

From: Roger Gough, Leader  
Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services  
John Betts, Interim Corporate Director of Finance

To: Cabinet – 30<sup>th</sup> January 2025

Subject: **Draft Revenue Budget 2025-26, MTFP 2025-28, Draft Capital Programme 2025-35 and Treasury Management Strategy**

Classification: **Unrestricted**

### **Summary:**

The administration's updated and balanced draft budget proposals were published on 6<sup>th</sup> January 2025 for the January cycle of Cabinet Committees and Scrutiny Committee to support the further scrutiny and democratic process of the changes and additional information since the initial draft publication on 29<sup>th</sup> October 2024. The 6<sup>th</sup> January draft included the spending from additional grants from the 2025-26 provisional Local Government Finance Settlement, provisional council tax base and collection fund estimates, full year effect of quarter 2 budget variances and latest spending and savings/income projections.

This draft presented to Cabinet includes the latest council tax base and collection fund estimates, the collection fund is based on returns from all 12 districts and is an improvement from the 6<sup>th</sup> January draft requiring less drawdown from smoothing reserve under the current policy to assume a consistent year on year balance. This latest draft includes a total of £8.8m from smoothing reserves in response to council tax estimates. Final council tax estimates need to be notified by 31<sup>st</sup> January.

This draft also includes other minor changes largely relating to tidying up the classification of proposals and in some instances revised phasing of plans. These do not materially change the budget from that presented to Cabinet Committees in January 2025. This includes a minor change in phasing of policy savings to replace the one-offs to balance 2024-25 budget requiring £11.7m from one-offs in 2025-26 (£8.0m flexible use of capital receipts, £1.9m from extension of New Homes Bonus grant and £1.8m from reserves). This draft includes the full budget report and appendices required for the budget approval at Full Council on 13<sup>th</sup> February.

An updated final draft report for County Council will be published on 5<sup>th</sup> February 2024. This final draft will include the final grant and tax base and collection fund estimates (providing these are received in time, including business rates). The final draft will also include Personnel Committee recommendations on Kent Scheme pay award as well as other minor changes that are necessary to be included in the final budget for approval.

The draft net revenue budget is £1,529.7m, an increase of £100.2m (7%) on the approved budget for 2024-25. This includes core funded spending growth of £150.4m (10.5%). This continues the trend of recent years with spending growth exceeding the available funding from central government and local taxation with the budget only balanced from savings and income. Savings include £70.8m new proposals and full year effect of current plans partially offset by £32.8m from removal/rephasing of undelivered savings in previous

budget and temporary savings in current year. This offsetting is more significant than previous budgets. Additional income generation contributes £23.5m towards closing the gap between spending and available funding.

This imbalance between spending and funding is particularly acute in adult services. Directorate spending in 2025-26 is planned to increase by £80.3m (13.7%). This spending increase includes an average 4% provision for care provider annual fee uplift, full year effect of current year overspend, increases in demand and additional costs for new client placements. This is well in excess of £40.6m from specific sources through Social Care Grant and Adult Social Care Council Tax levy, and pro rate share of general funding. The adult's directorate budget is only balanced with £38.8m (6.6%) savings and income. The net 9.7% increase in adult's budget is far larger than any other council service, however, within this the planned provider fee uplift means providers will have to absorb some of the costs imposed through National Minimum wage and increases in employer's national insurance. Consequently, the fiscal settlement for adult social care budget remains incredibly challenging for both care providers and the Council.

The grant settlement for schools is also challenging as it not keeping pace with increases in teachers' and support staff pay. This will mean schools will be expected to make efficiencies. The funding for special educational needs is increasing through the high-needs block but still by not enough to prevent underlying deficit and accumulated debt increasing. The Council is part of the Safety Valve agreement that is planned to reduce the deficit and clear accumulated debt by 2027-28, but this remains at risk if the statutory override on DSG deficits is not extended and/or the plan is not fully delivered.

The draft budget includes a proposed 4.99% Council Tax increase for 2025-26 i.e. up to the maximum without exceeding the 3% referendum limit plus an additional up to 2% for the adult social care levy. The final decision on these Council Tax increases will be taken at the County Council meeting. The final Council Tax precept for 2025-26 must be based on the final estimated tax base notified by districts

The proposed draft capital programme 2025-35 includes spending of £1,419m of which £766m is funded from confirmed/indicative grants, £366m from borrowing and £287m other sources.

### **Recommendations:**

Cabinet is asked to:

- a) consider any proposed amendments from Cabinet Committees.
- b) endorse the draft budget to be presented to County Council on 13<sup>th</sup> February for final decisions.

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

Any Member of a Local Authority who is liable to pay Council Tax, and who has any unpaid Council Tax amount overdue for at least two months, even if there is an

arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must not cast their vote on anything related to KCC's Budget or Council Tax.

## Background Documents

- 1 [KCC's Budget webpage](#)
- 2 [KCC's Corporate Risk Register](#)  
(Governance and Audit Committee 16<sup>th</sup> May 2024)
- 3 [KCC's Risk Management Strategy, Policy and Programme](#)  
(Governance and Audit Committee 19<sup>th</sup> March 2024)
- 4 [KCC's approved 2024-25 Budget](#)
- 5 [2025-26 Budget Consultation \(Let's Talk Kent\) inc. the Budget Consultation report Revenue and Capital 2024-25 Budget Monitoring Report – Quarter 3](#)  
(Cabinet 28<sup>th</sup> November 2024 – item 5)
- 7 [Securing Kent's Future – Budget Recovery Strategy](#)
- 8 [Securing Kent's Future – Budget Recovery Report](#)
- 9 [Member Budget Dashboards](#) (access restricted)
- 10 [Provisional Local Government Finance Settlement](#)

## Contact details

Report Author

Dave Shipton (Head of Finance Policy, Planning and Strategy)

03000 419418, [dave.shipton@kent.gov.uk](mailto:dave.shipton@kent.gov.uk)

Relevant Corporate Director:

John Betts (Interim)

03000 410066 [john.betts@kent.gov.uk](mailto:john.betts@kent.gov.uk)