

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

Corporate Director Finance, Zena Cooke

To: Cabinet, 30 November 2023

Subject: Revenue and Capital Budget Monitoring Report – September 2023-24

Classification: Unrestricted

Summary:

The attached report sets out the revenue and capital budget monitoring position as at September 2023-24.

Recommendation(s):

Cabinet is asked to:

- a) NOTE the forecast Revenue and Capital position.
- b) NOTE the management action of £36.0m identified to bring the Council to a balanced position.
- c) APPROVE the procurement of external support via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term
- d) NOTE the structural budget deficits in both ASCH and CYPE.
- e) NOTE the projected Schools' monitoring position of £15.7m overspend.
- f) NOTE the progress on the delivery of £65.3m savings and increased income
- g) NOTE the forecast Capital monitoring position of £106.4m underspend
- h) AGREE the Capital budget adjustments
- i) NOTE the Prudential Indicators report
- j) NOTE the Reserves monitoring position
- k) DELEGATE authority, in relation to recommendation c, to the s151 Officer to, in consultation with the Leader of the Council, to negotiate, finalise and enter into relevant contracts to implement the required contract award
- l) 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 in line with the actions and arrangements set out in the decision documentation.

1. Introduction

1.1 The September 2023-24 budget monitoring report being presented sets out the revenue and capital forecast position.

2 Revenue and Capital Budget Monitoring Report – September 2023-24

2.1 The attached report sets out the overall forecast position as at 30 September 2023-24, which is a revenue overspend of +£36.0m before management action and additional grant, and a capital underspend of -£106.4m.

2.2 2023-24 continues to be an extremely challenging time for local government and KCC is no exception. The latest revenue forecast outturn position for 2023-24 before further management action is an overspend of £36.0m (excluding schools). The forecast overspend represents 2.7% of the revenue budget and presents a serious and significant risk to the Council's financial sustainability if it is not addressed as a matter of urgency. Within the overall outturn position there are still significant forecast overspends in Adult Social Care & Health totalling £30.4m and in Children's, Young People and Education totalling £28.1m, before management action. Work has continued to identify and implement further management action that can be taken immediately in the current year, and over the medium term and is included in this report and in the "Securing Kent's Future" budget recovery plan.

2.3 The Schools' Delegated budgets are reporting an overspend of +£15.7m. This reflects the impact of high demand for additional SEN support and greater demand for specialist provision. In 2022-23 the Council entered into a "Safety Valve" agreement with the Department for Education (DfE) and the accumulated DSG deficit will reduce from an estimated £174m to £73m as at 31st March 2024 as a result of contributions from the Council and DfE.

3. Recommendation(s)

Cabinet is asked to:

- a) NOTE the forecast Revenue and Capital position.
- b) NOTE the management action of £36.0m identified to bring the Council to a balanced position.
- c) APPROVE the procurement of external support via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term
- d) NOTE the structural budget deficits in both ASCH and CYPE.
- e) NOTE the projected Schools' monitoring position of £15.7m overspend.
- f) NOTE the progress on the delivery of £65.3m savings and increased income
- g) NOTE the forecast Capital monitoring position of £106.4m underspend
- h) AGREE the Capital budget adjustments

i) NOTE the Prudential Indicators report

j) NOTE the Reserves monitoring position

k) DELEGATE authority, in relation to recommendation c, to the s151 Officer to, in consultation with the Leader of the Council, to negotiate, finalise and enter into relevant contracts to implement the required contract award

l) 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 in line with the actions and arrangements set out in the decision documentation.

4. Contact details

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