Finance Monitoring Report

As at September 2023-24

By Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford
Corporate Director Finance, Zena Cooke
Corporate Directors

To Cabinet – 30 November 2023

Unrestricted

Contents

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1 Introduction

This report sets out an update of the Council's financial position as at the end September 2023 (Quarter 2). The Quarter 1 position was reported to Cabinet on 5th October with a forecast overspend of £37.3m before management action. The latest revenue forecast outturn position for 2023-24 before further management action is an overspend of £36.0m (excluding schools), a small reduction of £1.3m since the last reported position. The forecast overspend represents 2.7% of the revenue budget and continues to present 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. The overspend is reduced to bring the forecast outturn to within budget by the end of the financial year as a result of planned management action totalling £36.0m.

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. It is essential that the remaining management action is delivered to reduce the 2023-24 forecast outturn to a balanced position to prevent the need for drawdown from reserves at year end which would further weaken the council's financial resilience and increase the requirement to replenish reserves in the succeeding years. The majority of the management action is related to one-off measures, which means those spending reductions will not flow through into the 2024-25 budget position. Furthermore, the full year recurring impact of the variance against the budget in 2023-24 will need to be reflected as spending requirements in 2024-25 budget.

The initial draft revenue budget for 2024-25 and medium-term financial plan 2024-27 has been published for the start of the scrutiny process. This shows gaps in each financial year between forecast available funding from local taxation and the local government finance settlement and spending forecasts after savings, income generation and changes in reserves. The gap for 2024-25 is the most significant and will need to be closed through further savings, income and importantly future cost increase avoidance. It is essential that the gap is not increased by further overspends in the current year which would need to be factored into the final draft budget or from the need to replenish further drawdown from reserves. An updated 2023-24 position based on the end of October forecasts will be confirmed in the next few weeks; this will take account of the management actions now included in the forecast and any other changes to the forecast, particularly the latest underlying position in our people-based services.

Detailed analysis of the main areas of overspend has been and continues to be undertaken to fully identify the underlying causes, the degree of common features with the pressures experienced by other councils and how these will be mitigated. The Council has further limited spending controls to avoid spending wherever possible based on specific criteria to focus on the most essential activities and priorities until the financial position is brought under control and stabilised. The outcome of the analysis, the related actions and progress to date in reducing the forecast overspend is presented in this report.

The recovery plan to reduce the forecast for 2023-24 and the budget gap for 2024-25 is being monitored weekly. Spending trends are reviewed and reported on a weekly basis. If sufficient spending reductions are not achieved within the next reporting period and the direction of travel is not positive, then further more stringent spending controls will be implemented.

Revenue and Capital budget adjustments are also included which require Cabinet approval.

1.1	The overall Revenue forecast before management action is +£36.0m overspend.	The Revenue General Fund projected year end position is a net overspend of +£36.0m. Overspends are forecast in CYPE and ASCH with underspends in DCED, CED, NAC and GET. The largest overspends are +£30.4m (5.8%) in ASCH and +£28.1m (7.8%) in CYPE. NAC including Corporately Held Budgets is forecasting an underspend of -£15.5m, DCED is forecasting an underspend of -£2.5m, CED is forecasting an underspend of -£0.3m and GET is

1 Introduction

		forecasting an underspend of -£0.2m. Details can be found in the individual directorate sections. The recurring full year impacts of over and underspends will need to be reflected in 2024-25 budget.
1.2	There is £36.0m of planned management action.	The overspend is reduced to bring the forecast outturn to within budget by the end of the financial year as a result of planned management action totalling £36.0m. Until this action has been implemented and delivered there will continue to be a reported overspend before planned management action. £11.8m has been identified by ASCH, £2.0m in CYPE and £0.9m in CED. All identified management actions in GET & DCED are now included in the forecast. £21.3m is to be met from limiting spend across the council using strict spending criteria and will be removed across all directorates. Details of the management action can be found in section 12.
1.3	The Schools' Delegated Budgets are reporting an +£15.7m overspend.	The overspend position is +£15.7m. The forecast in year deficit on the High Needs budget is +£45m due to a combination of higher demand for additional SEN support and higher cost per child resulting from the use of more 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. The Council's contributions for 2023-24 will have to be met through a transfer from other reserves which will reduce usable revenue reserves and means the Council is less resilient to withstand unexpected circumstances and costs.
1.4	The Capital budget forecast is a net underspend of -£106.4m.	The net underspend is made up of +£5.7m real overspend and -£112.1m slippage, which represents £28% of the budget. £28m of the rephasing relates to borrowing and will save approximately £2m of debt costs in 2024-25. The largest real variance is an overspend of +£12.4m in GET. Details can be found in the capital sections. The major slippage is -£67.4m in GET and -£32.7m in CYPE. Details can be found in the capital sections.

2 Recommendations

Cabinet is asked to:

2.1	Note the forecast revenue monitoring position of £36.0m overspend before management action	Please refer to sections 3 to 9 for details
2.2	Consider and note the management action of £36.0m identified to bring the Council to a balanced position	Please refer to sections 3 and 12 for details
2.3	Consider and note the structural budget deficits in both ASCH and CYPE	Please refer to sections 3 to 9 for details
2.4	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.	Please refer to sections 4 and 5 for further details
2.5	Note the projected Schools' monitoring position of £15.7m overspend	Please refer to section 10 for details
2.6	Consider and note the progress on the delivery of £65.3m savings and increased income	Please refer to section 11 for details
2.7	Note the forecast Capital monitoring position of £106.4m underspend	Please refer to Section 13 for details
2.8	Note and agree the Capital budget adjustments	Please refer to Section 14 for details
2.9	Note the Prudential Indicators report	Please refer to Appendix 2 for details
2.10	Note the Reserves monitoring position	Please refer to Appendix 3 for details

2 Recommendations

2.11 In relation to 2.4, delegate authority 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

2.12 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.

3 Revenue

General Fund projected +£36.0m overspend
Dedicated Schools Grant (DSG) +£15.7m overspend

General Fund

Forecast position as overspend/(underspend)

Directorate	Revenue Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Last reported position	Movement (+/-)
	£m	£m	£m	£m	£m
Adult Social Care & Health	527.5	557.9	30.4	25.8	4.6
Children, Young People & Education	360.9	389.0	28.1	28.5	(0.3)
Growth, Environment & Transport	195.5	195.3	(0.2)	0.8	(1.0)
Deputy Chief Executive Department	84.6	79.1	(5.5)	(2.6)	(2.9)
Chief Executive Department	34.1	32.7	(1.4)	(0.3)	(1.0)
Non Attributable Costs	115.9	100.2	(15.8)	(15.2)	(0.6)
Corporately Held Budgets	(0.3)	0.0	0.3	0.3	0.0
General Fund	**1,318.3**	**1,354.2**	**36.0**	**37.3**	**(1.3)**
Ringfenced Items					
Schools' Delegated Budgets	0.0	15.7	15.7	11.7	4.0
Overall Position	**1,318.3**	**1,369.9**	**51.6**	**49.0**	**2.7**

Position after management action:

General Fund

Directorate	Revenue Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Management Action	Updated Net Revenue Variance
	£m	£m	£m	£m	*£m*
Adult Social Care & Health	527.5	557.9	30.4	(11.8)	18.6
Children, Young People & Education	360.9	389.0	28.1	(2.0)	26.1
Growth, Environment & Transport	195.5	195.3	(0.2)	0.0	(0.2)
Deputy Chief Executive Department	84.6	79.1	(5.5)	0.0	(5.5)
Chief Executive Department	34.1	32.7	(1.4)	(0.9)	(2.3)
Non Attributable Costs	115.9	100.2	(15.8)		(15.8)
Corporately Held Budgets	(0.3)	0.0	0.3	(21.3)	(21.0)
General Fund	1,318.3	1,354.2	36.0	(36.0)	(0.0)
Ringfenced Items					
Schools' Delegated Budgets	0.0	15.7	15.7		*15.7*
Overall Position	**1,318.3**	**1,369.9**	**51.6**	**(36.0)**	**15.7**

General Fund

The General Fund forecast position is a net overspend of +£36.0m, with significant overspends in Adult Social Care & Health of £30.4m and Children, Young People and Education of £28.1m. The projected overspend represents 2.7% of the Revenue Budget and presents a serious and significant risk to the Council's financial sustainability and resilience if it is not addressed. The majority of the planned management action to bring the general fund back into balance is from one-off measures which means these spending reductions will not flow through into 2024-25. The full year recurring impact of the variances against the 2023-24 budget will need to be reflected as spending requirements in 2024-25 budget, emphasising the importance of reducing recurring spend as much as possible.

Non Attributable Costs is showing a forecast underspend of -£15.8m. £7m relates to the recalculation of debt charges (£8m less £1m contribution to emergency capital works reserves), of which £4.0m is recurring and included in initial draft 2024-25 budget, and £6.9m is the estimated impact of the increase in the Bank of England base rate on the net debt costs budget since setting the budget in February, leading to a significantly higher forecast income return on investments.

Management action of £36m is planned to bring the budget back into balance by the end of the financial year but not yet fully delivered. The £21.3m management action shown against Corporately Held Budgets relates to cross cutting reductions to non committed spend and is removed across all directorates. To deliver this will require a relentless focus across the whole Council and further spending controls have been introduced to avoid or minimise spending wherever possible based on specific criteria to focus spending on the most essential activities and priorities until the financial position is brought under control and stablished. Close monitoring will be undertaken each month to ensure the actual spend is coming down as set out in the budget recovery plan and if sufficient spending reductions are not achieved within the next reporting period then further more stringent spending controls will be implemented. More detail of the planned management action can be found in Section 12.

The position after assumed management action takes us to a balanced position. This is based on the forecast position as at the end of September. We will have a more detailed updated position based on the end of October forecasts in the next few weeks; this will take account of the management actions now included in the forecast and any other changes, particularly the latest underlying position in our people-based services.

The forecast position for Adult Social Care is due to increased demand especially in older person's residential and nursing care, supported living for younger adults alongside increases in the costs for those new people receiving care. Some of the savings have also been delayed and a proportion will need to be reprofiled due to the need to consult and also to align with the forthcoming retenders of contracts. Additional capacity has been commissioned to enhance this retendering process, and this report seeks approval to secure further external support from transformation partners to help address the structural deficits and deliver substantial future cost reductions in the areas of biggest overspend i.e. adult social care, children's services and home to school transport, at the earliest possible opportunity.. Further management action has been identified to offset some of this increase and focuses on the main areas of growth such as residential care and supported living. More detail on the management action is available in section 12.

Schools' Delegated Budgets

The projected overspend for 2023-24 is +£15.7m, of which +£14.5m relates to the DSG deficit and +£1.2m against Individual School reserves relating to academy conversions.

The cumulative DSG deficit will increase from £61.4m to £75.8m by the end of 2023-24. This is a combination of the in-year DSG overspend of +£43.1m which is almost entirely due to an increase in the High Needs budget deficit; and Safety Valve contributions from the Council and DfE of -£14.4m and -£14.2m respectively. The council's contribution for 2023-24 will have to be met through a transfer from other reserves which will reduce usable revenue reserves and means the council is less resilient to withstand unexpected circumstances and costs. Contributions from 2024-25 are included in the initial draft budget proposals and consequently add to the savings requirement and budget gap. For more information, please refer to section 10.

4 Adult Social Care & Health

General Fund forecast +£30.4m overspend

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Adult Social Care & Health Operations	488.4	528.4	40.0	*31.8*	*8.2*
Strategic Management & Directorate Budgets (ASCH)	29.1	20.7	(8.5)	*(6.1)*	*(2.3)*
Strategic Commissioning (Integrated and Adults)	0.0	0.0	0.0	*(0.0)*	*0.0*
Public Health	0.0	0.0	0.0	*0.0*	*0.0*
Business Delivery	10.0	8.8	(1.2)	*0.1*	*(1.3)*
Adult Social Care & Health	**527.5**	**557.9**	**30.4**	***25.8***	*4.6*

The Adult Social Care & Health directorate has a forecast net overspend of +£30.4m

Management action has been identified to reduce the overall overspend – the detail of the management action is set out in section 12. The management action will need to be delivered to get the Council to a balanced position and it is the recurring actions that will help the 2024-25 position. The recurring management actions, the savings proposals and the reductions in cost drivers for adult social care are key to reducing the structural deficit and avoiding future costs. As stated in the Budget Recovery Plan within Securing Kent's Future, external support is required to help deliver the level of service transformation and cost reduction required over the medium term financial plan period and it is proposed that a procurement of external support via a PCR Compliant Neutral Vendor Framework is undertaken to secure an external partner as set out in the recommendations for Cabinet. External support will also be needed for children's social care and home to school transport, with a combined approach to transform services for young people transitioning from Children's Services to Adult Social Care. It is expected that the majority of the savings and future cost reductions will be delivered by 2025-26.

The Adult Social Care & Health Operations division is forecasting a net overspend of +£40.0m which is predominately due to Older People Residential Care Services which is forecasting a net overspend of +£13.1m and Younger People in Supported Living £13.8m.

Details of the significant variances on the General Fund are shown below:

Key Service (Division)	Variance	Summary	Detail
Older People - Residential Care Services (Adult Social Care & Operations)	+£13.1m	Inflationary pressures beyond budgeted levels	+£11.7m of this overspend is driven by costs of older people accessing residential and nursing care services, where the average cost of 'beds' is continuing to increase due to new placements being made at a higher cost than those leaving care. It is considered that this is in part due to the current hospital discharge process, which is being reviewed as part of management action to ensure costs are shared appropriately between social care and health. Other pressures on this service line include a +£0.4m increase in contributions to the provision for bad and doubtful debts, and +£2.8m from costs relating to the previous financial year due to additional backdated client activity. Pressures on this service line have been offset by -£1.8m released from centrally held funds.
Adult Learning Disability - Community Based Services & Support for Carers (Adult Social Care & Operations)	+£8.0m	Increases in Supported Living care packages	+£7.7m of the overspend relates to clients receiving supported living services which is driven in the main by increased activity in terms of hours of support being provided as well as average costs being higher than anticipated, which in part will be due to continued use of non-framework providers. A review of the use of non-framework providers is being undertaken as part of the management action. Other pressures include +£1.3m across other community services, predominantly day services, and +£1.3m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.6m released from centrally held funds, and -£1.7m from 22-23 unrealised creditors.
Adult Physical Disability - Community Based Services (Adult Social Care & Operations)	+£7.8m	Increases in Supported Living care packages	+£6.6m of the overspend relates to clients receiving supported living services with higher cost packages, and +£2.0m overspend relates to pressures across other community services, predominantly homecare which is seeing an increase in the average number of hours being provided. This service line is also partly offset by an underspend against Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services, where a service restructure has resulted in lifespan pathway and autism clients no longer being recorded separately for budget monitoring purposes. The repurchasing of these services is still to be finalised before cash limits can be realigned to match where spend is now recorded.

			Other pressures include +£0.5m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.3m released from centrally held funds, and -£1.0m from 22-23 unrealised creditors.
Adult Mental Health - Community Based Services (Adult Social Care & Operations)	+£5.6m	Increases in Supported Living care packages	+£4.5m of the overspend relates to clients receiving supported living care packages, including an increase in average hours provided per client to meet more complex needs. Other pressures include +£1.0m across other community services, and +£0.9m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.2m released from centrally held funds, and -£0.6m from 22-23 unrealised creditors.
Older People - Community Based Services (Adult Social Care & Operations)	+£3.6m	Increases in Homecare packages	+£6.1m overspend relates to homecare services where there has been an increase in both the number of people receiving homecare services and an increase in the average number of hours of support provided. Further to this there is also an increase in average costs which is higher than anticipated, most likely due to the on-going use of non-framework providers who are typically higher cost. A review of the use of non-framework providers is being undertaken as part of the management action. Other pressures include +£3.2m from savings which are no longer anticipated to be achieved, and a +£0.2m increase on contributions to the provision for bad and doubtful debts. The above pressures are offset by a forecast underspend of -£2.5m across other older people community services, -£1.6m from 22-23 unrealised creditors, and -£1.7m released from centrally held funds.
Adult Physical Disability – Residential Care Services (Adult Social Care & Operations)	+£3.0m	Inflationary pressures beyond budgeted levels	+£2.8m overspend relates to clients accessing nursing and residential care services, with increases in activity and average cost of packages exceeding budgeted levels. Other pressures include +£0.2m from savings no longer anticipated to be achieved.
Adult Mental Health – Residential Care Services (Adult Social Care & Operations)	+£2.6m	Inflationary pressures beyond budgeted levels	+£2.3m overspend relates to clients accessing nursing and residential care services, with increases in activity and average cost of packages exceeding budgeted levels. Other pressures include +£0.3m from savings no longer anticipated to be achieved.

Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services (Adult Social Care & Operations)	-£6.0m	Pending realignment of budgets following division restructure	-£6.0m underspend due to service restructure where lifespan pathway and autism clients are no longer recorded separately for budget monitoring purposes. Cash limits are being realigned to match where spend is now recorded.
Provision for Demographic Growth - Community Based Services (Strategic Management & Directorate Budgets (ASCH))	-£8.2m	Release of centrally held funds.	This is the release of centrally held funds to partly offset pressures across ASCH operations.

5 Children, Young People & Education

Forecast Variance

	Budget £m	Revenue Forecast Outturn £m	Net Revenue Forecast Variance £m	*Last reported position (Jun) £m*	*Movement (+/-) £m*
Integrated Children's Services (Operations and County Wide)	264.7	277.8	13.1	*16.1*	***(3.0)***
Education & Special Educational Needs	94.3	109.4	15.1	*12.5*	***2.6***
Strategic Management & Directorate Budgets (CYPE)	1.9	1.8	(0.1)	*(0.2)*	***0.1***
Children, Young People & Education	**360.9**	**389.0**	**28.1**	***28.5***	***(0.3)***
Earmarked Budgets Held Corporately	-0.2	0.0	0.2	***0.0***	***0.2***
Net Total incl provisional share of CHB	**360.8**	**389.0**	**28.3**	**28.5**	**(0.2)**

The Children, Young People & Education directorate is forecasting to be overspent by +£28.1m, an improvement of £0.3m on the previously reported position. The main movements are lower than previously forecast cost for the increased number of children in care, and lower forecast overspend for young disabled adults (supported living, direct payments and daycare). The reduced overspends in integrated children's services are partly offset by increases in home to school transport and agency staffing in the Special Education Needs division.

Integrated Children's Services (Operations and County Wide) is forecasting a net overspend of +£13.1m, predominately in Looked After Children Care & Support, which is forecasting an overspend of +£11.4m. Education and Special Educational Needs are forecasting a net overspend of £15.1m, +£11.4m of which relates to Home to School & College Transport.

Earmarked Budgets Held Corporately relates to an estimated saving from increased fees and charges following the adoption of a revised fees and charges policy. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller assessment of full cost, and these need to be brought forward to deliver the saving.

Management action has been identified to reduce the overall overspend – the detail of the management action is set out in section 12. The management action will need to be delivered to get the Council to a balanced position and it is the recurring actions that will help the 2024-25 position. The recurring management actions, the savings proposals and the reductions in cost drivers for children's social care and home to school transport are key to reducing the structural deficit and avoiding future costs. As stated in the Budget Recovery Plan within Securing Kent's Future, external support is required to help deliver the level of service transformation and cost reduction required over the medium term financial plan period and it is proposed that a procurement of external support via a PCR Compliant Neutral Vendor Framework is undertaken to secure an external partner as set out in the recommendations for Cabinet. External support will also be needed for Adult Social Care, with a combined approach to transform services for young people transitioning from Children's Services to Adult Social Care. It is expected that the majority of the savings and future cost reductions will be delivered by 2025-26, but home to school transport the external partner will be tasked with identifying immediate savings and future cost avoidance to impact the 2024-25 budget.

Details of the significant variances on the General Fund are shown here:

Key Service (Division)	Variance	Summary	Detail
Looked After Children Care & Support (Integrated Children's Services)	+£10.9m	Increase in number and cost of looked after children.	The number of Looked After Children (excluding Unaccompanied Asylum-Seeking Children) continued to rise during the latter part of 2022-23 whereas it had been anticipated these numbers would stabilise and start to reduce as the delays in the courts started to clear. Due to the ongoing challenges of recruiting in- house foster carers, children are being placed in increasingly more expensive alternatives including independent fostering agencies, unregulated semi-independent placements or residential care. Pressures in the market for suitable children's social care placements are also causing the costs of placements to rise at a higher rate than inflation, compounded by placements made by other Local Authorities in the County and UASC numbers. The number of looked after children reached a peak at the end of April and has started to slowly reduce although not at the pace provided for in the budget. The forecast assumes the costs of placements will continue to rise and the number of LAC remains relatively constant leading to an overall pressure of £9.0m. Invicta Law have increased their prices but have not been able to match this with efficiencies leading to a possible cost pressure around £1.0m, the remaining £1.0m overspend assumes spend will continue to remain at a higher level during 2023-24.
Looked After Children (with a disability) – Care & Support (Integrated Children's Services)	+£0.5m	Increase cost of looked after children	The number of children supported has increased with a greater proportion being supported in more cost-effective fostering solutions, however this saving is being offset by the higher than budgeted average cost of residential and semi-independent placements.
Adult Learning & Physical Disability Pathway – Community Based Services (Integrated Children's Services)	+£2.9m	Increased cost of Supported Living, Direct Payments and Day Care	The number of supported living, direct payments and homecare packages have remained relatively static, however the average cost of packages continues to increase. The forecast assumes trends in both numbers and cost of support will continue to rise in a similar way as 2022-23, whilst savings are expected to take longer to realise than initially anticipated. The service has seen a reduction in the use of residential care (see compensating saving) but this has resulted in higher packages of community support contributing to the higher cost.

Home to School & College Transport (Education & Special Educational Needs)	+£11.4m	Increases in demand and costs of transport contracts	The forecast includes +£2.4m overspend on mainstream home to school transport and +£8.9m on SEN transport services. Forecasts have been based on the current cost of transport. The average cost of both mainstream and SEN transport has continued to increase higher than inflation leading to an estimated pressure of £1.0m and £8.9m respectively, as a result of transport requirements and capacity limitations. The forecast assumes the number of children requiring SEN transport will continue to increase in line with historic trends with the number travelling assuming to increase by around 8%. This is a consequence of the higher EHCP numbers and greater number of children with SEN not being educated in their local school. Work to slow this trend is underway but it is not expected to impact significantly in the short term and this has been reflected in the budget plans. The mainstream home to school transport forecast reflects the full year effect of the increasing costs of transporting children in 2022-23, resulting from a combination of increasing numbers of children travelling during the Autumn and Spring Term coupled with the use of more expensive hired transport (+£1.2m). The forecast assumes the numbers travelling will continue to remain high leading to a further +£0.2m pressure. Further updates to this forecast will be made once the September & October actual pupil numbers are known.
Other School Services (Education & Special Educational Needs)	+£1.9m	Use of temporary school accommodation. Increased cost of legal services and costs of surveys in schools	Delays in basic need projects have resulted in use of more temporary accommodation to ensure sufficient school places are available (+£1.3m). In addition, an initial pressure of +£0.6m for other school related costs has been based on historic trends including feasibility costs associated with capital surveys to inform future additional works, RAAC surveys (which cannot be charged to Department of Education), and costs relating to capital works that are no longer progressing. This is an estimate only as these costs tend to be one-off and so will be reviewed regularly in future forecasts.
Educational Needs & Psychology Services (Education & Special Educational Needs)	+£1.9m	Use of agency staff to support delivery of Accelerated Progress Plan	To support the delivery of the Accelerated Progress Plan, the service is using agency staff to create additional capacity to support the implementation of the new SEN operating model and support permanent staff recently recruited to the new structure. This includes additional support for the processing of both annual reviews and Education, Health and Care Plan (EHCP) assessments.

Adult Learning & Physical Disability Pathway – Residential Care Services & Support for Carers (Integrated Children's Services)	-£1.3m	Reduction in the number of residential care placements	The number of residential care placements has continued to reduce where young people are preferring to live in the community with support. This saving partially offsets the pressure on community services outlined above.
Children in Need (Disability) – Care & Support (Integrated Children's Services)	+£2.2m	Daycare & direct payments trend in spend and delay in achieving savings	The cost of packages for disabled children continued to increase in the latter part of 2022-23 due to additional support required, whilst savings assumed the costs and numbers would start to stabilise and reduce where packages started to return to pre-COVID levels.
Children's Social Work Services – Assessment & Safeguarding Service (Integrated Children's Services)	-£1.0m	Savings on the costs of agency staff.	The costs of agency staff have not increased in line with inflation as anticipated leading to a possible saving of £0.6m. The remaining underspend of £0.4m relates to various vacancies and reductions in non-staffing spend across the service.
Children's Centres (Integrated Children's Services)	-£1.3m	Upskilling Children Centre workforce to deliver Family Hub outcomes	Children Centre workforce are receiving additional training and upskilling (funded by the DfE Family Hub grant) to deliver outcomes as required under the DFE Family Hub programme; providing KCC with an enhanced skilled workforce to ensure future sustainability of our Family Hub model within Kent. We are recruiting interim staff to ensure the smooth running of the Family Hubs during the transitional period. This has resulted in a one-off underspend of £1.1m due to the timing of provision of the training versus the recruitment of the interim staff. The balance of £0.2m relates to other vacancies and underspends on non-staffing spend.

6 Growth, Environment & Transport

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
		Forecast Variance			
	£m	£m	£m	*£m*	*£m*
Highways & Transportation	70.6	68.8	(1.8)	*(0.5)*	*(1.3)*
Growth & Communities	31.1	30.4	(0.7)	*0.2*	*(0.9)*
Environment & Circular Economy	92.3	94.7	2.4	*1.1*	*1.2*
Strategic Management & Directorate Budgets (GET)	1.4	1.3	(0.1)	*(0.0)*	*(0.1)*
Growth, Environment & Transport	**195.5**	**195.3**	**(0.2)**	***0.8***	*(1.0)*
Earmarked Budgets Held Corporately	-0.3	0.0	0.3	0.0	*0.3*
Net Total incl provisional share of CHB	195.2	195.3	0.1	0.8	(0.7)

The Growth, Environment & Transport Directorate is projected to be underspent by -£0.2m. All services/budgets across the directorate will continue to review their staffing and spend levels to ensure only essential spend is incurred and income/activity levels will continue to be reviewed and reflected, as and when such opportunities are identified.

Earmarked Budgets Held Corporately relates to an estimated saving from increased fees and charges following the adoption of a revised fees and charges policy by County Council. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller evaluation of full costs, at this stage, no such decisions over and above what was already reflected in the MTFP, have yet been presented or taken.

GET identified £1.5m of management action and this has been delivered in full, some areas such as income and vacancy management are actually over-delivering, with all recurring impacts also reflected in the draft budget for 2024-25.

Details of the significant variances on the General Fund are shown below:

Key Service (Division)	Variance	Summary	Detail
Waste Facilities & Recycling Centres (Environment & Circular Economy)	+£2.2m	Delayed HWRC saving, plus increased volumes of waste	Part of the projected overspend is due to the proposed consultation on the review of HWRC sites (Waste) being delayed (+£0.5m). The overspend is the non-delivery of the 2023-24 part-year effect of the planned 2-year £1.5m budget reduction. In addition, there was a savings target from Reuse and Small Business trade waste. Reuse activities have been delivered; however, to meet the full target requires investment of capital to develop a shop facility. There is no capital finance for this which has resulted in an overspend this year (+£0.2m). Small Business trade waste is an ongoing project with active plans of work to develop small trade waste through the districts/contractors at Dover Transfer Station and Dunbrik through Sevenoaks District Council. Strikes have disrupted any opportunity to

			introduce a small business waste service at the Canterbury HWRC (already permitted to take trade waste). Environmental permits for other HWRCs can only be pursued once the HWRC Review has been concluded, which as set out above has been delayed. It is taking the Environment Agency circa one year to issue variations on current permits. An overspend has arisen this year as a result (+£0.2m). Increased prices on the Material Recycling Facilities contract have resulted in an overspend (+£0.8m). These are highly variable and based on market commodity prices and volumes of materials. There is also an overspend within haulage where prices are higher than budgeted (+£0.7m). These are offset in part by a net underspend on other prices (-£0.3m).
Residual Waste, (Environment & Circular Economy)	+£0.1m	Increased tonnes offset by lower than budgeted price	An overspend primarily resulting from additional tonnes (+£0.5m) is offset by a reduced price for Allington Waste to Energy plant, as the contractual uplift based on April RPI was lower than the budgeted estimate (-£0.6m).
Highways & Transportation Divisional Management Costs (Highways & Transportation)	-£0.3m	Additional income and other minor variances	Additional grant income within the Public Transport budget, plus vacancies and other minor variances.
Growth and Support to Businesses (Growth & Communities)	-£0.3m	Vacancy management and other minor variances	Underspend primarily resulting from vacancy management and other minor variances.
Libraries Registration & Archives (Growth & Communities)	-£0.3m	Additional Registration income	Continued high levels of Registration income (-£0.4m).
Highway Assets Management (Highways & Transportation)	-£0.4m	Favourable energy prices and income offset by price uplift and additional activities	The main reason for this variance is an underspend on Streetlight and Tunnels energy following confirmation of a reduced summer price for electricity plus estimated savings on the winter rate for the proportion of energy that has already been purchased; both are below budgeted rates (-£2.4m). This higher than required budget allocation, together with additional income (-£0.9m), more than offset projected price uplifts in the Highways Term Maintenance Contract and Winter Service (+£1.4m), and additional activities for tunnels and structures (+£0.7m) and highways (+£0.7m).
Transportation (Highways & Transportation)	-£0.5m	Management actions and other minor variances	The implementing of management actions, primarily vacancy management and reducing spend in areas such as traffic modelling, together with additional

			income and reduced energy costs for traffic signals, have helped to create a forecast underspend.
English National Concessionary Travel Scheme (ENCTS) (Highways & Transportation)	-£0.6m	Activity and price below budgeted level	The underspend results from a combination of lower journey numbers, with usage not recovering as quickly as anticipated, together with a lower than budgeted increase in price.

7 Deputy Chief Executive's Department

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Infrastructure	8.6	7.7	(1.0)	*0.0*	***(1.0)***
Strategic Management & Departmental Budgets (DCED)	5.4	5.1	(0.3)	*(0.0)*	***(0.2)***
Technology	25.5	25.2	(0.3)	*(0.0)*	***(0.3)***
Corporate Landlord	33.1	29.2	(3.8)	*(2.5)*	***(1.3)***
Marketing & Resident Experience	6.8	6.9	0.1	*0.0*	***0.1***
Human Resources & Organisational Development	5.3	5.1	(0.2)	*(0.1)*	***(0.1)***
Deputy Chief Executive's Department	**84.6**	**79.1**	**(5.5)**	***(2.6)***	***(2.9)***
Earmarked Budgets Held Corporately	-0.1	0.0	0.1	0.0	*0.1*
Net Total incl provisional share of CHB	84.6	79.1	(5.5)	(2.6)	(2.9)

The Deputy Chief Executive's Department is forecasting to underspend by -£5.5m.

Details of the significant variances on the General Fund are shown here:

Key Service (Division)	Variance	Summary	Detail
Corporate Landlord	-£3.8m	Utilities underspend due to revised price variance.	This variance is principally due to a reduced utilities forecast of -£3m, the budget for utilities was calculated using estimates from our utilities provider (Laser). The forecasts have been reduced due to a reduction in wholesale energy prices. Additionally, there is a one – off credit from rates revaluations.
Infrastructure	-£1.0m	Vacancy management	Management action to reduce spend. Rephase of the appointments to new posts.
Strategic Management and Departmental Budgets (DCED)	-£0.3m	Vacancy management	Vacancy management and reduced expenditure on specialist and consultancy spend.
Technology	-£0.3m	One – off saving on 3rd Party Contracts	The main reasons for this variance are: an underspend against 3rd Party Contracts largely due to decision not to renew Unified Support contract as a one-off saving in 2023-24, also a staffing underspend and reduced specialist fees spend on ICT Core Client, which are offset in part by increased

			costs on Mobile Handheld Devices as more devices are in circulation for hybrid working and increased Managed Print fixed costs.
Human Resources & Organisational Development	-£0.2m	Staff cost reduction due to AVC take up.	Forecast underspend represents a saving to KCC resulting from an increased take up of shared cost AVC.

8 Chief Executive's Department

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Finance	13.2	13.0	(0.1)	*(0.1)*	***(0.1)***
Strategic Commissioning	7.6	7.7	0.0	*(0.0)*	***0.0***
Governance, Law & Democracy	8.3	8.0	(0.3)	*(0.2)*	***(0.1)***
Strategy, Policy, Relationships & Corporate Assurance	5.4	4.7	(0.7)	*(0.0)*	***(0.6)***
Strategic Management & Directorate Budgets (CED)	(0.5)	(0.7)	(0.3)	*(0.0)*	***(0.3)***
Chief Executive's Department	**34.1**	**32.7**	**(1.4)**	***(0.3)***	***(1.0)***

The Chief Executive's Department is forecasting to underspend by -£1.4m.

Management action has been identified to reduce the overspend across the whole Council – the detail of the management action is set out in section 12. The management action will need to be delivered to get the Council to a balanced position with the actions that have a recurring impact helping to close the 2024-25 budget gap.

Details of the significant variance on the General Fund are shown below:

Key Service (Division)	Variance	Summary	Detail
Strategy, Policy, Relationships & Corporate Assurance	-£0.7m	Vacancy management	Management action to reduce spend by deferring appointments to new posts.
Governance, Law & Democracy (Governance & Law)	-£0.3m	Schools appeals, vacancy management and Members' travel.	The forecast underspend is in Governance and Law. There are three reasons: reduced costs of appeals due to the loss of some of the larger schools not using KCC, staff vacancy management, and reduced costs of Member's travel.
Strategic Management & Directorate Budgets (S&CS)	-£0.3m	Reduced early retirement costs.	This underspend is due primarily to reduced early retirement costs.
Finance	-£0.1m	One off salary recharge	Underspend due to a backdated recharge of salary costs to the Pension Fund.

9 Non-Attributable Costs

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	***Movement (+/-)***
			Forecast Variance		
	£m	£m	£m	*£m*	***£m***
Non Attributable Costs	115.9	100.2	(15.8)	*(15.2)*	***(0.6)***
Earmarked Budgets Held Corporately	0.2	0.0	(0.2)	*(0.2)*	***0.0***
Net Total incl provisional share of CHB	**116.1**	**100.2**	**(16.0)**	**(15.4)**	***(0.6)***

The Non-Attributable Costs are forecasting to be underspent by (£15.8m).

-£8m of the underspend relates to the annual recalculation of debt charges and is due to the decisions that Members have taken to limit borrowing and contain the capital programme, the significant levels of slippage of the capital programme in 2022- 23, and changes in interest rates. £8m can be released from the debt charges budget, £4m of this is on a recurring basis, with £4m as a one-off in 2023-24. £1m of the recurring saving has been agreed as an annual revenue contribution to a new capital reserve to meet the cost of emergency capital events, giving an overall saving of £7m this financial year. This saving does not impact our prudent Minimum Revenue Provision policy which is unchanged.

Details of the significant variances on the General Fund are shown below:

Key Service (Division)	Variance	Summary	Detail
Non-Attributable Costs	-£15.8m	Recalculation of debt charges and increase in forecast return from investments	-£7.0m relates to the recalculation of debt charges. -£6.9m is the estimated impact on the net debt costs budget of the increase in the Bank of England base rate since setting the budget, leading to a significantly higher forecast income return on investments. -£1.1m increase in Retained Business Rates levy for 2022-23 compared to the level of debtor raised at the end of the financial year. -£0.5m provisional adjustments for the 2022-23 and 2021-22 Business Rates Compensation Grants including Covid Additional Relief Fund, based on provisional NNDR3 information. In addition to the £15.8m underspend there are other significant items to report that have a net nil impact on the NAC projected position, as detailed below. Minimum Revenue Provision (MRP) has been recalculated based on assets completed in 2022-23. This has resulted in a saving of £0.3m. In line with usual practice, it is intended that this underspend is transferred to the MRP smoothing reserve to be used to fund future fluctuations in MRP, therefore there is no overall impact in the current year.

			A forecast overspend of £0.7m against the Insurance Fund mainly due to increased cost of premiums including Insurance Premium tax will be offset by a drawdown from the Insurance Reserve. The increase cost of the premiums will need to be factored into the 2024-27 MTFP as it is not sustainable to continue to fund this from reserves.
Corporately Held Budgets	-£0.2m	Uncommitted residual Pay Pot	Uncommitted residual pay pot after funding staff pay increases in accordance with policy.

10 Schools' Delegated Budgets

The Schools' Budget reserves are forecast to end the financial year with a surplus of £59.8m on individual maintained school balances, and a deficit on the central schools' reserve of £75.8m. The total Dedicated Schools' Grant for 2023-24 is £1,623.8m and is forecast to overspend by £43.1m.

The balances of individual schools cannot be used to offset the overspend on the central schools' reserve and therefore should be viewed separately.

The Central Schools' Reserve holds the balance of any over or underspend relating to the Dedicated Schools Grant (DSG). This is a specific ring-fenced grant payable to local authorities to support the schools' budget. It is split into four main funding blocks: schools, early years, high needs and central, each with a different purpose and specific rules attached. The Council is required to hold any under or overspend relating to this grant in a specific reserve and is expected to deal with any surplus or deficits through future years' spending plans. The tables below provide the overall position for the DSG in 2023-24 (table 1) and an overview of the movements on both the central schools' reserve and individual schools' reserves (table 2).

Table 1 Dedicated Schools' Grant (DSG) 2023-24 Forecast Summary:

DSG Block	2023-24 Total Budget* £m's	2023-24 Forecast £m's	2023-24 Forecast Variance £m's
Schools' Block	1,190.1	1,189.2	-0.9
High Needs Block	323.1	367.8	+44.7
Early Years Block	98.7	98.0	-0.7
Central Services to Schools' Block	11.9	11.9	0.0
Total DSG 2023-24	1,623.8	1,666.9	+43.1

*Before recoupment and other DFE adjustments including additional funding from the Safety Valve Programme. Budgets include the impact of moving £12m from the Schools' block to the High Needs Block as agreed by the Secretary of State.

Table 2: Overall Forecast Position for the Schools' Budget Reserves:

	Individual Maintained School Reserves £m's	Central Schools' (DSG) Reserve £m's
Reserve Balance as at 1st April 2023*	61.1	-61.4
Forecast contribution to/(from) reserves: Academy Conversions	-1.23	
Change in School Reserve Balances	0	
Overspend on DSG 2023-24		-43.1
Safety Valve: Local Authority Contribution		14.4
Safety Valve: Payment from DfE		14.2
Reserve Balance as at 31st March 2024*	59.8	-75.8

*Positive figure is a surplus balance & negative balance is a deficit balance

In accordance with the statutory override implemented by the Department of Levelling Up, Housing and Communities (DLUHC), and in line with the Department for Education (DfE) advice that local authorities cannot repay deficits on the DSG from the General Fund without Secretary of State approval, the central schools (DSG) forecast deficit balance of £75.8m is held in a separate unusable reserve from the main council reserves (see appendix 3). DLUHC have confirmed this statutory override will be in place until March 2026 whilst Council's implement recovery plans.

10 Schools' Delegated Budgets

In 2022-23, the Council entered the DfE's Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery; this includes annual funding from the DfE, totalling £140m by 2027-28, to pay off part of the deficit but only if the Council can demonstrate and deliver a credible plan. Over the same period the Council is also expected to contribute towards the residual deficit estimated to total over £80m. The DSG deficit is the Council's single biggest financial risk; therefore, the successful implementation of the Council's deficit recovery plan is critical. It is recognised, the Government's proposals to reform the SEND and alternative provision (AP) system to support a more sustainable high needs funding will not impact immediately and local actions are required.

In 2023-24, the Council is expecting to receive £14m from the DFE, the second tranche of the £140m safety valve commitment, with the Council required to contribute a further £14m from reserves. This additional funding, along with the extra funding from the DfE and the Council in 2022-23 will have reduced the accumulated deficit from an estimated £174m to £76m as at 31st March 2024.

Key Issues	Details
Individual Maintained Schools Reserves	As at 31st March 2023, there were 299 maintained schools with a surplus reserve balance and 5 schools with a deficit reserve balance. Maintained Schools are required to submit a six & nine-month monitoring return each financial year and these forecasts will be reported in future reports. The Council commissions The Education People to support Schools with their recovery plans. This forecast includes 8 schools converting to academy status during 2023-24. When a maintained school converts to an academy status, the council is no longer responsible for holding the schools' reserve and the school's remaining school balance is either transferred to the academy trust, or in the case of a deficit, may have to be retained and funded by the Council depending on the type of academy conversion.
Schools' Block: Underspend falling roll funding	The Schools' Block funds primary and secondary core schools' budgets including funding for additional school places to meet basic need or to support schools with significant falling rolls. The majority of the Schools' Block underspend is due to an anticipated underspend on the Falling Roll fund based on eligibility to access the fund.
Early Years Block: general underspend	The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds, along with the funding of some council led services for early years. Each year, when setting the funding rate an estimate must be made as to likely hours that will be provided to ensure it is affordable within the grant provided. This can lead to under or overspends if activity is slightly lower or higher than expected. This has led to an underspend of £0.7m against a budget of £98m, and in line with DFE guidance (on the use of DSG), this will be used to partly fund spend on the Early Years SEN Inclusion Fund, which is currently funded from the High Needs Block, and reduces the overspend on High Needs Block.
High Needs Block: Higher demand and higher cost for high needs placements.	The High Needs Block (HNB) is intended to support the educational attainment of children and young people with special educational needs and disabilities (SEND) and pupils attending alternative education provision. The HNB funds payments to maintained schools and academies (both mainstream and special), independent schools, further education colleges, specialist independent providers and pupil referral units. Some of the HNB is also retained by KCC to support some SEND services (staffing/centrally

Safety Valve Payment & Local Authority Contribution.

commissioned services) and overheads. Costs associated with the EHCP assessment and annual review process are met from the General Fund and are not included in this section of the report.

The in-year funding shortfall for High Needs placements and support in 2023-24 is +£45m due to a combination of both higher demand for additional SEN support and higher cost per child resulting from greater demand for more specialist provision. Levels of growth are expected to be similar to previous years whilst actions to support future financial sustainability are implemented.

Many other councils are also reporting deficits on their high needs block, despite extra monies from the Government in recent years, resulting from significant increases in their numbers of EHCPs and demand for SEN services. However, the increases locally have been increasing at a significantly faster rate than other comparative councils and the council is placing a greater proportion of children in both special and independent schools compared to other councils, and a smaller proportion of children with SEND in mainstream schools. The tables below detail the trend in both spend and number of HNB funded places or additional support across the main placement types.

Table 3: Total Spend on High Needs Block by main spend type

	20-21 £'ms	21-22 £'ms	22-23 £'ms	23-24 £'ms
Maintained Special School	106	123	137	152
Independent Schools	49	60	68	78
Mainstream Individual Support & SRP* **	46	54	61	67
Post 16 institutions***	17	19	21	23
Other SEN Support Services	49	43	48	48
Total Spend	264	299	334	368

Table 4: Average number of HNB funded pupils receiving individualised SEN Support/placements. This is <u>not</u> the total number of children with SEN or number of EHCPs.

	20-21 No	21-22 No	22-23 No	23-24 No
Maintained Special School	5,118	5,591	6,019	6,492
Independent Schools	1,126	1,348	1,485	1,610
Mainstream Individual Support & SRP*	4,510	5,258	5,772	6,407
Post 16 institutions***	1,281	1,453	1,569	1,662
Total Number of Pupils	12,035	13,650	14,845	16,171

Table 5: Average cost of HNB funded pupils receiving individualised SEN Support or placement cost.

	20-21 £s per pupil	21-22 £s per pupil	22-23 £s per pupil	23-24 £s per pupil
Maintained Special School	£20,629	£21,648	£22,640	£23,362
Independent Schools	£43,734	£44,799	£44,911	£48,758
Mainstream Individual Support & SRP* **	£10,294	£10,245	£10,578	£10,383
Post 16 institutions***	£13,309	£13,090	£12,927	£13,627

*Specialist Resource Provision
** Please note this data excludes any costs incurred by primary & secondary schools from their own school budget.
***Individual support for students at FE College and Specialist Provision Institutions (SPIs)

The Safety Valve agreement, sets out the key actions the Council intends to take to achieve a positive in-year balance on its central schools' DSG reserve by the end of 2027-28 and in each subsequent year. The actions are aligned with our strategy to support improvements across the SEN system in response to the SEN Improvement Notice through the delivery of the Accelerated Progress Plan. The impact of these actions will not be immediate and will take several years to be fully embedded.

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

The budget agreed at County Council included the requirement to deliver savings and increased income totalling £65.3m during 2023-24. A further £4.4m of undelivered savings from the previous year are included in the overall 2023-24 savings requirement of £69.7m. This section does not include changes to Grant Income of £34.7m, savings of less than £50k totalling £0.2m and £10.7m for the removal of one-off or undelivered savings from 2022-23. The breakdown of the position is as follows:

- £53.4m of the overall total £65.3m agreed savings are on track to be delivered as planned
- £4.4m of savings brought forward from the previous year are not now forecast to be delivered in year.
- The Public Health, CED and DCED savings for 2023-24 are £3.4m and are on track to be delivered
- The NAC overachieved saving of £6.5m relating to investment income saving is due to increases in the base interest rate.
- A net position of £18.7m is forecast for ASCH, CYPE, GET and CHB as not achieved in 2023-24 and will slip into future years
- £4.1m has been identified by ASCH, CYPE & CHB as undeliverable
- £7.2m of alternative one-off savings have been identified.

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	(4.4)	(30.0)	8.6		(2.0)		3.4		(24.4)
Public Health		(2.2)							(2.2)
Children, Young People & Education		(14.5)	6.2		(1.8)		0.2		(9.9)
Growth, Environment & Transport		(11.0)	3.9		(3.4)				(10.5)
Deputy Chief Executive's Department		(0.1)							(0.1)
Chief Executive's Department		(1.0)							(1.0)
Non Attributable Costs		(5.9)						(6.5)	(12.4)
Corporately Held Budget		(0.5)					0.5		0.0
Total	**(4.4)**	**(65.3)**	**18.7**	**0.0**	**(7.2)**	**0.0**	**4.1**	**(6.5)**	**(60.6)**

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	**(4.4)**	**(30.0)**	**8.6**	**0.0**	**(2.0)**	**0.0**	**3.4**	**0.0**	**(24.4)**
Commissioning - 2022-23 Slipped Savings - review of all contracts	(4.4)	0.0	4.4						0.0
Efficiency: Adult Social Care - Consistently adhere to our policy framework in relation to areas such as: Third Party Top Ups; arranging support and debt for self-funders; transport and maximisation of relevant benefits; use of in-house provision and occupancy to reduce reliance on external purchasing of short term beds; people in residential care in receipt of other services; timely reviews of Section 117 status with regard to charging		(1.3)	0.1						(1.2)
Income: Adult Social Care -Estimated annual inflationary increase in Better Care Fund		(2.3)							(2.3)
Income: Review of Charges for Service Users - existing service income streams & inflationary increases		(8.5)							(8.5)
Policy: Adult Social Care contracts with Voluntary Sector		(4.3)	3.2		(2.0)				(3.1)
Policy: Adult Social Care PFI		(0.2)	0.2						0.0
Policy: Housing Related Support - Homelessness		(2.3)							(2.3)
Policy: Redesign of In House Adult Social Care Services		(3.6)	0.7						(2.9)
Transformation: Adult Social Care service redesign - Redefine our Adult Social Care operating model to align to our strategic direction of travel and ambitions		(7.5)					3.4		(4.1)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Public Health	0.0	**(2.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(2.2)**
Efficiency: Public Health - Estimated efficiency savings from Public Health Partnership working with Health		(1.0)							(1.0)
Efficiency: Public Health - Healthy Lifestyles		(0.1)							(0.1)
Efficiency: Public Health - Sexual Health		(0.2)							(0.2)
Efficiency: Public Health - Substance Misuse		(0.1)							(0.1)
Income: Public Health - Increase in external income to cover annual pay increases and new expenditure funded by external income		(0.1)							(0.1)
Policy: Public Health - Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant		(0.4)							(0.4)
Policy: Public Health - Family Drug & Alcohol Court		(0.2)							(0.2)
Children, Young People & Education	0.0	**(14.5)**	**6.2**	**0.0**	**(1.8)**	**0.0**	**0.2**	**0.0**	**(9.9)**
Efficiency: Adult Social Care – Consistently adhere to our policy framework in relation to areas such as: Third Party Top Ups; arranging support and debt for self-funders; transport and maximisation of relevant benefits; use of in-house provision and occupancy to reduce reliance on external purchasing of short term beds; people in residential care in receipt of other services; timely reviews of Section 117 status with regard to charging		(0.3)	0.3						0.0

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Efficiency: Children's Services – Review of the Practice Development Service		(0.4)							(0.4)
Efficiency: Children's Services – Reconfigure the Family Drug & Alcohol Court Services into the main Children's Social Work Teams		(0.2)							(0.2)
Efficiency: 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		(1.0)	1.0						0.0
Efficiency: Community Learning & Skills – Development of income earning activities within the CLS service and engage in efficiency measures to reduce costs		(0.2)							(0.2)
Efficiency: 18-25 Adult Social Care Supporting Independence Service – 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		(1.8)	0.8						(1.0)
Efficiency: Early Help & Preventative Services – Expanding the reach of case holding Early Help services		(0.5)							(0.5)
Efficiency: Early retirements – Reduction in the number of Historic Pension Arrangements		(0.3)							(0.3)
Efficiency: Open Access – Youth & Children's Centres – Continue to implement vacancy management and avoid all non-essential spend across open access		(0.6)							(0.6)
Income: Kent 16+ Travel Saver		(0.3)	0.3		(0.3)				(0.3)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24 £m	2023-24 Target £m	Not achieved in 2023-24 £m	Alternative Saving (ongoing) £m	Alternative Saving (one-off) £m	Saving no longer required £m	Saving not Deliverable £m	Over Recovery of Saving £m	Forecast Savings 2023-24 £m
Income: Review of Charges for Service Users – existing service income streams & inflationary increases		(0.2)							(0.2)
Policy: Care Leavers – Pursue a policy where independence is reached by a Young Person's 19th birthday.		(0.7)	0.7		(0.7)				(0.7)
Policy: Integrated Children's Placements – Review of Integrated Looked After Children's Placements: Reduce dependence on high levels of additional support and seek enhanced contributions from health		(1.0)							(1.0)
Policy: Children's Services – Review Section 17 payments and only provide where the Council has a statutory responsibility or to avoid children coming into care		(0.2)					0.2		0.0
Policy: Disabled Children's Placements – Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health		(1.5)	0.8						(0.8)
Policy: Early Help & Preventative Services – Reconfigure the Positive Behaviour Service into the main Early Help Teams		(0.8)							(0.8)
Policy: Home to School Transport – Kent 16+ Travel Saver – Review the Kent 16+ Travel Saver scheme		(0.3)	0.3		(0.1)				(0.1)
Policy: Review of Open Access – Youth Services & Children's Centres -Ceasing of the Local Children's Services Partnership Grants		(0.6)							(0.6)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Policy: Review of Open Access – Youth Services & Children's Centres – review of open access services in light of implementing the Family Hub model		(0.2)	0.2		(0.2)				(0.2)
Policy: Review of Open Access Estate – Youth Provision & Children's Centres		(0.1)	0.1		(0.1)				(0.1)
Policy: Review Services Charged to Schools		(0.1)							(0.1)
Policy: 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		(0.8)	0.4		(0.4)				(0.8)
Transformation: Children's Social Care – Explore strategies, including statutory guidance, to reduce dependency on social work agency staff		(1.0)							(1.0)
Transformation: Looked After Children – Reduce the recent increase in the number of Looked After Children placements through practice reviews & improved court proceedings		(1.5)	1.5						0.0
Growth, Environment & Transport	0.0	**(11.0)**	**3.9**	**0.0**	**(3.4)**	**0.0**	**0.0**	**0.0**	**(10.5)**
Efficiency: Environment – Planned phasing of the new structure in the Environment Team		(0.3)							(0.3)
Efficiency: Highways – Renegotiate income levels to include inflationary uplift for permit scheme, lane rental scheme & National Driver Offender Retraining Scheme		(0.1)							(0.1)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Efficiency: Libraries, Registration & Archives (LRA) – One-off reduction in Libraries Materials Fund and a one year contribution holiday for the Mobile Libraries renewals reserve		(0.2)							(0.2)
Efficiency: Transportation -Use developer agreement income to maintain current level of transportation services		(0.3)							(0.3)
Efficiency: Waste -Increased waste material segregation, increased re-use, black-bag splitting and trade waste recycling with a view to generating income or reducing cost		(0.6)	0.4		(0.4)				(0.6)
Efficiency: Waste – New waste contract efficiencies including reduction in payments to Kent Resource Partnership; new contract enabling separate disposal of currently co-mingled food waste; segregation of other waste materials		(0.2)							(0.2)
Income: Highways – Increase in net income budgets for streetworks and permit scheme		(0.6)							(0.6)
Income: Kent Travel Saver – Kent Travel Saver price realignment to offset an increase in bus operator inflationary fare increases in 2022-23 above the budgeted amount		(1.0)	1.0		(1.0)				(1.0)
Income: Kent Travel Saver (formerly Young Person's Travel Pass) – Kent Travel Saver price realignment to offset bus operator inflationary fare increases		(1.5)	1.5		(1.5)				(1.5)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income: Review of Charges for Service Users – existing service income streams & inflationary increases – 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		(0.2)							(0.2)
Income: Waste – Review of fees and charges at Household Waste Recycling Centres		(0.1)							(0.1)
Policy: Arts – Review of support to the Arts		(0.2)							(0.2)
Policy: Discretionary Grants – Savings to be identified from a review of all discretionary grants		(0.1)							(0.1)
Policy: Economic Development – Review of grants and contracts with Kent Foundation and Locate in Kent		(0.1)							(0.1)
Policy: Highways – To reverse the prior decision to increase the number of swathe cuts		(0.3)							(0.3)
Policy: Highways Capital works – Removal of revenue contribution towards highways capital works		(3.0)							(3.0)
Policy: Highways Drainage – Review of highways drainage policy and level of works		(1.0)							(1.0)

Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Policy: Highways Winter Service – Review of highways winter service policy including service levels, salting runs and network, resulting in reduced network coverage and detrimental impact on Keeping Kent Moving policy		(0.5)							(0.5)
Policy: Household Waste Recycling Centres (HWRC) – Review of the number and operation of HWRC sites		(0.5)	0.5						0.0
Policy: Review of Community Wardens		(0.5)	0.5		(0.5)				(0.5)
Deputy Chief Executive's Department	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)
Income: Resilience and Emergency Planning - Additional income from reservoir work		(0.1)							(0.1)
Policy: Marketing & Resident Engagement – Review KCC's presence at external events		(0.1)							(0.1)
Chief Executive's Department	0.0	**(1.0)**	0.0	0.0	0.0	0.0	0.0	0.0	**(1.0)**
Efficiency: Early retirements – Reduction in the number of Historic Pension Arrangements		(0.5)							(0.5)
Policy: Member Community Grants – Reduce Member Community Grants from £10k to £3.6k per Member		(0.5)							(0.5)
Non Attributable Costs	0.0	**(5.9)**	0.0	0.0	0.0	0.0	0.0	**(6.5)**	**(12.4)**
Financing: Debt repayment		(1.0)							(1.0)
Financing: Investment Income		(2.9)						(6.5)	(9.4)
Income: Income return from our companies		(2.0)							(2.0)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporately Held Budgets	0.0	**(0.5)**	0.0	0.0	0.0	0.0	0.5	0.0	**0.0**
Income: Review of fees & charges		(0.5)					0.5		0.0
Total	**(4.4)**	**(65.3)**	**18.7**	**0.0**	**(7.2)**	**0.0**	**4.1**	**(6.5)**	**(60.6)**

Explanation of the Directorate Savings variances are shown below:

11.1	The ASCH budget savings for 2023-24 are £30.0m, with a further £4.4m carried forward from 2023-24. £24.4m is identified as being on track to be delivered within 23-24. £12.0m forecast to slip into future years of which alternative funding of £2.0m has been agreed in this year and alternative management action of £3.2m is being taken to offset this .	£3.4m relates to the non delivery of service redesign savings, management action of £3.2m has been is being taken to offset this in the current year (See section 12 for further details on the management action). This has been taken into consideration with further redesign savings that will be delivered in 2024-25. £3.2m relates to the voluntary sector contracts not being able to achieve the full year effect of the savings, but one-off public health funding of £2m has been agreed to fund the continuation of the contracts in 2023-24, and the other £1.2m is now not achievable in year. £4.4m of commissioning review of contracts savings carried forward from 2022-23 will not now be achieved and will slip into 2024-25 £0.7m of In-house provision savings and £0.7m of policy and practice savings are also slipping into 2024-25.
11.2	The CYPE budget savings for 2023-24 are £14.5m. £8.1m has been identified as on track to be achieved and £6.2m has slipped into future years. Alternative	£1.1m is due to estimated delays in delivery of savings from the review of community-based packages of support including the delay in reviewing the charging policy for client transport (described in section 11.1). The review of high cost packages is ongoing and high costs panels are taking place to support delivery of the saving in 2024-25 onwards.

	savings or funding of £1.8m have been agreed and implemented.	£2.3m is due to estimated delays in delivery of placement related savings across integrated children's services (including disability services) where the number of Looked After Children and reductions in placement costs has not reduced as expected at the time of setting the budget. Use of High-cost panels and review of high cost packages is taking place to support delivery of the saving in 2024-25. £0.7m is due to delays in implementing a strategy in supporting independence by the age of 19. The implementation of this strategy is linked to the new accommodation contract for shared housing which was implemented from the 28th October in line with the wider regulation changes in supported accommodation for looked after children. This saving is anticipated to be delivered in 2024-25. £1.0m delivery of legal services savings for Children Social Care continues to be challenging, spend has continued to follow a similar trend to 2022-23. The service continues to work with Invicta law to improve the data quality of activity to support the service to identify key cost drivers and determine appropriate actions to deliver in 2024-25. £0.3m is due to delays in the review of open access services. This saving is being reviewed following the recent consultation on family hubs. £0.2m is due to non-delivery of the Section 17 saving. This saving has been reconsidered in light of other strategies to avoid possible entrance into care. It is therefore possible spend may increase rather than decrease in future to avoid higher placement related spend. £0.4m is due to the delay in the review of some services to schools. This saving is still expected to be delivered in 2024-25 and is expected to be offset by other one-off alternative savings in 2023-24. More information regarding the alternative savings will be included in the next monitoring report. £0.6m is due to delays in increasing the charges for the Kent 16+ Travel Saver to ensure Kent meets the requirement of the BSIP grant. £0.4m is estimated to be achieved through the use of the BSIP grant and a further £0.1m from other general underspends.
11.3	The GET budget savings for 2023-24 are £11.0m, of which £7.1m is identified as being on track to be	£0.5m is due to the proposed consultation on the review of HWRC sites (Waste) beingdelayed.

	delivered. Savings of £3.9m are forecast to now be delivered in future years. However, alternative savings and funding of £3.45m have been agreed and implemented to part-mitigate this.	In addition, and also in Waste, there was a £390k savings target from Reuse and Small Business trade waste. Reuse activities have been delivered; however, to meet the full target requires investment of capital to develop a shop facility. There is no capital finance for this. Small Business trade waste is an ongoing project with active plans of work to develop small trade waste through the districts/contractors at Dover Transfer Station and Dunbrik through Sevenoaks District Council. Strikes have disrupted any opportunity to introduce a small business waste service at the Canterbury HWRC (already permitted to take trade waste). Environmental permits for other HWRC's can only be pursued once the HWRC Review has been concluded, which as per above has been delayed. It is taking the Environment Agency circa one year to issue variations on current permits. Due to required consultation timescales, both public and staffing, none of the £0.5m budget reduction from the Community Warden review will be delivered in 23-24 as the revised timescale would not commence, subject to consultation, until at least April 2024. The £0.45m management action is to hold all existing and future vacancies to part offset this re-phasing of the proposed budget reduction. Current vacancy levels are higher than normal as some staff have chosen to leave for alternative employment ahead of any decisions being finalised. Within the £3.9m of savings that will now be delivered in 24-25, and within the £3.45m of mitigations, is £2.5m relating to the Kent Travel Saver (KTS). At February County Council, and in line with a previous decision, the KTS pass price would need to increase to offset the operator fare inflation. This consisted of £1.5m for 23-24 inflation and £1m for 22-23 inflation that was under-estimated. However, after the budget was set, KCC agreed to accept the Bus Services Improvement Plan (BSIP) grant from Government which allowed initiatives around ticketing to sustain and enhance the bus network and it was agreed that the KTS pass price could be held for one year. In 23-24 the grant will be used in lieu of additional income and also represents a benefit for the users of the scheme, as well as sustaining the level of patronage which supports KCC's net zero and vision zero initiatives.
11.4	NAC budget savings for 2023-24 are £5.9m with £12.4m to be achieved.	The £6.5m over achievement relates to increased investment income due to increases in base rate.

11.5	CHB budget savings for 2023-24 are £0.5m, which will slip into future years.	The 2023-24 budget included an estimated saving of £0.5m from increased fees and charges following the adoption of revised fees and charges policy. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller assessment of full cost, and at this stage no such decisions have been presented or taken.

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Alternative savings of £5.7m have been identified to offset the savings that will not be delivered. The table below shows the breakdown by Directorate of the alternative savings in 2023-24:

Overview of saving	Alternative saving identified	Alternative savings value £000s
Adult Social Care & Health		**2,000.0**
Review of Discretionary Voluntary Sector Contracts	Alternative one off public health funding has been identified to fund continuation of contracts	2,000.0
Children, Young People & Education		**1,750.0**
Review of open access services through Family Hub model	Over-delivery of saving on vacancy management and ceasing non-essential spend across children's centres and youth hubs (in line with 2022-23 underspend).	300.0
Review the Kent 16+ Travel Saver scheme	Estimated cost of scheme for 23-24 estimated to be slightly lower than initially budgeted	100.0
Price Realignment of Kent 16+ Travel Saver in line with operator inflationary increases	Replaced through Bus Strategy Grant	250.0
Services to Schools	Alternative savings from The Education People company & ceasing of current arrangement with Kent Association of Headteachers. More detail will follow in the next monitoring report.	400.0
Care Leavers Placements	Review of existing care leavers placements.	700.0

Overview of saving	Alternative saving identified	Alternative savings value £000s
Growth, Environment & Transport		**2,950.0**
Income: Kent Travel Saver	Bus Services Improvement Plan (BSIP) grant has been utilised in lieu of increasing the pass price for 23-24 only	1,000.0
Income: Kent Travel Saver (formerly Young Person's Travel Pass)	Bus Services Improvement Plan (BSIP) grant has been utilised in lieu of increasing the pass price for 23-24 only	1,500.0
Review of Community Warden Service	Hold further future vacancies, and other operational savings.	450.0
Total Alternative savings for all Directorates		**6,700.0**

12 Management Action

This section sets out the significant planned management action being to reduce the Council's forecast overspend of £36.0m, which has not yet been delivered and is not yet reflected in this report. The actions identified to date are expected to deliver a reduction in spend, bringing the Council to a balanced position by the end of the financial year. £30.0m are one-off reductions only affecting the 2023-24 position with £6.0m that would have an on-going positive impact into 2024-25 and are reflected in the initial draft 2024-25 budget. The £21.3m management action shown against Corporately Held Budgets relates to cross cutting reductions to non committed spend and is removed across all directorates. To deliver this will require a relentless focus across the whole Council and further spending controls have been introduced to avoid or minimise spending wherever possible based on specific criteria to focus spending on the most essential activities and priorities until the financial position is brought under control and stablished. Close monitoring will be undertaken each month to ensure the actual spend is coming down as set out in the budget recovery plan and if sufficient spending reductions are not achieved within the next reporting period then further more stringent spending controls will be implemented

If the management action even after the introduction of spending controls is not delivered in full, any remaining overspend at the end of the financial year would need to be met from general or earmarked reserves, further weakening the Council's financial sustainability and resilience and increasing the budget gap in succeeding years through the need to replenish reserves.

Directorate	23-24 one-off	23-24 recurring	Total 2023-24
	£k	£k	£k
Adult Social Care & Health	-6,100.0	-5,700.0	-11,800.0
Children, Young People & Education	-1,700.0	-350.0	-2,050.0
Growth, Environment & Transport	0.0	0.0	0.0
Deputy Chief Executive Department	0.0	0.0	0.0
Chief Executive Department	-850.0	0.0	-850.0
Corporate Management Actions	-21,300.0	0.0	-21,300.0
TOTAL	**-29,950.0**	**-6,050.0**	**-36,000.0**

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
ASCH	Working **collaboratively with NHS Colleagues** to ensure the most appropriate and cost-effective pathways are in place for those people being discharged from hospital settings and ensuring that the **necessary joint funding arrangements** are in place, which makes clear who the lead commissioner of care and support is.		-5,350.0	-4,278.6
ASCH	Working **collaboratively with NHS Colleagues** to ensure the most appropriate and cost-effective pathways are in place for those people being discharged from hospital settings and ensuring that the **necessary joint funding arrangements** are in place, which makes clear who the lead commissioner of care and support is. Initial focus will be on those individuals who have been discharged through the Transforming Care Programme.		-350.0	-250.0
ASCH	Maximise the use of **framework providers** which will reduce new support being commissioned from non-framework providers. This will help reduce the administrative burden on front line social care staff and reduce overall unit costs of care and support. Harmonise processes to create capacity within framework providers to pick up support required for people who draw on care and support.	-2,400.0		
ASCH	**Data Quality:** resolving data quality issues on records and files. This will significantly improve accuracy of information available for reporting.	Delivered		
ASCH	**Social Care Debt:** - External support being commissioned to assist with Court of Protection deputyship applications, meaning that those debts relating to non-discretionary funding' can be settled more quickly	-500.0		
ASCH	Use of Rolled Forward and uncommitted Disabled Facilities Grant to support funding of new **Technology Enabled Lives Programme**	Delivered		
ASCH	Explore alternatives for those people requiring low level of support	-200.0		
ASCH	Review payments for community based services to ensure that invoices represent delivered hours of support	-1,600.0		
ASCH	Ensure all people are assessed promptly in assessment (non chargeable) beds, to allow charging for residential care	-1,000.0		
ASCH	Review the contract for discharge from hospital services	-400.0		
		-6,100.0	-5,700.0	-4,528.6

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
CYPE	Work is continuing with the NHS to explore joint commissioning opportunities (including tier 4 admissions) and joint funding agreements for eligible young people (further review of existing savings profiles)		-250.0	
CYPE	Panels have been established in every district across both Integrated Children Services and Disability Services to review suitability and level of support for all looked after children's placements. This is in addition to a further peer review focused on high cost placements. (further review of existing savings profiles)		Delivered	
CYPE	Development of a Placement Framework to explore alternative ways to support children at risk of coming into care including increasing the role of family members.		-50.0	
CYPE	Signposting of families to community services where it is available and appropriate (further review of existing savings profiles).		Delivered	
CYPE	Review of 18-25 community-based services (i.e. direct payments, supporting living, daycare and transport): Reduction in expenditure on non-framework packages of care for 18-25 year olds and ensuring strict adherence to policy (further review of existing savings profiles)		Delivered	
CYPE	Use of grant to meet statutory responsibilities	-1,700.0		
CYPE	Increase in use of personal transport budgets		-50.0	TBC
		-1,700.0	-350.0	0.0

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
GET	Holding vacancies across all divisions	Delivered		
GET	Review demand and operational expenditure (public transport and highways)	Delivered		
GET	Increased income from fees, charges and income raising activities (eg LRA)	Delivered		
GET	Proactive management of operational expenses, projects and backlog (LRA, Environment, Highways)	Delivered		
GET	Use of available grants	Delivered		
GET	Contract renegotiation and rescoping with focus on waste and highways	TBD		
		0.0	**0.0**	**0.0**

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
DCED	SRP Option 1: Delete the vacant KR13 Programme Manager role (£81,039 p/a with on costs)	Delivered		
DCED	SRP Option 2: Delete the second KR12 Dependency Manager role (£70,752 p/a with on costs) when the postholder leaves and becomes a vacancy in November.	Delivered		
DCED	Hold vacancies within Infrastructure for the reminder of the year.	Delivered		
		0.0	**0.0**	**0.0**

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
CED	Cease the allocation of any more Member Grants in the current year and take the current underspend of c.£600k ie do not roll forward to 2024/25.	-600.0		
CED	Re-phase the appointments to vacant posts within SPRCA	Delivered		
CED	Re-phase the appointments to vacant posts within the newly structured Commercial and Procurement Division	-250.0		
CED	Release of Early retirement budget		Delivered	-100.0
		-850.0	**0.0**	**-100.0**

12 Management Action

Directorate & Division	Details of Actions being taken on Non-Committed Spend	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
Cross Cutting Review	<u>Subjective spend analysis</u> The current budget on specific cost codes (excluding the main demand led budgets) is £446.5m, with forecast spend of £463.8m and actuals of £195.8m up to the end of August 2023. This includes permanent staffing and agency costs to provide the overall staffing position. All non-committed expenditure is being reviewed as part of the management action to avoid spend and bring the budget back into balance. Finance have been working with budget managers to review the spend and forecasts on these codes during September to reduce the forecast wherever possible and Finance will undertake deep dives into specific areas to provide further options for savings considerations. It is recognised that some of the spend within these codes is essential, preventative and/or specific grant funded and we will need to ensure these do not duplicate actions already taken. Detailed, regular monitoring and reporting will ensure the reductions in spend are happening in practice. Once the areas of spend reductions have been agreed the corresponding budgets will be reduced.	-21,300		
Cross Cutting Review	<u>Capital Projects</u> The capital officer group are identifying invest to save capital projects to put forward for consideration to reduce revenue costs, e.g. in the care and children's sectors	TBC	TBC	
Cross Cutting Review	<u>“Balance Sheet” Review</u> A review of specific areas on the balance sheet and other Council assets are being reviewed to determine whether there is scope to release funds, e.g. assets and provisions. Whilst the impact on the 2023-24 position is likely to be limited, there may be opportunities to review policies going forward.	TBC		
Cross Cutting Review	<u>Contractual savings</u> A review of all contracts due to expire within the next 12 months has been undertaken. Whilst It is considered unlikely that savings can be made in 2023-24, any reduction in activity related to contract re-procurement will enable staffing resources to be redirected and will support the delivery of a balanced budget in 2024-25.	TBC		

12 Management Action

Cross Cutting Review	Review Of Early Payments Using Oxygen Finance Ltd for the supply of Early Payment Services under the NEPO 521 Framework Agreement (established in May 2020 by South Tyneside Council on behalf of NEPO (North East Procurement Organisation) in accordance with the contract award criteria and subject to final Legal sign off.		TBC	TBC
		-21,300.0	**0.0**	**0.0**

Directorate	Capital Budget £m	Variance £m	Real Variance £m	Rephasing Variance £m
Adult Social Care & Health	1.7	-0.7	-0.5	-0.2
Children, Young People & Education	118.4	-34.3	-1.6	-32.7
Growth, Environment & Transport	254.3	-60.6	6.8	-67.4
Chief Executive's Department	1.6	-1.9	-0.4	-1.5
Deputy Chief Executive's Department	23.5	-8.9	1.4	-10.3
TOTAL	**399.5**	**-106.4**	**5.7**	**-112.1**

The total approved General Fund capital programme including roll forwards for 2023-24 is £399.5m.

The current estimated capital programme spend for the year is forecast at £293.1m, which represents 73.4% of the approved budget. The spend to date is £93.0m, representing 23.3% of the total approved budget.

The directorates are projecting a -£106.4m underspend against the budget, this is split between a net +£5.7m real variance and -£112.1m re-phasing variance. £4.3m of the real variance is due to funding that has not yet been included within the cash limits because funding announcements were made after the budget book was agreed. Such changes to cash limits will be requested in the Capital budget Changes section of the report. At least £8m of the rephasing variance is outside of KCC control, due to projects being managed by external parties.

The major variances to note across the life of the programme are as follows:

Thanet Parkway (GET) – The overall project costs are still being reviewed with Network Rail and so the final costs are not yet confirmed. Network Rail have made further funding requests for 2023-24 which are not included in the forecast, and KCC has engaged an independent expert to carry out a review of costs. As with all major projects, final outturn costs are only confirmed when the project's accounts with contractors are finalised and closed.

Sturry Link Road (GET) - There is a potential increase in the estimated cost of this project of approximately £12m. This is higher than the cost that was submitted as part of the business case approval process and is predominantly due to inflation and increased construction costs. This cost estimate will be refined through the design process and any increase is expected to be covered by S106 contributions that are index linked and possibly more S106 contributions which have been identified. Further confidence in the delivery programme is a requirement of SELEP, this in turn safeguards the £5.9m Local Growth Fund (LGF) contribution, so progress with land negotiations and design work must be suitably demonstrated. The position will continue to be closely monitored and updated once the Design and Build Contract has been awarded.

Basic Need (CYPE) - Over the next three years 2023-24 to 2025-26, the forecast overspend on the basic need programme is £21.1m. This is due to inflation of approximately £10m, and due to a change in methodology in how to forecast for abnormals. Department for Education guidelines indicate an allowance of 10% of the project cost should be made for abnormals which is to cover items such as demolition, asbestos removal, pile foundations, extensive external works, and consequential improvements - some or all of which may be required on a scheme-by-scheme basis. This has been applied to projects which have not yet started. The basic need allocations for 2025-26 have now been published which are £20.5m more than has been assumed in the budget. The addition of this to the cash limits will offset the forecast overspend.

The major in-year variances (real variances of >£0.1m and rephasing >£1m) are described below, previously reported variances which have not changed are shown *in italics:*

Adult, Social Care & Health:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Learning Disability Good Day Programme	-0.1	-0.2	The real variance is due to: Meadowside Care Home -£0.062m due to project costs now forecast to come in under budget, and Yew Tree Centre -£0.05m due to the project being removed from this programme. This will now be carried out under the Basic Need Programme in CYPE – relocation of The Bridge site to the Yew Tree Centre to allow for the expansion of Dartford Bridge Primary School, towards which ASCH will contribute £0.292m funded from developer contributions.

Children, Young People & Education:

Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report:			
Annual Planned Enhancement Programme	1.5	-2.8	The real variance is due to RAAC costs which are expected to be funded by the DfE, but currently there is no budget or banked funding for these works. The rephasing is due to a number of projects each under £1m which have started in 2023-24 and are forecast to complete in 2024-25.
Modernisation Programme	-1.1	-3.8	The real variance is due to: -£0.6m John Mayne CEPS as the project is no longer progressing. -£0.4m Lydden Primary costs lower than expected as the electrical upgrade works were not required and inflation costs were lower than expected. -0.1m Leeds and Broomfield CEPS – following a cost cutting exercise the contingency was deemed not required.

			The rephasing is due to: -£1.1m Bidborough Primary – this was originally a school managed project but the planning was difficult and KCC took over project management which led to delays in project delivery. Mobile replacement programme - communication was sent to all KCC schools to gather information on what mobiles were on site and what they were being used for. Units used for teaching were RAG rated. Following site visits over the summer, 44 mobiles were identified as requiring replacement or repair. Of these, 8 mobiles now require a detailed feasibility for replacement with works likely to commence in the Spring. 29 mobiles require significant repair, feasibilities will be carried out on these and the remaining rephased budget will be used to address the mobile repairs. It is a lengthy process from identifying mobiles which need either replacement or repair to works being delivered, this combined with reliance on consultants supporting the programme and also competing demands within Infrastructure has led to rephasing of projects.
School Roofs	0.0		This was previously reported as a forecast £2.0m underspend as it relates to RAAC roof works at Birchington Primary which are expected to be funded by the Department for Education. However it is prudent to retain the original cash limit until the funding has been received and hence a nil variance is being reported rather than an underspend.
Overall Basic Need Programmes			Over the next three years 2023-24 to 2025-26, the forecast overspend on the basic need programme is £21.1m. This is due to inflation of approximately £10m, and due to a change in methodology in how to forecast for abnormals. Department for Education guidelines indicate an allowance of 10% of the project cost should be made for abnormals which is to cover items such as demolition, asbestos removal, pile foundations, extensive external works, and consequential improvements - some or all of which may be required on a scheme-by-scheme basis. This has been applied to projects which have not yet started. The basic need allocations for 2025-26 have now been published which are £20.5m more than has been assumed in the budget. The addition of this to the cash limits will offset the forecast overspend.
Basic Need Kent Commissioning Plan 2016	-0.5		The real variance is due to a number of projects coming in under budget.
Basic Need Kent Commissioning Plan 2018	-0.2	-2.1	The real variance is due to: -£0.6m The Abbey. Works have been added to the project in the Basic Need KCP 21-25 line, but not until later years.

			-£0.2m Simon Langton Boys Grammar – additional costs for works requested by the school have been met by the school. +£0.4m Gravesend Boys Grammar. Inflation has been added due to the extended project delivery timescale. The rephasing of -£2.1m is across 4 different projects, each of which are below £1m.
Basic Need Kent Commissioning Plan 2019	0.8	-10.3	The real variance is due to: +£0.8m Borden Grammar due to additional project scope to include kitchen and hall works, and abnormals have been identified on site. The rephasing is due to: -£4.0m Highsted Grammar – the school is requesting additional funds which has caused a delay to the start of the project. -£2.6m Cable Wharf, replacement school for Rosherville, has been selected under the school rebuild programme. KCC are adding an additional 1FE and the KCC contribution to the scheme is dependent on DfE delivery. -£1.2m Teynham Primary. The current 1FE school is being replaced with a 2FE. The delays are due to planning and agreeing project scope with the school. -£1.9m Thanington Primary. This project is in design contract but is not yet in build contract. It is due to open in September 2025. -£0.7m Maidstone Girls Grammar. Initial costings were high which has delayed contracts. Contracts have now been issued and are awaiting sealing.
Basic Need KCP 2021-25	-0.5		The real variance is due to: -£0.6m Cornwallis Academy. A change of scope and works are now being school managed at a lower cost. +£0.1m St Peter’s Aylesford. The project tenders are higher than anticipated.
Basic Need KCP 2022-26	-0.1	-5.0	The rephasing is due to: -£2.0m Marden Primary. Funding agreement with the school and forecasts have been aligned with provision requirement date of September 2024. -£1.9m Cornwallis Academy. Forecasts have been aligned with the provision requirement date of September 2025. -£1.0m Sittingbourne. A school has not yet been identified to provide additional places.
Basic Need KCP 2023-27	-1.9	1.3	The real variance is on Maidstone temporary secondary provision, where places are being provided at Cornwallis Academy. The rephasing variance is on 5 projects, each of which is below £1m.

High Needs Provision 2022-24	0.4	-10.0	The real variance is due to: -£0.1m to fund the overspend on the High Needs Provision line for the Callum Centre. +£0.5m Stone Bay – an additional reception year class is required for complex needs pupils. The rephasing variance is due to: -£7.3m The Beacon Satellite Provision. Space analysis was recently completed to confirm Special Educational Needs and Disability (SEND) spaces are still required. Contracts for the next phase of works were not able to be entered into until this was completed. -£1.0m Five Acre Woods. This is being held for possible further works. -£0.8m Oakley Satellite Provision and -£0.5m Nexus Satellite Provision - sites for these satellites have not yet been identified.
<u>*Previously Reported Variances:*</u>			
High Needs Provision	*0.1*		*The real variance relates to an increase in contribution to the Callum Centre, Canterbury Primary. This is to be funded from the High Needs Provision 2022-24 budget line.*

Growth, Environment & Transport: Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report: Highways and Transportation			
Highway Asset Management, Annual Maintenance and Urgent Safety Critical Works	1.6	-4.6	The real variance is partially due to additional grant and external funding (£0.4m). Once this has been added to the cash limits the variance will disappear. The remaining overspend is unfunded and relates to the pressures of Highways Operations Teams to repair the roads through Major Patching/Permanent patching budgets. This predicted overspend is due to contract price increases and the condition of the roads after the bad weather of last winter that is still having an impact. These budgets are separate from the £6.1m from the Government's spring budget for the Pothole Blitz budget line. The rephasing variance relates to: - structures and the inability to recruit to senior posts, - some schemes that are in or have completed the design phase will be constructed in future years - some schemes take more than one year to construct, - delays due to KCC waiting for access to be granted by Network Rail.
A229 Bluebell Hill M2 andM20 Interchange Upgrades		-2.4	The scheme is reliant on external funding and the profile has been updated to align with the latest monitoring return submitted to the Department for Transport (DfT). The project has been pushed back due to delays in DfT approving funding.
Bath Street Fastrack		1.7	The scheme is on site and making good progress. Some of the funding from 2024-25 is required in 2023-24 to cover potential risk, however the overall scheme remains within budget and is on target to be delivered on time.
Bearsted Road	0.4	-3.1	A contract price been agreed and works are now being accelerated on the ground. A spend profile review is currently being undertaken and will be refined as the programme of works is agreed. Completion is now expected in November 2024. The predicted increase in the estimated scheme cost is due to delays and loss of income due to COVID, however a bid to SELEP for external funding is currently being considered to cover this.

Dover Bus Rapid Transit	1.3		The real variance reflects additional grant available for the scheme. Homes England have recently confirmed to Dover District Council that they are able to drawdown the full funding allocation of £22.9m that was agreed through a variation to the funding agreement. Therefore the total available budget with the £3m DfT contribution is now £25.9m. The bridge beams were successfully lifted into place in July 2023 and works are now scheduled to be completed in January/February 2024.
Dover Inter Border Facility	-2.9		The forecast has been adjusted to expected spend. Any residual grant will be repaid to the funders and cash limits will be adjusted accordingly.
Fastrack Full Network – Bean Road Tunnels		-10.1	The estimate to deliver the scheme has increased significantly following the pre-construction phase, particularly due to inflation pressures. The works are now beyond the available budget and a review is in hand to determine if additional funding can be achieved. Construction is on pause pending resolution of the funding gap. The Bus Service Improvement Plan II grant is expected to become available later this year which could allow the scheme to move forward.
Faversham Swing Bridge		-1.8	There are ongoing complex legal discussions with Peel Ports relating to the project therefore the budget is being rephased to 2024-25.
Green Corridors		-4.7	The spend profile has been rephased to align with the construction timescales for the Green Corridors Programme. The construction periods have been delayed so that the sites can be procured together and constructed by a single contractor. Other works nearby mean that the construction of these sites could not begin as originally intended due to road space availability and procurement timescales. This programme is funded by Ebbsfleet Development Corporation.
Housing Infrastructure Fund (HIF) Swale		-8.4	The rephasing variance is due to delays in the commencement of the works contract whilst awaiting the sign off from National Highways, which has now been granted. This project is externally funded by the HIF forward fund from Homes England and the variance has been reprofiled with them.
Kent Active Travel Fund Phase 2		-1.1	Rephasing for these projects is due to the need for additional consultations on 4 of the 5 projects. Active Travel England have agreed extended deadlines with further change control to be requested by KCC.

Kent Active Travel Fund Phase 3	-1.0	The rephasing is for the Sevenoaks East/West Cycle improvements part of the project. The delay is due to continuing work in developing and consulting on proposals. Active Travel England have agreed extended deadlines with further change control to be requested by KCC.
LED Conversion	-1.3	Rephasing is required as the budget is to convert newly adopted assets to LED where the approved design was prior to the LED conversion project. The date for adopting new developments is an unknown quantity, therefore the carry forward reflects that less assets will be adopted this year than expected.
Maidstone Integrated Transport (MIT)	-1.2	The spend profile continues to be aligned with the construction timescales for the individual elements of the MIT Programme. The A229 Loose Road improvement at the junction with Armstrong Road and Park Way is now complete and work is ongoing to review the benefit of delivering a full scheme at the Wheatsheaf Junction following the closure of Cranbourne Avenue. The A20 Coldharbour scheme is currently at the procurement stage and the delivery programme will be aligned to start in early 2024 for 12 months. The A20 London Road junction with Hall Road is also being reviewed to identify what capacity benefit can be achieved without the implementation of the roundabout option. The A20 Ashford Road scheme at the junction with Willington Street is programmed to be carried out after the A249 Bearsted Road improvement scheme has been completed in November 2024. A full review of the estimated scheme costs for each element against the available LGF and S106 contributions is currently being carried out.
Sturry Link Road, Canterbury	-1.0	The project has been rescheduled based on the current programme for the design and build contract. There is a potential increase in the estimated cost of this project of approximately £12m. This is higher than the cost that was submitted as part of the business case approval process and is predominantly due to inflation and increased construction costs. This cost estimate will be refined through the design process and any increase is expected to be covered by S106 contributions that are index linked and possibly more S106 contributions which has been identified. Further confidence in the delivery programme is a requirement of SELEP this in turn safeguards the £5.9m Local Growth Fund (LGF) contribution, so progress with land negotiations and design work must be suitably demonstrated. The position will continue to be closely monitored and updated once the Design and Build Contract has been awarded.

Urban Traffic Management Control		-1.6	The spend for this project has been reprofiled based on the programme of works. This programme is funded by Ebbsfleet Development Corporation.
Zero Emission Bus Regional Areas (ZEBRA)		-3.0	The purchase of the electric vehicle chargers for this project will now take place in 2024-25. The reprofiling is due to procurement and supply delays. It is now also expected that the buses relating to the Dover element of the project will be purchased early in 24-25.
Growth & Communities			
Gypsy & Traveller Site Improvements		-2.5	The construction contract award was completed in the summer of 2023 resulting in works planned and programmed to end by December 2025. This has resulted in rephasing due to the scale of the improvement scheme and availability of contractors to carry out the works.
Kent and Medway Business Fund (KMBF)		-2.2	The rephasing is due to a lower value of loans likely to be defrayed during 2023-24, given the time available once the new round is launched in October 2023.
Kent Empty Property Initiative	1.3	-6.1	The real variance is due to additional external and grant income available. The rephasing reflects adjusted loan repayments in line with expected receipts.
Previously Reported Variances: Highways and Transportation			
Thanet Parkway Railway Station	*3.9*		*The overall project costs are still being reviewed with Network Rail and so the costs are not yet finalised. Network Rail have made further funding requests for 2023-24 which are not included in the forecast, and KCC has engaged independent experts to carry out a review of costs. As with all major projects, final out turn costs are only confirmed when the project's accounts with contractors are finalised and closed.*

Kent Thameside Strategic Transport Programme (STIPS)		*-3.1*	*The Thamesway project is on hold pending outcome of the Ebbsfleet Central and Northfleet Harbourside planning applications. This follows a decision by the Cabinet Member following Environment and Transport Cabinet Committee in January 2023, to amend the Thamesway project.*
A28 Chart Road, Ashford		*-2.7*	*Based on estimated occupation levels it is currently anticipated that construction will commence in early 2025 for a duration of 2 years, hence the rephasing. This is reliant on the developer producing a financial bond to give KCC certainty of funds to award a construction contract. The design update will be concluding shortly, after which a complete review and update of project costs will be completed.*
Dartford Town Centre		*-2.1*	*Dartford Borough Council (DBC) are managing this scheme and have provided an updated programme for the construction of phases 3 and 4, and the spend profile is now aligned with their intended draw down of the funding. DBC will be procuring phase 3 in late 2023, and construction will commence in Spring 2024.*
Folkestone – A Brighter Future	*1.1*		*The Delivery Partner Agreement with Folkestone and Hythe District Council (FHDC) has recently been signed which will enable KCC to draw down £15.9m from FHDC (Levelling Up Fund 2 grant) and to deliver the transport and public realm elements of Folkestone A Brighter Future on behalf of Folkestone and Hythe over several years. A cash limit adjustment for £1.1m has been requested and once added there will be no variance.*
Integrated Transport Schemes	*0.3*		*The real variance is due to smaller schemes that will be externally funded, the funding for which has not yet been added to the cash limit.*
<u>Environment & Waste</u>			
Transfer Station Folkestone & Hythe		*0.1*	*There is a small requirement to bring £0.1m funding forward in 2023-24 to carry out survey and pre-planning work on a preferred site.*
<u>Growth & Communities</u>			

Digital Autopsy		*-2.9*	*Digital Autopsy (DA) funds have been re-phased as the project tender for the DA and body store delivery has failed. The project is now looking at alternative options to bring in the necessary providers. Given the amount of time this will take to bring forward, the capital spend has been deferred as the capital element can only be entered into at the same time as the revenue contracts to ensure the project is de-risked.*

Deputy Chief Executive's Department:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Modernisation of Assets (MOA)	0.2	1.2	The real variance is due to: +1.4m Additional Salix funding expected in and the associated works. -1.2m Costs relating to Oakwood House are to be moved to the Oakwood House project line. The rephasing variance is due to addressing category 1-5 sites and urgent MOA works which are required in the current financial year.
Asset Utilisation – Oakwood House	1.2		The real variance is due to costs that were originally coded to Modernisation of Assets which relate to this project so will be moved. A virement is requested from modernisation of assets to cover this (see Capital Budget Changes section).
Dover Discovery Centre		-3.4	The rephasing is due to delays in procurement.
Strategic Estate Programme		-4.3	The rephasing is due to a delay in the release of the Sessions House Masterplan which has resulted in a postponement of the original planned commencement date for any refurbishment.
Strategic Reset Programme		-2.9	Rephasing is expected as the project is still at feasibility stage.

Chief Executive's Department:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Feasibility Fund	-0.4	-1.5	The real variance reflects costs relating to demolition at the Aylesford site which are to be written off in year and funded from a revenue reserve. The rephasing reflects latest forecast feasibility costs in line with project plans.

14 Capital Budget Changes

Cabinet is asked to approve the following changes to the Capital Budget:

Project	Year	Amount (£m)	Reason
ASCH Directorate:			
Learning Disability Good Day Programme	23-24 24-25	-0.05 -0.242	Virement of developer contribution funding to the Basic Need KCP18 line in relation to Dartford Bridge.
CYPE Directorate:			
Basic Need Kent Commissioning Plan (KCP)21	23-24	0.09	Virement of schools condition allocation (SCA) grant from Schools modernisation of assets (MOA) for works at Archbishops School.
Schools MOA	23-24	-0.09	Virement to Basic Need KCP21 for works at Archbishops School.
Basic Need KCP18	23-24	0.292	Virement of developer contributions from ASCH for Dartford Bridge.
Basic Need KCP18	23-24 24-25	-1.042 -2.326	Dartford Bridge Primary project has been rephased to 2027-28 therefore the developer contribution funding from 23-24 and 24-25 is being rephased to match the forecast spend.
Basic Need KCP18	27-28	+3.368	To reflect rephasing of the project and associated funding relating to Dartford Bridge Primary.
Basic Need KCP18	23-24 24-25	-0.557 -0.129	The Abbey School project has been rephased to 2025-26 and moved to KCP21-25 therefore the developer contribution funding needs to be rephased to match the forecast spend.
Basic Need KCP21-25	25-26	+0.686	To reflect rephasing of the project and associated funding relating to The Abbey School.
Basic Need KCP19	25-26	+2.58	Add basic need grant funding to cash limits to reflect 25-26 allocations.
Basic Need KCP21-25	25-26	+2.679	Add basic need grant funding to cash limits to reflect 25-26 allocations.
Basic Need KCP23-27	25-26 26-27	+10.365 +4.900	Add basic need grant funding to cash limits to reflect 25-26 allocations.
GET Directorate:			
Highways Major Enhancement	23-24	0.15	Virement of loan funding from LED Conversion Project
LED Conversion Project	23-24	-0.15	Virement of loan funding to Highways Major Enhancement

14 Capital Budget Changes

Project	Year	Amount (£m)	Reason
Highways Major Enhancement	23-24 23-24	0.08 0.397	Increase cash limit for additional external funding received.
Integrated Transport Schemes	23-24 24-25	0.3 0.05	Increase cash limit for additional grant received. Increase cash limit for additional grant received.
Bearsted Road (Kent Medical Campus)	24-25	0.07	Increase cash limit for additional external funding.
Local Authority Treescape Fund	23-24	0.03	Additional grant received from Forestry Commission.
Surface Water Flood Risk Management	23-24	0.09	Additional grant received from the Environment Agency.
Country Parks	23-24	-0.002	Reduction in funding due to grant received being less than expected.
Public Rights of Way	23-24	-0.002	Reduction in funding due to grant received being less than expected.
Kent Empty Property Initiative	23-24	1.087	Additional grant funding available.
Dover Bus Rapid Transit	23-24 23-24 24-25 25-26	-0.120 1.423 0.271 0.089	Reduction in external funding. Additional grant. Additional grant. Additional grant.
Dover Inter Border Facility	23-24	-2.199	Reduce grant to match forecast spend.
Folkestone – A Brighter Future	23-24 24-25 25-26	1.085 10.165 4.575	Additional grant to be added to the cash limit for this scheme.
<u>DCED Directorate:</u>			
Modernisation of Assets	23-24	-1.183	Virement of prudential borrowing to Asset Utilisation Oakwood House to cover costs that were originally coded to MOA but related to the Oakwood House project.
Asset Utilisation Oakwood House	23-24	+1.183	Virement of prudential borrowing from MOA to cover costs that were originally coded to MOA but related to the Oakwood House project.

15 Treasury Management Monitoring

Treasury management relates to the management of the Council's debt portfolio (accumulated borrowing to fund previous and current capital infrastructure investments) and investment of cash balances. The Council has a comparatively high level of very long-term debt, a significant proportion of which was undertaken through the previous supported borrowing regime.

15.1	Total external debt outstanding in September was £787.03m down by £15.44m since 31st March 2023	KCC debt includes £470.12m of borrowing from the Public Works Loans Board (PWLB). The vast majority is maturity debt (debt is only repaid upon maturity) at a fixed rate of interest. The average length to maturity of PWLB debt is 15.05 years at an average interest rate of 4.46%. Outstanding loans from banks amount to £216.10m. This is also at fixed term rates with average length to maturity of 38.73 years at an average interest rate of 4.54%. The council has £90m of Lender Option Borrower Option (LOBO) loans. These loans can only be renegotiated should the lender propose an increase in interest rates. The average length to maturity of LOBO loans is 40.38 years at an average interest rate of 4.15%. The balance of debt relates to loans for the LED streetlighting programme. The outstanding balance is £10.81m with an average of 13.75 years to maturity at an average rate of 2.31%. KCC's principal objective for borrowing is to achieve an appropriately low risk balance between securing low interest rates and certainty of financing costs. This is achieved by seeking to fund capital spending from internal resources and short-term borrowing, only considering external long-term borrowing at advantageous interest rates.
15.2	Majority is long term debt with only 9.29% due to mature within 5 years	Maturity 0 to 5 years £73.13m (9.29%)[1] Maturity 5 to 10 years £25.00m (3.18%) Maturity 10 to 20 years £257.00m (32.65%) Maturity over 20 years £431.90m (54.88%)
15.3	Total cash balance at end of September was £547.11m, up by £54.73m from the end of March	Cash balances accrue from the council's reserves and timing differences between the receipt of grants and other income and expenditure. Balances are forecast to decline over the remainder of the year in line with the typical trend observed in previous years.

[1] Split across the next five years is as follows: Year 1 £10.00m, Year 2 £22.13m, Year 3 £24.00m, Year 4 £17.00m, and Year 5 £0.00m

15.4	Cash balances are invested in a range of short-term, medium term and long-term deposits	Investments are made in accordance with the Treasury Management Strategy agreed by full Council alongside the revenue and capital budgets. The treasury management strategy represents a prudent approach to achieve an appropriate balance between risk, liquidity and return, minimising the risk of incurring losses on the sum invested. Longer term investments aim to achieve a rate of return equal or exceeding prevailing inflation rates. Short term deposits (same day availability) are held in bank accounts and money market funds. Current balances in short-term deposits in September were £132.98m (24.31% of cash balances). Short-term deposits enable the Council to manage liquidity. Bank accounts and money market funds are currently earning an average rate of return of 5.28%. Deposits are made through the Debt Management Office (an executive agency responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds). As at the end of September, the Council had £130.83m in government bonds. These deposits represent 23.91% of cash investments with an average rate of return of 5.20%. Medium term deposits include covered bonds, a form of secured bond issued by a financial institution that is backed by mortgages or public sector loans. In the UK the covered bond programmes are supervised by the Financial Conduct Authority (FCA). King and Shaxson acts as the Council's broker and custodian for its covered bond portfolio. As at the end of September, the Council has £97.27m invested in covered bonds earning an average rate of return of 4.79%. The Council has lent £15.30m through the No Use Empty Loans programme which achieves a return of 4.00% that is available to fund general services (increased to 4.50% for new loans from October). This total includes £4.82m of loans made (£3.60m received) since March. The Council has now agreed 2 rolling credit facilities (RCF) with registered providers totalling £15m, for which we are receiving a fee of 0.40%. None of the facilities have been drawn so far. Long term investments are made through Strategic Pooled Funds. These include a variety of UK and Global Equity Funds, Multi Asset Funds and Property Funds. In total the Council has £169.42m invested in pooled funds (30.97% of cash balances) as at 30 September 2023.

15.5	Treasury Management Advice	The Council secures external specialist treasury management advice from Link Group. They advise on the overall strategy as well as borrowing options and investment opportunities. Link Group provide regular performance monitoring reports.
15.6	Quarterly and Bi-annual reports	A fuller report is presented to Governance and Audit Committee on a regular bi-annual basis. A report on treasury performance is reported twice a year to full Council.

15 Treasury Management Monitoring

1. Treasury Management Indicators

1.1 The Council measures and manages its exposures to treasury management risks using the following indicators:

1.2 **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	Actual 30/09/2023	Target
Portfolio average credit rating	AA	AA

1.3 **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	Actual 30/09/2023	Target
Total cash available within 3 months	£254.09m	£100m

1.4 **Interest rate exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates was:

Interest rate risk indicator	Actual 30/09/2023	Limit
One-year revenue impact of a 1% rise in interest rates	£2.72m	£10m
One-year revenue impact of a 1% fall in interest rates	-£2.72m	-£10m

1.5 **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 were:

	Actual 30/09/2023	Upper limit	Lower limit
Under 12 months	1.27%	100%	0%
12 months and within 5 years	8.02%	50%	0%
5 years and within 10 years	3.18%	50%	0%
10 years and within 20 years	32.65%	50%	0%

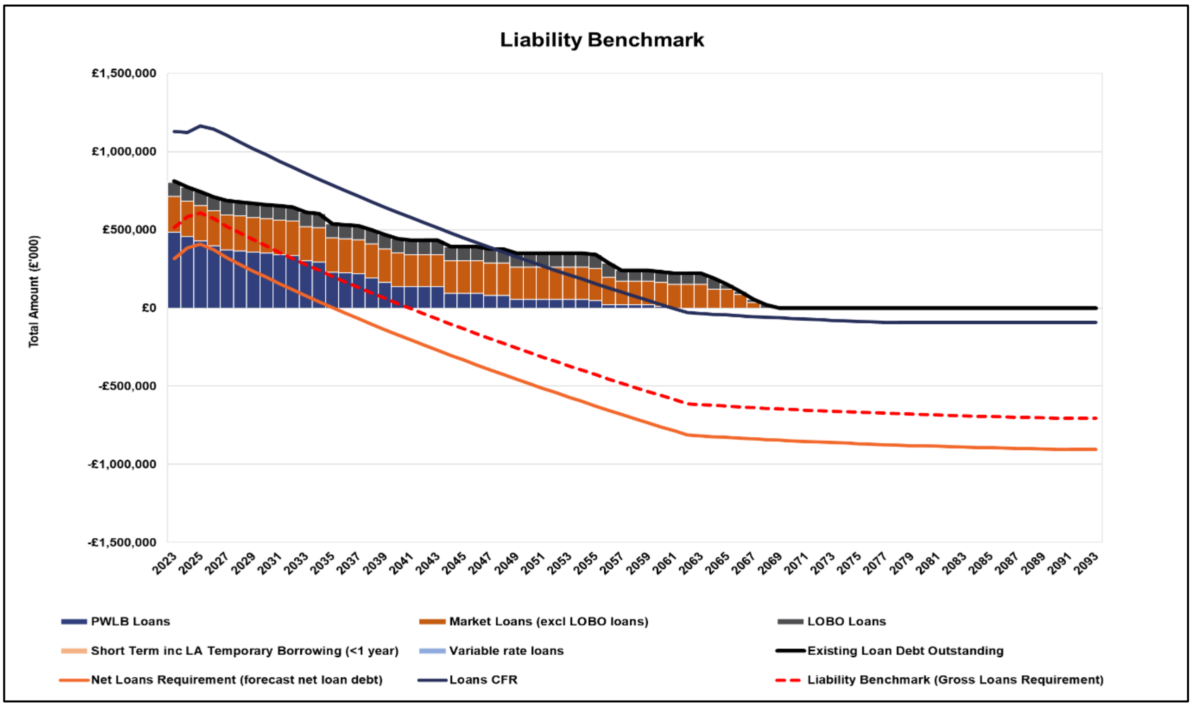
20 years and within 40 years	26.78%	50%	0%
40 years and longer	28.09%	50%	0%

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.

1.6 **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 limits on the long-term principal sum invested to final maturities beyond the period end were:

Price risk indicator	2023/24	2024/25	2025/26	No Fixed Date
Limit on principal invested beyond year end	£150m	£100m	£50m	£250m
Actual as at 30 September 2023	£88.8m	£53.1m	£32.1m	£184.7m

2. Prudential Indicator: Liability Benchmark



2.1 The liability benchmark chart shows the Council should be able to accommodate the movement in Loans CFR through additional internal borrowing given the resources on the balance sheet if it wants to maintain treasury investments at the £200m liquidity allowance. However, this is based on the current assumption with regards to movement in reserves and that the working capital position remains at the 31/03/2023 level of £300m. It also assumes that the liquidity allowance of £200m remains appropriate given the £174m of external investments currently invested with fund managers over a long-term investment time horizon.

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m	Appendix 1 - Key Service Summary	2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
13.3	11.8	-1.6	Community Based Preventative Services	8.5	10.2	1.6	+0.2	+1.4
4.5	3.6	-0.9	Housing Related Support	1.5	1.4	-0.1	+0.0	-0.2
1.2	1.6	0.3	Provision for Demographic Growth - Community Based Services	10.7	2.5	-8.2	-5.1	-3.1
10.2	0.0	-10.2	Strategic Management & Directorate Support (ASCH)	5.4	3.9	-1.5	-1.0	-0.5
6.8	3.9	-2.9	Social Support for Carers	3.0	2.8	-0.3	-0.3	-0.0
3.2	2.7	-0.5	Partnership Support Services	0.0	0.0	0.0	-0.0	-0.0
39.3	23.6	-15.6	Strategic Management & Directorate Budgets	29.1	20.7	-8.5	-6.1	-2.3
0.0	0.0	0.0	Strategic Commissioning (Integrated and Adults)	0.0	0.0	0.0	-0.0	+0.0
0.0	0.0	0.0	Strategic Commissioning (Integrated and Adults)	0.0	0.0	0.0	0.0	+0.0
0.0	-0.1	-0.1	Public Health - Advice and Other Staffing	0.0	0.0	0.0	+0.0	-0.0
0.0	0.0	0.0	Public Health - Children's Programme	0.0	0.0	0.0	+0.0	+0.0
0.0	0.0	0.0	Public Health - Healthy Lifestyles	0.0	0.0	0.0	+0.0	+0.0
0.0	0.0	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	0.0	0.0	0.0	+0.0	-0.0
0.0	0.0	0.0	Public Health - Sexual Health	0.0	0.0	0.0	+0.0	+0.0
0.0	-0.1	-0.1	Public Health	0.0	0.0	0.0	0.0	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
0.0	0.0	0.0	Adult In House Carer Services	2.4	2.6	0.3	+0.1	+0.1
2.4	2.6	0.2	Adult In House Community Services	5.8	5.9	0.1	-0.0	+0.1
5.9	5.6	-0.4	Adult In House Enablement Services	6.4	6.6	0.2	+0.6	-0.4
2.8	1.7	-1.1	Adult Case Management & Assessment Services	25.6	24.5	-1.1	-0.4	-0.6
5.7	5.5	-0.2	Adult Learning Disability - Case Management & Assessment Service	0.5	0.6	0.0	+0.0	+0.0
101.7	105.3	3.7	Adult Learning Disability - Community Based Services & Support for Carers	116.3	124.3	8.0	+5.5	+2.6
72.3	72.5	0.2	Adult Learning Disability - Residential Care Services & Support for Carers	76.6	78.4	1.8	-0.0	+1.8
10.0	9.8	-0.2	Adult Mental Health - Case Management & Assessment Services	3.0	3.6	0.6	+0.5	+0.0
11.4	17.8	6.4	Adult Mental Health - Community Based Services	17.9	23.5	5.6	+3.3	+2.3
15.6	18.0	2.3	Adult Mental Health - Residential Care Services	18.4	21.0	2.6	+1.6	+1.0
21.0	21.8	0.9	Adult Physical Disability - Community Based Services	25.5	33.2	7.8	+6.5	+1.2
17.9	20.8	3.0	Adult Physical Disability - Residential Care Services	20.3	23.2	3.0	+1.9	+1.1
6.9	6.3	-0.6	ASCH Operations - Divisional Management & Support	5.7	5.7	0.0	-0.0	+0.1
38.7	36.9	-1.8	Independent Living Support	1.0	1.0	0.0	-0.0	-0.0
9.4	9.8	0.4	Older People - Community Based Services	42.7	46.3	3.6	+2.6	+1.0
49.0	79.5	30.5	Older People - In House Provision	16.1	16.4	0.3	-1.0	+1.4
21.8	21.9	0.1	Older People - Residential Care Services	78.0	91.1	13.1	+16.2	-3.1
0.0	0.0	0.0	Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	10.9	11.3	0.4	-0.4	+0.8
1.2	1.9	0.7	Older People & Physical Disability Carer Support - Commissioned	1.6	2.2	0.6	+1.0	-0.4
5.9	6.0	0.0	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	7.5	1.5	-6.0	-4.8	-1.2
1.1	1.3	0.2	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	1.3	0.2	-1.1	-0.8	-0.3
0.0	0.0	0.0	Sensory & Autism - Assessment Service	0.7	0.7	0.0	+0.0	-0.0
0.7	0.7	0.0	Statutory and Policy Support	1.7	2.1	0.5	+0.4	+0.0
0.6	0.4	-0.2	Strategic Safeguarding	0.8	0.7	-0.1	-0.0	-0.1
5.1	1.6	-3.4	Adaptive & Assistive Technology	1.7	1.6	-0.2	-0.9	+0.8
407.2	447.8	40.6	Adult Social Care & Health Operations	488.4	528.4	40.0	31.8	+8.2
8.6	8.1	-0.5	Business Delivery	10.0	8.8	-1.2	+0.1	-1.3
38.7	36.9	-1.8	Independent Living Support	1.0	1.0	0.0	+0.0	-0.0
9.3	8.8	-0.5	Business Delivery Unit	10.0	8.8	-1.2	0.1	-1.3
455.8	480.2	24.4	Adult Social Care & Health	527.5	557.9	30.4	25.8	4.6
0.0	0.0	0.0	Earmarked Budgets Held Corporately	0.0	0.0	0.0	0.0	

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
2.3	1.9	-0.3	Strategic Management & Directorate Budgets	1.9	1.8	-0.1	-0.2	+0.1
15.5	15.1	-0.4	Adoption & Special Guardianship Arrangements & Service	17.1	16.8	-0.3	-0.1	-0.2
32.9	37.3	4.4	Adult Learning & Physical Disability Pathway - Community Based Services	40.1	43.0	2.9	+3.7	-0.8
9.3	9.3	0.1	Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	9.2	7.9	-1.3	-1.5	+0.2
-0.1	-0.1	0.0	Asylum	-0.1	-0.1	0.0	-0.0	-0.0
6.0	5.2	-0.8	Care Leavers Service	5.1	5.2	0.1	+0.5	-0.5
3.3	3.2	0.0	Children in Need - Care & Support	3.1	3.5	0.3	+0.2	+0.1
5.5	6.7	1.1	Children in Need (Disability) - Care & Support	5.9	8.1	2.2	+1.8	+0.4
4.6	3.6	-1.0	Children's Centres	4.6	3.3	-1.3	-0.0	-1.3
1.7	1.1	-0.6	Childrens Disability 0-18 Commissioning	1.7	1.8	0.0	+0.0	-0.0
51.2	51.9	0.7	Children's Social Work Services - Assessment & Safeguarding Service	53.4	52.5	-0.9	-0.8	-0.1
9.0	9.3	0.2	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9.7	9.6	-0.1	-0.1	+0.0
6.9	6.1	-0.8	Early Help & Preventative Services	5.2	5.2	0.0	+0.0	-0.0
5.7	4.9	-0.8	Integrated Services (Children's) Management & Directorate Support	5.8	5.4	-0.4	+0.1	-0.5
66.8	76.7	9.9	Looked After Children - Care & Support	76.5	87.4	10.9	+12.0	-1.1
16.4	17.7	1.3	Looked After Children (with Disability) - Care & Support	18.9	19.4	0.5	+0.1	+0.4
3.6	4.0	0.4	Looked After Children (with Disability) - In House Provision	3.8	4.0	0.2	+0.1	+0.1
0.1	0.1	0.0	Pupil Referral Units & Inclusion	0.1	0.1	0.0	+0.0	+0.0
5.7	4.2	-1.5	Youth Services	4.5	4.7	0.2	-0.0	+0.2
244.2	256.5	12.3	Integrated Children's Services (Operations and County Wide)	264.7	277.8	13.1	+16.1	-3.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
-0.4	-0.1	0.4	Community Learning & Skills (CLS)	-0.2	-0.2	0.0	+0.0	+0.0
0.0	0.0	0.0	Early Years Education	0.0	0.0	0.0	-0.0	-0.0
1.4	1.3	-0.2	Education Management & Division Support	1.2	1.1	-0.2	-0.3	+0.1
6.2	6.5	0.3	Education Services provided by The Education People	4.0	4.1	0.1	+0.1	-0.0
0.3	0.3	0.1	Fair Access & Planning Services	0.4	0.6	0.1	+0.1	-0.0
49.7	65.8	16.1	Home to School & College Transport	68.8	80.2	11.4	+9.0	+2.3
-11.6	-8.5	3.1	Other School Services	5.1	7.0	1.9	+2.1	-0.2
13.2	14.3	1.1	Special Educational Needs & Psychology Services	14.9	16.7	1.9	+1.4	+0.5
0.2	0.2	-0.1	Special Educational Needs & Disability Management & Divisional Support	0.0	0.0	0.0	+0.1	-0.1
59.1	79.8	20.8	Education & Special Educational Needs	94.3	109.4	15.1	+12.5	+2.6
305.6	338.3	32.7	Children, Young People & Education	360.9	389.0	28.1	28.5	-0.3
0.0	0.0	0.0	Earmarked Budgets Held Corporately	-0.2	0.0	0.2	0.2	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
1.4	1.3	-0.1	Strategic Management & Directorate Budgets	1.4	1.3	-0.1	-0.0	-0.1
4.7	5.1	0.4	Growth and Support to Businesses	6.2	5.9	-0.3	-0.1	-0.2
2.8	2.9	0.1	Community (Assets & Services)	2.2	2.1	0.0	-0.0	-0.0
11.4	11.0	-0.4	Public Protection	11.8	11.8	-0.1	+0.3	-0.4
9.5	8.6	-0.9	Libraries, Registration & Archives	10.5	10.2	-0.3	-0.0	-0.3
0.8	0.8	0.0	Growth and Communities Divisional management costs	0.4	0.5	0.0	-0.0	+0.0
29.1	28.4	-0.8	Growth & Communities	31.1	30.4	-0.7	+0.2	-0.9
33.0	33.8	0.7	Highway Assets Management	37.0	36.6	-0.4	-0.3	-0.1
6.6	6.0	-0.6	Transportation	6.6	6.1	-0.5	-0.1	-0.4
4.7	6.2	1.5	Supported Bus Services	5.3	5.3	0.0	-0.0	+0.0
13.8	11.8	-2.0	English National Concessionary Travel Scheme (ENCTS)	13.0	12.3	-0.6	-0.0	-0.6
4.8	6.2	1.4	Kent Travel Saver (KTS)	5.1	5.0	-0.1	-0.0	-0.0
3.6	3.2	-0.4	Highways & Transportation divisional management costs	3.7	3.5	-0.3	-0.2	-0.1
66.6	67.1	0.6	Highways & Transportation	70.6	68.8	-1.8	-0.5	-1.3
2.4	2.3	-0.1	Environment	3.4	3.4	0.0	-0.1	+0.1
45.8	45.9	0.2	Residual Waste	50.5	50.5	0.1	-0.2	+0.3
31.6	32.9	1.2	Waste Facilities & Recycling Centres	36.4	38.6	2.2	+1.5	+0.7
1.8	1.8	0.0	Environment and Circular Economy Divisional management costs	2.1	2.1	0.0	-0.1	+0.1
81.6	82.8	1.2	Environment & Circular Economy	92.3	94.7	2.4	+1.1	1.2
178.6	179.6	0.9	Growth, Environment & Transport	195.5	195.3	-0.2	0.8	-1.0
0.0	0.0	0.0	Earmarked Budgets Held Corporately	-0.3	0.0	0.3	0.3	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
0.0	0.0	0.0	Strategic Refresh Programme	1.6	1.5	-0.1	+0.0	-0.1
0.5	0.5	0.0	Strategic Management & Departmental Support	1.1	1.0	-0.2	-0.1	-0.1
0.4	0.4	0.0	Health & Safety	0.4	0.4	0.0	+0.0	-0.0
2.1	2.0	0.0	Business & Client Relationships	2.3	2.3	0.0	-0.0	-0.0
2.9	2.9	0.0	Strategic Management & Departmental Budgets (DCED)	5.4	5.1	-0.3	-0.0	-0.2
5.1	4.8	-0.3	Human Resources & Organisational Development	5.3	5.1	-0.2	-0.1	-0.1
			Marketing & Digital Services	1.9	2.1	0.1	+0.1	+0.0
			Resident Experience - Contact Centre; Gateways; Customer care & Complaints	4.8	4.8	0.0	-0.1	+0.1
6.0	5.8	-0.2	Marketing & Resident Experience	6.8	6.9	0.1	0.0	+0.1
5.9	5.6	-0.4	Property related services	8.2	7.2	-0.9	+0.0	-1.0
0.0	0.0	0.0	Kent Resilience	0.3	0.2	0.0	+0.0	-0.0
0.2	0.2	-0.1	Emergency Planning	0.2	0.2	0.0	-0.0	+0.0
6.2	5.8	-0.4	Infrastructure	8.6	7.7	-1.0	0.0	-1.0
23.5	23.5	0.0	Technology	25.5	25.2	-0.3	-0.0	-0.3
0.0	0.0	0.0	Business Services Centre	0.0	0.0	0.0	+0.0	+0.0
26.5	29.0	2.5	Corporate Landlord	33.1	29.2	-3.8	-2.5	-1.3
70.1	71.7	1.6	Total - Deputy Chief Executive Department	84.6	79.1	-5.5	-2.6	-2.9
			Earmarked Budgets Held Corporately	-0.1	0.0	0.1	0.1	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
0.0	-0.7	-0.7	Strategic Management & Directorate Budgets	-0.5	-0.7	-0.3	-0.0	-0.3
3.2	3.1	0.0	Grants to Kent District Councils to maximise Council Tax collection	3.2	3.2	0.0	-0.0	+0.0
21.6	21.3	-0.3	Finance	10.0	9.9	-0.1	-0.1	-0.1
12.4	12.2	-0.2	Finance	13.2	13.0	-0.1	-0.1	-0.1
6.9	6.4	-0.5	Governance & Law	7.3	7.0	-0.3	-0.2	-0.1
1.4	0.7	-0.8	Local Member Grants	1.0	1.0	0.0	+0.0	+0.0
8.3	7.1	-1.2	Governance, Law & Democracy	8.3	8.0	-0.3	-0.2	-0.1
8.1	7.2	-0.9	Strategic Commissioning	7.6	7.7	0.0	-0.0	+0.0
0.0	0.0	0.0	Childrens and Adults Safeguarding Services	0.4	0.4	0.0	+0.0	+0.0
0.0	0.0	0.0	Resettlement Schemes, Domestic Abuse and Civil Society Strategy	0.4	0.4	0.0	-0.0	-0.0
9.0	8.1	-1.0	Strategy, Policy, Relationships & Corporate Assurance	4.6	3.9	-0.6	0.0	-0.6
4.5	4.0	-0.5	Strategy, Policy, Relationships & Corporate Assurance	5.4	4.7	-0.7	0.0	-0.6
33.4	29.9	-3.5	Total - Chief Executive Department	34.1	32.7	-1.4	-0.3	-1.0
156.7	144.7	-12.0	Non Attributable Costs	115.9	100.2	-15.8	-15.2	-0.6
-0.3	0.0	0.3	Corporately Held Budgets (to be allocated)	0.2	0.0	-0.2	-0.2	0.0
1,199.8	1,244.4	+44.4	Total excluding Schools' Delegated Budgets	1,318.3	1,354.2	+36.0	37.3	-1.3

APPENDIX 2 - Monitoring of Prudential Indicators as at 30 September 2023

The prudential indicators consider the affordability and impact of capital expenditure plans, in line with the prudential code.

Prudential Indicator 1 : Estimates of Capital Expenditure (£m)

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Total	235.3	393.8	293.10	350.30	252.70	244.6

Prudential Indicator 2: Estimate of Capital Financing Requirement (CFR) (£m)

The CFR is the total outstanding capital expenditure not yet financed by revenue or capital resources.
It is a measure of the Council's underlying borrowing need.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Total CFR	1,292.42	1,345.30	1,272.86	1,330.10	1,315.70	1,274.50

Prudential Indicator 3: Gross Debt and the Capital Financing Requirement (£m)

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the CFR.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Other Long-term Liabilities	222.40	235.80	222.40	222.40	222.40	222.4
External Borrowing	802.47	771.80	771.89	742.56	710.34	685.11
Total Debt	1,024.87	1,007.60	994.29	964.96	932.74	907.51
Capital Financing Requirement	1,292.42	1,345.30	1,272.86	1,330.10	1,315.70	1,274.50
Internal Borrowing	267.55	337.70	278.57	365.14	382.96	366.99

Prudential Indicator 4 : Authorised Limit and Operation Boundary for External Debt (£m)

The Authority is legally obliged to set an affordable borrowing limit (the authorised limit for external debt).
A lower "operation boundary" is set should debt approach the limit.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Authorised Limit - borrowing	802	946	946	905	875	849
Authorised Limit - Other long term liabilities	222	232	222	222	222	222
Authorised Limit - total external debt	1,024	1,178	1,168	1,127	1,097	1,071
Operational Boundary - borrowing	802	896	822	855	825	799
Operational Boundary - Other long term liabilities	222	232	222	222	222	222
Operation Boundary - total external debt	1,024	1,128	1,044	1,077	1,047	1,021

Prudential Indicator 5: Estimate of Finance Costs to Net Revenue Stream (%)

Financing costs comprise interest on loans and minimum revenue provision (MRP) and are charged to revenue.
This indicator compares the net financing costs of the Authoity to the net revenue stream.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Proportion of net revenue stream	9.18%	8.40%	8.24%	7.57%	7.37%	6.96%

Prudential Indicator 6: Estimates of Net Income from Commercial and Service Investments to Net Revenue Stream

	22-23 Actual	23-24 Estimate	24-25 Estimate	25-26 Estimate
Net income from commercial and service investments to net revenue stream	0.64	0.47	0.38	0.20

Appendix 3 - Reserves Monitoring as at 30 September 2023

	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
General Fund (GF) Balance	36.9		36.9
Budgeted contribution to/(from) in MTFP		5.8	5.8
	36.9	5.8	42.7
Earmarked reserves :			
Vehicle, Plant & Equipment (VPE)	20.3	1.2	**21.5**
Smoothing	109.2	18.2	**127.4**
Major Projects	68.9	(14.0)	**54.9**
Partnerships	31.4	(17.9)	**13.5**
Grant/External Funds	53.2	(23.6)	**29.6**
Departmental Under/Overspends	3.3	(3.1)	**0.2**
Insurance	13.2	(0.7)	**12.5**
Public Health	16.9	(2.3)	**14.6**
Trading	1.1	0.0	**1.1**
Special Funds	0.7	0.1	**0.8**
Total Earmarked Reserves	318.2	**(42.1)**	276.1
Total GF and Earmarked Reserves	355.1	**(36.3)**	318.8

Individual Maintained Schools Reserves	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
School delegated revenue budget reserve - committed	19.0	0.0	19.0
School delegated revenue budget reserve - uncommitted	41.8	(1.2)	40.6
Community Focussed Extended Schools Reserves	0.3	0.0	0.3
Total Individual Maintained School Reserves	61.1	(1.2)	59.9

DSG Adjustment Account - Unusable Reserve

	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
DSG Adjustment Accounts	**(61.4)**	**(14.5)**	**(75.9)**

The General fund Reserve was increased as agreed by County Council in the 2023-24 MTFP.

The earmarked reserves are decreasing mainly due to the following:

- £18.0m drawdown from the Covid-19 emergency grant reserve to fund the continuation of projects.
- The 'Smoothing' reserves include a drawdown from the Kings Hill Smoothing Reserve of £14.4m to fund the 2023-24 safety valve.
- The 'Smoothing; reserves show a net increase of £18.2m, this includes the transfer of £6m from 'Major Projects' reserves, transferring £2m of which is used to set up the Emergency capital events & abortive costs reserve along with further £1m contribution agreed in the Q1 budget monitoring report and £4m for the recategorization of Capital Feasibility reserve as a smoothing reserve. As well as the transfers there is a £12m contribution to the risk reserve.

Within the smoothing reserves, £2m has been moved from the Earmarked Reserve to Support Future Years Budgets to create a new reserve, also within the smoothing category, entitled Budget Recovery Reserve. This is to support the plan for Securing Kent's Future.

The DSG Adjustment Account deficit has increased due to pressures in Schools Funding. More details can be found in Section 10.