-24 safety valve
- (c) approve the Revenue and Capital budget adjustments detailed in sections 14 and 15 of the budget monitoring report
- (d) approve the award of a call-off contract for the supply of Early Payment Services
- (e) in relation to (d) delegate authority to the s151 Officer to, in consultation with the Leader of the Council, finalise and enter into relevant contracts to implement the required contract award; and
- (f) in relation to (d) delegate authority to the s151 Officer to take other actions, including but not limited to entering into contracts or other legal agreements, as required to implement the decision.

### **Reason(s) for decision:**

Given the Council's financial position, Cabinet now receives a monthly report setting out the latest forecast and actions being taken to balance the budget by the end of the financial year. Adjustments to both the revenue and capital budgets which reflect a reallocation between Key Services in light of the 2022-23 final spend and activity levels and the latest service transformation plans require approval from Cabinet. Cabinet approval is also required for the proposed additional contributions to, and

transfers between reserves, as effectively these represent a variation from the approved budget, and the award of a call-off contract for Early Payment Services.

A high-level position report on the Council's financial position as at the end of June 2023 was reported to Cabinet on 17<sup>th</sup> August 2023 which showed a forecast overspend of £43.7m before management action. As part of that report, it was agreed that the Cabinet on 5<sup>th</sup> October would receive a progress update report setting out in more detail the additional actions taken and those actions and decisions requiring Cabinet approval to bring the forecast overspend down to as close to a balanced position as possible. The report would set out the framework for the medium to longer term plan for "Securing Kent's Future" with sustainable spending and sufficient financial resilience.

**How the proposed decision supports the Strategic Statement:**

Framing Kent's Future (FKF), the KCC Strategic Statement, was approved at County Council in May 2022 and sets out the council's ambition and strategic priorities until 2026. FKF acknowledged the significant financial and demand pressures the council would be facing over the coming four years, whilst concurrently delivering an ambitious agenda for Kent residents, businesses, and local communities.

The Securing Kent's Future plans and this related Finance Monitoring report 2023-24 reflects the need to confirm a re-prioritisation of Council business within the framework of Framing Kent's Future - further details are set out within the "Securing Kent's Future" Cabinet report.

**Financial Implications:**

This finance monitoring report sets out the latest forecast overspend position and the underlying structural budget deficits which need to be addressed. The savings and management actions set out in the report need to be delivered to ensure the council's budget is balanced by the end of the financial year, and further actions to reduce costs that will impact the 2024-25 budget also need to be identified. The Council will need to continue to limit its actions to focus on the most essential activities and priorities until the financial position is brought under control and stabilised.

**Legal Implications:**

This is in accordance with the financial procedures as set out in the Constitution, the Financial Regulations and Code of Corporate Governance.

The current financial situation and operating environment presents a number of material risks to the Council. It is important that the plans identified to improve resilience are delivered in order to avoid further escalation and action. Securing Kent's Future notes the increased legal risk faced by the Council and the actions and monitoring position will need to be continually reviewed.

**Equalities Implications:**

No direct service impact – any future substantive changes to be managed at service level

**Cabinet Committee recommendations and other consultation:**

The proposed decision was not considered by Cabinet Committee

**Any alternatives considered and rejected:**

The finance monitoring report could continue to be provided quarterly but it is critical that the financial position is considered more regularly to ensure the decisions needing Cabinet approval to balance the budget can be taken as quickly as possible.

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:** None

5 October 2023

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date