A large, stylized, light blue horse logo is positioned in the upper right quadrant of the page. The horse is depicted in profile, facing left, with its front legs raised in a rearing or galloping posture. The background of the entire page is a solid dark blue color.

Budget Book 2023-24

Approved by County Council
9 February 2023

Including:

Ten Year Capital Programme 2023-33

Revenue Medium Term Financial Plan 2023-26

kent.gov.uk/budget



2023-24 BUDGET BOOK CONTENTS

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SECTION 1

[9th February 2023 County Council Budget Report](#)

Details of hyperlink:

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=113&MId=9026&Ver=4>

SECTION 2

30th March 2023 Cabinet Report on KCC Share of Retained Business Rates and Final Local Government Settlement 2023-24

[Summary Report](#)

[Detailed Report](#) (and [Appendix 4](#))

Details of hyperlinks:

Summary Report: <https://democracy.kent.gov.uk/documents/s117578/Report.pdf>

Detailed Report:

<https://democracy.kent.gov.uk/documents/s117580/Cabinet%20Report%20on%20Retained%20Business%20Rates%20and%20Final%20Local%20Government%20Finance%20Settlement.pdf>

Appendix 4

<https://democracy.kent.gov.uk/documents/s117579/Updated%20MTFP%20%20Appendix%204.pdf>

SECTION 3

Report to Political Group Leaders on Minor Technical Changes

NOTE

To: Roger Gough, Leader
Peter Oakford, Deputy Leader and Cabinet Member for Finance,
Corporate & Traded Services
Dr Lauren Sullivan, Leader of the Labour Group
Anthony Hook, Leader of the Liberal Democrats Group
Paul Stepto, Leader of the Green and Independent Group

From: Zena Cooke, Director of Finance

Date: 24th March 2023

Subject: **Consultation on proposed minor technical changes to the 2023-24 Revenue Budget**

Introduction

The 2023-24 net revenue budget of £1,310.9m was approved by County Council on 9th February 2023. County Council also approved to delegate authority to the Corporate Director of Finance (after consultation with the Leader, the Deputy Leader and Cabinet Member for Finance, Corporate & Traded Services and the political Group Leaders) to resolve any minor technical issues for the final budget ahead of the start of the new financial year.

This note sets out the detail of these minor technical changes which we are proposing to make before finalising the budget ahead of the start of the new financial year. These changes arise from new information which has been received since the County Council budget meeting papers were published.

There are other changes to the 2023-24 revenue budget relating to retained business rates and the final Local Government Finance Settlement. In accordance with the County Council agreed recommendation, these specific changes will be reported to Cabinet on 30th March 2023. The impact of these changes increase the net revenue budget by £4.7m, resulting in a revised net revenue budget for 2023-24 of £1,315.6m.

Minor Technical Changes post County Council

Please note that all changes below have a net nil impact on the Council's net revenue budget for 2023-24

1. We have received notification of new or amended grant allocations for 2023-24 as follows:
 - a. The Public Health Grant was announced on the 14th March, and the confirmed allocation was £331k higher than we had estimated in the budget presented to County Council on the 9th February. This increase enables the Council to draw down £331k less from the Public Health reserve.
 - b. In addition to the main Public Health Grant, there have been the following additional grant announcements which Public Health are responsible for:
 - i. Rough Sleeping Drug and Alcohol Grant £520.2k
 - ii. Drug Strategy Housing Support Grant £909.1k
 - iii. Individual Placement & Support in Community Drug and Alcohol Treatment Grant £249.0k

Please note the amounts above are the value of change to the figures presented to County Council on 9th February, with associated increases to the relevant expenditure budgets.

- c. Supporting Families Grant was announced since County Council, our allocation is confirmed at £5,491.1k. As this is a ring fenced grant, the associated expenditure budget(s) have been amended to reflect this announcement.
2. Schools Delegated Budgets – we have updated both the Gross and Dedicated Schools Grant (DSG) income by £30.5m to reflect the estimates from the Department for Education.
3. The assumed increase in the Better Care Fund of £2,339.3k had initially been held against ASCH Strategic Management line within the Key Service presentation of the budget (appendix E). This increase has now been fully allocated to the relevant operational adult social care service lines.

4. Council Tax – We have received a minor change from Folkestone and Hythe District Council to their 2023-24 taxbase after we had published the County Council papers. This means that overall the taxbase has changed from 571,478.40 to 571,478.39, a reduction of 0.01 which equates to a reduction of £15 in council tax income. As we budget to the nearest £100, this reduction does not alter the amount of Council Tax income built into the approved budget.
5. The approved 2023-24 budget assumed a £300k drawdown from reserves to fund the staffing costs of the Kent Supported Assistance Service. The latest information shows that the forecast staffing costs for the team next year are now £262k, a reduction of £38k. We therefore propose to reduce the drawdown from reserves to match the latest forecast, which means we need to increase the drawdown from the corporate smoothing reserve by the same amount so that we remain in balance. This minor increase is more than offset by the additional business rates and increases to grants, following the publication of the final local government finance settlement, both of which will be reported to Cabinet on 30th March 2023.
6. We have enhanced the presentation of the Key Service analysis to show the budgets for the direct services to the public within CED and DCED separately from the management and support functions. These enhancements merely separate out into new lines those services which are deemed a front line service, and affect the following services:
 - a. Strategy, Policy, Relationships and Customer Assurance (SPRCA) now has the following additional Key Service lines:
 - i. Children’s and Adults Safeguarding services
 - ii. Resettlement Schemes, Domestic Abuse and Civil Society Strategy
 - b. Infrastructure now has the following additional Key Service line:
 - i. Kent Resilience
 - c. Marketing & Resident Experience has been split between
 - i. Marketing and Digital Services
 - ii. Resident Experience – Contact Centre, Gateways, Customer Care & Complaints

7. We have identified a small number of minor technical changes including changes between staffing and non-staffing, between income and grants and between gross expenditure and income/grants. The service lines affected are listed below:
- a. **Children's Centres:** £4,109k Family hubs and start for life funding switched from income to grant
 - b. **Education Services provided by The Education People (TEP):** reduction in non staffing and grant of £200k
 - c. **Youth Services:** correction of -£2.4k between staffing and non staffing related to the Duke of Edinburgh scheme
 - d. **16+ Kent Travel Saver:** £518.2k correction between non staffing and income
 - e. **Environment:** £87.6k transfer of budget for a post from Environment & Waste Divisional Management Costs
 - f. **Environment & Waste Divisional Management Costs:** -£87.6k transfer of budget for a post to Environment
 - g. **Growth & Support to Businesses:** £361.2k transfer of staffing budget for three posts from Growth & Communities Divisional Management Costs
 - h. **Growth & Communities Divisional Management Costs:** -£361.2k transfer of staffing budget for three posts to Growth & Support to Businesses
 - i. **Public Health** (all service lines): various changes including -£2,162.3k reclassification of income as grant; £868.1k reduction in non staffing and grant; £6.9k increase in non staffing and income; £589.2k transfer from staffing to non staffing
8. We have updated the proportion of adult's prices and demography funded from core budget versus the proportion funded from the market sustainability and improvement fund, to align with the market sustainability plan which is due to be published on the 27th March 2023.
9. The allocation of pay to budget managers, based on the decision taken by County Council on 9th February, has now been completed and individual directorate budgets have received their proportionate share of the pay pot.
10. We have amended the presentation of increases in agency staff costs, moving them from Prices to Pay. This amendment will be reflected in the updated appendix D, F and G.

11. As part of the normal budget manager cost centre build process, which is finalised after the County Council budget meeting, £299.7k has moved between non-staffing and staffing – this affects multiple key service budget lines. This is normal practice and within the delegated budget manager responsibilities.

The minor technical changes itemised above do not alter the revised net revenue budget requirement of £1,315.6m referenced in the introduction of this note.

We need to finalise these changes before the start of the new financial year, so if you have any comments on the proposed changes above, please contact me by 29th March 2023.

Regards

A handwritten signature in black ink, appearing to read 'Zena Cooke', written in a cursive style.

Zena Cooke
Director of Finance

SECTION 4

Appendix A: Summary of Capital Programme & Financing 2023-24 to 2032-33

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Capital Investment Plans:

ROW REF	Directorate		Total Cost £000s	Prior Years Spend £000s	Cash Limits			
					2023-24 Year 1 £000s	2024-25 Year 2 £000s	2025-26 Year 3 £000s	2026-27 Year 4 £000s
1	Adult Social Care & Health	ASCH	7,635	2,318	2,081	1,236	250	250
2	Children, Young People & Education	CYPE	960,564	549,146	168,328	69,407	37,008	19,525
3	Growth, Environment & Transport	GET	1,414,024	309,640	195,518	147,288	120,390	122,451
4	Chief Executive's Department	CED	4,000	2,020	1,980	0	0	0
5	Deputy Chief Executive's Department	DCED	104,139	3,258	25,931	25,750	6,150	6,150
6	Total Cash Limit		2,490,362	866,382	393,838	243,681	163,798	148,376

Funded By:

7	Borrowing	508,108	107,726	116,378	62,004	29,655	25,835
8	Property Enterprise Fund (PEF) 2	369	369				
9	Grants	1,500,435	541,565	184,225	124,458	94,334	100,859
10	Developer Contributions	227,073	112,965	45,214	31,417	28,001	6,206
11	Other External Funding e.g. Arts Council, District Contributions etc.	39,286	15,550	18,194	4,947	56	516
12	Revenue Contributions to Capital	76,645	13,919	6,237	6,197	5,975	6,467
13	Capital Receipts	47,313	21,784	8,946	10,654	1,564	558
14	Recycled Loan Repayments	91,133	52,504	14,644	4,004	4,213	7,935
15	Total Finance	2,490,362	866,382	393,838	243,681	163,798	148,376

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Capital Investment Plans:

ROW REF	Directorate							
1	Adult Social Care & Health	ASCH	250	250	250	250	250	250
2	Children, Young People & Education	CYPE	19,525	19,525	19,525	19,525	19,525	19,525
3	Growth, Environment & Transport	GET	152,375	111,737	65,105	64,665	62,445	62,410
4	Chief Executive's Department	CED	0	0	0	0	0	0
5	Deputy Chief Executive's Department	DCED	6,150	6,150	6,150	6,150	6,150	6,150
6	Total Cash Limit		178,300	137,662	91,030	90,590	88,370	88,335

Funded By:

7	Borrowing	25,335	28,235	28,235	28,235	28,235	28,235
8	Property Enterprise Fund (PEF) 2						
9	Grants	134,866	102,469	55,842	55,417	53,200	53,200
10	Developer Contributions	3,270	0	0	0	0	0
11	Other External Funding e.g. Arts Council, District Contributions etc.	23	0	0	0	0	0
12	Revenue Contributions to Capital	6,416	6,308	6,303	6,288	6,285	6,250
13	Capital Receipts	557	650	650	650	650	650
14	Recycled Loan Repayments	7,833	0	0	0	0	0
15	Total Finance	178,300	137,662	91,030	90,590	88,370	88,335

SECTION 5

**Appendix B: Capital Programme by
Directorate 2023-24 to 2032-33**

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2023-24 Year 1 £000s	2024-25 Year 2 £000s	2025-26 Year 3 £000s	2026-27 Year 4 £000s
					1	Home Support Fund & Equipment [2]	Provision of equipment and/or alterations to individuals' homes	2,500
2	Total Rolling Programmes [3]		2,500		250	250	250	250
Kent Strategy for Services for Learning Disability (LD):								
3	Learning Disability Good Day Programme [1]	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	4,335	2,318	1,466	551	0	0
Other Individual Projects:								
4	Hedgerows [1]	A new purpose-built facility for people with complex needs and also for adult in-house service provision	800	0	365	435	0	0
5	Total Individual Projects		5,135	2,318	1,831	986	0	0
6	Total Adult Social Care & Health		7,635	2,318	2,081	1,236	250	250

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	Cash Limits						
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
			£000s	£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [2]	Provision of equipment and/or alterations to individuals' homes	250	250	250	250	250	250	250
2	Total Rolling Programmes [3]		250	250	250	250	250	250	250
Kent Strategy for Services for Learning Disability (LD):									
3	Learning Disability Good Day Programme [1]	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	0	0	0	0	0	0	0
Other Individual Projects:									
4	Hedgerows [1]	A new purpose-built facility for people with complex needs and also for adult in-house service provision	0	0	0	0	0	0	0
5	Total Individual Projects		0	0	0	0	0	0	0
6	Total Adult Social Care & Health		250	250	250	250	250	250	250

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Children, Young People & Education (CYPE)

ROW REF	Project	Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2023-24 Year 1 £000s	2024-25 Year 2 £000s	2025-26 Year 3 £000s	2026-27 Year 4 £000s
					1	Annual Planned Enhancement Programme [1] [2]	Planned and reactive capital projects to keep schools open and operational	91,000
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	45,000		4,500	4,500	4,500	4,500
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	50,000		5,000	5,000	5,000	5,000
4	Youth - Modernisation of Assets	To purchase vehicles and equipment for youth services	372		147	25	25	25
5	Schools' Modernisation Programme [1] [2]	Improving and upgrading school buildings including removal of temporary classrooms	33,000		8,500	8,500	2,000	2,000
6	Total Rolling Programmes [3]		219,372		31,647	31,525	19,525	19,525
Basic Need Schemes - to provide additional pupil places:								
7	Basic Need Kent Commissioning Plan (KCP) 2016 & previous years	Increasing the capacity of Kent's schools	331,622	330,493	1,129	0	0	0
8	Basic Need KCP 2017 [1]	Increasing the capacity of Kent's schools	116,848	101,778	15,070	0	0	0
9	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	49,984	40,011	9,973	0	0	0
10	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	91,330	24,467	64,548	2,315	0	0
11	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	8,986	2,077	1,305	5,604	0	0
12	Basic Need KCP 22-26 [1]	Increasing the capacity of Kent's schools	17,937	3,085	7,855	6,997	0	0
13	Basic Need KCP 23-27 [2]	Increasing the capacity of Kent's schools	37,571	250	8,713	15,867	12,741	0
Other Projects								
14	Nest 2	Provision of a residential facility for children and young people in Kent and Medway with Autistic Spectrum Conditions (ASC)	1,550	0	1,550	0	0	0
15	John Wallis Academy	Provision of a new primary school building and relocation of children's centre	5,011	4,981	30	0	0	0
16	Priority School Build Programme (PSBP) 1 & 2	Additional works under the PSBP programme not funded by the Education and Skills Funding Agency (ESFA)	24,584	24,584	0	0	0	0
17	High Needs Provision	Specific projects relating to high needs provision	7,093	6,793	300	0	0	0
18	High Needs Provision 22-24	Specific projects relating to high needs provision	41,111	6,467	22,803	7,099	4,742	0
19	School Roofs	Structural repairs to school roofs	7,565	4,160	3,405	0	0	0
20	Total Individual Projects		741,192	549,146	136,681	37,882	17,483	0
21	Total Children, Young People & Education		960,564	549,146	168,328	69,407	37,008	19,525

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Children, Young People & Education (CYPE)

ROW REF	Project	Description of Project	Cash Limits					
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Annual Planned Enhancement Programme [1] [2]	Planned and reactive capital projects to keep schools open and operational	8,000	8,000	8,000	8,000	8,000	8,000
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	4,500	4,500	4,500	4,500	4,500	4,500
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	5,000	5,000	5,000	5,000	5,000	5,000
4	Youth - Modernisation of Assets	To purchase vehicles and equipment for youth services	25	25	25	25	25	25
5	Schools' Modernisation Programme [1] [2]	Improving and upgrading school buildings including removal of temporary classrooms	2,000	2,000	2,000	2,000	2,000	2,000
6	Total Rolling Programmes [3]		19,525	19,525	19,525	19,525	19,525	19,525
Basic Need Schemes - to provide additional pupil places:								
7	Basic Need Kent Commissioning Plan (KCP) 2016 & previous years	Increasing the capacity of Kent's schools	0	0	0	0	0	0
8	Basic Need KCP 2017 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
9	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
10	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
11	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
12	Basic Need KCP 22-26 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
13	Basic Need KCP 23-27 [2]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
Other Projects								
14	Nest 2	Provision of a residential facility for children and young people in Kent and Medway with Autistic Spectrum Conditions (ASC)	0	0	0	0	0	0
15	John Wallis Academy	Provision of a new primary school building and relocation of children's centre	0	0	0	0	0	0
16	Priority School Build Programme (PSBP) 1 & 2	Additional works under the PSBP programme not funded by the Education and Skills Funding Agency (ESFA)	0	0	0	0	0	0
17	High Needs Provision	Specific projects relating to high needs provision	0	0	0	0	0	0
18	High Needs Provision 22-24	Specific projects relating to high needs provision						
19	School Roofs	Structural repairs to school roofs	0	0	0	0	0	0
20	Total Individual Projects		0	0	0	0	0	0
21	Total Children, Young People & Education		19,525	19,525	19,525	19,525	19,525	19,525

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2023-24 Year 1 £000s	2024-25 Year 2 £000s	2025-26 Year 3 £000s	2026-27 Year 4 £000s
					Growth & Communities			
1	Country Parks Access and Development	Improvements and adaptations to country parks	659		119	60	60	60
2	Public Rights of Way	Structural improvements of public rights of way	9,000		900	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	750		75	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	823		148	75	75	75
Transportion								
5	Highways Asset Management/Annual Maintenance and programme of Significant and Urgent Safety Critical Works [1] [2]	Maintaining Kent's roads	578,466		74,466	56,000	56,000	56,000
6	Integrated Transport Schemes [1] [2]	Improvements to road safety	45,270		4,770	4,500	4,500	4,500
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	21		21	0	0	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	76		62	14	0	0
9	Total Rolling Programmes [3]		635,065		80,561	61,624	61,610	61,610
Growth & Communities								
10	Digital Autopsy	To provide a body storage and digital autopsy facility	3,217	704	2,513	0	0	0
11	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	300	134	166	0	0	0
12	Public Mortuary	To consider options for the provision of a public mortuary	3,000	0	0	0	3,000	0
13	Herne Bay Library Plus	Project to refurbish the library and address long-term building issues	661	161	0	500	0	0
14	Gypsy & Traveller Site Improvements [1]	Improvements to Gypsy and Traveller sites	4,055		4,055		0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2023-24 Year 1 £000s	2024-25 Year 2 £000s	2025-26 Year 3 £000s	2026-27 Year 4 £000s
					15	Tunbridge Wells Cultural Hub (Amelia)	Contribution to the development of a cultural and learning hub in partnership with Tunbridge Wells Borough Council, including library, registration and adult education	1,586
16	Broadband Contract 2	To extend the reach of superfast broadband so that 95% of homes and businesses can access superfast broadband	11,814	10,465	1,349	0	0	0
17	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	10,374	6,143	500	600	743	1,100
18	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	12,826	12,786	2	0	0	38
19	Kent & Medway Business Fund	New fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	42,443	18,928	3,305	3,385	3,453	6,827
20	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	52,901	48,192	11,589	-4,700	-2,180	0
21	Marsh Million	Supporting economic growth on Romney Marsh to develop new jobs and business opportunities following the decommissioning of Dungeness Power Station	1,100	1,056	0	19	17	8
22	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	962	500	1,400	0	0
Environment & Waste								
23	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	3,199	2,535	271	73	72	64
24	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	2,419	2,051	218	32	23	23
25	Electric Vans	Electric vehicles and charging infrastructure funded by government grant	1,512	1,277	235	0	0	0
26	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	2,500	602	826	625	447	0
27	Kings Hill Solar Farm	Construction of a solar farm	5,091	4,880	211	0	0	0
28	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	10,302	9	100	9,598	56	516

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits				
					2023-24	2024-25	2025-26	2026-27	
					Year 1	Year 2	Year 3	Year 4	
			£000s	£000s	£000s	£000s	£000s	£000s	
29	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	5,000	30	470	500	500	500	
30	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	3,823	923	0	500	300	300	
Transportion									
31	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	4,400	0	0	1,500	2,199	701	
32	A226 St Clements Way	Road improvement scheme	6,571	6,543	14	14	0	0	
33	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	3,695	929	2,560	206	0	0	
34	A2500 Lower Road Improvements	Junction improvements to increase capacity	5,384	5,357	27	0	0	0	
35	A28 Chart Road, Ashford [1]	Strategic highway improvement	26,247	4,122	2,768	11,026	7,256	805	
36	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	5,520	1,062	3,458	1,000	0	0	
37	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	12,000	9,127	2,873	0	0	0	
38	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	24,237	17,589	6,574	74	0	0	
39	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	14,038	3,146	9,533	1,359	0	0	
40	Faversham Swing Bridge [1]	Restoration of an opening bridge	2,550	850	700	1,000	0	0	
41	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	7,400	2,148	5,252	0	0	0	
42	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	9,076	6,910	1,921	130	115	0	
43	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	38,633	5,883	24,606	7,822	322	0	
44	Kent Active Travel Fund Phase 2	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	4,878	2,641	2,237	0	0	0	
45	Kent Active Travel Fund Phase 3	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	1,300	120	1,180	0	0	0	
46	Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	14,237	5,487	8,718	32	0	0	

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2023-24	2024-25	2025-26	2026-27
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	
47	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	9,974	1,087	2,426	6,461	0	0
48	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	40,754	39,004	1,750	0	0	0
49	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	10,850	6,262	3,590	998	0	0
50	Market Square Dover	Project to improve access and public realm at Market Square in Dover	3,640	3,610	15	15	0	0
51	M20 Junction 4 Eastern Over Bridge	Carriageway widening	6,195	6,183	12	0	0	0
52	Rathmore Road Link	Road improvement scheme	8,008	7,915	87	6	0	0
53	Sturry Link Road, Canterbury [1]	Construction of bypass	29,601	3,704	3,535	13,961	6,001	2,300
54	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	42,702	42,652	50	0	0	0
55	Urban Traffic Management [1]	Upgrades to the existing urban traffic management system within the Ebbsfleet area.	5,476	4,626	850	0	0	0
56	A229 Bluebell Hill M2 & M20 Interchange Upgrades [1]	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	202,081	0	1,000	8,638	9,395	47,548
57	A28 Birchington, Acol and Westgate-on-Sea Relief Road [1]	Creation of a relief road	49,001	1,156	1,488	18,890	27,061	111
58	Zebra Funding - Electric Buses and infrastructure	Grant funded projects for electric buses and infrastructure	9,526	8,453	1,073	0	0	0
59	Total Individual Projects		778,959	309,640	114,957	85,664	58,780	60,841
60	Total Growth, Environment & Transport		1,414,024	309,640	195,518	147,288	120,390	122,451

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Cash Limits						
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
			£000s						
Growth & Communities									
1	Country Parks Access and Development	Improvements and adaptations to country parks	60	60	60	60	60	60	60
2	Public Rights of Way	Structural improvements of public rights of way	900	900	900	900	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	75	75	75	75	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	75	75	75	75	75	75	75
Transportion									
5	Highways Asset Management/Annual Maintenance and programme of Significant and Urgent Safety Critical Works [1] [2]	Maintaining Kent's roads	56,000	56,000	56,000	56,000	56,000	56,000	56,000
6	Integrated Transport Schemes [1] [2]	Improvements to road safety	4,500	4,500	4,500	4,500	4,500	4,500	4,500
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	0	0	0	0	0	0	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	0	0	0	0	0	0	0
9	Total Rolling Programmes [3]		61,610						
Growth & Communities									
10	Digital Autopsy	To provide a body storage and digital autopsy facility	0	0	0	0	0	0	0
11	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	0	0	0	0	0	0	0
12	Public Mortuary	To consider options for the provision of a public mortuary	0	0	0	0	0	0	0
13	Herne Bay Library Plus	Project to refurbish the library and address long-term building issues	0	0	0	0	0	0	0
14	Gypsy & Traveller Site Improvements [1]	Improvements to Gypsy and Traveller sites	0	0	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Cash Limits					
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
15	Tunbridge Wells Cultural Hub (Amelia)	Contribution to the development of a cultural and learning hub in partnership with Tunbridge Wells Borough Council, including library, registration and adult education	0	0	0	0	0	0
16	Broadband Contract 2	To extend the reach of superfast broadband so that 95% of homes and businesses can access superfast broadband	0	0	0	0	0	0
17	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	1,288	0	0	0	0	0
18	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	0	0	0	0	0	0
19	Kent & Medway Business Fund	New fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	6,545	0	0	0	0	0
20	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	0	0	0	0	0	0
21	Marsh Million	Supporting economic growth on Romney Marsh to develop new jobs and business opportunities following the decommissioning of Dungeness Power Station						
22	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	0	0	0	0	0	0
Environment & Waste								
23	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	50	41	36	24	33	0
24	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	22	17	17	14	2	0
25	Electric Vans	Electric vehicles and charging infrastructure funded by government grant						
26	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	0	0	0	0	0	0
27	Kings Hill Solar Farm	Construction of a solar farm	0	0	0	0	0	0
28	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	23	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Cash Limits					
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
29	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	500	500	500	500	500	500
30	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	300	300	300	300	300	300
Transportation								
31	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	0	0	0	0	0	0
32	A226 St Clements Way	Road improvement scheme	0	0	0	0	0	0
33	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	0	0	0	0	0	0
34	A2500 Lower Road Improvements	Junction improvements to increase capacity	0	0	0	0	0	0
35	A28 Chart Road, Ashford [1]	Strategic highway improvement	270	0	0	0	0	0
36	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	0	0	0	0	0	0
37	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	0	0	0	0	0	0
38	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	0	0	0	0	0	0
39	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	0	0	0	0	0	0
40	Faversham Swing Bridge [1]	Restoration of an opening bridge	0	0	0	0	0	0
41	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	0	0	0	0	0	0
42	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	0	0	0	0	0	0
43	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	0	0	0	0	0	0
44	Kent Active Travel Fund Phase 2	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0
45	Kent Active Travel Fund Phase 3	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys						
46	Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	0	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Cash Limits					
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
47	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	0	0	0	0	0	0
48	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	0	0	0	0	0	0
49	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	0	0	0	0	0	0
50	Market Square Dover	Project to improve access and public realm at Market Square in Dover	0	0	0	0	0	0
51	M20 Junction 4 Eastern Over Bridge	Carriageway widening	0	0	0	0	0	0
52	Rathmore Road Link	Road improvement scheme	0	0	0	0	0	0
53	Sturry Link Road, Canterbury [1]	Construction of bypass	100	0	0	0	0	0
54	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	0	0	0	0	0	0
55	Urban Traffic Management [1]	Upgrades to the existing urban traffic management system within the Ebbsfleet area.	0	0	0	0	0	0
56	A229 Bluebell Hill M2 & M20 Interchange Upgrades [1]	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	81,372	49,269	2,642	2,217	0	0
57	A28 Birchington, Acol and Westgate-on-Sea Relief Road [1]	Creation of a relief road	295	0	0	0	0	0
58	Zebra Funding - Electric Buses and infrastructure	Grant funded projects for electric buses and infrastructure						
59	Total Individual Projects		90,765	50,127	3,495	3,055	835	800
60	Total Growth, Environment & Transport		152,375	111,737	65,105	64,665	62,445	62,410

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2023-24 Year 1	2024-25 Year 2	2025-26 Year 3	2026-27 Year 4
					£000s	£000s	£000s	£000s
1	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	4,000	2,020	1,980	0	0	0
2	Total Individual Projects		4,000	2,020	1,980	0	0	0
3	Total Chief Executive s Department		4,000	2,020	1,980	0	0	0

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Cash Limits					
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
			Year 5 £000s	Year 6 £000s	Year 7 £000s	Year 8 £000s	Year 9 £000s	Year 10 £000s
1	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	0	0	0	0	0	0
2	Total Individual Projects		0	0	0	0	0	0
3	Total Chief Executive s Department		0	0	0	0	0	0

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Deputy Chief Executive's Department (DCED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2023-24 Year 1	2024-25 Year 2	2025-26 Year 3	2026-27 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	25,000		2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	6,500		650	650	650	650
3	Modernisation of Assets (MOA)	Maintaining KCC estates	35,293		8,293	3,000	3,000	3,000
4	Total Rolling Programmes [3]		66,793		11,443	6,150	6,150	6,150
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	1,443	429	1,014	0	0	0
6	Strategic Estate Programme	Options for the council's future strategic estate	20,000	2,000	6,000	12,000	0	0
7	Strategic Reset Programme	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	8,000	0	3,000	5,000	0	0
8	Dover Discovery Centre [1]	Refurbishment to make the building fit for purpose	7,903	829	4,474	2,600	0	0
9	Total Individual Projects		37,346	3,258	14,488	19,600	0	0
10	Total Deputy Chief Executive's Department		104,139	3,258	25,931	25,750	6,150	6,150

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2023-24 TO 2032-33

Deputy Chief Executive's Department (DCED)

ROW REF	Project	Description of Project	Cash Limits					
			2026-27 Year 5 £000s	2027-28 Year 6 £000s	2028-29 Year 7 £000s	2029-30 Year 8 £000s	2030-31 Year 9 £000s	2032-33 Year 10 £000s
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	2,500	2,500	2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	650	650	650	650	650	650
3	Modernisation of Assets (MOA)	Maintaining KCC estates	3,000	3,000	3,000	3,000	3,000	3,000
4	Total Rolling Programmes [3]		6,150	6,150	6,150	6,150	6,150	6,150
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	0	0	0	0	0	0
6	Strategic Estate Programme	Options for the council's future strategic estate	0	0	0	0	0	0
7	Strategic Reset Programme	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	0	0	0	0	0	0
8	Dover Discovery Centre [1]	Refurbishment to make the building fit for purpose	0	0	0	0	0	0
9	Total Individual Projects		0	0	0	0	0	0
10	Total Deputy Chief Executive s Department		6,150	6,150	6,150	6,150	6,150	6,150

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2023-24 and 2032-33

[3] Rolling programmes have been included for 10 year capital programme

SECTION 6

Appendix C: Potential New Capital Projects 2023-24 to 2032-33

APPENDIX C - POTENTIAL CAPITAL PROJECTS 2023-24 TO 2032-33 BY YEAR

These projects are currently very high level and commencement is subject to business case approval and affordable funding solutions identified.

Directorate	Potential Forthcoming Projects	Description of Project	Total Cost of Scheme £000s	Indicative Costs			
				2023-24 Year 1 £000s	2024-25 Year 2 £000s	2025-26 Year 3 £000s	2026-27 Year 4 £000s
				ASCH	Extra Care Facilities	Provision of Extra Care Accommodation	16,800
GET	Waste Transfer Station	Church Marshes	16,000			10,700	5,300
GET	Waste Transfer Station	North Farm	16,000				8,550
GET	Waste Transfer Station	Ebbsfleet	10,000				
GET	North Farm Solar Farm	Solar farm at closed landfill site.	4,500				
GET	Maidstone District Heat Network	Renewable energy heat options for the Maidstone area	12,000		6,000	6,000	
GET	Kent Scientific Services	Renewal/Modernisation of laboratory facilities	10,000		10,000		
GET	A228 Colts Hill Strategic Link - Road Scheme	Construction of bypass	45,000				
GET	South East Maidstone Strategic Route - Road Scheme	Construction of bypass	35,000				
GET	Orchard Way Railway Bridge	Strategic Highway Improvement	15,000				
GET	Designated Funds	Programme of projects related to the Lower Thames Crossing.	12,642	4,122	8,520		
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network	58,470	2,627	55,843		
GET	M20 Junction 7 Improvements	Levelling Up Fund Round 2 bid for capacity improvements	8,338	1,812	6,526		
GET	Folkestone Town Centre Improvements	Levelling Up Fund Round 2 bid for transport, public realm and regeneration improvements in Folkestone Town Centre	21,991	10,976	11,015		
GET	Thanet Way	Structural improvements to the Thanet Way A299	42,500		42,500		
DCED	Future Assets	Asset review to include community services, office estate and specialist assets	53,500			6,500	6,500
DCED	Carbon Neutral for 2030	Public Sector heat incentives for KCC buildings Move 30% of Gas heating to Heat Pumps, insulate those buildings for 20% reduction in heat loss and Roll out LED lighting in all KCC buildings where practicable	40,000		6,500	6,500	6,500
Total Potential Forthcoming Projects			417,741	19,537	150,904	33,700	35,650

APPENDIX C - POTENTIAL CAPITAL PROJECTS 2023-24 TO 2032-33 BY YEAR

These projects are currently very high level and commencement is subject to business case approval and affordable funding solutions

Directorate	Potential Forthcoming Projects	Description of Project	Indicative Costs						
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
			£000s	£000s	£000s	£000s	£000s	£000s	£000s
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation							
GET	Waste Transfer Station	Church Marshes							
GET	Waste Transfer Station	North Farm	7,450						
GET	Waste Transfer Station	Ebbsfleet	10,000						
GET	North Farm Solar Farm	Solar farm at closed landfill site.	4,500						
GET	Maidstone District Heat Network	Renewable energy heat options for the Maidstone area							
GET	Kent Scientific Services	Renewal/Modernisation of laboratory facilities							
GET	A228 Colts Hill Strategic Link - Road Scheme	Construction of bypass							45,000
GET	South East Maidstone Strategic Route - Road Scheme	Construction of bypass							35,000
GET	Orchard Way Railway Bridge	Strategic Highway Improvement							15,000
GET	Designated Funds	Programme of projects related to the Lower Thames Crossing.							
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network							
GET	M20 Junction 7 Improvements	Levelling Up Fund Round 2 bid for capacity improvements							
GET	Folkestone Town Centre Improvements	Levelling Up Fund Round 2 bid for transport, public realm and regeneration improvements in Folkestone Town Centre							
GET	Thanet Way	Structural improvements to the Thanet Way A299							
DCED	Future Assets	Asset review to include community services, office estate and specialist assets	6,750	6,750	6,750	6,750	6,750	6,750	6,750
DCED	Carbon Neutral for 2030	Public Sector heat incentives for KCC buildings Move 30% of Gas heating to Heat Pumps, insulate those buildings for 20% reduction in heat loss and Roll out LED lighting in all KCC buildings where practicable	6,500	7,000	7,000				
Total Potential Forthcoming Projects			35,200	13,750	13,750	6,750	6,750	101,750	

SECTION 7

Appendix D: High Level 3 Year Revenue Plan & Financing

Appendix D - High Level 2023-26 Revenue Plan and Financing

2022-23			2023-24		FOR PLANNING PURPOSES			
£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s
1,132,426.0		Revised Base Budget	1,191,493.8		1,315,610.6		1,412,405.3	
		Growth						
11,175.3		Net Base Budget Changes & Emerging Pressures	63,510.3		20,659.6		21,000.0	
1,157.9		Reduction in Grant Funding	3,106.4		35.0			
9,241.3		Pay	14,853.6		16,435.5		7,628.6	
28,554.9		Prices	69,470.6		44,801.4		17,812.2	
20,748.2		Demand & Cost Drivers	34,001.7		31,448.7		29,433.7	
9,234.6		Service Strategies and Improvements	3,862.4		2,312.0		-2,961.6	
4,161.0		Government & Legislative						
		Social Care Reform					25,000.0	
		Household Support Fund	22,130.8		-22,130.8			
-669.6		Other	8,351.5		-1,049.8		-4,497.6	
83,603.6		Growth	219,287.3		92,511.6		93,415.3	
		Savings, Income & Grants						
		Transformation Savings						
-8,407.7		Adults Transformation Programmes	752.1		-5,555.6		-6,622.5	
-451.4		Other Transformation Programmes	-2,405.0		-2,446.7		-50.0	
-8,676.6		Income Generation	-15,641.3		-7,217.5		-4,652.7	
		Efficiency Savings						
-380.0		Staffing	-1,582.4					
		Premises	-8.0					
-3,316.0		Contracts & Procurement	-1,391.0		-2,903.6		-1,492.0	
-1,304.6		Other	-6,664.8					
-2,094.0		Financing Savings	-3,893.3		-2,340.1		-2,065.5	
-9,252.5		Policy Savings	-23,937.3		-12,318.6		-34,201.7	
-33,882.8		Total Savings & Income	-54,771.0		-32,782.1		-49,084.4	
-3,419.0		Increases in Grants & Contributions	-34,712.1		21,947.7		8,113.0	
-37,301.8		Total Savings, Income & Grants	-89,483.1		-10,834.4		-40,971.4	
		Reserves						
22,458.7		Contributions to Reserves	23,516.3		32,169.3		21,260.0	
-20,474.1		Removal of prior year contributions	-29,458.7		-24,739.6		-32,169.3	
-8,772.0		Drawdowns from Reserves	-8,517.0		-829.2			
19,553.4		Removal of prior year drawdowns	8,772.0		8,517.0		829.2	
12,766.0		Net Impact on MTFP	-5,687.4		15,117.5		-10,080.1	
1,191,493.8		Net Budget Requirement	1,315,610.6		1,412,405.3		1,454,769.1	
		MEMORANDUM:						
		The net impact on our reserves balances is:						
22,458.7		Contributions to Reserves	23,516.3		32,169.3		21,260.0	
-8,772.0		Drawdowns from Reserves	-8,517.0		-829.2		0.0	
13,686.7		Net movement in Reserves	14,999.3		31,340.1		21,260.0	
		Funding per the Final Local Government Finance Settlement & Local Taxation						
10,018.1		Revenue Support Grant	11,072.6		11,827.1		11,827.1	
54,478.4		Social Care Grant	88,770.7		103,212.0		103,212.0	
4,161.0		Adult Social Care Market Sustainability and Improvement Fund	14,435.1		21,703.9		21,703.9	
		Adult Social Care Discharge Fund	7,012.0		11,686.6		11,686.6	
12,953.2		Services Grant	7,599.4		7,599.4		7,599.4	
138,429.0		Business Rate Top-up Grant	140,802.3		150,396.1		150,396.1	
50,014.7		Improved Better Care Fund (iBCF)	50,014.7		50,014.7		50,014.7	
29,262.9		Business Rates Compensation Grant	44,241.4		47,255.9		47,255.9	
4,381.5		New Homes Bonus	2,272.8					
1,969.0		Other Un-ringfenced grants	3,257.7		3,257.7		3,257.7	
52,809.5		Local Share of Retained Business Rates	60,197.7		64,094.9		64,094.9	
-10,793.6		Business Rate Collection Fund	1,067.6					
-1,127.6		Business Rate Collection Fund 2020-21 3-Year Deficit Write-off	-1,127.6					
11,886.6		Drawdown from reserves of S31 grant for Covid-19 business rate reliefs						
2,347.5		Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19	2,347.5					
725,505.3		Council Tax Income (including increase up to referendum limit but excluding social care levy)	761,106.4		799,199.5		830,104.1	
97,589.1		Council Tax Adult Social Care Levy	115,672.9		135,157.5		146,616.7	
12,230.5		Council Tax Collection Fund	11,488.7		7,000.0		7,000.0	
-4,621.3		Council Tax Collection Fund 2020-21 3-Year Deficit Write-off	-4,621.3					
1,191,493.8		Total Funding	1,315,610.6		1,412,405.3		1,454,769.1	

SECTION 8

Appendix E: Directorate Revenue Budget 2023-24 Key Service Analysis

We also have a fully digitally accessible document for this section

APPENDIX E - REVENUE BUDGET - SUMMARY

Revenue Spending:										
Row Ref	2022-23 Revised Base Budget* £000s	Directorate	2023-24 Approved Budget (including earmarked budgets held corporately for each Directorate)							
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	+/- from 2022-23 Revised Budget £000s	
1	464,342.1	Adult Social Care & Health	ASCH	92,418.7	701,514.1	793,932.8	-174,363.5	-92,138.9	527,430.4	63,088.3
2	318,752.0	Children, Young People & Education (excluding Schools' Delegated Budgets)	CYPE	152,249.1	532,488.1	684,737.2	-59,789.3	-264,744.9	360,203.0	41,451.0
3	0.0	Schools' Delegated Budgets	CYPE	558,293.6	175,317.5	733,611.1	-30,490.7	-703,120.4	0.0	0.0
4	177,227.4	Growth, Environment & Transport	GET	63,127.7	184,506.0	247,633.7	-45,180.6	-7,804.1	194,649.0	17,421.6
5	32,395.2	Chief Executive's Department	CED	35,215.0	18,717.9	53,932.9	-9,307.6	-11,506.4	33,118.9	723.7
6	73,376.5	Deputy Chief Executive's Department	DCED	22,362.5	77,004.2	99,366.7	-15,001.7	-426.0	83,939.0	10,562.5
7	125,400.6	Non Attributable Costs	NAC	1,595.4	137,282.9	138,878.3	-22,599.0	-9.0	116,270.3	-9,130.3
8	0.0	Corporately Held Budgets	CHB	0.0	22,130.8	22,130.8	0.0	-22,130.8	0.0	0.0
9	1,191,493.8	Budget Requirement		925,262.0	1,848,961.5	2,774,223.5	-356,732.4	-1,101,880.5	1,315,610.6	124,116.8
10	1,191,493.8	Budget Requirement (excluding Schools' Delegated Budgets)		366,968.4	1,673,644.0	2,040,612.4	-326,241.7	-398,760.1	1,315,610.6	124,116.8
Funded By:										
Local Taxation and related:										
11	-830,703.6	Council Tax income including Collection Fund					-883,646.7		-883,646.7	-52,943.1
12	-40,888.3	Local Share of Business Rates & Business Rate Collection Fund					-60,137.7		-60,137.7	-19,249.4
13	-11,886.6	Drawdown from reserves of S31 grant for Covid-19 Business Rate reliefs							0.0	11,886.6
14	-2,347.5	Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19			-2,347.5	-2,347.5			-2,347.5	0.0
Grants within Core Spending Power & Other Unringfenced Grants:										
15	-10,018.1	Revenue Support Grant (RSG)						-11,072.6	-11,072.6	-1,054.5
16	-138,429.0	Business Rate Top-Up Grant						-140,802.3	-140,802.3	-2,373.3
17	-29,262.9	Business Rate Compensation Grant						-44,241.4	-44,241.4	-14,978.5
18	-54,478.4	Social Care Grant						-88,770.7	-88,770.7	-34,292.3
19	-4,161.0	Adult Social Care Market Sustainability & Improvement Fund						-14,435.1	-14,435.1	-10,274.1
20	-12,953.2	Services Grant						-7,599.4	-7,599.4	5,353.8
21	-50,014.7	Improved Better Care Fund (iBCF)						-50,014.7	-50,014.7	0.0
22	0.0	Adult Social Care Discharge Fund						-7,012.0	-7,012.0	-7,012.0
23	-4,381.5	New Homes Bonus						-2,272.8	-2,272.8	2,108.7
24	-1,969.0	Other Unringfenced Grants						-3,257.7	-3,257.7	-1,288.7
25	0.0	Total		925,262.0	1,846,614.0	2,771,876.0	-1,300,516.8	-1,471,359.2	0.0	0.0

*The Revised Budget column includes changes to budgets as a result of structural changes

APPENDIX E - REVENUE BUDGET - BY DIVISION

The hierarchy below illustrates the Council's structure, and which Divisions sit in each Directorate, along with the approved net budget for 2023-24 in £000s. Earmarked budgets held corporately for each Directorate are also shown.

		Budget (£000s)	
Kent County Council			1,315,610.6
Adult Social Care & Health (ASCH)	Strategic Management & Directorate Budgets	SMDBA	33,805.1
	Adult Social Care & Health Operations	ASCHO	483,681.8
	Business Delivery Unit	BDU	9,943.5
	Public Health	PH	0.0
	Controllable Net Budget		527,430.4
Children Young People & Education (CYPE)	Strategic Management & Directorate Budgets	SMDBC	2,283.0
	Education	EDU	78,984.3
	Integrated Children's Services (East & West)	ICS	174,926.9
	Special Educational Needs & Disabilities	SEND	104,158.8
	Schools' Delegated Budgets	SDB	0.0
	Controllable Net Budget		360,353.0
	Earmarked budgets held corporately for CYPE		-150.0
Net Budget including provisional share of corporately held budgets		360,203.0	
Growth, Environment & Transport (GET)	Strategic Management & Directorate Budgets	SMDBG	1,406.4
	Growth and Communities	GC	31,218.0
	Highways and Transportation	HT	70,791.0
	Environment and Waste	EW	91,533.6
	Controllable Net Budget		194,949.0
Earmarked budgets held corporately for GET		-300.0	
Net Budget including provisional share of corporately held budgets		194,649.0	
Chief Executive's Department (CED)	Strategic Management & Departmental Budgets	SMDBCE	-459.6
	Finance	FIN	13,036.9
	Governance, Law & Democracy	GLD	7,595.5
	Strategic Commissioning	SC	7,649.6
	Strategy, Policy, Relationships & Corporate Assurance	SPRCA	5,296.5
Controllable Net Budget		33,118.9	
Deputy Chief Executive's Department (DCED)	Strategic Management & Departmental Budgets	SMDBDC	5,059.1
	Corporate Landlord	CL	33,679.3
	Human Resources & Organisational Development	HROD	5,288.2
	Infrastructure	INF	8,097.8
	Marketing & Resident Experience	MRX	6,184.2
	Technology	TEC	25,680.4
	Controllable Net Budget		83,989.0
Earmarked budgets held corporately for DCED		-50.0	
Net Budget including provisional share of corporately held budgets		83,939.0	
Non Attributable Costs (NAC)	Non Attributable Costs	NAC	116,062.2
	Earmarked budgets held corporately for NAC		208.1
Net Budget including provisional share of corporately held budgets		116,270.3	
Corporately Held Budgets (CHB)	Corporately Held Budgets	CHB	0.0

Adult Social Care & Health (ASCH)

Revenue Budget for 2023-24	£527.4m
Capital Budget for next 10 years	£5.3m
Full Time Equivalent (FTE) staff*	2,128.0

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

In line with our Care Act duties, we focus on the strengths of people, families and carers to promote independence and empower communities. We provide access to person-centred support through our in-house and commissioned providers. Through the co-production and development of our five-year Making a Difference Every Day Adult Social Care Strategy, we have been able to reflect, refocus and reset our ways of working, allowing us to reposition and equip ourselves to reach our ambition of being “best in class” for adult social care.

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

- Developed a clear view of our key strengths and areas for improvement mapped around our three pillars of Practice – putting the person first, Innovation – improving all the time and Meaningful Measures – measuring what matters
- Agreed on what sustainable success for adult social care will look like in the future
- Built our strategy delivery plan to prioritise immediate actions, set longer term objectives and identify key opportunities for continuous improvement for the next few years
- Started to implement the strategy across a number of priority development areas.

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

The **Operations Division (ASCHO)** includes the social care staff providing the assessment of community care needs and safeguarding work required to support older

people, working age adults with both physical and learning disabilities and with those with mental health issues. The ‘Making a Difference Everyday Programme’ has, as indicated above, enabled ASCHO to reflect, refocus and reset and this has culminated in a move to a truly locality way of working that will go live in Spring 2023. This will take the form of new community teams that will work with local communities, partners, Public Health and commissioning colleagues to deliver care and support that empowers people in their communities, tackles inequalities within these communities. The support offered, and which is commissioned through this division, will focus on what people have told us they want to meet their goals and outcomes. This will be achieved through a greater emphasis on co-production and people with lived experience supporting colleagues across social care and Health to shape the services needed for the differing needs of different areas of Kent. There are also some in-house services such as short-term residential services for both older people and people with learning disabilities, community services, shared lives and enablement services within this division.

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

Strategic Management and Directorate Budgets (SMDBA) incorporates the costs of the Strategic Management Team. The budgets relating to community-based preventative services through the voluntary sector are also held within this division.

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

**FTE is as per February 2023 data*



Richard Smith

Corporate Director Adult Social Care & Health

APPENDIX E - REVENUE BUDGET - KEY SERVICES

Row Ref	2022-23	Division & Key Service	2023-24 Approved Budget					Key Service Description	
	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants		Net Cost
	£000s		£000s	£000s	£000s	£000s	£000s		£000s

Adult Social Care & Health (ASCH)

£527.4m

Corporate Director: Richard Smith

Strategic Management & Directorate Budgets (SMDBA)

Corporate Director: Richard Smith

1	13,345.5	Community Based Preventative Services	0.0	15,637.5	15,637.5	-6,314.6	-751.1	8,571.8	Social Support Services provided by the voluntary sector to prevent social isolation and provide information and early intervention / preventative services to enable Service Users to remain independent. Including services for residents with immediate need and who are in crisis, to live independently by signposting to alternative appropriate services and helping with the purchase of equipment and supplies to ensure the safety and comfort of the most vulnerable in our society. This service line also includes Local Healthwatch which is a statutory service commissioned by KCC to ensure that patients, users of social care services and their carers, and the public, have a say in how these services are commissioned and delivered on their behalf
2	4,625.7	Housing Related Support	0.0	3,424.8	3,424.8	-828.1	-1,120.0	1,476.7	Housing related support vulnerable households via supported housing, Home Improvement Agencies, women's refuges and community based support to enable them to gain the skills they need to live independently in their own home including emergency welfare assistance and advice to households in an emergency or crisis
3	0.0	Partnership Support Services	0.0	10,425.6	10,425.6	-10,425.6	0.0	0.0	Manages a number of operational support services, which enable the Directorate to achieve its partnership agenda. Includes pooled budgets with health which fund community infrastructure to facilitate discharges from specialist hospitals and prevent new admissions for people with Learning disabilities (LD) or (Autism spectrum conditions (ASC)
4	3,204.8	Social Support for Carers	0.0	5,526.5	5,526.5	-2,321.7	0.0	3,204.8	Services supporting carers provided by the voluntary sector
5	552.4	Strategic Safeguarding	945.3	21.5	966.8	0.0	-280.3	686.5	Strategic resource management to ensure a coherent policy and direction for the protection of vulnerable adults
6	1,328.6	Statutory and Policy Support	585.0	756.0	1,341.0	0.0	0.0	1,341.0	Manages the Statutory and Policy support function for the Directorate to achieve the operational business outcomes. This includes Policy and Quality Assurance, Technical Support for Business Operations and Practice Development
7	0.0	Provision for Demographic Growth - Community Based Services	0.0	12,395.9	12,395.9	-1,715.9	0.0	10,680.0	Provision for demographic growth within community-based services across all client groups this may include direct payments, including micro -providers to support the development of resilient communities alongside some being required for the more traditional services such as homecare, day services and supported living. This provision is to be held centrally in the first instance for allocation to Operations Division to fund demographic demands during the year in a manner that is consistent with the Directorate's Transformation Programme (MADE)
8	7,791.2	Strategic Management & Directorate Support (ASCH)	1,435.8	6,690.8	8,126.6	-229.0	-53.3	7,844.3	Central Directorate costs including the costs of the Corporate Director, Directors, and associated Officers
9	30,848.2	Total - Strategic Management & Directorate Budgets (SMDBA)	2,966.1	54,878.6	57,844.7	-21,834.9	-2,204.7	33,805.1	

Row Ref	2022-23	Division & Key Service	2023-24 Approved Budget					Key Service Description	
	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants		Net Cost
	£000s		£000s	£000s	£000s	£000s	£000s		£000s

Adult Social Care & Health Operations (ASCHO)

Directors: Jim Beale & Jennifer Anderton

10	6,880.6	ASCH Operations - Divisional Management & Support	7,215.7	304.2	7,519.9	-226.5	-22.7	7,270.7	Divisional management costs enabling the business to achieve its strategic aims
11	103,637.8	Adult Learning Disability - Community Based Services & Support for Carers	0.0	126,198.3	126,198.3	-9,326.1	-14.0	116,858.2	Commissioned Community-Based Services for Learning Disability Service Users (aged 26+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
12	72,196.9	Adult Learning Disability - Residential Care Services & Support for Carers	0.0	83,157.9	83,157.9	-6,255.5	0.0	76,902.4	Commissioned Residential Care Services (and Short Breaks) for Learning Disability Service Users (aged 26+)
13	5,611.3	Adult Learning Disability - Case Management & Assessment Service	5,993.2	200.9	6,194.1	-264.9	-11.1	5,918.1	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
14	12,601.8	Adult Mental Health - Community Based Services	0.0	18,697.8	18,697.8	-1,460.4	-13.9	17,223.5	Commissioned Community-Based Services for Mental Health Service Users (aged 18+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
15	16,203.2	Adult Mental Health - Residential Care Services	0.0	19,376.6	19,376.6	-1,118.6	0.0	18,258.0	Commissioned Residential Care Services for Mental Health Service Users (aged 18+)
16	9,928.1	Adult Mental Health - Case Management & Assessment Services	10,428.8	321.3	10,750.1	-283.7	-11.1	10,455.3	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Mental Health professionals
17	21,272.3	Adult Physical Disability - Community Based Services	0.0	28,851.9	28,851.9	-3,483.3	-109.7	25,258.9	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25) including domiciliary care, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
18	18,286.3	Adult Physical Disability - Residential Care Services	0.0	22,442.1	22,442.1	-2,230.6	0.0	20,211.5	Residential Care Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25)
19	35,487.2	Older People - Community Based Services	0.0	71,956.7	71,956.7	-29,813.2	-69.0	42,074.5	Commissioned Community-Based Services for Older People (aged 65+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
20	56,360.9	Older People - Residential Care Services	0.0	150,771.2	150,771.2	-72,364.8	-120.2	78,286.2	Commissioned Residential and Nursing Care Services for Older People (aged 65+)
21	21,671.4	Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	24,267.2	1,388.0	25,655.2	-2,255.8	-410.6	22,988.8	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
22	1,365.1	Older People & Physical Disability Carer Support - Commissioned	0.0	3,020.9	3,020.9	-1,417.0	-11.3	1,592.6	Commissioned services to support carers

Row Ref	2022-23	Division & Key Service	2023-24 Approved Budget					Key Service Description	
	Revised Base Budget (Net Cost)* £000s		Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		Net Cost £000s
23	6,149.3	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	0.0	8,175.7	8,175.7	-737.9	0.0	7,437.8	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+) with long-term conditions from birth or early childhood, Autism and Sensory Service Users (aged 18+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities.
24	1,117.7	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	0.0	1,368.3	1,368.3	-79.5	0.0	1,288.8	Commissioned Residential Care Services (and Short Breaks) for Physical Disability Service Users (aged 26+) with long-term conditions from birth or early childhood, Autism and Sensory Service Users (aged 18+)
25	708.8	Sensory & Autism - Assessment Service	677.8	57.1	734.9	0.0	0.0	734.9	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
26	5,069.5	Adaptive & Assistive Technology	0.0	11,231.4	11,231.4	-9,082.2	0.0	2,149.2	Technology enabled care that supports innovative use of technology to improve outcomes and empower people to manage their care in a way that is right for them. Occupational Therapy Services working in partnership with Health to provide equipment to support people to lead a full life
27	2,414.2	Adult In House Carer Services	2,163.6	105.1	2,268.7	-10.6	0.0	2,258.1	In-House residential respite services to support carers
28	5,927.6	Adult In House Community Services	5,113.4	498.5	5,611.9	-47.1	0.0	5,564.8	In-House Community-Based Services for Learning Disability Service Users (aged 18+) and Physical Disability (aged 18-25) including In-house Day opportunities both virtual and in person to enable Service Users to remain independent
29	7,452.1	Adult In House Enablement Services	12,006.7	6,313.2	18,319.9	-6,412.5	-5,584.9	6,322.5	In-House Community-Based Enablement Services to maximise individuals independence and support people to return to living more independently in their community
30	14,502.0	Older People - In House Provision	8,257.2	13,789.4	22,046.6	-2,011.7	-5,407.9	14,627.0	In-House provision for Older People, including in-house residential and day care centres, and integrated care centres
31	424,844.1	Total - Adult Social Care & Health Operations (ASCHO)	76,123.6	568,226.5	644,350.1	-148,881.9	-11,786.4	483,681.8	

Business Delivery Unit (BDU)

Head of Service: Paula Parker

32	7,971.0	Business Delivery	8,124.5	720.2	8,844.7	-591.0	0.0	8,253.7	Manages the operational business support function for the directorate to achieve our operational business outcomes and making a difference everyday vision, and includes areas such as innovation and project management, stakeholder engagement and communications, systems and performance, direct payments and purchasing
33	678.8	Independent Living Support	817.1	1,104.5	1,921.6	-231.8	0.0	1,689.8	The Independent Living Support Service (ILSS) offers a wide range of support to help service users live as independently as possible via the use of equipment and technology solutions. Included on this line are the ILSS Technicians Service, ILSS Independent Mobility Assessors, the Blue Badge Service and ILSS Management
34	8,649.8	Total - Business Delivery Unit (BDU)	8,941.6	1,824.7	10,766.3	-822.8	0.0	9,943.5	

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description	
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		Net Cost £000s
Public Health (PH)									
Director: Dr. Anjan Ghosh									
35	0.0	Public Health - Children's Programme	0.0	34,577.7	34,577.7	-717.2	-33,860.5	0.0	Includes provision for 0-19 year olds and their families including: Health Visiting, School Public Health, Oral Health, services delivered through Children's Centres and Adolescent services
36	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	171.8	17,165.2	17,337.0	-774.8	-16,562.2	0.0	Includes the provision of drug and alcohol services, domestic abuse services and Mental Health early intervention
37	0.0	Public Health - Sexual Health	0.0	15,176.8	15,176.8	-997.4	-14,179.4	0.0	Commissioning of mandated contraception and sexually transmitted infection advice and treatment services
38	0.0	Public Health - Healthy Lifestyles	0.0	7,984.9	7,984.9	0.0	-7,984.9	0.0	Improving health and lifestyles through provision of Integrated Lifestyle services and NHS Health Checks to support the following outcomes; reduction in smoking, improved exercise and healthy eating to tackle obesity levels
39	0.0	Public Health - Advice and Other Staffing	4,215.6	1,679.7	5,895.3	-334.5	-5,560.8	0.0	Includes cost of management, commissioning, and operational staff to deliver statutory Public Health advice
40	0.0	Total - Public Health (PH)	4,387.4	76,584.3	80,971.7	-2,823.9	-78,147.8	0.0	
41	464,342.1	Total - Adult Social Care & Health (ASCH) Controllable Budget	92,418.7	701,514.1	793,932.8	-174,363.5	-92,138.9	527,430.4	

Children, Young People & Education (CYPE)

Revenue Budget for 2023-24	£360.2m
Capital Budget for next 10 years	£411.4m
Full Time Equivalent (FTE) staff*	2,988.0

Children, Young People and Education (CYPE) Directorate comprises of five Divisions: Integrated Children's Services (East & West); Education; Special Educational Needs and Disability (SEND) and Strategic Management and Directorate Budgets.

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

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

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

Education (EDU): This Division's purpose is to secure high quality school places in every community so that every child and young person can have the best start in life, so that they are ready to succeed at school, have excellent foundations for learning and are well equipped for achievement in life, regardless of their social background. This Division commissions one of KCC's companies 'The Education People' to deliver traded and statutory elements of education support services, providing a continual focus on improving attainment and standards. The Division is also responsible for commissioning Home to School Transport Services along with the strategy and delivery of Community Learning & Skills across the county.

Special Educational Needs and Disabilities (SEND): The Division is responsible for the delivery of all services to disabled children and young people and those with SEND (0–25-year-olds), ensuring that services match needs, are developed in partnership with parents and young people and continually adapt to Kent's changing demography. The Division is focused on securing the improvements required following challenging SEND Ofsted judgements, concentrating particularly on improving SEND support in mainstream schools, making practitioners more confident and inclusive and ensuring that we have the right SEND provision in Kent, along with ensuring improved pathways and provision for disabled children and young people with SEND, autism and complex health needs.

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

Integrated Children's Services (East & West) (ICS): These two Divisions have a statutory duty to safeguard and promote the welfare of some of Kent's most vulnerable children and young people.

The Divisions focuses on providing an effective and consistent integrated children's service across Kent. We aim to keep vulnerable families out of crisis and reduce the risk of harm to children by supporting staff to prevent the escalation of need and deliver services that provide timely and appropriate support for children and families earlier when they are most in need.

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

A new structure for CYPE was approved at County Council on 23 March 2023. This structure will be implemented in Quarter 1 of the 2023-24 financial year.

**FTE is as per February 2023 data*



Sarah Hammond

Corporate Director Children, Young People & Education

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Children, Young People & Education (CYPE)

£360.2m

Corporate Director: Sarah Hammond

Strategic Management & Directorate Budgets (SMDBC)

Corporate Director: Sarah Hammond

42	2,257.8	Strategic Management & Directorate Budgets (CYPE)	1,412.4	4,810.2	6,222.6	-830.0	-3,109.6	2,283.0	Central Directorate costs including the Strategic Director and Directorate pension costs
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Education (EDU)

Director: Christine McInnes

43	-448.3	Community Learning & Skills (CLS)	9,550.1	3,104.1	12,654.2	-2,849.3	-10,044.1	-239.2	Provision of adult education courses and family and responsive learning, together with the delivery of English and Maths learning, to help people improve their employability skills
44	0.0	Early Years Education	0.0	84,413.8	84,413.8	0.0	-84,413.8	0.0	Parents' statutory entitlement to free Early Years education provision, most commonly from private, voluntary and independent providers for which KCC provides reimbursement from the Dedicated Schools Grant. There is a universal entitlement of 15 hours per week for all 3 and 4 year olds, increasing to 30 hours for children of working parents. This budget also provides entitlement to eligible 2 year olds for up to 15 hours per week
45	4,473.8	Education Services provided by The Education People	0.0	8,560.8	8,560.8	0.0	-4,287.0	4,273.8	A range of statutory education services provided by The Education People, including School Improvement, Education Safeguarding, Skills & Employability, Schools Financial Services, and Outdoor Education
46	269.1	Fair Access & Planning Services	2,391.7	690.7	3,082.4	-58.0	-2,578.4	446.0	Planning the provision of school places and managing the schools admissions and eligibility for school transport services
47	49,696.8	Home to School & College Transport	210.4	72,840.6	73,051.0	-4,230.6	0.0	68,820.4	Transport to education establishments for all entitled pupils including specialist transport to school and college for children and young people with Special Educational Needs & Disabilities, together with free mainstream school transport, and the partly subsidised Kent 16+ Travel Saver (which includes an individual contribution). A small team support specific pupils with their travel arrangements to schools to enable them to become independent as they transition to secondary school
48	4,696.9	Other School Services	0.0	41,864.2	41,864.2	-19,838.4	-17,554.0	4,471.8	Provision of a wide range of support services to schools
49	1,367.5	Education Management & Division Support	1,235.4	941.7	2,177.1	-50.0	-915.6	1,211.5	Includes Area Education Officers and their direct support, costs associated with Academy conversions, and other Divisional management and support costs
50	60,055.8	Total - Education (EDU)	13,387.6	212,415.9	225,803.5	-27,026.3	-119,792.9	78,984.3	

Row Ref	2022-23	Division & Key Service	2023-24 Approved Budget					Key Service Description	
	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants		Net Cost
	£000s		£000s	£000s	£000s	£000s	£000s		£000s

Integrated Children's Services (East & West) (ICS)

Directors: Stuart Collins & Kevin Kasaven (Interim)

51	6,921.3	Early Help & Preventative Services	11,532.2	5,217.6	16,749.8	-1,669.7	-9,290.8	5,789.3	Early intervention and prevention services for families, children and young people, including services provided under the Tackling Troubled Families Scheme and Headstart project to improve the mental health and emotional wellbeing of 10-16 year olds
52	4,640.4	Children's Centres	6,977.5	5,190.5	12,168.0	-3,512.2	-4,109.0	4,546.8	Provides integrated early childhood services to young children and their families (many of whom are disadvantaged), in order to improve their development and life chances so that children are school ready and parents have support and opportunity to gain parenting skills
53	4,668.4	Youth Services	4,592.9	2,316.7	6,909.6	-1,214.0	-1,310.4	4,385.2	Youth Services enable young people to access positive educational and recreational leisure time activities to improve their wellbeing and personal and social development. The Youth Justice Service assesses, plans and intervenes with 10-17 year olds who have come to the attention of the Police or judicial system, to prevent them offending
54	82.2	Pupil Referral Units & Inclusion	1,632.8	6,984.3	8,617.1	-383.7	-8,141.8	91.6	Pupil Referral Units (PRU's) are short-stay centres which provide education for children who are excluded, sick, or otherwise unable to attend a mainstream school, until they are reintegrated. Inclusion Advisers work with pupils, families, and schools to improve pupil behaviour and attendance, which reduces the need for permanent or fixed-term exclusion
55	66,782.4	Looked After Children - Care & Support	4,960.5	75,493.1	80,453.6	-1,278.3	-3,102.5	76,072.8	Looked After Children Services including residential, fostering, and supported accommodation for under 18s, and Virtual Schools Kent
56	3,282.5	Children in Need - Care & Support	0.0	3,143.9	3,143.9	-45.4	0.0	3,098.5	Service for Children in Need (aged 0-18) including day care, direct payments, payments to voluntary organisations, and short breaks for carers
57	51,170.7	Children's Social Work Services - Assessment & Safeguarding Service	55,065.0	1,811.9	56,876.9	-3,528.2	-377.0	52,971.7	Social care staffing providing assessment of children and families' needs, ongoing support to looked after children, and Safeguarding Service
58	15,311.6	Adoption & Special Guardianship Arrangements & Service	3,556.5	14,614.9	18,171.4	-1,310.4	0.0	16,861.0	The Adoption Service works to achieve and support permanent care arrangements for Looked after Children within a family setting. This is delivered by The Adoption Partnership, a partnership between Kent, Medway and Bexley (a Regional Adoption Agency). This also includes payments associated with special guardianship arrangements and adoption payments.
59	6,044.6	Care Leavers Service	5,191.8	4,300.7	9,492.5	-2,586.7	-1,300.8	5,605.0	Enables and assists care leavers (post 18) to develop their skills and enhance their life opportunities as they progress into adulthood
60	-60.0	Asylum	3,276.1	28,923.7	32,199.8	-1,560.9	-30,698.9	-60.0	Supporting unaccompanied asylum seekers under the age of 18 and those aged 18 or over (who were previously in care when aged under 18) as Care Leavers
61	5,684.2	Integrated Services (Children's) Management & Directorate Support	6,700.7	1,383.9	8,084.6	-357.7	-2,161.9	5,565.0	Directorate support costs including practice development for both early help and children social work functions along with the provision of management information for the whole Directorate
62	164,528.3	Total - Integrated Children's Services (East & West) (ICS)	103,486.0	149,381.2	252,867.2	-17,447.2	-60,493.1	174,926.9	

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Special Educational Needs and Disabilities (SEND)

Corporate Director: Sarah Hammond and Director: Stuart Collins

63	32,972.0	Adult Learning & Physical Disability Pathway - Community Based Services	0.0	41,705.5	41,705.5	-1,688.9	0.0	40,016.6	Commissioned Community Based Services for Physical Disability Service Users and Learning Disability Service Users (aged 18+) including domiciliary care, direct payments, day care, and supported living to enable Service Users to remain independent
64	9,176.3	Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	0.0	9,655.3	9,655.3	-412.4	0.0	9,242.9	Residential Care Services (and Short Breaks) for Learning Disability Service Users and Physical Disability Service Users (aged 18+) and services to support carers
65	5,535.1	Children in Need (Disability) - Care & Support	0.0	5,858.7	5,858.7	-2.8	0.0	5,855.9	Service for Children in Need (aged 0-18) with a Disability including day care, direct payments, payments to voluntary organisations, and short breaks for carers
66	1,691.6	Childrens Disability 0-18 Commissioning	705.8	2,410.6	3,116.4	-1,381.3	0.0	1,735.1	Commissioned Community Based Services (aged 0-18) including short breaks, direct payments and group day care services
67	9,023.4	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9,117.3	601.1	9,718.4	0.0	0.0	9,718.4	Social care staff providing assessment and support services for Service Users (aged 0-25) with Learning Disability, Complex Physical Disabilities and Sensory Impairment
68	16,424.5	Looked After Children (with Disability) - Care & Support	0.0	21,849.1	21,849.1	-2,960.3	0.0	18,888.8	Commissioned services for Looked After Children (aged 0-18) with a Disability including both short and long term residential care and fostering services
69	3,611.2	Looked After Children (with Disability) - In House Provision	4,873.0	691.2	5,564.2	-1,781.2	0.0	3,783.0	In-House Residential Respite and Enablement Services to support Looked After Children and families
70	13,245.4	Special Educational Needs & Psychology Services	19,100.6	83,045.1	102,145.7	-6,108.9	-81,349.3	14,687.5	Assessment and placement of children and young people with Special Educational Needs including those with Education Health Care Plans (EHCPs)
71	230.6	Special Educational Needs & Disability Management & Divisional Support	166.4	64.2	230.6	0.0	0.0	230.6	Directorate support costs including those relating our response to the SEN Written Statement of Action
72	91,910.1	Total - Special Educational Needs and Disabilities (SEND)	33,963.1	165,880.8	199,843.9	-14,335.8	-81,349.3	104,158.8	

73	318,752.0	Total - Children, Young People & Education (CYPE) Controllable Budget (excluding Schools' Delegated Budgets)	152,249.1	532,488.1	684,737.2	-59,639.3	-264,744.9	360,353.0	
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Schools' Delegated Budgets (SDB)

Corporate Director: Sarah Hammond

74	0.0	Schools' Delegated Budgets	558,293.6	175,317.5	733,611.1	-30,490.7	-703,120.4	0.0	Holds the Dedicated Schools Grant (DSG) for Kent schools
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75	318,752.0	Total - Children, Young People & Education (CYPE) Controllable Budget (including Schools' Delegated Budgets)	710,542.7	707,805.6	1,418,348.3	-90,130.0	-967,865.3	360,353.0	
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Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Corporately held budgets									
Corporate Director: Zena Cooke									
76	0.0	Corporately Held Budgets (to be allocated)	0.0	0.0	0.0	-150.0	0.0	-150.0	Corporately held budgets earmarked for CYPE directorate, to be allocated once spend has been incurred. Details are provided in Appendix E.

77	318,752.0	Total Children, Young People & Education (CYPE) Budget including provisional share of Corporately held budgets (including Schools' Delegated Budgets)	710,542.7	707,805.6	1,418,348.3	-90,280.0	-967,865.3	360,203.0	
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78	318,752.0	Total Children, Young People & Education (CYPE) Budget including provisional share of Corporately held budgets (excluding Schools' Delegated Budgets) (Row 79 less Row 76)	152,249.1	532,488.1	684,737.2	-59,789.3	-264,744.9	360,203.0	
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Growth, Environment & Transport (GET)

Revenue Budget for 2023-24	£194.6m
Capital Budget for next 10 years	£1,104.4m
Full Time Equivalent (FTE) staff*	1,436.7

Growth, Environment & Transport (GET) has recently restructured to better reflect Council priorities and is made up of 3 Divisions: Highways and Transportation (HT), Environment and Waste (EW) and Growth and Communities (GC) as well as Strategic Management & Directorate Budgets (SMDBG).

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

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

Growth and Communities (GC) - responsible for the development of a range of growth and community related strategies including the Economic Strategy, Growth and Infrastructure Framework, the Kent Developer's Guide, Library Ambition, Cultural Strategy, and the Community Safety Agreement.

The division leads on economic development and sector support including culture and arts as well as business growth investment including ensuring S106 and CiL contributions for community infrastructure; strategic planning including input into Local Plans and planning applications for large sites in Kent and the delivery, planning and execution of the County Council's Development Control function.

The division is also responsible for a range of community services including Libraries, Registration and Archives and Public Protection services comprising Trading Standards, Coroners, Community safety including Community Wardens, Kent Scientific Services and Gypsy Traveller Services and Sport and Physical Activity.

The division also directly delivers Country Parks, Public Rights of Way, and Explore Kent and hosts Countryside Partnerships.

Environment and Waste (EW) - responsible for the development of a range of environment and waste related strategies including the Kent Environment Strategy, Kent and Medway Energy and Low Emissions Strategy, KCC Net Zero Plan, Climate Change Adaptation Plan, Kent Waste Disposal Strategy, Heritage Strategy, Biodiversity Strategy and the Local Flood Risk Management Strategy. The division is responsible for the management and enhancement of the natural environment, manages local flood risk and manages the conservation of the historic environment. It also leads on the Council's commitment to net zero 2030 across its own estate and works with partners towards the delivery of net zero 2050 for Kent.

The division is also responsible for the management of all waste and recycling materials collected by Kent's district, borough and city councils through a network of infrastructure, operating household waste and recycling centres and managing closed landfill sites across the county. The division also hosts the Kent Downs Area of Outstanding Natural Beauty (AONB) team.

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

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

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

**FTE is as per February 2023 data*



Simon Jones

Corporate Director Growth, Environment & Transport

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Growth, Environment & Transport (GET)

£194.6m

Corporate Director: Simon Jones

Strategic Management & Directorate Budgets (SMDBG)

Corporate Director: Simon Jones

79	1,386.9	Strategic Management & Directorate Budgets (GET)	664.9	809.5	1,474.4	-68.0	0.0	1,406.4	Centrally held Directorate costs, as well as the Corporate Director, Portfolio Management Office, and Directorate legacy pension and early retirement costs
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Growth and Communities (GC)

Director: Stephanie Holt-Castle

80	4,248.4	Growth and Support to Businesses	4,698.0	3,589.9	8,287.9	-1,469.4	-1,112.1	5,706.4	A group of services working to ensure sustainable growth in Kent including Planning Applications, Strategic Planning, Developer contributions, Levelling Up, Broadband, and No Use Empty. Working with public, private, and voluntary sectors to support Kent's economic growth covering business and enterprise. In addition to this providing support to and the delivery of capital programmes with a value in excess of £100m which includes Kent & Medway Business Loan Fund (KMBF). Supporting the growth of the Creative and Cultural Economy to deliver economic and social outcomes across Kent, including Turner Contemporary
81	2,612.3	Community (Assets & Services)	4,484.9	3,801.1	8,286.0	-5,314.2	-91.9	2,879.9	A wide range of services including Country Parks, Public Rights of Way, 8 Gypsy and Traveller sites, Explore Kent, Countryside Partnerships, and hosting Active Kent as well as co-ordinating Village Halls and Sports facilities grants
82	11,073.4	Public Protection	9,878.7	4,817.4	14,696.1	-3,037.6	0.0	11,658.5	Public Protection services including Trading Standards, Community Wardens, Coroners, Kent Scientific Services (KSS), and Community Safety
83	9,467.7	Libraries, Registration & Archives	12,757.0	4,007.6	16,764.6	-6,238.6	0.0	10,526.0	The Libraries, Registration & Archives (LRA) service is delivered through a network of 99 libraries, 5 Register Offices, 5 mobile libraries, an archive centre, the stock distribution and support function building at Quarry Wood, the information service which includes the public 'Ask a Kent Librarian' service, and the 24 hour accessible online services. The LRA service also delivers the records management service on behalf of KCC, is contracted to deliver 5 prison libraries in Kent and the registration service on behalf of the London Borough of Bexley
84	786.9	Growth and Communities Divisional management costs	440.5	6.7	447.2	0.0	0.0	447.2	Divisional management and support costs
85	28,188.7	Total -Growth and Communities (GC)	32,259.1	16,222.7	48,481.8	-16,059.8	-1,204.0	31,218.0	

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Highways and Transportation (HT)

Director: Haroona Chughtai

86	32,578.5	Highway Assets Management	12,383.8	29,648.7	42,032.5	-4,918.4	0.0	37,114.1	Road and footway reconstruction, renewal and preservation. Safety inspections, emergency and routine maintenance, customer enquiries. Cycle way maintenance. Signs, lines and barrier maintenance, Highway drainage cleansing, repairs and capital improvements. Soakaway maintenance and construction. Highway trees inspection and maintenance, urban shrubs and grass cutting, rural swathe cutting, weed spraying, emergency tree contract. Bridges, structures and tunnels management and capital renewals. Street Works permitting, coordination and inspection of works undertaken by utility companies, developers and KCC contractors. Temporary Road Closures, highway licences and Vehicle Crossovers. Winter service, gritting and salt bins. Out of hours 24/7/365 Highways Emergency and adverse weather response. Street lighting, LED conversion and CMS management, lit signs and bollards maintenance and energy costs of street lighting. Kent lane rental scheme, Third Party damage repair, fly tip removal, High Speed Road Maintenance Programme
87	6,460.1	Transportation	9,055.7	2,234.9	11,290.6	-4,489.5	-199.5	6,601.6	Reducing casualties and traffic congestion on Kent's roads by enabling the delivery of a £300m+ capital programme of engineering schemes by managing traffic and through road safety improvements, education and campaigns. Assisting developers in identifying and delivering solutions to protect our network from the negative impacts of development traffic
88	4,945.5	Supported Bus Services	89.0	8,749.9	8,838.9	-2,499.0	-1,087.8	5,252.1	Financial support for otherwise uneconomic bus routes (including the Kent Karrier service), as well as community transport schemes
89	13,840.6	English National Concessionary Travel Scheme (ENCTS)	0.0	13,020.5	13,020.5	-47.0	0.0	12,973.5	A statutory concessionary travel scheme, providing free bus travel for the elderly, disabled and disabled user companions
90	4,787.5	Kent Travel Saver (KTS)	0.0	14,558.2	14,558.2	-9,482.7	0.0	5,075.5	Provides discounted travel on the Kent bus network for young people aged 11-16
91	3,622.1	Highways & Transportation Divisional management costs	3,560.9	831.8	4,392.7	-618.5	0.0	3,774.2	Management, planning, procurement and monitoring of transport services, contract management, business services and business support for Highways & Transportation
92	66,234.3	Total - Highways & Transportation (HT)	25,089.4	69,044.0	94,133.4	-22,055.1	-1,287.3	70,791.0	

Row Ref	2022-23	Division & Key Service	2023-24 Approved Budget					Key Service Description	
	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants		Net Cost
	£000s		£000s	£000s	£000s	£000s	£000s		£000s

Environment and Waste (EW)									
Director: Matt Smyth									
93	3,075.9	Environment	3,495.0	6,975.6	10,470.6	-2,134.4	-5,312.8	3,023.4	Covers Net Zero, Climate Change, Natural Environment and Heritage Conservation, Flood and Water Management, hosting Kent Downs Area of Outstanding Natural Beauty (AONB), and partnering High Weald AONB
94	44,476.9	Residual Waste	123.4	50,730.7	50,854.1	-470.0	0.0	50,384.1	Statutory waste services for Kent residents including treatment and disposal of residual household waste, including management of closed landfill sites
95	32,091.7	Waste Facilities & Recycling Centres	0.0	40,467.0	40,467.0	-4,088.3	0.0	36,378.7	Statutory waste services for Kent residents including Household recycling centres, cost of recycling, and composting household waste
96	1,773.0	Environment and Waste Divisional management costs	1,495.9	256.5	1,752.4	-5.0	0.0	1,747.4	Work with Environment Agency to reduce waste, commissioning and contract management of care waste management service. Also includes business services and business support for Environment & Waste functions
97	81,417.5	Total - Environment and Waste (EW)	5,114.3	98,429.8	103,544.1	-6,697.7	-5,312.8	91,533.6	

98	177,227.4	Total - Growth, Environment & Transport (GET) Controllable Budget	63,127.7	184,506.0	247,633.7	-44,880.6	-7,804.1	194,949.0	
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Corporately held budgets									
Corporate Director: Zena Cooke									
99	0.0	Corporately Held Budgets (to be allocated)	0.0	0.0	0.0	-300.0	0.0	-300.0	Corporately held budgets earmarked for GET directorate, to be allocated once spend has been incurred. Details are provided in Appendix E.

100	177,227.4	Total Growth, Environment & Transport (GET) Budget including provisional share of Corporately held budgets	63,127.7	184,506.0	247,633.7	-45,180.6	-7,804.1	194,649.0	
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Chief Executive's Dept. (CED)

Revenue Budget for 2023-24	£33.1m
Capital Budget for next 10 years	£2.0m
Full Time Equivalent (FTE) staff*	743.9

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

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

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

Strategic Commissioning (SC): Strategic Commissioning leads and shapes the process for deciding how best to use the total resources available to improve outcomes in the most efficient, effective, equitable, and sustainable way. Those resources could be within KCC, or across the public, voluntary, and private sectors. The Division provides capability in commercial leadership and judgement.

The current structure for Strategic Commissioning has been reviewed and revised structures and arrangements will be implemented during the first half of the 2023-24 financial year.

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

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

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

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

**FTE is as per February 2023 data*



David Cockburn

Chief Executive

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Chief Executive's Department (CED)

£33.1m

Chief Executive: David Cockburn

Strategic Management & Departmental Budgets (SMD BCE)

Chief Executive: David Cockburn

101	27.5	Strategic Management & Departmental Budgets	562.2	1,654.0	2,216.2	-625.8	-2,050.0	-459.6	Historic Corporate services costs and grant contributions to central Corporate Services' overheads
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Finance (FIN)

Corporate Director: Zena Cooke

102	9,411.5	Finance	14,294.1	2,118.6	16,412.7	-5,642.3	-904.8	9,865.6	Provision of Internal Audit and Counter Fraud Services and finance advice and support for all budget holders and Members in planning, managing, and reporting on the Council's financial resources. Pensions & Treasury functions. Transactional financial services commissioned from Cantium Business Solutions Ltd
103	3,171.3	Grants to Kent District Councils to maximise Council Tax collection	0.0	3,528.4	3,528.4	-357.1	0.0	3,171.3	Grants to Kent District Councils to support local council tax collection, including compensation for second homes discount and counter fraud initiatives.
104	12,582.8	Total - Finance (FIN)	14,294.1	5,647.0	19,941.1	-5,999.4	-904.8	13,036.9	

Governance, Law & Democracy (GLD)

Director: Ben Watts

105	6,857.5	Governance & Law	3,873.0	3,775.7	7,648.7	-309.8	-35.0	7,303.9	Includes the cost of supporting the 81 elected Members of the County Council and their responsibilities, together with the management of the contract with Invicta Law Ltd for legal advice and services to KCC, public bodies, and other local authorities. Co-ordination of responses to Freedom of Information (FOI) requests
106	810.0	Local Member Grants	0.0	291.6	291.6	0.0	0.0	291.6	Member Grants made to a wide range of community based groups, individuals and organisations
107	7,667.5	Total - Governance, Law & Democracy (GLD)	3,873.0	4,067.3	7,940.3	-309.8	-35.0	7,595.5	

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Strategic Commissioning (SC)

Director: Clare Maynard (Interim)

108	7,635.1	Strategic Commissioning	9,325.0	-70.3	9,254.7	-1,561.0	-44.1	7,649.6	Responsible for delivering a commissioning and procurement strategy for the Authority. Includes commissioning, contract management, and procurement functions
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Strategy, Policy, Relationships & Corporate Assurance (SPRCA)

Director: David Whittle

109	3,760.4	Strategy, Policy, Relationships & Corporate Assurance	4,994.5	4,299.6	9,294.1	-253.6	-4,473.0	4,567.5	Supports the political and managerial leadership of KCC through corporate strategy, policy development, corporate risk management and the Kent analytics service.
110	322.5	Childrens and Adults Safeguarding Services	593.9	291.8	885.7	-558.0	0.0	327.7	Frontline support to children's and adults safeguarding services, including Serious Case Reviews, Kent & Medway Safeguarding Vulnerable Adults Board, Child Protection Conferencing and the Kent Children Safeguarding Board (KCSB)
111	399.4	Resettlement Schemes, Domestic Abuse and Civil Society Strategy	1,572.3	2,828.5	4,400.8	0.0	-3,999.5	401.3	Administration of the council's local welfare assistance grant schemes, including Civil Society Strategy, Homes for Ukraine, the Afghan Resettlement Scheme and Domestic Abuse Duty
112	4,482.3	Total - Strategy, Policy, Relationships & Corporate Assurance (SPRCA)	7,160.7	7,419.9	14,580.6	-811.6	-8,472.5	5,296.5	

113	32,395.2	Total - Chief Executive's Department (CED) Controllable Budget	35,215.0	18,717.9	53,932.9	-9,307.6	-11,506.4	33,118.9	
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Deputy Chief Executive's Dept. (DCED)

Revenue Budget for 2023-24	£83.9m
Capital Budget for next 10 years	£100.9m
Full Time Equivalent (FTE) staff*	326.1

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

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

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

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

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

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

Marketing & Resident Experience (MRX): The Division is responsible for ensuring that the Authority's reputation is protected, enhanced, and promoted and that customer experience is championed, enhanced, and protected across all major

customer contact channels. It contains marketing and communications, media relations, public consultation, customer feedback, brand management and engagement functions for the Authority.

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

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

Strategic Reset Programme (SRP): The Division is responsible for the Strategic Reset Programme which brings together critical priority change programmes, including those with significant financial benefits, risk, complexity, and dependencies across the Council.

**FTE is as per February 2023 data*



Amanda Beer

Deputy Chief Executive

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Deputy Chief Executive's Department (DCED)

£83.9m

Deputy Chief Executive: Amanda Beer

Strategic Management & Departmental Budgets (SMDBC)

Deputy Chief Executive: Amanda Beer

114	678.2	Strategic Management & Departmental Support	769.7	202.3	972.0	-276.4	0.0	695.6	Departmental management and support costs, including Heads of Service.
115	2,130.8	Business & Client Relationships	277.2	2,100.8	2,378.0	-60.0	0.0	2,318.0	Provides a range of business critical support activities for services across KCC, including provision of workforce data and people analytics. Responsible for commissioning HR services delivered by Commercial Services Kent Ltd, and managing the divisional service offer to The Education People and Invicta Law.
116	359.2	Health & Safety	373.4	29.7	403.1	-30.1	0.0	373.0	Provides expert and proportionate advice to staff in all aspects of health and safety management, including risk management and service resilience.
117	1,656.7	Strategic Reset Programme	1,672.5	0.0	1,672.5	0.0	0.0	1,672.5	The Strategic Reset Programme (SRP) is the whole council transformation programme, bringing together priority programmes from across KCC. The SRP Team work closely with services to ensure programmes are delivered successfully.
118	4,824.9	Total - Strategic Management & Departmental Budgets (SMDBC)	3,092.8	2,332.8	5,425.6	-366.5	0.0	5,059.1	

Corporate Landlord (CL)

Director: Rebecca Spore

119	25,375.5	Corporate Landlord	0.0	42,495.8	42,495.8	-8,629.5	-187.0	33,679.3	Day to day costs relating to the running of the Council's complex estate of operational front line buildings; the office estate and holding costs of non-operational buildings
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Human Resources & Organisational Development (HROD)

Director: Paul Royel

120	5,149.7	Human Resources & Organisational Development	3,593.2	2,016.0	5,609.2	-320.0	-1.0	5,288.2	Responsible for employment practice and policy and provides advice and guidance to support and enhance business performance.
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Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Infrastructure (INF)									
Director: Rebecca Spore									
121	7,506.3	Property related services	8,568.7	998.9	9,567.6	-1,919.7	0.0	7,647.9	Strategic management of KCC's estate. Leads on the delivery of the Council's Property Asset Management Strategy together with the delivery of day to day management of the KCC estate.
122	247.0	Emergency Planning	249.9	29.0	278.9	-85.7	0.0	193.2	The Emergency Planning Service has legal duties under the 'Civil Contingencies Act 2004' which include 24/7 emergency management and response capability to respond to any alerts of potential or actual emergencies.
123	248.3	Kent Resilience	340.6	37.6	378.2	-121.5	0.0	256.7	The Kent Resilience Team is a multi-agency team that coordinates the work of all Kent Resilience Forum (KRF) partners. They identify risks affecting Kent and Medway and develop plans / capabilities to mitigate them and develop contingency plans
124	8,001.6	Total - Infrastructure (INF)	9,159.2	1,065.5	10,224.7	-2,126.9	0.0	8,097.8	

Marketing & Resident Experience (MRX)									
Deputy Chief Executive: Amanda Beer									
125	1,976.9	Marketing & Digital Services	1,831.9	491.7	2,323.6	-373.7	0.0	1,949.9	Marketing & Digital Services provides communications, marketing, media relations and public consultation across the council. This includes managing and developing all of KCC's brands, working with Members and colleagues to prioritise, plan and advise on content production, creative assets and communications across all related activities.
126	4,019.1	Resident Experience - Contact Centre; Gateways; Customer care & Complaints	950.7	3,524.5	4,475.2	-151.9	-89.0	4,234.3	Leads on ensuring that KCC's reputation is protected, enhanced, and promoted and that the customer experience is championed and protected across all contact channels. Provides, manages and develops core customer contact channels and systems including the Gateways, Contact Centre and the Customer Care and Complaints service.
127	5,996.0	Total - Marketing & Resident Experience (MRX)	2,782.6	4,016.2	6,798.8	-525.6	-89.0	6,184.2	

Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Technology (TEC) Director: Lisa Gannon									
128	24,028.8	Technology	3,734.7	25,077.9	28,812.6	-2,983.2	-149.0	25,680.4	Leads on defining future provision and strategy for Technology, ensuring the best use of available technology to support the needs of the Council. ICT services commissioned from Cantium Business Solutions Ltd

129	73,376.5	Total - Deputy Chief Executive's Department (DCED) Controllable Budget	22,362.5	77,004.2	99,366.7	-14,951.7	-426.0	83,989.0	
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Corporately held budgets Corporate Director: Zena Cooke									
130	0.0	Corporately Held Budgets (to be allocated)	0.0	0.0	0.0	-50.0	0.0	-50.0	Corporately held budgets earmarked for DCED department, to be allocated once spend has been incurred. Details are provided in Appendix E.

131	73,376.5	Total Deputy Chief Executive's Department (DCED) Budget including provisional share of Corporately held budgets	22,362.5	77,004.2	99,366.7	-15,001.7	-426.0	83,939.0	
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Row Ref	2022-23 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2023-24 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Non Attributable Costs (NAC)

£116.3m

Corporate Director: Zena Cooke

132	125,650.6	Non Attributable Costs	1,387.3	137,282.9	138,670.2	-22,599.0	-9.0	116,062.2	Includes net debt costs (including investment income), transfers to and from reserves, and others including Insurance Fund, audit fees and Apprenticeship Levy
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Corporately held budgets

Corporate Director: Zena Cooke

133	-250.0	Corporately Held Budgets (to be allocated)	208.1	0.0	208.1	0.0	0.0	208.1	Corporately held budgets earmarked for Non Attributable Costs, to be allocated once spend has been incurred. Details are provided in Appendix E.
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134	125,400.6	Total Non Attributable Costs (NAC) Budget including provisional share of Corporately held budgets	1,595.4	137,282.9	138,878.3	-22,599.0	-9.0	116,270.3	
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Corporately Held Budgets (CHB)

£0.0m

Corporate Director: Zena Cooke

135	0.0	Corporately Held Budgets (to be allocated)	0.0	22,130.8	22,130.8	0.0	-22,130.8	0.0	Household Support Fund
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136	1,191,493.8	Total Budget (including Schools' Delegated Budgets on Row 76)	925,262.0	1,848,961.5	2,774,223.5	-356,732.4	-1,101,880.5	1,315,610.6	
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137	1,191,493.8	Total Budget (excluding Schools' Delegated Budgets on Row 76)	366,968.4	1,673,644.0	2,040,612.4	-326,241.7	-398,760.1	1,315,610.6	
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*The 2022-23 Revised Budget column includes changes to budgets as a result of structural changes

SECTION 9

Appendix F: Directorate Revenue Budget Changes 2023-24

Appendix F - Directorate Revenue Budget Changes 2023-24

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	CED	DCED	Non Attributable Costs	Corporately held budgets	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
2022-23 Base Budget	Approved budget by County Council on 10th February 2022	460,208.4	318,677.7	175,623.5	0.0	32,359.5	71,715.9	128,762.9	4,145.9	1,191,493.8	£000s
Base Adjustments (internal)	Changes to budgets which have nil overall affect on net budget requirement	4,133.7	74.3	1,603.9	0.0	35.7	1,660.6	-3,112.3	-4,395.9		
Revised 2022-23 Base Budget		464,342.1	318,752.0	177,227.4	0.0	32,395.2	73,376.5	125,650.6	-250.0	1,191,493.8	1,191,493.8
Growth											
Net Base Budget Changes	Growth based on current and forecast activity levels										63,510.3
Adult Social Care	Underlying budget pressure from 2022-23 due to increased costs and activity across all Adult social care services	22,839.0	4,334.1							27,173.1	
Energy Costs	Realignment for the increase in energy costs for our operational buildings in 2022-23 due to the extraordinary economic consequences of global and national circumstances						4,521.2			4,521.2	
Subsidised Buses	Realignment for price uplift in routes retendered during 2022-23			216.6						216.6	
Waste prices and income	Realignment of prices, waste tonnage and income levels for a variety of waste streams			3,660.0						3,660.0	
Libraries	Realignment of library income levels as a result of reduced usage during and following the Covid pandemic			460.0						460.0	
Home to School Transport	Realignment to reflect increased costs and demand in 2022-23		13,594.0							13,594.0	
Streetlight Energy	Realignment of the streetlight energy budget reflecting high price rises due to the extraordinary economic consequences of global and national circumstances			2,690.8						2,690.8	
Children's Social Care	Underlying budget pressure from 2022-23 due to increased costs and activity across all Children's social care services		10,628.7							10,628.7	
Special Educational Needs & Disability (SEND)	Additional cost of new SEND structure required to support increasing numbers of Education, Health and Care Plans (EHCPs)		500.0							500.0	
Corporate Landlord	Removal of short-term provision for potential loss of rental income from tenants who deferred rent from 2020-21 and have subsequently gone out of business						-200.0			-200.0	
Other	Other minor growth based on current activity levels less than £200k			156.0	24.6	65.0	-60.0	80.3		265.9	
Reduction In Grant Income											
Adult Social Care	Reduction in Independent Living Fund specific grant which has been consolidated into the Social Care Grant as part of the provisional Local Government Finance Settlement 2023-24 and shown as general funding of the Council's budget	1,902.6	17.2							1,919.8	3,106.4
Public Health	Anticipated reduction in external funding for various Public Health activities (includes time-limited funding)				1,186.6					1,186.6	

Appendix F - Directorate Revenue Budget Changes 2023-24

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	CED	DCED	Non Attributable Costs	Corporately held budgets	Total		
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Pay and Prices												
Pay:												
Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme including the revision of lower Kent Scheme pay scales to further increase the differential between the lowest pay range and the Foundation Living Wage and increasing the annual leave entitlement for some staff. This is the subject of pay bargaining with Trade Unions.	5,278.2	5,606.3	3,056.5		1,340.1	808.9	1.9	208.1	16,300.0	14,853.6	
Employer National Insurance contributions	Impact of Government reversal of the increase in employer and employee national insurance contributions by 1.25% in 2022-23 to fund social care reforms and NHS backlog	-458.4	-591.4	-271.3		-166.3	-112.4	-0.2	0.0	-1,600.0		
Employer Pension contributions 2022 Valuation	Reduction in the employer pension contribution from 2022 actuarial review (0.8% reduction in annual rate)	-472.8	-548.7	-295.4		-153.6	-99.3	-0.2	0.0	-1,570.0		
Public Health Pay	Estimated net impact of KCC pay award/adjustments for KCC Public Health staff				785.7					785.7		
Agency Staff	Uplift in pay budget in line with average earnings for posts which are temporarily covered by agency staff		970.6							970.6		
Other	Other changes to pay and pensions less than £200k				-121.6			88.9		-32.7		
Inflation:												
KCC Estate Energy	Anticipated price increases on energy contracts for the KCC estate as estimated by Commercial Services						2,229.3			2,229.3	69,470.6	
Streetlight Energy	Provision for price inflation related to Streetlight energy as estimated by Commercial Services			2,200.4						2,200.4		
Streetlight Energy Rebate	Rebates from our Solar Farms offset against the streetlight energy charges			-895.0						-895.0		
Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments.	26,203.7	2,531.3							28,735.0		
Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages funded by the Market Sustainability and Improvement Fund included in the provisional local government finance settlement	4,431.4								4,431.4		
Children's Social Care	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance		6,433.8							6,433.8		
Home to School Transport	Provision for inflation on contracted services and season tickets for mainstream & SEN Home to School and College Transport and the 16+ Kent Travel Saver.		1,910.8							1,910.8		
Kent Travel Saver & Kent 16+ Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass		268.2	1,488.0						1,756.2		
Kent Travel Saver	Increase in bus operator price inflation above the budgeted amount in 2022-23 related to the Kent Travel Saver which is to be recovered through uplifting the charge for the pass			1,018.0						1,018.0		

Appendix F - Directorate Revenue Budget Changes 2023-24

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	CED	DCED	Non Attributable Costs	Corporately held budgets	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices)			11,248.3						11,248.3	
Technology contracts	Provision for price inflation on Third Party ICT related contracts						399.4			399.4	
Software Licences	Negotiated annual price uplift for three year contract (July 2020 to July 2023) for E5 software licences						430.8			430.8	
Facilities Management	Estimated future price uplift to new Facilities Management contracts		315.6				1,549.0			1,864.6	
Cantium Business Solutions (CBS) and Kent Commercial Services (KCS)	Inflationary uplift on the CBS ICT contract and KCS HR Connect contract						771.5			771.5	
Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services			1,148.0						1,148.0	
Corporate Landlord	Provision for price inflation for rent and rates for the office estate						454.3			454.3	
Public Health contracts	Estimated increase in contract prices				4,316.2					4,316.2	
Highways Maintenance	Anticipated increased costs of recommissioning of the Highways Maintenance Contract			500.0						500.0	
Special Educational Needs	Provision for price inflation on the cost of commissioned services		269.6							269.6	
External Audit fee	Estimated increase in external audit fee							316.1		316.1	
General Prices reduction	Reductions to be identified from review of contract uplifts		-186.8	-243.3			-69.9			-500.0	
Other	Other price increases of less than £200k		296.4				100.0	35.5		431.9	
Demand & Cost Drivers	Additional spending associated with change in demand, population growth and other cost drivers										
Adult Social Care	Provision for impact of the full year effect of all current costs of care, further increases in client numbers expected through transition into adulthood from Children's Social Care, additional costs arising for existing clients and for those new clients whose needs are becoming more complex.	12,741.3	2,400.0							15,141.3	34,001.7
Adult Social Care	Provision for impact of an increase in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, funded by the Market Sustainability and Improvement Fund included in the provisional local government finance settlement and shown within the general funding of the Council's budget	5,842.7								5,842.7	
Adult Social Care	Provision for impact of an increase in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, funded from the new ringfenced Adult Social Care Discharge Fund included in the provisional local government finance settlement and shown within the general funding of the Council's budget	7,012.0								7,012.0	
Children's Social Care	Estimated impact of an increase in the population of children in Kent, leading to increased demand for children's social work and disabled children's services		3,300.0							3,300.0	

Appendix F - Directorate Revenue Budget Changes 2023-24

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	CED	DCED	Non Attributable Costs	Corporately held budgets	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport		3,843.7							3,843.7	
Kent Travel Saver	Estimated impact of the Covid pandemic on take up and usage of the Kent Travel Saver pass			288.0						288.0	
Waste - tonnage changes	Estimated impact of changes in waste tonnage as a result of population and housing growth			748.0						748.0	
English National Concessionary Travel Scheme (ENCTS)	Continuation of reduced usage of the ENCTS pass following the Covid pandemic			-1,900.0						-1,900.0	
Highways	Re-introduction of the second weed spray as current climate means that existing policy is insufficient to ensure the roads remain safe and ensure a pro-active approach to asset management to avoid weeds establishing to a point to cause damage to roads and footways resulting in more costly repairs			200.0						200.0	
Highways	Review of staff grades and capitalisation levels within the Highways team to reflect current complexity and reduced capital activity/works			325.0						325.0	
Facilities Management	Removal of provision for mobilisation costs of new Facilities Management contracts where we will incur costs such as legal, pensions, TUPE and set up costs and potentially some dual running costs. The impact of these costs on the budget is being spread over the life of the contract via the temporary use of reserves.						-800.0			-800.0	
Public Health	Removal of one-off public health costs in 2022-23 funded from reserves related to Healthy Lifestyles and Substance Misuse				-448.2					-448.2	
Other	Other minor demographic pressures of less than £200k		169.4	179.5	100.3					449.2	
Government & Legislative											
Household Support Fund	Extension of the Government funded Household Support Fund into 2023-24 as announced in the Chancellor's Autumn Statement on 17th November 2022								22,130.8	22,130.8	22,130.8
Family Hubs	New responsibilities to be funded from the new DfE/DHSC Family Hubs and Start for Life grant		4,109.0							4,109.0	8,351.5
Supporting Families Programme	Increased investment in Supporting Families Programme funded by an increase in the grant from Department for Levelling Up, Housing & Communities		840.0							840.0	
Domestic Abuse New Burdens	Costs of undertaking domestic abuse support in safe accommodation duties funded by specific grant	89.3				2,236.5				2,325.8	
Public Health - Health Visiting	Removal of one-off funding in 2022-23 for additional contacts under the Universal Plus/Universal Partnership Plus families due to change in Health & Care Profession Guidance				-380.0					-380.0	
Public Health - Substance Misuse	Investment in substance misuse services funded by Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities				249.0					249.0	

Appendix F - Directorate Revenue Budget Changes 2023-24

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		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Public Health - Substance Misuse	Targeted housing support interventions for people in drug and alcohol treatment funded by Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities				909.1					909.1	
Public Health - Substance Misuse	Wraparound and engagement and community treatment funded by Rough Sleeping Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities				520.2					520.2	
Other	Other Government & Legislative pressures of less than £200k	-90.0		-170.0				38.4		-221.6	
Service Strategies & Improvements											
Capital Programme	The impact on debt charges of both the review of the 2021-24 capital programme, and prior year capital programme decisions							2,000.0		2,000.0	3,862.4
Highways	Increased maintenance works due to a pro-active asset management approach identifying drainage assets in need of repair. This budget does not include storm events.			850.0						850.0	
Economic Development Recovery Plan	Removal of time limited funding for re-design of the service and additional staffing and consultancy capacity to draft and deliver the Economic Recovery Plan/Economic Strategy following the Covid pandemic			-270.0						-270.0	
Oakwood House Development	Removal of holding costs and loss of income in the short term once Oakwood House is no longer operational, offset by savings in the longer term following change of use							-250.0		-250.0	
Technology	Full year effect of re-design of the Technology Function staffing structure to ensure the correct level of expertise is available to provide and commission a safe and secure ICT function, including appointment to the new Director of Technology role							229.2		229.2	
Strategy & Partnerships	Additional resources to support the statutory development of the Integrated Care System including engagement with a wide number of partner organisations					220.0				220.0	
Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates	478.8	10.0							488.8	
Public Health - Children's Programme	Removal of one-off investment in 2022-23 in additional counselling services for children, Healthy child programme and Children's Weight Management				-840.5					-840.5	
Public Health	Estimated reduction in Public Health activities to offset a reduction in external funding				-1,050.4					-1,050.4	
Public Health - Sexual Health	Removal of one-off contribution to capital in 2022-23 for completion of works to Flete Unit				-400.0					-400.0	
Public Health - Children's Programme	Investment in counselling services for children, and Children's Health Programme campaigns				892.7					892.7	
Public Health - Healthy Lifestyles	Investment in Public Health services to promote and support Healthy Lifestyles including health checks, health visiting and adult weight management				272.6					272.6	

Appendix F - Directorate Revenue Budget Changes 2023-24

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	CED	DCED	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Public Health - Health Visiting	Removal of one-off investment in 2022-23 in speech and language therapy, peri-natal mental health, Family Partnership Programme, text messaging service for parents and Health Visiting services				-538.6					-538.6	
Public Health - Sexual Health	Investment in Public Health Sexual Health Services				499.1					499.1	
Public Health - Substance Misuse	Investment in Substance Misuse services funded by Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities				1,100.8					1,100.8	
Public Health - Healthy Lifestyles	Removal of one-off investment in 2022-23 in Public Health services to promote and support Healthy Lifestyles				-281.1					-281.1	
Other	Other minor service improvements	120.0		17.0	-25.1	775.9	52.0			939.8	
	Total Additional Growth	85,917.8	61,021.8	26,405.1	6,771.4	4,317.6	9,954.0	2,560.7	22,338.9	219,287.3	219,287.3
Savings and Income											
Transformation Savings											
Adult Social Care service redesign	Rephrasing of savings from earlier years from the redesign of the Adult Social Care operating model, focusing on social care practice, data led decision making and innovation. These savings are to be delivered in future years from reducing and managing the costs and future demand for social care. This may also include efficiencies in our future ways of working resulting in a reduction in staffing spend.	752.1								752.1	752.1
Children's Social Care	Explore strategies, including statutory guidance, to reduce dependency on social work agency staff		-1,005.0							-1,005.0	-2,405.0
Looked After Children	Reduce the recent increase in the number of Looked After Children placements through practice reviews & improved court proceedings		-1,500.0							-1,500.0	
Coroners	Savings from the use of Digital Autopsy techniques in the Coroner service including adjustment for non delivery of the project in 2022-23			100.0						100.0	
Income	uplifts from applying existing policy										
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	-8,479.6	-176.6	-161.5						-8,817.7	-15,641.3
Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases			-1,488.0						-1,488.0	
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			-1,018.0						-1,018.0	
Kent 16+ Travel Saver	Kent 16+ Travel Saver price realignment to offset bus operator inflationary fare increases		-268.2							-268.2	
Income return from our companies	Estimated increase in the income contribution from our limited companies							-2,000.0		-2,000.0	

Appendix F - Directorate Revenue Budget Changes 2023-24

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	CED	DCED	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Highways	Increase in net income budgets for streetworks and permit scheme			-450.0						-450.0	
Economic Recovery	Rephasing of the original saving planned for 2022-23 from re-prioritising external income to support the wider economic recovery within Kent			1,500.0						1,500.0	
Adult Social Care	Estimated annual inflationary increase in Better Care Fund	-2,339.3								-2,339.3	
Review of fees & charges	Further savings to be identified from a review of all fees and charges								-500.0	-500.0	
Other	Other minor changes in income of less than £200k			-115.0	-85.1		-60.0			-260.1	
Increases in Grants & Contributions											
Public Health Grant	Estimated increase in Public Health Grant pending announcement from Department of Health and Social Care				-2,338.4					-2,338.4	-34,712.1
Household Support Fund	Extension of the Government funded Household Support Fund into 2023-24 as announced in the Chancellor's Autumn Statement on 17th November 2022								-22,130.8	-22,130.8	
New Burdens	Removal of assumed New Burdens grant in 2022-23 to fund ongoing EU Exit costs including Border Ports and Animal Health and Feed Officers and responsibilities under the new Marriage Schedule Act 2021 as no grant funding was secured.			660.0						660.0	
Domestic Abuse	Increase in Domestic Abuse Duty grant to fund new burdens in providing domestic abuse support in safe accommodation	-938.3				-2,236.5				-3,174.8	
Public Health - Substance Misuse	Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities				-1,100.8					-1,100.8	
Public Health - Substance Misuse	Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities				-249.0					-249.0	
Public Health - Substance Misuse	Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities				-909.1					-909.1	
Public Health - Substance Misuse	Rough Sleeping Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities				-520.2					-520.2	
Family Hubs	Estimate of our share of the new DfE/DHSC Family Hubs and Start for Life grant		-4,109.0							-4,109.0	
Supporting Families	Increase in the Supporting Families Programme grant from Department for Levelling Up, Housing & Communities		-840.0							-840.0	
Efficiency Savings											
Staffing:											
Workforce Management	Removal of saving in 2022-23 budget from staffing savings across the organisation to be achieved through a range of measures including business process review; automation; rationalisation and digitalisation to be delivered and monitored by the Strategic Reset Programme Board. These savings are non cashable but have resulted in productivity gains								250.0	250.0	-1,582.4
Children's Services	Review of the Practice Development Service		-350.0							-350.0	

Appendix F - Directorate Revenue Budget Changes 2023-24

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Early Help & Preventative Services	Expanding the reach of caseholding Early Help services		-540.0							-540.0	£000s
Open Access - Youth & Children's Centres	Continue to implement vacancy management and avoid all non-essential spend across open access		-600.0							-600.0	
Environment	Planned phasing of the new structure in the Environment Team			-300.0						-300.0	
Other	Other Direct & Indirect Staffing Efficiencies of less than £200k		-2.4	-40.0						-42.4	
Infrastructure											
Other	Minor Infrastructure efficiency savings of less than £200k				-8.0					-8.0	-8.0
Contracts & Procurement:											
Public Health	Estimated efficiency savings from Public Health Partnership working with Health				-1,000.0					-1,000.0	-1,391.0
Adult Social Care Commissioning	Rephasing of the original saving planned for 2022-23 from review of existing contracts for commissioned services to ensure the market is supported and developed to meet the needs of individuals, which will require costs to be reduced on some contracts.	329.3								329.3	
Public Health - Sexual Health	Estimated efficiencies within Sexual Health services				-245.0					-245.0	
Other	Other minor contracts & procurement savings of less than £200k			-200.0	-275.3					-475.3	
Other:											
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		-1,014.6							-1,014.6	-6,664.8
Adult Social Care	Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health		-1,754.8							-1,754.8	
Libraries, Registration & Archives (LRA)	One-off reduction in Libraries Materials Fund and a one year contribution holiday for the Mobile Libraries renewals reserve			-206.0						-206.0	
Children's Services	Reconfigure the Family Drug & Alcohol Court Services into the main Children's Social Work Teams		-201.3							-201.3	
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	-1,330.0	-250.0							-1,580.0	
Transportation	Use developer agreement income to maintain current level of transportation services			-250.0						-250.0	
Historic Pension Costs	Reduction in the number of Historic Pension Arrangements		-296.4			-500.0				-796.4	

Appendix F - Directorate Revenue Budget Changes 2023-24

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Waste - Household Waste & Recycling Centres (HWRCs)	Increased waste material segregation, increased re-use, black-bag splitting and trade waste recycling with a view to generating income or reducing cost			-605.0						-605.0		
Community Learning & Skills	Development of income earning activities within the CLS service and engage in efficiency measures to reduce costs		-200.0							-200.0		
Other	Other minor efficiency savings of less than £200k				-29.7	-27.0				-56.7		
Financing Savings												
Debt repayment	Review amounts set aside for debt repayment (MRP) based on review of asset life							-1,000.0		-1,000.0		-3,893.3
Investment Income	Increase in investment income largely due to the increase in base rate							-2,893.3		-2,893.3		
Policy Savings												
Highways Capital works	Removal of revenue contribution towards highways capital works			-3,000.0						-3,000.0		-23,937.3
Highways Drainage	Review of highways drainage policy and level of works			-1,000.0						-1,000.0		
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			-500.0						-500.0		
Highways	To reverse the prior decision to increase the number of swathe cuts			-300.0						-300.0		
Member Community Grants	Reduce Member Community Grants from £10k to £3.6k per Member					-518.4				-518.4		
Waste - Household Waste & Recycling Centres (HWRCs)	Review of the number and operation of HWRC sites			-500.0						-500.0		
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		-904.0							-904.0		
Strategic Review of In House Adult Social Care Services	The review is on-going and fits within the strategic direction of the Adult Social Care strategy and Making a Difference Every Day. Management action and outcomes of the review will deliver the required savings in 2022-23 & 2023-24	-3,550.0								-3,550.0		
Disabled Children's Placement and Support	Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health		-1,529.3							-1,529.3		
Looked After Children	Review of Integrated Looked After Children's Placements: Reduce dependence on high levels of additional support and seek enhanced contributions from health		-1,000.0							-1,000.0		
Children's Services	Review Section 17 payments and only provide where the Council has a statutory responsibility or to avoid children coming into care		-229.2							-229.2		

Appendix F - Directorate Revenue Budget Changes 2023-24

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		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Care Leavers	Pursue a policy where independence is reached by a Young Person's 19th birthday.		-700.0								-700.0	
Early Help & Preventative Services	Reconfigure the Positive Behaviour Service into the main Early Help Teams		-800.0								-800.0	
Review of Open Access - Youth Services & Children's Centres	Ceasing of the Local Children's Services Partnership Grants		-600.0								-600.0	
Housing Related Support - Homelessness	The full year effect of the cessation of the Homelessness contract from September 2022	-2,300.0									-2,300.0	
Adult Social Care PFI	Review of Private Finance Initiative contracts and funding arrangements with NHS for our Older People Integrated Care Centres	-200.0									-200.0	
Adult Social Care contracts with Voluntary Sector	Review of contracts and grants for discretionary services, to negotiate support from the NHS, and explore possible reductions to some services.	-4,310.0									-4,310.0	
Public Health	Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant				-426.4						-426.4	
Review of Community Wardens	Further review of the Community Warden Service			-500.0							-500.0	
Review of Open Access - Youth Services & Children's Centres	Review of open access services in light of implementing the Family Hub model		-300.0								-300.0	
Arts	Removal of Rendezvous contribution to Arts			-215.0							-215.0	
Kent 16+ Travel Saver	Review the Kent 16+ Travel Saver scheme		-250.0								-250.0	
Other	Other smaller policy savings of less than £200k	103.5		-95.0	-182.0	-50.0	-81.5				-305.0	
Total savings and Income		-22,262.3	-19,420.8	-8,683.5	-7,369.0	-3,331.9	-141.5	-5,893.3	-22,380.8	-89,483.1	-89,483.1	
Reserves												
Contributions To Reserves (incl removal of prior year contributions)												
New Homes Bonus	Removal of prior year contribution of New Homes Bonus to reserves							-4,381.5			-4,381.5	-5,942.4
Return from our limited companies	Removal of prior year contribution of return from our limited companies to the Strategic Priorities Reserve							-4,000.0			-4,000.0	
Retained Business Rates Levy	Removal of prior year contribution of retained business rates levy to the Regeneration reserve							-3,000.0			-3,000.0	
General Reserves	Contribution to reserves in order to maintain general reserve at 5% of net revenue budget							5,800.0			5,800.0	
General Reserves	Removal of prior year one-off contribution to general reserve							-2,950.9			-2,950.9	
Risk Reserve	Contribution to reserves to reflect the heightened risks to the budget, including higher inflation and the impacts on the economy of the Russian invasion of Ukraine							12,000.0			12,000.0	
Risk Reserve	Removal of prior year one-off contribution to risk reserve							-14,966.3			-14,966.3	
Local Taxation Equalisation - Council Tax Collection Fund	Contribution of Council Tax Collection Fund surplus above £7m assumed, to the Local Taxation Equalisation smoothing reserve							4,488.7			4,488.7	

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Local Taxation Equalisation - Business Rates Collection Fund	Contribution of Business Rates Collection Fund surplus to the Local Taxation Equalisation smoothing reserve							1,067.6		1,067.6	
Facilities Management	Contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)						160.0			160.0	
Facilities Management	Removal of prior year contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)						-160.0			-160.0	
Drawdowns from Reserves (incl removal of prior year drawdowns)											
Public Health Reserves	Use of Public Health reserves to fund one-off costs and invest to save initiatives in 2023-24				-3,198.1					-3,198.1	255.0
Public Health Reserves	Removal of use of Public Health reserves to fund one-off costs in previous year				3,795.7					3,795.7	
Drawdown corporate reserves	Fund the Kent Support and Assistance Service from Corporate Reserves for two years 2023-24 and 2024-25	-567.2				-262.0				-829.2	
Drawdown corporate reserves	One-off drawdown from the No Use Empty reserve							-200.0		-200.0	
Drawdown corporate reserves	One-off drawdown from reserves to be repaid in 2024-25							-4,289.7		-4,289.7	
Drawdown corporate reserves	Removal of use of Corporate Smoothing Reserves in 2022-23						800.0	4,176.3		4,976.3	
Net Change in Use of Reserves		-567.2	0.0	0.0	597.6	-262.0	800.0	-6,255.8	0.0	-5,687.4 #	-5,687.4
Approved Controllable Budget		527,430.4	360,353.0	194,949.0	0.0	33,118.9	83,989.0	116,062.2	-291.9	1,315,610.6	1,315,610.6
Memorandum - Provisional allocation of corporately held budgets:											
- Estimated apportionment of centrally held budgets (residual)		0.0	-150.0	-300.0		0.0	-50.0	208.1	291.9	0.0	0.0
Total Net Budget including provisional share of corporately held budgets		527,430.4	360,203.0	194,649.0	0.0	33,118.9	83,939.0	116,270.3	0.0	1,315,610.6	1,315,610.6

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		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Funding												
Final Settlement	Notification of funding from central government via the Final Local Government Finance Settlement for 2023-24											
Revenue Support Grant	Comprises share of previous Formula Grant, Early Intervention Grant, Learning Disability Grant, Council Tax Freeze Grant, Care Act Grant etc. allocated as revenue support grant									11,072.6		11,072.6
Social Care Grant	Further extension of the Adult Social Care Grant per the Chancellor's Autumn Statement on 17th November 2022 and included in the provisional local government finance settlement to include the re-purposed Social Care Reform funding following the delay in charging reforms, which is available to fund a wide range of Adult and Children's social care costs built into the proposed draft budget, and also now includes the Independent Living Fund									88,770.7		88,770.7
Adult Social Care Market Sustainability and Improvement Fund	KCC share of the new £400m national grant allocation announced in the Autumn Statement 2022 and includes the transfer of grant funding provided in 2022-23 for Market Sustainability and Fair Cost of Care									14,435.1		14,435.1
Adult Social Care Discharge Fund	KCC share of the additional £300m for Local Authorities announced by the Government in the November 2022 Autumn Statement and included in the provisional local government finance settlement. Conditions for this grant are yet to be confirmed									7,012.0		7,012.0
Services Grant	Continuation of Grant funding announced in the Spending Review 2021 but reduced for the reversal of the 2022-23 National Insurance increase and other items									7,599.4		7,599.4
Business Rate Top-up Grant	Top-up derived by comparing local share of business rates according to historical average and business rate baseline share of previous grants and reflects a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2022									140,802.3		140,802.3
Improved Better Care Fund (iBCF)	DLUHC un-ring-fenced grant allocated towards improved integration between social care and health, including the additional adult social care funding announced in the Chancellor's Spring Budget on 8th March 2017, and the winter pressures funding provided in 2018-19 and 2019-20 which rolled into iBCF in 2020-21									50,014.7		50,014.7
New Homes Bonus Grant	DLUHC un-ring-fenced grant allocated according to the increase in tax base resulting from the building of new homes									2,272.8		49,771.9
Business Rate Compensation	Compensation for additional reliefs on business rates for small businesses, retail premises and reduction in multiplier paid as un-ringfenced grant by DLUHC									44,241.4		
Other Un-ringfenced grants	Un-ringfenced grants from other Government Departments									3,257.7		

Appendix F - Directorate Revenue Budget Changes 2023-24

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	CED	DCED	Non Attributable Costs	Corporately held budgets	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Drawdown from reserves of S31 grant for Compensation for irrecoverable local taxation losses due to Covid-19	Drawdown from reserves of S31 grant for irrecoverable local taxation losses resulting from the Covid-19 pandemic accounted for in the 2021-22 accounts in accordance with CIPFA guidance									2,347.5	2,347.5
Business Rates											
Business Rate Baseline	Local share of business rates baseline in the Local Government Finance Settlement reflecting a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2022									54,127.2	60,197.7
Business Rate Local Share	KCC 9% share of local tax base growth as notified by district councils less baseline share identified above									6,070.5	
Business Rate Collection Fund	KCC share of surpluses and deficits on business rate collection in prior years net of compensation for Covid-19 business rate reliefs									1,067.6	-60.0
2020-21 Business Rate Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Business Rate collection spread over 3 years									-1,127.6	
Local Taxation											
General Council Tax Base	KCC band D equivalent tax base notified by district councils									736,058.5	761,106.4
General Council Tax Increase	Impact of increase in Council Tax up to the 3% referendum limit									25,047.9	
Adult Social Care Tax Base	Impact on Adult Social Care Levy of change in KCC band D equivalent tax base notified by district councils									99,008.6	115,672.9
Adult Social Care Levy	Impact of 2% increase in Council Tax for Adult Social Care Levy									16,664.3	
Council Tax Collection Fund	KCC share of 2022-23 surpluses and deficits on Council Tax collection									11,488.7	11,488.7
2020-21 Council Tax Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Council Tax collection spread over 3 years									-4,621.3	-4,621.3
Total Funding										1,315,610.6	1,315,610.6

Key:

ASCH	Adult Social Care and Health
CYPE	Children, Young People and Education
DCS	Disabled Children's Services
GET	Growth, Environment & Transport
PH	Public Health
CED	Chief Executive's Department
DCED	Deputy Chief Executive's Department
NAC	Non Attributable Costs which includes corporate costs such as debt charges, interest, contributions to/from reserves & levies
CHB	Corporately Held Budgets
DHSC	Department for Health and Social Care
DfE	Department for Education
DLUHC	Department for Levelling Up, Housing and Communities

SECTION 10

Appendix G: County Level 3 Year Revenue Changes

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Revised 2022-23 Base Budget		1,191,493.8	1,315,610.6	1,412,405.3	1,191,493.8	1,315,610.6	1,412,405.3
Growth							
Net Base Budget Changes	Growth based on current and forecast activity levels				63,510.3	20,659.6	21,000.0
Emerging Pressures	Provision for emerging pressures yet to be identified		21,000.0	21,000.0			
Adult Social Care	Underlying budget pressure from 2022-23 due to increased costs and activity across all Adult social care services	27,173.1					
Energy Costs	Realignment for the increase in energy costs for our operational buildings in 2022-23 due to the extraordinary economic consequences of global and national circumstances	4,521.2					
Subsidised Buses	Realignment for price uplift in routes retendered during 2022-23	216.6					
Waste prices and income	Realignment of prices, waste tonnage and income levels for a variety of waste streams	3,660.0					
Libraries	Realignment of library income levels as a result of reduced usage during and following the Covid pandemic	460.0					
Home to School Transport	Realignment to reflect increased costs and demand in 2022-23	13,594.0					
Streetlight Energy	Realignment of the streetlight energy budget reflecting high price rises due to the extraordinary economic consequences of global and national circumstances	2,690.8					
Children's Social Care	Underlying budget pressure from 2022-23 due to increased costs and activity across all Children's social care services	10,628.7					
Special Educational Needs & Disability (SEND)	Additional cost of new SEND structure required to support increasing numbers of Education, Health and Care Plans (EHCPs)	500.0					
Impact of Cap on Capitalisation of Property Disposal costs	Removal of short term funding for impact on the revenue budget of 4% cap on capitalisation of asset disposal costs pending improvement in market conditions and implementation of changes to asset disposal strategy		-200.0				
Corporate Landlord	Removal of short-term provision for potential loss of rental income from tenants who deferred rent from 2020-21 and have subsequently gone out of business	-200.0					
Other	Other minor growth based on current activity levels less than £200k	265.9	-140.4				

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Reduction In Grant Income							
Adult Social Care	Reduction in Independent Living Fund specific grant which has been consolidated into the Social Care Grant as part of the provisional Local Government Finance Settlement 2023-24 and shown as general funding of the Council's budget	1,919.8			3,106.4	35.0	0.0
Public Health	Anticipated reduction in external funding for various Public Health activities (includes time-limited funding)	1,186.6					
Other	Other reductions in grant of less than £200k		35.0				
Pay and Prices							
Pay:							
Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme including the revision of lower Kent Scheme pay scales to further increase the differential between the lowest pay range and the Foundation Living Wage and increasing the annual leave entitlement for some staff. This is the subject of pay bargaining with Trade Unions.	16,300.0	16,300.0	7,300.0	14,853.6	16,435.5	7,628.6
Employer National Insurance contributions	Impact of Government reversal of the increase in employer and employee national insurance contributions by 1.25% in 2022-23 to fund social care reforms and NHS backlog	-1,600.0					
Employer Pension contributions 2022 Valuation	Reduction in the employer pension contribution from 2022 actuarial review (0.8% reduction in annual rate)	-1,570.0					
Public Health Pay	Estimated net impact of KCC pay award/adjustments for KCC Public Health staff	785.7	-628.0				
Agency Staff	Uplift in pay budget in line with average earnings for posts which are temporarily covered by agency staff	970.6	668.4	277.7			
Other	Other changes to pay and pensions less than £200k	-32.7	95.1	50.9			
Inflation:							
KCC Estate Energy	Anticipated price increases on energy contracts for the KCC estate as estimated by Commercial Services	2,229.3	-1,560.8	-886.5	69,470.6	44,801.4	17,812.2
Streetlight Energy	Provision for price inflation related to Streetlight energy as estimated by Commercial Services	2,200.4	-1,391.5	-788.5			
Streetlight Energy Rebate	Rebates from our Solar Farms offset against the streetlight energy charges	-895.0					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments.	28,735.0	31,359.2	16,754.2			
Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages funded by the Market Sustainability and Improvement Fund included in the provisional local government finance settlement	4,431.4	3,846.6				
Children's Social Care	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance	6,433.8	4,760.3	1,401.0			
Home to School Transport	Provision for inflation on contracted services and season tickets for mainstream & SEN Home to School and College Transport and the 16+ Kent Travel Saver.	1,910.8	1,522.6				
Kent Travel Saver & Kent 16+ Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass	1,756.2	203.6				
Kent Travel Saver	Increase in bus operator price inflation above the budgeted amount in 2022-23 related to the Kent Travel Saver which is to be recovered through uplifting the charge for the pass	1,018.0					
Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices)	11,248.3	2,137.0	316.2			
Technology contracts	Provision for price inflation on Third Party ICT related contracts	399.4	359.2	14.4			
Software Licences	Negotiated annual price uplift for three year contract (July 2020 to July 2023) for E5 software licences	430.8	410.0	17.3			
Facilities Management	Estimated future price uplift to new Facilities Management contracts	1,864.6	625.4	139.6			
Cantium Business Solutions (CBS) and Kent Commercial Services (KCS)	Inflationary uplift on the CBS ICT contract and KCS HR Connect contract	771.5	585.5				
Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services	1,148.0	692.2	670.5			
Corporate Landlord	Provision for price inflation for rent and rates for the office estate	454.3	841.5				
Public Health contracts	Estimated increase in contract prices	4,316.2					
Highways Maintenance	Anticipated increased costs of recommissioning of the Highways Maintenance Contract	500.0					
Special Educational Needs	Provision for price inflation on the cost of commissioned services	269.6		18.2			

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
External Audit fee	Estimated increase in external audit fee	316.1	36.3				
General Prices reduction	Reductions to be identified from review of contract uplifts	-500.0					
Other	Other price increases of less than £200k	431.9	374.3	155.8			
Demand & Cost Drivers	Additional spending associated with change in demand, population growth and other cost drivers						
Adult Social Care	Provision for impact of the full year effect of all current costs of care, further increases in client numbers expected through transition into adulthood from Children's Social Care, additional costs arising for existing clients and for those new clients whose needs are becoming more complex.	15,141.3	17,303.2	25,400.0	34,001.7	31,448.7	29,433.7
Adult Social Care	Provision for impact of an increase in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, funded by the Market Sustainability and Improvement Fund included in the provisional local government finance settlement and shown within the general funding of the Council's budget	5,842.7	3,422.2				
Adult Social Care	Provision for impact of an increase in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, funded from the new ringfenced Adult Social Care Discharge Fund included in the provisional local government finance settlement and shown within the general funding of the Council's budget	7,012.0	4,674.6				
Children's Social Care	Estimated impact of an increase in the population of children in Kent, leading to increased demand for children's social work and disabled children's services	3,300.0	3,300.0	3,300.0			
Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport	3,843.7	1,755.8	-221.4			
Kent Travel Saver	Estimated impact of the Covid pandemic on take up and usage of the Kent Travel Saver pass	288.0					
Waste - tonnage changes	Estimated impact of changes in waste tonnage as a result of population and housing growth	748.0	837.0	920.0			
English National Concessionary Travel Scheme (ENCTS)	Continuation of reduced usage of the ENCTS pass following the Covid pandemic	-1,900.0					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Highways	Re-introduction of the second weed spray as current climate means that existing policy is insufficient to ensure the roads remain safe and ensure a pro-active approach to asset management to avoid weeds establishing to a point to cause damage to roads and footways resulting in more costly repairs	200.0					
Highways	Review of staff grades and capitalisation levels within the Highways team to reflect current complexity and reduced capital activity/works	325.0					
Facilities Management	Removal of provision for mobilisation costs of new Facilities Management contracts where we will incur costs such as legal, pensions, TUPE and set up costs and potentially some dual running costs. The impact of these costs on the budget is being spread over the life of the contract via the temporary use of reserves.	-800.0					
Public Health	Removal of one-off public health costs in 2022-23 funded from reserves related to Healthy Lifestyles and Substance Misuse	-448.2	-48.0				
Other	Other minor demographic pressures of less than £200k	449.2	203.9	35.1			

Government & Legislative

Adult Social Care Charging Reform	Estimated costs of implementing the Adult Social Care Charging Reform, the rollout of which has been delayed from October 2023 to October 2025 as announced in the Chancellor's November 2022 Autumn Statement			25,000.0			25,000.0
Household Support Fund	Extension of the Government funded Household Support Fund into 2023-24 as announced in the Chancellor's Autumn Statement on 17th November 2022	22,130.8	-22,130.8		22,130.8	-22,130.8	0.0
Family Hubs	New responsibilities to be funded from the new DfE/DHSC Family Hubs and Start for Life grant	4,109.0	-777.0	-3,332.0	8,351.5	-1,049.8	-4,497.6
Supporting Families Programme	Increased investment in Supporting Families Programme funded by an increase in the grant from Department for Levelling Up, Housing & Communities	840.0					
Domestic Abuse New Burdens	Costs of undertaking domestic abuse support in safe accommodation duties funded by specific grant	2,325.8	59.9				
Public Health - Health Visiting	Removal of one-off funding in 2022-23 for additional contacts under the Universal Plus/Universal Partnership Plus families due to change in Health & Care Profession Guidance	-380.0					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Public Health - Substance Misuse	Investment in substance misuse services funded by Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	249.0	7.5	-256.5			
Public Health - Substance Misuse	Targeted housing support interventions for people in drug and alcohol treatment funded by Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities	909.1		-909.1			
Public Health - Substance Misuse	Wraparound and engagement and community treatment funded by Rough Sleeping Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	520.2	-520.2				
Other	Other Government & Legislative pressures of less than £200k	-221.6	180.0				
Service Strategies & Improvements							
Capital Programme	The impact on debt charges of both the review of the 2021-24 capital programme, and prior year capital programme decisions	2,000.0	2,500.0		3,862.4	2,312.0	-2,961.6
Waste - infrastructure	Operating costs of a new waste transfer facility in the Folkestone & Hythe area which is required as existing facility approaches capacity		300.0				
Highways	Increased maintenance works due to a pro-active asset management approach identifying drainage assets in need of repair. This budget does not include storm events.	850.0					
Economic Development Recovery Plan	Removal of time limited funding for re-design of the service and additional staffing and consultancy capacity to draft and deliver the Economic Recovery Plan/Economic Strategy following the Covid pandemic	-270.0	-80.0	-50.0			
Asset Management	Revenue contributions to capital required to maintain and deliver asset management for Kent's Windmills and Surface Water Flood Risk Management		100.0	500.0			
Oakwood House Development	Removal of holding costs and loss of income in the short term once Oakwood House is no longer operational, offset by savings in the longer term following change of use	-250.0	-320.0				
Technology	Full year effect of re-design of the Technology Function staffing structure to ensure the correct level of expertise is available to provide and commission a safe and secure ICT function, including appointment to the new Director of Technology role	229.2					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Strategy & Partnerships	Additional resources to support the statutory development of the Integrated Care System including engagement with a wide number of partner organisations	220.0					
Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions	488.8	431.8	131.8			
Public Health - Children's Programme	Removal of one-off investment in 2022-23 in additional counselling services for children, Healthy child programme and Children's Weight Management	-840.5					
Public Health	Estimated reduction in Public Health activities to offset a reduction in external funding	-1,050.4					
Public Health - Sexual Health	Removal of one-off contribution to capital in 2022-23 for completion of works to Flete Unit	-400.0					
Public Health - Children's Programme	Investment in counselling services for children, and Children's Health Programme campaigns	892.7	-892.7				
Public Health - Healthy Lifestyles	Investment in Public Health services to promote and support Healthy Lifestyles including health checks, health visiting and adult weight management	272.6	-272.6				
Public Health - Health Visiting	Removal of one-off investment in 2022-23 in speech and language therapy, peri-natal mental health, Family Partnership Programme, text messaging service for parents and Health Visiting services	-538.6					
Public Health - Sexual Health	Investment in Public Health Sexual Health Services	499.1	-499.1				
Public Health - Substance Misuse	Investment in Substance Misuse services funded by Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities	1,100.8	1,412.9	-3,615.4			
Public Health - Healthy Lifestyles	Removal of one-off investment in 2022-23 in Public Health services to promote and support Healthy Lifestyles	-281.1					
Other	Other minor service improvements of less than £200k	939.8	-368.3	72.0			
Total Additional Growth		219,287.3	92,511.6	93,415.3	219,287.3	92,511.6	93,415.3

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Savings and Income							
Transformation Savings							
Adult Social Care service redesign	Rephasing of savings from earlier years from the redesign of the Adult Social Care operating model, focusing on social care practice, data led decision making and innovation. These savings are to be delivered in future years from reducing and managing the costs and future demand for social care. This may also include efficiencies in our future ways of working resulting in a reduction in staffing spend.	752.1	-5,555.6	-6,622.5	752.1	-5,555.6	-6,622.5
Children's Social Care	Explore strategies, including statutory guidance, to reduce dependency on social work agency staff	-1,005.0	-300.0		-2,405.0	-2,446.7	-50.0
Looked After Children	Reduce the recent increase in the number of Looked After Children placements through practice reviews & improved court proceedings	-1,500.0	-1,500.0				
Coroners	Savings from the use of Digital Autopsy techniques in the Coroner service including adjustment for non delivery of the project in 2022-23	100.0	-350.0	-50.0			
Public Health	Savings from Public Health Transformational Programme		-296.7				
Income	uplifts from applying existing policy						
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	-8,817.7	-6,542.2	-2,041.1	-15,641.3	-7,217.5	-4,652.7
Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases	-1,488.0					
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	-1,018.0					
Kent 16+ Travel Saver	Kent 16+ Travel Saver price realignment to offset bus operator inflationary fare increases	-268.2	-203.6				
Income return from our companies	Estimated increase in the income contribution from our limited companies	-2,000.0	2,000.0				
Highways	Increase in net income budgets for streetworks and permit scheme	-450.0					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Economic Recovery	Rephasing of the original saving planned for 2022-23 from re-prioritising external income to support the wider economic recovery within Kent	1,500.0					
Adult Social Care	Estimated annual inflationary increase in Better Care Fund	-2,339.3	-2,471.7	-2,611.6			
Review of fees & charges	Further savings to be identified from a review of all fees and charges	-500.0					
Other	Other minor changes in income of less than £200k	-260.1					
Increases in Grants & Contributions							
Public Health Grant	Estimated increase in Public Health Grant pending announcement from Department of Health and Social Care	-2,338.4			-34,712.1	21,947.7	8,113.0
Household Support Fund	Extension of the Government funded Household Support Fund into 2023-24 as announced in the Chancellor's Autumn Statement on 17th November 2022	-22,130.8	22,130.8				
New Burdens	Removal of assumed New Burdens grant in 2022-23 to fund ongoing EU Exit costs including Border Ports and Animal Health and Feed Officers and responsibilities under the new Marriage Schedule Act 2021 as no grant funding was secured.	660.0					
Domestic Abuse	Increase in Domestic Abuse Duty grant to fund new burdens in providing domestic abuse support in safe accommodation	-3,174.8	-59.9				
Public Health - Substance Misuse	Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities	-1,100.8	-1,412.9	3,615.4			
Public Health - Substance Misuse	Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	-249.0	-7.5	256.5			
Public Health - Substance Misuse	Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities	-909.1		909.1			
Public Health - Substance Misuse	Rough Sleeping Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	-520.2	520.2				
Family Hubs	Estimate of our share of the new DfE/DHSC Family Hubs and Start for Life grant	-4,109.0	777.0	3,332.0			
Supporting Families	Increase in the Supporting Families Programme grant from Department for Levelling Up, Housing & Communities	-840.0					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Efficiency Savings							
<u>Staffing:</u>							
Workforce Management	Removal of saving in 2022-23 budget from staffing savings across the organisation to be achieved through a range of measures including business process review; automation; rationalisation and digitalisation to be delivered and monitored by the Strategic Reset Programme Board. These savings are non cashable but have resulted in productivity gains	250.0			-1,582.4	-2,903.6	-1,492.0
Children's Services	Review of the Practice Development Service	-350.0					
Early Help & Preventative Services	Expanding the reach of caseholding Early Help services	-540.0	-663.0	-130.0			
Open Access - Youth & Children's Centres	Continue to implement vacancy management and avoid all non-essential spend across open access	-600.0	600.0				
Strategic Commissioning	Explore alternative sources of funding for the administration of the Kent Support & Assistance Service						
Environment	Planned phasing of the new structure in the Environment Team	-300.0	300.0				
Other	Other Direct & Indirect Staffing Efficiencies of less than £200k	-42.4					
					-8.0		
<u>Infrastructure</u>							
Infrastructure	Property savings from a review of specialist assets						
Other	Minor Infrastructure efficiency savings of less than £200k	-8.0					
					-1,391.0		
<u>Contracts & Procurement:</u>							
Public Health	Estimated efficiency savings from Public Health Partnership working with Health	-1,000.0					
Adult Social Care Commissioning	Rephasing of the original saving planned for 2022-23 from review of existing contracts for commissioned services to ensure the market is supported and developed to meet the needs of individuals, which will require costs to be reduced on some contracts.	329.3					
Improve Waste Recycling Rates	Work with District, Borough and City Councils to improve kerbside recycling rates and deliver both collection and disposal savings						
Public Health - Sexual Health	Estimated efficiencies within Sexual Health services	-245.0					
Other	Other minor contracts & procurement savings of less than £200k	-475.3	-50.0	-50.0			

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Other:					-6,664.8		
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	-1,014.6	-845.6				
Adult Social Care	Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health	-1,754.8	-1,334.1				
Libraries, Registration & Archives (LRA)	One-off reduction in Libraries Materials Fund and a one year contribution holiday for the Mobile Libraries renewals reserve	-206.0	206.0				
Children's Services	Reconfigure the Family Drug & Alcohol Court Services into the main Children's Social Work Teams	-201.3					
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	-1,580.0	-250.0				
Transportation	Use developer agreement income to maintain current level of transportation services	-250.0		250.0			
Historic Pension Costs	Reduction in the number of Historic Pension Arrangements	-796.4	-225.0				
Waste - Household Waste & Recycling Centres (HWRCs)	Increased waste material segregation, increased re-use, black-bag splitting and trade waste recycling with a view to generating income or reducing cost	-605.0	-105.0				
Community Learning & Skills	Development of income earning activities within the CLS service and engage in efficiency measures to reduce costs	-200.0					
Other	Other minor efficiency savings of less than £200k	-56.7					
Total of new efficiency savings in future years (shaded items above)			-536.9	-1,562.0			
Financing Savings							
Debt repayment	Review amounts set aside for debt repayment (MRP) based on review of asset life	-1,000.0	-1,000.0	-1,000.0	-3,893.3	-2,340.1	-2,065.5
Investment Income	Increase in investment income largely due to the increase in base rate	-2,893.3	-1,340.1	-1,065.5			

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Policy Savings					-23,937.3	-12,318.6	-34,201.7
Highways Capital works	Removal of revenue contribution towards highways capital works	-3,000.0					
Highways Drainage	Review of highways drainage policy and level of works	-1,000.0					
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	-500.0					
Highways	To reverse the prior decision to increase the number of swathe cuts	-300.0					
Member Community Grants	Reduce Member Community Grants from £10k to £3.6k per Member	-518.4					
Community Based Preventative Services	Explore alternative sources of funding for the Kent Support & Assistance Service						
Waste - Household Waste & Recycling Centres (HWRCs)	Review of the number and operation of HWRC sites	-500.0	-988.0				
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	-904.0	-1,166.7	-250.0			
Looked After Children	Review contract with Health for fast tracking mental health assessments for Looked After Children						
Strategic Review of In House Adult Social Care Services	The review is on-going and fits within the strategic direction of the Adult Social Care strategy and Making a Difference Every Day. Management action and outcomes of the review will deliver the required savings in 2022-23 & 2023-24	-3,550.0					
SEN Home to School Transport (HTST)	Explore options to introduce standard pick up points for children with SEN, where appropriate, including promoting independence						
Disabled Children's Placement and Support	Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health	-1,529.3	-1,066.1				
Looked After Children	Review of Integrated Looked After Children's Placements: Reduce dependence on high levels of additional support and seek enhanced contributions from health	-1,000.0					
Children's Services	Review Section 17 payments and only provide where the Council has a statutory responsibility or to avoid children coming into care	-229.2					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Care Leavers	Pursue a policy where independence is reached by a Young Person's 19th birthday.	-700.0					
Adoption Service	Review post adoption offer						
Early Help & Preventative Services	Reconfigure the Positive Behaviour Service into the main Early Help Teams	-800.0					
Partnership arrangements with District Councils	Work in partnership with collection authorities to incentivise maximisation of council tax premiums on empty properties						
Review of Open Access - Youth Services & Children's Centres	Ceasing of the Local Children's Services Partnership Grants	-600.0					
Children's Residential Care	Development of in-house residential units to provide an alternative to independent sector residential care placements						
Housing Related Support - Homelessness	The full year effect of the cessation of the Homelessness contract from September 2022	-2,300.0					
Adult Social Care PFI	Review of Private Finance Initiative contracts and funding arrangements with NHS for our Older People Integrated Care Centres	-200.0					
Adult Social Care contracts with Voluntary Sector	Review of contracts and grants for discretionary services, to negotiate support from the NHS, and explore possible reductions to some services.	-4,310.0					
Community Based Preventative Services	Further review of contracts and grants for discretionary services including investment from other strategic partners						
Public Health	Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant	-426.4	-13.8				
Review of Community Wardens	Further review of the Community Warden Service	-500.0	-500.0				
Review of Library Network	Data and evidence led review of the comprehensive and efficient library network						
SEN Transport	Introduction of charging for post 16 SEN transport and reductions to the Post 19 transport offer						
Review of Open Access - Youth Services & Children's Centres	Review of open access services in light of implementing the Family Hub model	-300.0	-1,947.2	-134.1			
Corporate Landlord	Review of Community Delivery including Assets						
Corporate Landlord	Review of Office Assets						
Arts	Removal of Rendezvous contribution to Arts	-215.0					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Multi-agency collaboration (including on-street parking)	Review of delivery models for a range of services (including on-street parking which may require a 24 month notice period) where synergies may exist and savings deliverable for both KCC and its partners						
Kent Travel Saver	Review of Kent Travel Saver Scheme, including a review of the ongoing discretionary offer for free transport for Looked After Children, Care Leavers and Young Carers						
Kent 16+ Travel Saver	Review the Kent 16+ Travel Saver scheme	-250.0	-250.0	-158.8			
Adult Social Care Charging	Review of the Adults Charging Policy, in line with Care Act legislation and the statutory guidance						
Unidentified	Further policy savings yet to be identified						
Other	Other smaller policy savings of less than £200k	-305.0	-150.0				
Total of new policy savings in future years (shaded items above)			-6,236.8	-33,658.8			
Total savings and Income		-89,483.1	-10,834.4	-40,971.4	-89,483.1	-10,834.4	-40,971.4
Reserves							
Contributions To Reserves (incl removal of prior year contributions)					-5,942.4	7,429.7	-10,909.3
New Homes Bonus	Removal of prior year contribution of New Homes Bonus to reserves	-4,381.5					
Return from our limited companies	Contribution of the anticipated return from our limited companies to the Strategic Priorities Reserve		4,000.0	4,000.0			
Return from our limited companies	Removal of prior year contribution of return from our limited companies to the Strategic Priorities Reserve	-4,000.0		-4,000.0			
Retained Business Rates Levy	Contribution of the retained business rates levy, the proceeds from the business rates pool, to Regeneration reserve		3,000.0	3,000.0			
Retained Business Rates Levy	Removal of prior year contribution of retained business rates levy to the Regeneration reserve	-3,000.0		-3,000.0			
General Reserves	Contribution to reserves in order to maintain general reserve at 5% of net revenue budget	5,800.0	5,100.0	2,100.0			
General Reserves	Removal of prior year one-off contribution to general reserve	-2,950.9	-5,800.0	-5,100.0			
Risk Reserve	Contribution to reserves to reflect the heightened risks to the budget, including higher inflation and the impacts on the economy of the Russian invasion of Ukraine	12,000.0	15,619.6	12,000.0			
Risk Reserve	Removal of prior year one-off contribution to risk reserve	-14,966.3	-12,000.0	-15,619.6			

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Corporate Reserves	Contribution to reserves to repay the drawdown required to balance the budget in 2023-24 in order to maintain financial resilience		4,289.7				
Corporate Reserves	Removal of one-off repayment of reserves in 2024-25			-4,289.7			
Local Taxation Equalisation - Council Tax Collection Fund	Contribution of Council Tax Collection Fund surplus above £7m assumed, to the Local Taxation Equalisation smoothing reserve	4,488.7					
Local Taxation Equalisation - Council Tax Collection Fund	Removal of prior year contribution to Local Taxation Equalisation smoothing reserve of Council Tax Collection Fund surplus above £7m assumed		-4,488.7				
Local Taxation Equalisation - Business Rates Collection Fund	Contribution of Business Rates Collection Fund surplus to the Local Taxation Equalisation smoothing reserve	1,067.6					
Local Taxation Equalisation - Business Rates Collection Fund	Removal of prior year contribution to the Local Taxation Equalisation smoothing reserve of the Business Rates Collection Fund surplus		-1,067.6				
Removal of contribution related to repayment of previous "borrowing" from reserves	Reduction & full removal of the annual repayment of the "borrowing" from reserves to support the budget in 2011-12, reflecting when the reserves will be fully repaid		-1,223.3				
Facilities Management	Contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)	160.0	160.0	160.0			
Facilities Management	Removal of prior year contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)	-160.0	-160.0	-160.0			
Drawdowns from Reserves (incl removal of prior year drawdowns)					255.0	7,687.8	829.2
Public Health Reserves	Use of Public Health reserves to fund one-off costs and invest to save initiatives in 2023-24	-3,198.1					
Public Health Reserves	Removal of use of Public Health reserves to fund one-off costs in previous year	3,795.7	3,198.1				
Drawdown corporate reserves	Fund the Kent Support and Assistance Service from Corporate Reserves for two years 2023-24 and 2024-25	-829.2	-829.2				
Drawdown corporate reserves	Removal of use of corporate reserves in prior year to fund the Kent Support and Assistance Service		829.2	829.2			
Drawdown corporate reserves	One-off drawdown from the No Use Empty reserve	-200.0					
Drawdown corporate reserves	Removal of one-off drawdown from No Use Empty reserve in 2023-24		200.0				
Drawdown corporate reserves	One-off drawdown from reserves to be repaid in 2024-25	-4,289.7					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Drawdown corporate reserves	Removal of one-off use of reserves in 2023-24		4,289.7				
Drawdown corporate reserves	Removal of use of Corporate Smoothing Reserves in 2022-23	4,976.3					
Net Change in Use of Reserves		-5,687.4	15,117.5	-10,080.1	-5,687.4	15,117.5	-10,080.1
Approved Controllable Budget		1,315,610.6	1,412,405.3	1,454,769.1	1,315,610.6	1,412,405.3	1,454,769.1

Funding

Final Settlement

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Revenue Support Grant	Notification of funding from central government via the Final Local Government Finance Settlement for 2023-24 Comprises share of previous Formula Grant, Early Intervention Grant, Learning Disability Grant, Council Tax Freeze Grant, Care Act Grant etc. allocated as revenue support grant	11,072.6	11,827.1	11,827.1	11,072.6	11,827.1	11,827.1
Social Care Grant	Further extension of the Adult Social Care Grant per the Chancellor's Autumn Statement on 17th November 2022 and included in the provisional local government finance settlement to include the re-purposed Social Care Reform funding following the delay in charging reforms, which is available to fund a wide range of Adult and Children's social care costs built into the proposed draft budget, and also now includes the Independent Living Fund	88,770.7	103,212.0	103,212.0	88,770.7	103,212.0	103,212.0
Adult Social Care Market Sustainability and Improvement Fund	KCC share of the new £400m national grant allocation announced in the Autumn Statement 2022 and includes the transfer of grant funding provided in 2022-23 for Market Sustainability and Fair Cost of Care	14,435.1	21,703.9	21,703.9	14,435.1	21,703.9	21,703.9
Adult Social Care Discharge Fund	KCC share of the additional £300m for Local Authorities announced by the Government in the November 2022 Autumn Statement and included in the provisional local government finance settlement. Conditions for this grant are yet to be confirmed	7,012.0	11,686.6	11,686.6	7,012.0	11,686.6	11,686.6
Services Grant	Continuation of Grant funding announced in the Spending Review 2021 but reduced for the reversal of the 2022-23 National Insurance increase and other items	7,599.4	7,599.4	7,599.4	7,599.4	7,599.4	7,599.4

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Business Rate Top-up Grant	Top-up derived by comparing local share of business rates according to historical average and business rate baseline share of previous grants and reflects a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2022	140,802.3	150,396.1	150,396.1	140,802.3	150,396.1	150,396.1
Improved Better Care Fund (iBCF)	DLUHC un-ring-fenced grant allocated towards improved integration between social care and health, including the additional adult social care funding announced in the Chancellor's Spring Budget on 8th March 2017, and the winter pressures funding provided in 2018-19 and 2019-20 which rolled into iBCF in 2020-21	50,014.7	50,014.7	50,014.7	50,014.7	50,014.7	50,014.7
New Homes Bonus Grant	DLUHC un-ring-fenced grant allocated according to the increase in tax base resulting from the building of new homes	2,272.8			49,771.9	50,513.6	50,513.6
Business Rate Compensation	Compensation for additional reliefs on business rates for small businesses, retail premises and reduction in multiplier paid as un-ringfenced grant by DLUHC	44,241.4	47,255.9	47,255.9			
Other Un-ringfenced grants	Un-ringfenced grants from other Government Departments	3,257.7	3,257.7	3,257.7			
Drawdown from reserves of S31 grant for Compensation for irrecoverable local taxation losses due to Covid-19	Drawdown from reserves of S31 grant for irrecoverable local taxation losses resulting from the Covid-19 pandemic accounted for in the 2021-22 accounts in accordance with CIPFA guidance	2,347.5			2,347.5		
Business Rates							
Business Rate Baseline	Local share of business rates baseline in the Local Government Finance Settlement reflecting a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2022	54,127.2	57,815.2	57,815.2	60,197.7	64,094.9	64,094.9
Business Rate Local Share	KCC 9% share of local tax base growth as notified by district councils less baseline share identified above	6,070.5	6,279.7	6,279.7			
Business Rate Collection Fund	KCC share of surpluses and deficits on business rate collection in prior years net of compensation for Covid-19 business rate reliefs	1,067.6			-60.0		
2020-21 Business Rate Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Business Rate collection spread over 3 years	-1,127.6					

Appendix G - County Level 2023-26 Revenue Changes

Heading	Description	2023-24 £000s	2024-25 £000s	2025-26 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Local Taxation							
General Council Tax Base	KCC band D equivalent tax base notified by district councils	736,058.5	772,523.0	811,187.5	761,106.4	799,199.5	830,104.1
General Council Tax Increase	Impact of increase in Council Tax up to the 3% referendum limit	25,047.9	26,676.5	18,916.6			
Adult Social Care Tax Base	Impact on Adult Social Care Levy of change in KCC band D equivalent tax base notified by district councils	99,008.6	117,408.0	137,184.9	115,672.9	135,157.5	146,616.7
Adult Social Care Levy	Impact of 2% increase in Council Tax for Adult Social Care Levy	16,664.3	17,749.5	9,431.8			
Council Tax Collection Fund	KCC share of 2022-23 surpluses and deficits on Council Tax collection	11,488.7	7,000.0	7,000.0	11,488.7	7,000.0	7,000.0
2020-21 Council Tax Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Council Tax collection spread over 3 years	-4,621.3			-4,621.3		
Total Funding		<u>1,315,610.6</u>	<u>1,412,405.3</u>	<u>1,454,769.1</u>	<u>1,315,610.6</u>	<u>1,412,405.3</u>	<u>1,454,769.1</u>

Key:

ASCH	Adult Social Care and Health
CYPE	Children, Young People and Education
DCS	Disabled Children's Services
GET	Growth, Environment & Transport
PH	Public Health
CED	Chief Executive's Department
DCED	Deputy Chief Executive's Department
NAC	Non Attributable Costs which includes corporate costs such as debt charges, interest, contributions to/from reserves & levies
CHB	Corporately Held Budgets
DHSC	Department for Health and Social Care
DfE	Department for Education
DLUHC	Department for Levelling Up, Housing and Communities

SECTION 11

Appendix H: Core Grants in Local Government Finance Settlement

Details of Core Grants within the Final Local Government Finance Settlement

The Council is in receipt of a mix of general un-ringfenced grants which can be used in any way the Council decides to discharge its functions (core grants) and specific grants which must be spent according to government priorities. Given the uncertainty of future settlements beyond 2023-24 assumptions will have to be included in the Medium Term Financial Plan for future years. There are risks associated with this approach as the government may decide to change its priorities and reduce or cease funding through a grant or reallocate service specific grants into more general funding with a changed distribution although the principles for 2024-25 have been set out in the 2023-24 final settlement.

A) Revenue Support Grant

Revenue Support Grant (RSG) is a central government grant given to local authorities from the centrally retained share of business rates which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the Local Government Finance Settlement using the relevant funding formulae; the revision of these formulae (along with the redistribution of the locally retained share of business rates) is the focus of the (deferred) Fair Funding review process.

KCC's RSG has decreased from circa £161m in 2015-16 to circa £9.6m in 2020-21 with only small inflationary uplifts since then. The inflationary uplift for 2023-24 is based on September 2022 CPI (10.1%). For planning purposes, we have assumed that a similar inflationary uplift will be applied in subsequent years although there has been no confirmation of this beyond 2024-25. The RSG for 2023-24 is £11.1m and it includes 3 separate grants from 2022-23 that have been rolled into the grant (the only one applicable for KCC is Food Safety Enforcement grant).

B) New Homes Bonus

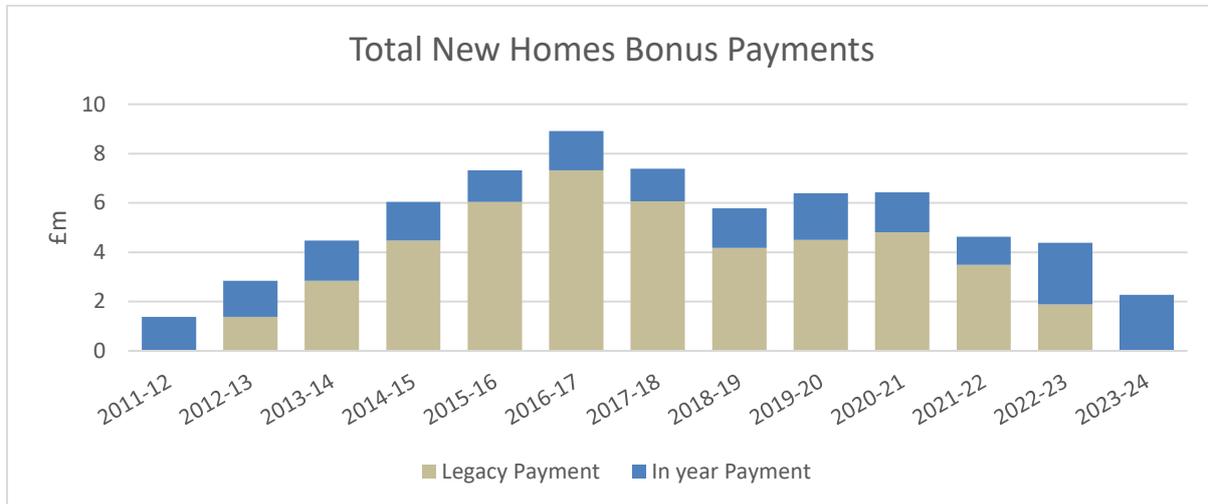
The New Homes Bonus (NHB) scheme was introduced in 2011-12 to help tackle the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. The grant is un-ringfenced.

Initially the NHB grant increased each year as the grant provided an incentive for six years by adding an additional in year growth to the previous year's legacy amount. This saw the grant peak in value in 2016-17. From 2017-18 the grant was reformed with the incentive reduced to four years in stages over two years by removing the earliest two year's legacy payments and adding in year additional growth.

A further reform was introduced in 2020-21 which saw the additional in year growth added as a one-off (i.e. not included in the subsequent year's legacy) with oldest year's legacy removed. This meant three years' worth of legacy payments in that year and one in year's growth. The same system was used in 2021-22 with one-off allocation of in year growth and two years' worth of legacy payment. In 2022-23 the grant included the one year's remaining legacy and one further year of additional in

year growth. For 2023-24 the legacy payment has expired and the grant represents one year of in year growth, and we are to receive £2.3m. For planning purposes we have assumed that the grant ceases completely from 2024-25 although there has been no confirmation of this.

The graph below depicts the legacy and growth elements over the lifetime of NHB



C) Improved Better Care Fund

The Better Care Fund (BCF) was introduced in the 2013-14 spending review. The fund is a pooled budget, bringing together local authority and NHS funding to create a national pot designed to integrate care and health services.

In addition to this, an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities to deal with the growing health and social care pressures during the period 2017-20. The grant is allocated according to relative needs formula for social care with an equalisation adjustment to reflect the adult social care council tax precept. The allocations increased each year between 2017-18 to 2020-21. The subsequent spending reviews and local government settlements have seen the grant rolled forward at the same value in cash terms as 2020-21 (£48.5m). The grant for 2022-23 included a 3% inflationary uplift as part of the additional resources for adult social care within the settlement. The grant for 2023-24 is the same value in cash terms as 2022-23 (£50m). For planning purposes, we have assumed that this grant will continue at the same value in cash terms for the medium term in subsequent years although there has been no confirmation of this.

D) Social Care Grant

The social care support grant was first introduced in 2019-20 following the announcement in the Chancellor's 2019-20 budget of an additional £410m for adult and children's social services. KCC's allocation for 2019-20 was £10.5m based on a formula using the adult social care relative needs formula with an equalisation adjustment to reflect the adult social care council tax precept.

An additional £1bn was added to the 2020-21 settlement taking the total for social care support grant to £1.41bn. The same formula as 2019-20 was used based on using the adult social care relative needs formula with an equalisation adjustment to reflect

the adult social care council tax precept. KCC's allocation was £34.4m. The government believes there is not a single bespoke needs formula that can be used to model relative needs for both adult and children's social care, therefore the existing Adult Social Care Relative Needs Formula was used to distribute this Social Care Grant funding.

The 2021-22 settlement included a further £300m taking the total social care support grant to £1.71bn. The same formula was used again providing KCC with an additional £4.7m, increasing the total grant value for 2021-22 to £39.1m.

The 2022-23 settlement included an additional £636.4m, £556.4m of this was allocated via the existing Adult Social Care RNF and the remaining £80m was allocated to reflect the 1% adult social care council tax precept. This took the total grant to £2.346bn. Combined with the rollover from 2021-22 KCC's total social care grant for 2022-23 was £54.5m, an increase of £15.4m on 2021-22.

The final settlement increasing allocations of the Social Care Grant for 2023-24 to £3.852bn for 2023-24. This is an increase of £1.345bn compared to 2022-23 before accounting for rolling in the Independent Living Fund. The Independent Living Fund has been rolled into the Social Care Grant (accounting for £161m of the total grant figure) and will no longer be received as a separate specific grant, KCC's share of this is £1.920m.

The majority of the increase to the Social Care Grant has been funded from delaying the roll out of the adult social care charging reforms and repurposing the existing funding for the reforms towards current social care pressures.

The final settlement includes £160m of the additional £1.345bn allocated to reflect the 2% Adult Social Care Precept and the remaining £1.185bn is allocated using the existing adults RNF formula. The KCC share of this is £1.936m and £30.437m respectively. This takes the total KCC grant to £88.771m including the £54.478m from 2022-23 and the £1.920m ILF.

The Autumn Statement announced that there will be a further additional £600m of Social Care Grant in 2024-25, which is an estimated additional £14.4m for KCC based on the same allocation mechanism for council tax precept and adults RNF as the 2023-24 increase. For planning purposes, we have assumed that the grant will continue at the same value in cash terms in 2025-26 although there has been no confirmation of this.

The Social Care Grant is ringfenced for adults' and children's social care.

E) Services Grant

This was a new one-off, un-ringfenced grant for 2022-23. The Services Grant was £822m in 2022-23. This grant is distributed through the existing formula for assessed relative need across the sector, using 2013-14 shares of Settlement Funding Assessment (SFA). The new grant was to provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government. It also included funding for local government costs for the

increase in employer National Insurance Contributions. KCC's share of this grant for 2022-23 was £13.0m.

The final settlement confirms that the Services Grant will continue in 2023-24, but the national amount reduced to £483m. This is £19m above the provisional settlement proposal as it reflects the distribution of unused contingency.

£188m of the funding reduction from 2022-23 is because there will no longer be an increase to National Insurance Contributions. It is assumed the remainder of the reduction has been used to fund increases elsewhere in the settlement (possibly including an increase the funding available for the Supporting Families programme although this is not yet confirmed).

KCC's share of this grant for 2023-24 is £7.6m.

For planning purposes, we have assumed that Services Grant will continue at the same value in cash terms for the medium term although there has been no confirmation of this.

F) Market Sustainability and Fair Cost of Care Fund

This was a new grant for 2022-23. In total £162m out of the £3.6bn over 3 years was made available in 2022-23. The grant was allocated using the existing the Adults RNF. KCC's share of this grant was £4.2m. The charging reforms have now been delayed so the 2023-24 allocations of this grant have now been used to fund the increases to the social care grant as explained in paragraph section D of this appendix. The £162m from 2022-23 has now been rolled into the Adult Social Care Market Sustainability and Improvement Funding as explained in Section G below.

G) Adult Social Care Market Sustainability and Improvement Funding

The final settlement proposes to maintain the current levels of Fair Cost of Care funding for local authorities for 2023-24 at £162 million. This is to continue to support the progress local authorities and providers have already made this year on the fees and cost of care exercises.

The Autumn Statement announced that there will be an additional £400m for adult social care. It is expected that this additional funding will be used to make tangible improvements to adult social care and to address discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector.

This grant will be distributed to Local Authorities using the adults RNF, the KCC share of the additional £400m is £10.3m. KCC's grant for 2023-24 is confirmed at £14.4m.

The Autumn Statement announced that there will be a further £283m in 2024-25, which is an estimated additional £7.3m for KCC based on the same allocation mechanism as the 2023-24 additional grant. For planning purposes, we have assumed that the grant will continue at the same value in cash terms for 2025-26 although there has been no confirmation of this.

H) Adult Social Care Discharge Fund

The Autumn Statement announced £600m of new grant funding for 2023-24 to ensure those people who need to draw on social care when they are discharged from hospital can leave as soon as possible, freeing up hospital beds for those who most need them. Local authorities will receive £300m of this funding. This funding will be required to be pooled as part of the Better Care Fund (BCF). 50% is to be made available to local authorities in the final local government finance settlement and the remaining 50% held by Health within the BCF.

In the final settlement for 2023-24 this grant has been distributed using the existing Improved Better Fund allocations, the KCC share is £7.0m. There will be conditions attached to this grant and the Government will set of the details of these conditions in due course.

The local authority 50% share of the ASC Discharge Fund is planned to increase to £500m in 2024-25, KCC's share of this is an estimated £11.7m based on the same allocation mechanism as the 2023-24 grant. For planning purposes we have assumed that this grant will continue at the same value in cash terms in 2025-26 although there has been no confirmation of this.

SECTION 12

Appendix I: Reserves Policy

Reserves Policy

1. Background and Context

- 1.1. Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.2. CIPFA issued Local Authority Accounting Panel (LAAP) Bulletin No.99, Guidance Note on Local Authority Reserves and Balances in July 2014, which updated previous Bulletins to reflect the new requirements of the International Financial Reporting Standards (IFRS) Code of Practice. In addition, during the period of financial austerity for the public sector, the Local Authority Accounting Panel considered it necessary to update the guidance on local authority reserves and balances. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.
- 1.3. All reserves are categorised as per the Local Authority Accounting Practice guidance, into the following groups:
 - **Smoothing** – These are reserves which are used to manage large fluctuations in spend or income across years e.g., PFI equalisation reserves. These reserves recognise the differences over time between the unitary charge and PFI credits received.
 - **Trading** – this reserve relates to the non-company trading entities of Laser and Commercial Services to cover potential trading losses and investment in business development.
 - **Renewals for Vehicles Plant & Equipment** – these reserves should be supported by an asset management plan, showing projected replacement profile and cost. These reserves help to reduce fluctuations in spend.
 - **Major projects** – set aside for future spending on projects.
 - **Insurance** - To fund the potential cost of insurance claims in excess of the amount provided for in the Insurance Fund provision, (potential or contingent liabilities)
 - **Unspent grant/external funding** – these are for unspent grants which the Council is not required to repay, but which have restrictions on what they may be used for e.g., the Public Health grant must be used on public health services. This category also consists of time limited projects funded from ringfenced external sources.
 - **Special Funds** – these are mainly held for economic development, tourism and regeneration initiatives.
 - **Partnerships** – these are reserves resulting from Council partnerships and are usually ringfenced for the benefit of the partnership or are held for investing in shared priorities.
 - **Departmental underspends** – these reserves relate to re-phasing of projects/initiatives and bids for use of year end underspending which are requested to roll forward into the following year.
- 1.4. Within the Statement of Accounts, reserves are summarised by the headings above. By categorising the reserves into the headings above, this is limited to the nine groups, plus Public Health, Schools and General. Operationally, each will be divided into the relevant sub reserves to ensure that ownership and effective management is maintained.

- 1.5 Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of ensuring the Council's strong financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks.
- 1.6 Earmarked reserves are reviewed regularly as part of the monitoring process and annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three-year period.

2. Overview

- 2.1. The Council's overall approach to reserves will be defined by the system of internal control. The system of internal control is set out, and its effectiveness reviewed, in the Annual Governance Statement (AGS). Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management. The AGS includes an overview of the general financial climate which the Council is operating within and significant funding risks.
- 2.2. The Council will maintain:
 - a general reserve; and
 - a number of earmarked reserves.
- 2.3. The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context). The Council's aim is to hold general reserves of 5% of the net revenue budget to recognise the heightened financial risk the Council is facing.

3. Strategic context

- 3.1. The Council continues to face a shortfall in funding compared to spending demands and must annually review its priorities in order to address the shortfall.
- 3.2. The Council also relies on interest earned through investments of our cash balances to support its general spending plans.
- 3.3. Reserves are one-off money. The Council aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan and one of the Council's financial principles is to stop the use of one-off funding to support the base budget. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

4. Management and governance

- 4.1 Each reserve must be supported by a protocol. All protocols should have an end date and at that point any balance should be transferred to the general reserve. If there is a genuine reason for slippage then the protocol will need to be updated.

A questionnaire is completed by the relevant budget holder and reviewed by Finance to ensure all reserves comply with legislative and accounting requirements. A de-minimis limit has been set to avoid small funds being set up which could be managed within existing budgets or declared as an overspend and then managed collectively. This has been set at £250k.

- 4.2 Reserves protocols and questionnaires must be sent to the Chief Accountant's Team within Finance for review and will be approved by the Corporate Director of Finance, Corporate Management Team and then by the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services. Protocols should clearly identify contributions to and drawdowns from reserves, and these will be built into the MTFP and monitored on a quarterly basis.

Accessing reserves will only be for significant unusual spend, more minor fluctuations will be managed or declared as budget variances. In-year draw-downs from reserves will be subject to the governance process set out in the revised financial regulations. Ongoing recurring costs should not be funded from reserves. Any request contrary to this will only be considered during the budget setting process. The short term use of reserves may be agreed to provide time to plan for a sustainable funding solution in the following financial year.

Decisions on the use of reserves may be delayed until financial year end and will be dependent on the overall financial position of the council rather than the position of just one budget area.

The current Financial Regulations state:

Maintenance of reserves & provisions

A.24 The Corporate Director of Finance is responsible for:

- i. proposing the Council's Reserves Policy.
- ii. advising the Leader and the Council on prudent levels of reserves for the Authority when the annual budget is being considered having regard to assessment of the financial risks facing the Authority.
- iii. ensuring that reserves are not only adequate but also necessary.
- iv. ensuring that there are clear protocols for the establishment and use of each earmarked reserve. Reserves should not be held without a clear purpose or without a planned profile of spend and contributions, procedures for the reserves managements and control, and a process and timescale for review of the reserve to ensure continuing relevance and adequacy.
- v. ensuring that all renewals reserves are supported by a plan of budgeted contributions, based on an asset renewal plan that links to the fixed asset register.
- vi. ensuring that no money is transferred into reserves each financial year without prior agreement with him/herself.
- vii. ensuring compliance with the reserves policy and governance procedures relating to requests from the strategic priority and general corporate reserves.

- 4.3. All reserves are reviewed as part of the monitoring process, the budget preparation, financial management and closing of accounts processes. Cabinet is presented with the monitoring of reserves on a regular basis and in the outturn report and the Council will consider a report from the S151 Officer on the adequacy of the level of reserves in the annual budget setting process. The report will contain estimates of reserves where necessary. The Governance and Audit Committee will consider actual reserves when approving the statement of accounts each year.
- 4.4. The following rules apply:
- Any in year use of the General Reserve will need to be approved by Cabinet and any planned use will be part of the budget setting process.
 - In considering the use of reserves, there will be no or minimal impairment to the Council's financial resilience unless there is no alternative.
- 4.5. The Council will review the Reserves Policy on an annual basis.

SECTION 13

Appendix J: Budget Risks and Adequacy of Reserves

Budget risks and adequacy of reserves

The assessment of budget risks and the adequacy of reserves is particularly important for 2023-24 and the medium-term plan due to the extraordinary economic consequences of global and national circumstances and the impact on national public spending and local capital and revenue spending. This has significantly heightened the risks the Council faces, and it is more essential than ever that the Council is sufficiently financially resilient to avoid the risk of financial failure leading to the Council losing the ability to manage its finances. At a local level the scale of the in year overspend and its likely impact on the budget and Medium Term Financial Plan (MTFP) and reserves, also add to the importance of the assessment.

The administration's budget and MTFP is informed by the best estimate of service costs and income based on the information available at the time the budget was pulled together (January 2023). It is acknowledged that this does not come without risks particularly as we transition to the new Outcomes Based Budgeting approach. In addition, there will always be factors outside of the Council's direct control which have the potential to vary the key planning assumptions that underpin those estimates.

There are a number of significant risks that could affect either the level of service demand (and therefore service delivery costs) or its main sources of funding. In addition, there are general economic factors, such as the level of inflation and interest rates that can impact on the net cost of services going forward. Pressures in service demand are evident in children's and adults social care, waste volumes, and home to school and special educational needs transport.

There are also opportunities to either reduce costs or increase income which will not, as yet, be fully factored into the planning assumptions. The main risks and opportunities are summarised below.

Risks

Cost of Living

- Extraordinary increases in the costs of goods and services procured by the Council
- Market instability due to workforce capacity as a result of recruitment and retention difficulties leading to exit of suppliers, increased costs, and supply chain shortages
- Increased demand for Council Services over and above demographic demands, including crisis and welfare support
- Reductions in income from fees and charges
- Under collection of local taxation leading to collection losses and reductions in tax base
- Increase in Local Council Tax Reduction Scheme discounts

Global Factors

- Impact of the Russian invasion of Ukraine
- Impact of the decision to leave the European Union
- Legacy impact of covid-19
- Ongoing supply chain disruption including energy supplies
- Breakdown of hosting arrangements under Homes for Ukraine scheme

Regulatory Risk

- **Replacement Legislation and Regulation following Brexit** – including additional council responsibilities, impact on businesses and supply chains, and economic instability
- **Statutory overrides** – currently there are a number of statutory overrides in place which reduce short term risks e.g., high needs deficit, investment losses, etc. These are time limited and require a long-term solution
- **Funding settlements** - adequacy of the overall settlement and reliance on council tax over the medium term, and uncertainty over future settlements (especially beyond 2024-25)
- **Delayed Reforms to Social Care Charging** - uncertainty over future plans and funding, and providers' fee expectations
- **Departmental Specific Grants** - Unanticipated changes in specific departmental grants and ability to adjust spending in line with changes
- **Asylum and Refugee Related** – increase in numbers of refugees (adults and families) accommodated within the community impacting on council services. Inadequate medium-term government funding for refugee schemes
- **New Burdens** – Adequacy of funding commensurate with new or additional responsibilities
- **Further delay of the Local Government Funding Review** - The government has committed to updating and reforming the way local authority funding is distributed to individual authorities. However, this has now been further delayed until 2025-26 at the earliest. The Fair Funding Review of the distribution methodology for the core grants was first announced as part of the final local government settlement for 2016-17. The data used to assess funding distributions has not been updated for a number of years, dating from 2013-14 to a large degree, and even as far back as 2000.

General Economic & Fiscal Factors

- Levels of national debt and borrowing
- Inflation continues to be well above the government target for a sustained period with consequential impacts on contracted services (see below) and household incomes (including incomes of KCC staff)
- Economic recession
- Rise in unemployment
- A general reduction in debt recovery levels
- Reductions in grant and third-party funding
- Increase in fraud

Increases in Service Demand

- Long term impact of Covid-19 pandemic on clients and suppliers
- Adult Social Care demography from increased complexity
- Children's Social Care including an increase in the number of children in care, unaccompanied asylum seekers or those with no recourse to public funds
- Significantly higher than the national average Education and Health Care Plans with consequential impact on both Dedicated Schools Grant High Needs placements/services and General Fund services for assessment and home to school transport
- Waste tonnage
- Public health services
- General demographic trends (including a rising and ageing population and growth in the number of vulnerable persons)

Contractual Price Increases

- Index linked contracts rise above budgeted amounts
- Containing locally negotiated contracts within the amounts provided in the budget
- Financial sustainability of contracted providers

Efficiencies and Savings Programme

- Slippage in the expected delivery of the savings programme
- Non-delivery of planned savings
- Shortfalls in income from fees and charges

Opportunities

- Growth in local taxbase for both housing and businesses
- Service transformation and redesign including digital services
- Invest to save approach to reduce revenue costs
- Service remodelling

Adequacy of Reserves

Reviewing the level of reserves the Council holds is an important part of the budget setting process. The review must be balanced and reasonable, factoring in the current financial standing of the Council, the funding outlook into the medium term and beyond, and most importantly, the financial risk environment the Council is operating in. The assessment of reserves is based on factors recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) as set out below together with an indication of the direction of travel (up arrow represents an improved position i.e., the risk is less than it was last year).

Assumptions for inflation



The annual rate of inflation (using CPIH) has been on an upward trend since July 2021 rising from 2.1% to 4.9% by January 2022, 8.8% July in 2022, and 9.6% in October 2022 before a slight fall to 9.2% in December. Increases in CPI (10.5% in December 2022) and RPI (13.4% in December 2022) have been even greater. The latest Office for Budget Responsibility forecasts are for the rate of inflation to peak in quarter 4 of 2022, before the rate of prices growth falls back a little in the first quarters of 2023 with more significant reductions in later quarters and into 2024, with negative inflation forecast later in 2024.

Estimates of the level and timing of capital receipts



The Council uses receipts as part of the funding for the capital programme. The Council has not applied the flexible use of capital receipts to fund revenue costs since the 2018-19 budget and does not propose to use the permitted extension. Delivery of receipts against the target has continued to fall behind in recent years necessitating additional short-term borrowing/use of reserves. Performance in the current year has been sluggish due to the economic turbulence and falls in property demand and house prices. Although there is a reasonable pipeline of assets for disposal the risk profile for potential delays remains high.

Capacity to manage in-year budget pressures and strategy for dealing with demand and service delivery in the longer term



2022-23 has been an extraordinary year due to the economic consequences of global and national circumstances. A number of council services have faced significant increases in demand and costs due to inflation, market instability and shortages, changing client needs, coupled with under delivery of savings plans. The forecast overspend for 2022-23 is unprecedented and has not significantly reduced during the year counter to previous trends which have seen early forecast overspends decline during the year. The forecast for quarter 3 shows an overall reduction compared to quarter 2 from a combination of management action to reduce spending and some further emerging growth. However, the quarter 3 forecast still shows a significant overspend placing pressure on the Council's reserves. The economic

context has continued to place substantial additional spending pressures and income losses on the Council which have not been adequately reflected in the increased settlement from Government. The settlement still relies on increases in council tax.

Strength of financial reporting and ability to activate contingency plans if planned savings cannot be achieved



There continues to be a reasonable degree of confidence in the validity of financial reporting despite the uncertainties and volatility caused by the economic circumstances. However, the ability to activate contingency plans if planned savings cannot be achieved has to date been severely restricted although every effort is being made to reduce the forecast overspend in 2022-23.

Reporting has been enhanced to include separate analysis of delivery of savings plans, treasury management and council tax collection. Further improvements are planned in terms of the timeliness of financial monitoring and reporting to ensure corrective action is taken as early as possible.

Some areas of spending can still be changed at short notice if required as a contingency response if planned savings cannot be achieved (or there are unexpected changes in spending). However, the scale and timing of overspends and under delivery of savings in 2022-23 is such that it is still uncertain what the final outturn for the year will be and what level of further draw down from reserves will be needed at year end over and above the £25m already set aside in a risk reserve established to mitigate the impact of uncertainty and volatility.

The growth and savings in the administration's final budget 2023-24 are being independently reviewed to give assurance on deliverability, and to verify the delivery plans for each one including the key milestones such as consultation, key decisions, and implementation. Given the scale of the savings, enhanced monitoring arrangements will be put in place in addition to the arrangements already embedded through the monthly monitoring with budget managers and regular quarterly budget monitoring reports to Cabinet. These enhanced arrangements will include review meetings with Cabinet Members and regular monthly updates from Corporate Directors on progress to deliver savings plans identifying where key milestones have been met (and where any have not been met), and feedback from any consultation leading to variations from the original plan. Where milestones have not been met or plans changed following consultation the updates will identify remedial actions

necessary to ensure the overall budget can be delivered as well as further management action.

The independent review and enhanced monitoring and reporting arrangements will be key in ensuring the savings delivery plans are achieved, however given the level of savings required to deliver a balanced budget, the ability to activate contingency plans to identify alternatives is likely to be very limited

Risks inherent in any new partnerships, major outsourcing arrangements, and major capital developments



Partnership working with NHS and districts has improved. However, further sustained improvements are still needed to change the direction of travel.

Trading conditions for Council owned companies continue to be incredibly challenging.

A number of outsourced contracts are due for retender and the Council is still vulnerable to price changes due to market conditions.

The ability to sustain the capital programme remains a significant challenge. It is essential that capital programmes do not rely on unsustainable levels of borrowing and additional borrowing should only be considered where absolutely essential to meet statutory obligations. This will impact on the condition of non-essential assets possibly resulting in the closure of facilities. However, despite the action taken to limit additional borrowing, a third of the capital programme is still funded by borrowing.

Slippage within the programme has remained at unacceptable levels. The capital planning horizon has been extended to 10 years, up to 2033 for rolling programmes. This together with a new reserve to fund feasibility costs will help to reduce the slippage by creating a more realistic programme. The development of a new capital monitoring and reporting solution in the new financial year, will provide more detail and transparency on the capital programme.

Financial standing of the Authority (level of borrowing, debt outstanding, use of reserves, etc.)



The financial standing of the Council is forecast to significantly weaken in 2023-24 pending the final outturn for 2022-23, before a planned recovery in 2024-25. This weakening for 2023-24 includes a lesser net impact on the MTFP of changes in use of reserves than in recent years (i.e the net impact of in-year contributions & drawdowns and the removal of prior year contributions & drawdowns), the risk of significant draw down from reserves at the end of 2022-23, and

the need to start making provision for the DSG deficit from 2022-23 onwards.

On a positive note, the 2022-23 budget maintained general reserves at 5% of net revenue budget through a contribution of £3.0m. The 2022-23 budget also included the transfer of insecure funding (time-limited grants and dividends) to a Strategic Priorities reserve and the County Council's share of the proceeds from the business rate pool to Economic Development/Regeneration reserve rather than to support core spending. The Council was able to strengthen earmarked reserves in 2022-23 budget including further contributions to a risk reserve to mitigate increased uncertainty and volatility.

However, these additional contributions are offset by draw down from reserves. These include the planned draw down from corporate reserves in the 2022-23 budget and the administration's final budget for 2023-24 to achieve a balanced budget. Furthermore, if the level of the current year overspend is not reduced by year end this will require further draw down from reserves. For the first time in several years the overall level of reserves is forecast to reduce by the end of the financial year.

The transfer of insecure funding to reserves is not included in the administration's final 2023-24 budget and instead will contribute to core spending. The administration's proposed initial draft 2023-24 budget maintained a general reserve in line with the policy to maintain these at 5% of net revenue budget. The reserves position will be further weakened by the need to start making provision for a contribution to the DSG deficit from 2022-23 onwards putting further pressures on reserves.

The levels of legacy borrowing for capital spending remain relatively high with 85% of debt not due to mature within the next 10 years. The debt includes loans taken out under the previous supported borrowing regime and more recent loans taken out under the prudential regime. The recent rise in interest rates has opened up an opportunity to refinance some loans on better terms due to the impact interest has on discount rates. 11.2% of debt is in long term Lender Option Borrower Option Loans which can only be redeemed with significant penalties at the lender's discretion.

In recent years, the Council has adopted a policy of funding additional borrowing requirements internally

from reserves rather than from additional external borrowing. Whilst this remains sustainable for the next 2 to 3 years without impacting on long term investments, it needs to be kept under review.

Contributions to reserves and not increasing external debt are necessary to improve the financial sustainability of the Council in response to current challenges. However, the overall financial standing of the Council is forecast to weaken for 2023-24 before improving for 2024-25 and beyond, although this improvement is predicated on all the planned savings being delivered and on time, and that the budget is broadly balanced at the year end.

The Authority's record of budget and financial management including robustness of medium-term plans



The direction of travel for this factor has deteriorated since the initial draft in light of the quarter 3 budget monitoring in the current year. The Council has previously delivered the outturn within budget and with a small underspend in each of the 22 years up to 2021-22, although it should be noted that underlying budget pressures in the demand led services have been consistently highlighted in recent years. Financial monitoring for the first three quarters of 2022-23 has shown a significant forecast overspend well in excess of reserve provisions set aside in the budget as a result of the heightened risk that was identified at the time the 2022-23 budget was set. This overspend is in part due to the extraordinary economic consequences of global and national circumstances covered in the administration's final budget report for 2023-24. These consequences include levels of inflation not seen in the last 40 years, significant market instability affecting suppliers of key council services, increased demand for some council services driving up costs, and under delivery of savings plans. As highlighted above, it is also important to note that the underlying position for both adult social care and children's services in previous years has been an overspend at year end which has been offset by underspends in other areas and drawdowns from reserves.

A balanced medium-term plan for 2022-25 was presented as part of the 2022-23 budget based on prudent assumptions for future spending, council tax and government funding although the balanced position was only possible with £100m of savings/income over the three years.

The volatility and uncertainty during 2022-23 has had a significant impact on the medium-term plan. This is

despite an improved local government settlement for 2023-24 and 2024-25 with additional grants albeit these are short term in nature particularly to address current pressures in adult social care, and government expectations of higher council tax. The planned savings and income over the three-year period 2023-24 to 2025-26 have increased to £137m. Within this there is a weakening of council reserves for 2023-24 before a planned recovery for 2024-25.

Virement and year-end procedures in relation to under and overspends



The direction of travel for this factor has deteriorated in light of the quarter 3 budget monitoring in the current year and ongoing issues with Whole Government Accounts. The Council continues to adhere to its virement and year end procedures as set out in its financial regulations. The Council's ability to close the year-end accounts early or even on time is becoming increasingly difficult. The audit certificate for 2020-21 has still not been issued, due to the audit of 2020-21 Whole Government Accounts being outstanding as the external auditors have prioritised the audit of the Council's 2021-22 accounts.

The draft outturn for 2021-22 was reported to Cabinet on 23rd June 2022 outlining the main overspends and underspends together with roll-forward requests. This was presented alongside an update to the medium-term financial outlook. A net underspend of £0.5m was reported after roll forwards of £7.1m. The draft accounts for 2021-22 were published on 1st August 2022 and we are awaiting the audit opinion.

The availability of reserves and government grants/other funds to deal with major unforeseen events



The Council continues to have adequate reserves although a number of significant risks remain unresolved which could impact on reserves and their adequacy if a solution is not found.

The most significant risks are the forecast overspend for 2022-23, the continuing and growing deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG) relating to spending to support children and young people with Special Educational Needs and Disabilities (SEND) and a lesser net impact on the MTFP of changes in use of reserves than in recent years (i.e the net impact of in-year contributions & drawdowns and the removal of prior year contributions & drawdowns).

The impact of the forecast overspend and lesser net impact on the MTFP of changes in the use of reserves are set out in the administration's budget report for 2023-24.

The High Needs deficit follows the introduction of the Children and Families Act 2014, the Council has seen an unprecedented rise in the number of children and young people assessed for Education and Health Care Plans (EHCPs) which is higher than the national and nearest neighbour averages. The high needs funding within the DSG has not kept pace resulting in in-year overspends and an accumulated deficit on the unallocated DSG reserve. This is a national problem but has been particularly acute in Kent and a number of other councils. The government has started a process to consider contributing towards historic debts for those local authorities with the most significant overspends (known as the Safety Valve agreement), but only where local authorities can demonstrate they can balance their future annual budget. Whilst the government has confirmed that DSG deficits do not have to be covered from the General Fund up to at least March 2026, the level of debt remains unsustainable posing a considerable risk in the absence of funding and structural reforms. The Council has updated its DSG deficit recovery plan with the aim of initially reducing the rate of growth and ultimately starting to repay the accumulated debt. However, under the Safety Valve programme this will take several years. It is critical that the deficit recovery plan is delivered to reduce the level of deficit as soon as possible. In the meantime, the Council will need to start making provision in reserves from 2022-23 onwards to contribute to the deficit recovery plan.

A register of the most significant risks is published as part of the administration's final 2023-24 revenue budget, 2023-26 medium term plan and 2023-33 capital programme.

The general financial climate including future expected levels of funding



The Autumn Statement 2022 included departmental spending plans up to 2024-25 and high-level spending plans up to 2027-28. The plans for 2023-24 and 2024-25 included significant additional support for local government including additional grants and increased assumptions for council tax. However, the provisional and final local government finance settlements only included individual grant allocations and core spending power calculations for 2023-24. The settlement did also include council tax referendum levels for 2024-25 as well as the overall additional amounts for the main grants for 2024-25. Other departmental specific grants were not included in the settlement and have either subsequently been announced or will be announced

later. The Autumn Statement, provisional and final local government finance settlements confirmed that the planned reforms to social care charging have been delayed until 2025. It is this delay that has enabled Government to redirect the funding allocated for social care reform as a short term increase in funding for current pressures in adult social care. However, the inadequacy of medium to long term sustainable funding for adults social care remains, hence the neutral direction of travel. The long-awaited update and reform to the funding arrangements for local government have also been delayed again until 2025 at the earliest.

Despite increased certainty of funding for 2023-24 and 2024-25 medium term financial planning remains uncertain, particularly future spending and income forecasts due to the highly uncertain economic environment. The plans for 2025-26 include a higher level of uncertainty. Plans can only be prepared based on prudent assumptions and forecasts for later years remain highly speculative.

The adequacy of insurance arrangements



The Council's insurance policies were reviewed for January 2022. A hardening market along with changing levels of risk has resulted in a rise in premiums, with some deductibles being increased to mitigate this. The implications of limiting capital borrowing to absolutely essential statutory services increases the risk of insurance claims where assets have not been adequately maintained. A fund audit confirms the levels of insurance reserve are adequate, however as the corporate contribution to the fund is remaining unchanged more reliance will be placed on the reserve to balance insurance claims.

Of the eleven factors used to assess risk and the adequacy of reserves, only one has shown no change from twelve months ago (the financial climate and expected levels of funding, and even this is only for the short-term through the improved settlement for local government in 2023-24 and 2024-25), the remaining ten have all deteriorated. Of those that have deteriorated the reduced financial standing of the council (albeit currently only shown for 2023-24 as long as planned savings are delivered and demand is managed effectively) and the ability to deliver alternative savings plans are the cause for most concern. A number of the other deteriorations are largely due to outside factors but still need to be managed and mitigated as much as possible. No weighting has been applied to the individual factors, but the general financial risk to the Council should now be regarded as significantly increased compared with a year ago, which in turn, was increased from the year before.

The amounts and purposes for existing reserves have been reviewed to ensure the Council achieves compliance with Local Authority Accounting Panel (LAAP) Bulletin 99. This bulletin sets out the recommendations on the purposes for holding reserves. Reserves are split between general reserves (working balance to help cushion the impact of uneven cashflows/avoiding unnecessary temporary borrowing and contingency to cushion the impact of unexpected events/emergencies) and earmarked reserves to build up funds for known/predicted specific events.

The administration's final 2023-24 budget includes a £15m net increase from changes in contributions and draw down from reserves. This includes additional contributions to reserves of £23.5m, including a recurring £12.0m contribution to the risk reserve, £5.6m contribution to local taxation smoothing reserve from unbudgeted council tax and business rates collection fund surpluses, and an additional contribution of £5.8m to general reserves (to enable the general reserve to be maintained at close to 5% of the administration's 2023-24 net revenue budget). For one year only, the transfer of insecure funding to strategic priorities reserve and economic development reserve is not repeated in the administration's budget and the funding is being used to fund core spending in 2023-24. These are acceptable risks in the short-term but are not sustainable in the medium term.

The 2024-25 plans provide for replacement and replenishment of corporate reserves used to support 2023-24 budget and re-introduction of the transfers of insecure funding to strategic priorities to support the delivery of the Strategic Statement and economic development reserves, as well as continuing contributions to the risk reserve.

These additional contributions are offset by £8.5m additional drawdown from public health and corporate reserves; this includes a £4.3m draw down from corporate reserves to balance the administration's 2023-24 budget. The budget also reflects a net £20.7m removal of one-off contributions and drawdowns in 2022-23.

SECTION 14

Appendix K: Budget Risk Register

Appendix K: Budget Risks Register 2023-24

TOTAL **397,000**

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial
Significant Risks (over £10m)						
CYPE	High Needs Demand	The Dedicated Schools Grant (DSG) High Needs Block does not meet the cost of demand for placements in schools, academies, colleges and independent providers.	There is an unacceptable deficit on the unallocated Schools Budget (DSG) Reserve. Whilst this has been partially mitigated by agreeing with the Schools' Forum a 1% transfer of the Schools Block into the High Needs Block in recent years, and we have requested this to continue in 2023-24 by the Secretary of State, this still leaves a material forecast overspend on the high needs budget in 2023-24 and further increases the accumulated deficit on the unallocated Schools Budget (DSG) Reserve, as any changes will take time to embed and reduce costs going forward. The main drivers of this deficit are the increase in demand for Education Health & Care Plans and requests for more specialist placements/support for children with SEN, many of which are then educated further away from their local school. A deficit recovery plan is being developed and monitored with the Schools Funding Forum on how the council intends to address this issue. The Council is also taking part in the Government's Safety Valve programme where the Department of Education will contribute towards historic deficits where a local authority can demonstrate a credible plan to return to an in-year breakeven position. However, we are awaiting the Secretary of State agreement. The Government's implementation plan following the Green Paper consultation on the future approach to SEN and alternative provision is due to be published in Spring 2023 but it is unlikely to impact our ability to manage this deficit in the shorter term and so the accumulated deficit will continue to grow.	The government now requires the total deficit on the schools budget to be carried forward each year and not allow local authorities to offset with general funds without express approval from the Secretary of State. In addition, the DSG deficit should also be held separately from the main council accounts until March 2026. This approach does not resolve how the deficit will be eliminated and therefore still poses a substantial risk to the Council. Whilst local policy changes are expected to return the Council to a balanced in-year budget over time, the changes are unlikely to create sufficient surplus to fund the accumulated deficit. This could only be addressed through significant reductions to existing funding rates which would have an adverse impact on schools, academies, colleges and independent providers. Despite the extension to the override the Council will have to start to make provisions for a contribution from reserves from 2023-24 onwards towards the accumulated DSG deficit	5	100,000
ALL	2022-23 overspend impact on reserves	Inability to manage the pressures against the 2022-23 revenue budget in order to deliver a balanced position by 31-3-23.	Overspend against the revenue budget in 2022-23 required to be met from reserves leading to a reduction in our financial resilience	Insufficient reserves available to manage risks in 2022-23 and future years	5	60,900
ALL	Non delivery of Savings and income	Changes in circumstances, resulting in delays in the delivery of agreed savings or income	Inability to progress with plans to generate savings or additional income as scheduled, due to changing circumstances	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	54,800

Appendix K: Budget Risks Register 2023-24

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial
ASCH / CYPE	Market Sustainability	The long term impact of Covid-19 is still impacting on the social care market, and there continues to be concerns about the sustainability of the sector. At the moment all areas of the social care sector are under pressure in particular around workforce capacity including both recruitment and retention of staff especially for providers of services in the community, meaning that sourcing appropriate packages for all those who need it is becoming difficult. This is likely to worsen over the next few months with the pressures of winter, and increased activity in hospitals. Throughout this year we have continued to see increases in the costs of care packages and placements far greater than what would be expected and budgeted for, due to a combination of pressures in the market but also due to the increased needs and complexities of people requiring social care support.	If staffing levels remain low, vacancies unfilled and retention poor, then repeated pressure to increase pay of care staff employed in the voluntary/private sector in order to be able to compete in recruitment market. At the moment vacancy level said to be 1 in 10.	Care Homes closures are not an infrequent occurrence and whilst some homes that close are either too small or poor quality others are making informed business decisions to exit the market. The more homes that exit in this unplanned manner further depletes choice and volume of beds which can create pressures in the system regarding throughput and discharge from hospital thus potentially increasing price.	5	45,000
ALL	Revenue Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending demands.	Price pressures rise above the current MTFP assumptions and we are unsuccessful at suppressing these increases.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	30,000
CYPE	Market Sustainability	Availability of suitable placements for looked after children. Availability in the market for home to school transport, due to reducing supplier base and increasing demand.	Continued use of more expensive and unregulated placements, where it is difficult to find suitable regulated placements. as no suitable alternative is available. The cost of transport contracts continues to increase above inflation.	Unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	5	21,000
ALL	Capital	Capital project costs are subject to higher than budgeted inflation.	Increase in building inflation above that built into business cases.	Capital projects cost more than budgeted, resulting in an overspend on the capital programme, or having to re-prioritise projects to keep within the overall budget. For rolling programmes (on which there is no annual inflationary increase), the level of asset management preventative works will reduce, leading to increased revenue pressures and maintenance backlogs.	4	18,300
ALL	Demand	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending demands.	Demand for services exceeds the budget assumptions and we are unsuccessful at suppressing these increases e.g. children's social care, adult social care, school transport, waste, coroners etc.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	17,000

Appendix K: Budget Risks Register 2023-24

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial
Other Risks (under £10m - individual amounts not included)						50,000.0
DCED	Strategic Headquarters	Sub optimal solution for the Council's strategic headquarters	Capital programme includes a capped £20m allocation for strategic assets project that limits the available options	Inability to address all backlog issues increases the risk of cost overruns and potential need for higher future maintenance, running and holding costs	5	
GET / DCED	Capital – asset management and rolling programmes including: Highways, Country Parks, PROW (GET) and Modernisation of Assets, Schools (S&CS)	The asset management/rolling programmes for KCC are annual budgets and are not increased for inflation each year, meaning that the purchasing power reduces year on year as inflation is compounded yet the budget remains fixed.	Inflation pressures are incurred annually on these budget areas but the funding sources (KCC borrowing, DfT grant) remain fixed and therefore this contributes to the 'manage decline' notion in that these budgets do not even maintain steady state as often the level of investment is below (risk accepted) the required level of spend, plus year-on-year inflation is not budgeted for so the level of works commissioned reduces year-on-year also.	A funding gap therefore exists annually, so steady state cannot be achieved, so unless budget provision is made, the level of capital/asset management preventative works commissioned each year will reduce. This will present a revenue pressure, as more reactive works are likely to be required, plus the respective backlogs for Highways Asset Management (c£700m) and Modernisation of Assets (c£100m over 10 years) will increase exponentially. The risk represents the level of annual inflation required to mitigate this risk.	5	
GET	Capital - highways grant allocation	DfT capital grant funding has reduced by £9m resulting in insufficient capital funding available to continue at previous budgeted and approved service/investment levels, leading to an accelerated managed decline in the state of our highways network.	The requirement to manage safety concerns may lead to increased unbudgeted revenue spend on reactive works. The service was already operating a managed decline in the state of the network due to increasing traffic volumes, increasing inflation without compensating increases in funding etc so this will further exacerbate that position.	An overspend on the capital/revenue budget, requiring alternative offsetting savings or temporary funding from reserves/other sources. A re-prioritisation of the KCC capital programme would be required or service levels would need to be reduced. Asset management backlog (currently in excess of £700m) would continue to grow at an even quicker rate.	5	
ALL	Contract retender	Contracts coming up for retender are more expensive due to prevailing market conditions and recruitment difficulties	This risk could result in a shortage of potential suppliers and/or increases in tender prices over and above inflation	Higher than budgeted capital/revenue costs resulting in overspends that can be offset by specification changes	4	
ALL	Capital - Developer Contributions	Developer contributions built into funding assumptions for capital projects are not all banked.	Developer contributions are delayed or insufficient to fund projects at the assumed budget level.	Additional unbudgeted forward funding requirement and potential unfunded gaps in the capital programme	4	
DCED	Capital Investment in Modernisation of Assets	Insufficient funding to adequately address the backlog maintenance of the Corporate Landlord estate and address statutory responsibilities such as Health & Safety requirements	Condition of the Corporate Landlord estate suffering from under-investment. Recent conditions surveys estimate an annual spend requirement of £12.7m per annum required for each of the next 10 years. Statutory Health & Safety responsibilities not met.	The estate will continue to deteriorate; buildings may have to close due to becoming unsafe; the future value of any capital receipts will be diminished. Potential for increased revenue costs for patch up repairs. Risk of legal challenge.	4	
DCED	Cyber Security	Malicious attacks on KCC systems.	Confidentiality, integrity and availability of data or systems is negatively impacted or compromised leading to loss of service, data breaches and other significant business interruptions.	Financial loss from damages and potential capital/revenue costs as a result of lost/damaged data and need to restore systems	4	

Appendix K: Budget Risks Register 2023-24

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial
DCED	Increasing costs within Corporate Landlord which used to be funded by Directorate budgets	The Hybrid working requires centralised costs for replacement chairs/equipment which used to be funded from individual budgets. Also provision of tea, coffee, milk and the added cost of fridge cleaning etc.	If budget not top-sliced across Directorates then pressure will fall to Corporate Landlord.	Increased cost of new TFM contracts due to change in central requirements which will appear as an overspend if we can't identify where/how to collect budgets.	4	
GET	Investment in the Public Rights of Way (PROW) network	Insufficient funding to adequately maintain the PROW network	Condition of the PROW network suffering from under-investment. A modest £150k allocation was included in the 2021-22 but additional one-off and base funding is likely to be needed for a service that is already operating at funding levels below recommended asset management levels. This has been further exacerbated by the increased usage arising from the covid related restrictions and national lockdown	The potential for claims against the council due to injury and from landowners and the need to undertake urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4	
GET	Revenue - drainage and adverse weather	Persistent heavy rainfall and more frequent storm events mean insufficient revenue and capital budget to cope with the reactive and proactive demands on the service	An additional £1m was put into the drainage budget in 21/22 but this was below the level of overspends achieved in the two prior years and the risk is therefore the budget is not being funded at the level of demand/activity. More erratic weather patterns also cause financial pressures on the winter service and many other budgets. The risk is that this weather pattern continues and additional unbudgeted funding required.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	4	
GET	Changing Government focus on funding to support the Net Zero/Carbon Reduction green agenda	The Sustainable Business and Communities team with Net Zero within its remit has received significant EU/Interreg funding which has helped plan and deliver the plan for Net Zero by 2030/2050. If such funding is not available from Government programmes then either KCC would otherwise need to invest its own funds to provide a suitably sufficient team to achieve Government requirements or requirements won't be able to be met	The risk is that KCC has to fund any reduction or cessation of funding.	The consequence is an overspend against the revenue budget, requiring compensating savings or funding from reserves, as simply not delivering Net Zero by 2050 is not an option due to Government legislation being implemented.	4	
CYPE	Recruitment, retention & cover for social workers	Higher use of agency staff to meet demand and ensure caseloads remain at a safe level in children social work. The Service has relied on recruitment of newly qualified staff however this is being expanded to include a more focused campaign on attracting experienced social workers. There are higher levels of sickness and maternity leave across children's social work	Inability to recruit and retain sufficient newly qualified and experienced social workers resulting in continued reliance on agency staff, at additional cost. Higher levels of sickness and maternity leave resulting in need for further use of agency staff.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	
ALL	Capital - Capital Receipts	Capital receipts not yet banked are built into the budget to fund projects.	Capital receipts are not achieved as expected in terms of timing and/or quantum.	Funding gap on capital projects requiring additional forward funding.	3	

Appendix K: Budget Risks Register 2023-24

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial
ALL	BREXIT and EU Transition	The Council requires full reimbursement from Central Government for the additional ongoing costs of BREXIT and transition.	Full cost reimbursement not received from government. The grants received to date have not been sufficient to cover the council's additional spending on BREXIT and transition costs.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	3	
ALL	Income	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust income estimates.	Income is less than that assumed in the MTFP.	Loss of income or reduced collection of income that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	
GET	Waste income prices	The current market has seen a considerable volatility in the income received for certain waste streams (potentially due to other supply shortages). The budget for 2023-24 includes £1.8m for lower than budgeted income in 2022-23	Projected levels of income fall and leave a financial unfunded pressure.	This will result in an unfunded pressure that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	
GET	English National Concessionary Travel Scheme (ENCTS) and Kent Travel Saver (KTS) journey levels	ENCTS journeys have reduced over time, more so during the pandemic, so a £1.9m reduction in budget has been reflected in the MTFP based on this downturn. For KTS increased usage of £0.3m is included in 2023-24 budget.	Activity levels return to a level of journeys in excess of the revised budget, therefore causing a financial pressure.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years if current activity levels are not indicative of the new normal.	3	
Non Attributable Costs	Insecure funding	The 2023-24 core budget includes £11.3m from insecure funding (company dividends, business rate pool and new homes bonus).	Previously it was recognised that core spending should not be funded from insecure/volatile sources and such funding should be held in reserve and used for one-off purposes	Funding is not secured at the planned level resulting in overspend	3	
Non Attributable Costs	Volatility on Investment Income	Returns on investments have been volatile during 2022. Interest rates have been rising and are forecast to rise further. The 2023-24 budget includes an assumed £2.9m additional income on financial investments under the Treasury Management Strategy.	Performance of our investments falls below predicted levels as a result of volatility in the economy	Reduction in investment income leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	
CYPE	Changes to OFSTED regulation for 16 & 17 year olds	The Department for Education is introducing quality standards and registration and inspection requirements for providers of supported accommodation that accommodates looked after children and care leavers aged 16 & 17. The Department has recently consulted on enabling OFSTED to begin registering providers from Spring 2023, before registration becomes mandatory from October 2023 by which time local authorities will not be permitted to place or arrange accommodation in unregulated accommodation. The future of commissioning of these services needs to be reviewed in light of this decision.	The cost of regulated accommodation is more expensive and could add a further pressure on placement costs ahead of formal implementation. Government have indicated they will provide additional funding to compensate however this may not be sufficient or provided in a timely way.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years. Further discussions with Home Office if the additional costs cannot be managed within existing grant rates.	3	

Appendix K: Budget Risks Register 2023-24

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial
CYPE / DCED	Reduction in DFE grants for central services for schools and review of school services provided by the Local Authority	The government has reaffirmed its intention for all schools to become part of the multi-academy Trust. Local Authority grant funding to support schools continues to be reduced, equating to a cumulative total reduction of nearly £4m for KCC since 2019-20. Consequently the Local Authority needs to review its relationship with schools and the services it provides free of charge.	Long term solutions cannot be implemented within timescales and may require schools agreement (which may not be achieved). There is also a risk that by passing greater responsibilities to schools could have a possible negative impact on other areas of Local Authority responsibility if schools do not comply (for example: school maintenance). There is also the risk of further cuts to the Local Authority Central Services for School Grants in the future.	If this remains unresolved there is a risk that this will also have to either be met from reserves in future years or result in an overspend until a longer term solution is identified	3	
DCED	Highways unadopted land	Maintenance costs for residual pieces of land bought by Highways for schemes and subsequently tiny pieces not required or adopted.	Work becomes necessary on these pieces of land and neither Highways or Corporate Landlord have budget to pay for it.	Work needs to be completed whilst estates work to return the land to the original landowner	3	
ASCH (PH)	Uplift in Public Health Grant	The anticipated 'real' increase in the Public Health grant is insufficient to meet increase in costs and costs of new responsibilities.	The increase in the Public Health grant is less than the increases in costs to Public Health.	(i) Public Health reserves would be exhausted (ii) Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	3	
ALL	VAT Partial Exemption	KCC VAT Partial Exemption Limit is almost exceeded.	Additional capital schemes which are hosted by KCC result in partial exemption limit being exceeded.	Loss of ability to recovery VAT that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	
ALL	Capital Costs	Pre-Capital Works Expenditure.	Capital project doesn't proceed as planned and capital costs are transferred to revenue.	Aborted capital cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	2	
ALL	Capital - Climate Change	Additional costs are incurred to comply with climate change policy	Project costs increase beyond budget	Overspend on the capital programme resulting in additional borrowing	2	
CYPE	Capital - Basic Need Allocations	Estimates of future basic need allocations are included in the capital programme.	Basic need allocations are less than expected.	Funding gap for basic need projects which will need to be funded either by reprioritising the capital programme or by additional borrowing with a consequential unbudgeted impact on the revenue position of the costs of borrowing.	2	
DCED	Backlog of maintenance for properties transferring to Corporate Landlord	Maintenance backlog historically funded by services from reserves or time limited resources which have been exhausted. Properties that have been transferred to the corporate landlord require investment.	Urgent repairs required which cannot be met from the Modernisation of Assets planned programme within the capital budget	Unavoidable urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	

Likelihood Rating

Very Likely	5
Likely	4
Possible	3
Unlikely	2
Very Unlikely	1

SECTION 15

Appendix L: Fees and Charges Income Policy

1. INTRODUCTION

1.1. The Council can raise income from fees and charges for a number of different reasons. These include statutory charges (required to be raised under legislation), charges for trading activities, and charges for discretionary services. This policy statement only relates the latter category. Charges for discretionary services can result in users paying directly for the service either in full or part. Where charges do not recover the full cost of providing the service, the Council's General Fund subsidises individual users, at the expense of other council services.

1.2. Fees and charges are an important source of income, providing funds to assist in achieving the corporate objectives of Kent County Council (KCC) and reducing the amount required to be raised from Council Tax. The purpose of this policy is to establish a framework within which fees and charges levied by the council are agreed and regularly reviewed and to ensure that subsidies are in accordance with policies and objectives set by the council.

1.3. This framework provides guidance to heads of service and service managers on:

- The setting of new charges and the policy context within which existing charges should be reviewed, including consultation and equality impact assessments, as required.
- The council's approach to cost recovery and the generation of income from charging for services.
- The governance processes to follow to gain approval for services to be provided at subsidy – whether this be a subsidy to all users or in the form of concessions for users meeting qualifying criteria.

2. EXCLUSIONS

2.1. The Council's budget includes income from grants; contributions from other public agencies; sales, fees and charges; client income; and other external income (interest, dividends, etc.). This policy framework only relates to fees and charges for discretionary services (this is the whole service and not individual activities).

2.2. This policy does not include statutory charges, i.e. charges that are set nationally by government, although the impact of changes to the national legislation need to be considered and factored in as part of periodic review of discretionary charges. Charges for statutory services, where these are permissible within the relevant legislation and where level of charge is determined locally by the Council are within the scope of the policy.

2.3. The policy does not apply to services provided to other public bodies under contract. The Local Authority (Goods and Services) Act 1970 enables Local Authorities and other public bodies to provide goods and services to each other under mutually agreed arrangements. The cost of providing such services is not limited to cost recovery and many such services are undertaken on the grounds of cost-sharing between public sector partners. However, we do expect that such arrangements have regard to the key principles in this policy.

2.4. The policy does not apply to services provided on a commercial or trading basis including in house trading services e.g. Community Learning, and services delivered by the Council's wholly owned trading companies.

2.5. This policy does not cover rental income.

2.6. The policy does not apply to services delivered under the Care Act 2014. This Act determines the maximum amount a local authority can charge for the provision of social care based upon an overarching principle that people should only be required to pay what they afford. However, the policy does extend to fees for those clients who have been assessed under the Act with the ability to meet the full cost of care where this is provided through the Council's care provision.

3. KEY PRINCIPLES

- Approval for discretionary services to be provided at subsidy or the provision of concessions must follow the governance set out in this policy and align with corporate priorities.
- Approval for new charges must follow the governance set out in this policy.
- Users of discretionary services must be aware of the charge prior to purchase and prior to delivery.
- Charges will be collected in advance of service delivery, unless there is an explicit rationale for collecting the income in arrears.
- Charges will be subject to annual inflationary uplift. In the case of full cost recovery this will be based on actual cost increases. In the case of subsidised fees this can be based on cost increases or an agreed multiplier approved in accordance with this policy.
- All charges will be subject to periodic in-depth review (at least once every 3 years).

4. LEGISLATION

4.1. Discretionary services are those which an authority has the power to but is not obliged to provide. Section 3 of the Localism Act 2011 allows authorities to charge for discretionary services offered under their general power of competence and sits alongside the powers already available to local authorities to charge for discretionary services in function-related areas under Section 93 of the Local Government Act 2003. Authorities cannot charge for services that they have a statutory duty to provide.

4.2. Additions or enhancements to mandatory services above the standard that an authority has a duty to provide may be provided as discretionary services. Where this applies the discretionary element should be treated as a discretionary service under this policy.

4.3. This Act introduced the following key points-

- Authorities are under a duty to ensure that, taking one year with another, the income from charges do not exceed the costs of provision.
- The recipient of the discretionary service must have agreed to its provision and agreed to pay for it.
- Charges may be set differentially, so that different people are charged different amounts.

4.4. In using the phrase “taking one year with another” the legislation recognises the practical difficulties a council may face in estimating the charges, since to a large extent this is highly dependent upon the demand for the services concerned. This allows that any under-recovery of cost can be addressed in setting charges for future years so that over time income equates to costs.

4.5. In setting charges, the legislation makes reference to CIFPA’s definition of total cost. This provides the ability to recover all costs in the organisation, including a proportion of all central and unallocated overheads including democratic costs, depreciation, interest and working capital costs and any pensions back-funding.

4.6. The law is complex and some services and charges are bound by further specific legislation. Services are expected to be aware of the legislative context that applies to their area of responsibility and seek advice as required from Invicta Law.

5. COST RECOVERY

5.1. All discretionary services (and thus the charges made under the service) should be identified as belonging to one of the categories in the table below and the appropriate charging policy adopted in establishing and reviewing the level of the charge following the appropriate approval.

Type	Objective	Approver
Full cost recovery	The council wishes to make the service generally available, but there is no policy rationale for providing a subsidy from the General Fund. This should be considered as the default in the absence of specific corporate objectives or policy.	Heads of Service in accordance with the Scheme of Delegation – noting that new charges and material changes to existing charges will require Cabinet or Cabinet Member approval.
Full cost recovery with concessionary discounts	The council wishes to make the service generally available and is prepared to subsidise the service to ensure disadvantaged groups have access to the service.	Cabinet
Subsidised	The council wishes to make the service widely accessible and therefore provides a subsidy from General Fund with service users expected to make some contribution towards the cost.	Cabinet
Nominal	The council wishes the service to be fully available but sets a small charge relative to cost as an incentive.	Cabinet
Free	The council's policy is to make the service fully available and "free at the point of delivery". The service is funded from general taxation.	Cabinet
Statutory	Charges are set in line with legal obligations and national government charging policy.	N/A

5.3. Full cost recovery includes the total cost of delivery together with an apportionment of department and corporate overheads. Corporate overhead allocation will be provided by the Finance Team. Examples of costs include:

Employment Costs	The cost of staff who deliver the service, including: <ul style="list-style-type: none"> • Salary, employer national insurance and pension costs • Other employment allowances and travel costs
Service Costs	Costs incurred by the service in delivery for example: <ul style="list-style-type: none"> • Advertising and marketing • Specialist equipment • Administration and management
Corporate Costs	Costs incurred by Strategic and corporate Services: <ul style="list-style-type: none"> • Accommodation through Corporate Landlord • Information Technology • Insurance • Back-office services such as Finance, Human Resources, etc. • Democratic Costs
Financial	<ul style="list-style-type: none"> • Depreciation • Interest on Loans • The cost of payment collection fees by the Council • Debt collection and bad debt write-off

6. GOVERNANCE

6.1. The Council may decide to provide discretionary services without charge or at a level that does not fully recover the cost of delivery and the General Fund subsidise service users. Decisions on subsidies should support the delivery of the Council's Strategic Plan, its priorities and its objectives. Prior to introducing any new fees for charges or making any changes to existing subsidies, the Council will undertake a full review of the discretionary service, including consultation and an equalities impact assessment where required and decisions taken in accordance with Council's governance.

6.2. In some circumstances it may be appropriate to provide a partial subsidy if charging the full cost discourages or prevents usage.

6.3. When considering a subsidy, the following should be taken into account:

- That the subsidy supports a corporate priority, objective or policy
- That it is reasonable to assume that the impact of the policy can be measured
- The cost of the subsidy can be estimated and is affordable within the approved budget
- That the proposed subsidy is the most effective approach available to deliver the policy objective, and
- Any other relevant information.

6.4. A subsidy could be for all users or in the form of concessions for users that meet qualifying criteria. Any application for a concession will be considered on its own merits.

6.5. Corporate Directors, Directors and Heads of Service are responsible for ensuring that the fees & charges within their area of responsibility comply with the policy and for ensuring that the policy is applied to all discretionary services and not just those for which a charge is currently made. This includes applying appropriate annual uplifts to reflect increased costs or multipliers agreed under this policy.

6.6. All subsidies for discretionary services, whether in the form of reduced charges or concessions (including nominal fees and free services – although these will be rare) requires approval from Cabinet.

6.7. If Cabinet does not approve a subsidy, the Head of Service is required to charge the full cost to the user, and, subject to appropriate governance processes, if such a service becomes unviable it should cease to be provided.

7. NEW/INCREASED FEES AND CHARGES

7.1. Services are responsible for reviewing their services and ensuring that appropriate decisions are taken for all discretionary services. Proposals for new fees and charges must be considered by Cabinet in accordance with the Council's constitution and take into account the outcome of any consultation and equalities impact assessment.

7.2. Reasonable notice should be given to service users after any decision is taken to significantly amend or introduce a new fee or charge for a service that was previously delivered for free, or at a reduced subsidy.

7.3. Proposals should be made using the guidance in the Annex – this provides a brief rationale and business case for the introduction of the fee or charge or the introduction of the new discretionary service.

8. ADMINISTRATION AND NOTIFICATION OF CHARGES

8.1. Users of discretionary services must be aware of the charge prior to the ordering and delivery of services requested. Charges that are ordinarily paid by residents are expected to be quoted inclusive of VAT. Charges that are paid by businesses may be quoted excluding VAT in line with normal business practice.

8.2. It is expected that payment will be collected in advance of service delivery unless there is an explicit rationale for collecting the income in arrears. In these exceptional circumstances services are expected to issue invoices promptly and comply with debt management processes. Charges for services that are to be paid in arrears will include the cost of debt recovery and an allowance for bad debt write-offs.

8.3. Once set and in accordance with the policy, Heads of Service are required to ensure that fees & charges are applied to all service users and that waiving of fees is only applied in exceptional circumstances. Heads of Service are required to keep a record of any exceptions granted in these circumstances for review.

9. PERIODIC REVIEW

9.1. Charges, and decisions not to charge, will be reviewed by Services annually in sufficient time for the impact of any revisions to be included in the budget setting process. All charges are expected to be increased by at least inflation each year unless there are exceptional reasons not to do so.

9.2. Heads of Services are expected to undertake a thorough review every 3 years – such a review is necessary to ensure that there are no material changes since the last review and to provide assurance that all costs are being recovered. The Finance Team will assist in monitoring the cost recovery position.

9.3. Heads of Service have delegated authority to implement increases to existing charges but should follow the process for the introduction of new charges if these changes are material or have a particular EIA requirement or impact. It may be appropriate in certain circumstances to implement a material increase in a phased approach, this will require approval from the Cabinet Member or Cabinet since a subsidy is being provided.

9.4. Charges must also be reviewed during the year if there are any significant changes, such as cost, market changes, demand or service levels which materially affect the current charges and cost recovery with any changes required approved by Cabinet or through delegated authority as above.

9.5. The reasons behind any significant change to charges should be communicated to service users, providing reasonable notice.

9.6. The guidance in the Annex should be used to record the outcome of the periodic in-depth review. The Finance Team will provide support to Heads of Service to undertake this in-depth review and may require that such a review is undertaken where there is evidence that the current fees & charges are below comparable benchmarks or where there is evidence confirming that a subsidy is being provided.

10. RECORDING OF FEES AND CHANGES

10.1. Services are expected to maintain a schedule of all fees & charges levied. These schedules should include, identified separately, charges that are set nationally. The schedule should record the date of the last in-depth review and the date of any relevant Cabinet Member or Cabinet decision to provide a subsidy or concession.

10.2. The council's fees & charges are ordinarily set prior to each financial year and published as part of setting the Medium Term Financial Plan. Users of discretionary services must be made aware of any charges prior to using services and this may be achieved by publishing information alongside service information on the council's website.

ANNEX: GUIDANCE FOR NEW FEES & CHARGES AND THE PERIODIC IN-DEPTH REVIEW OF FEES & CHARGES

Charging Policy

The charging policy must be stated, together with an explanation of why this is being proposed (for example full cost recovery, subsidised or nominal as defined in the policy at paragraph 5.2)

Comparative Information

Include details of comparative charges levied by other local authorities.

Financial

Level of charge	Proposed new level of charge
Start Date	Implementation date for the new charge or new level of charge
Income	Expected gross income to be generated by the new charge (per annum)
Costs	The estimated cost of supplying the service including all administrative and overhead costs
Subsidy	The amount of subsidy (if relevant) - subject to approval
Concessions	The type and amount (if any) of any proposed concessions – subject to approval

Impact Assessment

Identify the likely impact on service users including those that currently benefit from the service, the effects of the changes proposed and the impact of any proposed subsidies or concessions. Equality issues must specifically be considered and reported.

Council Impact

Note any consequences that the services or charge may have on other council services

Method of Collection

Proposals for new charges (or the periodic in-depth review of existing charges) must identify what collection methods will be used. This should be in accordance with the policy as noted in paragraph 8.2.

Consultation

Include a summary of the consultation conducted and the results of consultation including any adjustments that have been made as a result of the consultation.

SECTION 16

Appendix M: Capital Strategy

CAPITAL STRATEGY

INTRODUCTION

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

Capital Expenditure and Financing

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

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

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

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

Capital Strategy Principles

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

The Capital Strategy will:

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

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

The Council's Strategic Outcomes

- 1.6 *Framing Kent's Future* – Our Council Strategy 2022-2026, is KCC's new Strategic Statement and was approved in May 2022. *Framing Kent's Future* is sets priorities to ensure we are harnessing the opportunities and addressing the challenges being faced by KCC as an organisation and by the residents of Kent over the next four years. It is structured around four strategic priorities that KCC will aim to deliver - Levelling Up Kent, Infrastructure for Communities, Environmental Step Change and New Models of Care and Support. The overall budget strategy has recognised that due to the economic consequences of global and national circumstances there will be policy and service decisions that must be taken to balance the budget which could run counter to the priorities and ambitions set out in Framing Kent's Future. This applies equally to the capital strategy. This means that delivery of some of the ambitions may be deferred during 2023-24, until later in the four-year period, with a greater focus in the short-term on ensuring the Council's financial position is sustainable in the medium term.
- 1.7 The Capital Strategy will be refreshed annually to incorporate the organisation's strategic direction. Business planning across the organisation will take a new approach for 2023-24 by creating a single council-wide business plan, and the capital programme will align itself to the revised business planning process.
- 1.8 Capital investment should also evidence how it will support the priorities and principles set out in significant strategies. The following are examples of the Council's key strategies:
- Kent and Medway Growth and Infrastructure Framework – this sets out the future strategic infrastructure requirements for the county and will be refreshed over the next year.
 - Local Transport Plan 4 – this plan sets out the county's strategic transport priorities. Local Transport Plan 5 is currently in development.
 - Commissioning Plan for Education Provision – this sets out changes to existing schools and commissioning of new schools.
 - Kent's environment strategies – including the Energy and Low Emissions Strategy and Net Zero Action Plan.
 - Technology Strategy 2020 - 2023 – provides direction and strategic priorities to shape KCC's technology environment.

- Asset Management Strategy 2018 - 2023 – this sets the framework for managing the Council’s property portfolio effectively.
- Making a difference every day - Our strategy for Adult Social Care 2022 to 2027.

Affordability

- 1.9 Capital plays an important role in delivering long-term priorities as it can be targeted in creative and innovative ways. However, capital is not unlimited or “free money” – capital funding decisions can have significant revenue implications. Every £10m of prudential borrowing costs approximately £0.7m per annum in revenue financing costs (including repayment of the principal) for 25 years, assuming an asset life of 25 years. For Information Technology projects the revenue costs are much higher per annum as the life is shorter. This is in addition to any ongoing maintenance and running costs associated with the investment. The more revenue that is tied up to repay borrowing, the less is available for service provision, and this is considered alongside revenue pressures.
- 1.10 In assessing affordability, indicators set by the Prudential Code and the Council’s own internal set of fiscal indicators are considered. The fiscal indicator “net debt costs should not exceed 10% of net revenue spending” is considered a suitable indicator to help ensure long-term affordability of the capital programme. The Council is following the reporting requirements of the 2021 Prudential Code.
- 1.11 In 2023-24, the Council is planning capital expenditure of £393.8m as shown in the following table:

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

	2021-22 actual	2022-23 forecast	2023-24 budget	2024-25 budget	2025-26 budget
General Fund services	346.0	297.9	393.8	243.7	163.8
Capital investments	8.7*	2.4*	0.0	0.0	0.0
TOTAL	354.7	300.3	393.8	243.7	163.8

*Represents spend on service investments.

- 1.12 The main General Fund capital projects for 2023-24 include: investments in additional school places to increase capacity (£109m), highways, structures & waste enhancement (£75m), highways and other transport improvements (£94m), modernisation and improved utilisation of council premises (£28m), other school projects (£60m), economic development initiatives (£18m), community projects (£8m) and adults, social care and health (£2m). The Council does not incur capital expenditure on investments primarily for financial return which is in line with the 2021 Prudential Code.

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

Statutory Requirements

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

Invest/Spend to save bids

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

Enhancement of Existing Estate and Roads

- 1.16 Maintenance of the estate and highway roads and structures network is coming under increasing pressure following years of reactive works. The development of a longer-term capital planning period will help provide the service with future funding stability and the ability to highlight forthcoming pressures for early consideration by Members. The level of investment in this area will ensure our statutory responsibilities are met, again using a risk-based approach.
- Full details of the Council's capital programme are set out in Appendices A and B.

FUNDING

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

Table 2: Capital financing in £millions

	2021-22 actual	2022-23 forecast	2023-24 budget	2024-25 budget	2025-26 budget
External sources*	230.8	214.9	262.2	164.8	126.6
Own resources	41.5	32.5	15.2	16.9	7.5
Borrowing	82.4	52.9	116.4	62.0	29.7
TOTAL	354.7	300.3	393.8	243.7	163.8

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

Grants

- 1.18 The challenging financial environment means that national government grants are reducing or changing in nature and becoming more heavily prescribed. These prescriptions reduce the freedom to decide where and how to spend grants – they are largely tied to specific service areas such as education or highways. An increasing number of funding schemes directly relate to housing and economic growth such as Local Growth Funding (LGF) from Local Enterprise Partnerships (LEPs). This funding is specific to individual projects and must be closely monitored. The Council's aim is to use other,

less specific grants for their intended purpose in a way that meets statutory obligations. Where the grant is not sufficient, other sources of external funding such as Central Government grants and s106/Community Infrastructure Levy (CIL) will be explored first, before using the Council's resources such as capital receipts and borrowing.

Developer Contributions: Community Infrastructure Levy (CIL)/S106

- 1.19 Developer contributions continue to be a challenging issue and need careful consideration when they are put forward to fund major projects. The nature of s106 agreements means that once the total funding figure has been secured with a s106 contract, the funding is received by the County Council in staged payments as the development is built out, with the full funding potentially not received until the development has been fully completed. Depending on size, a development can take several years to be fully completed. Developer contributions will be built into the programme at the point they are secured within s106 agreements, but it must also be recognised that at this point there are still risks around housing development and realisation of the funding. Careful monitoring of expenditure against this funding is critical.
- 1.20 Any forward funding arrangements of developer contributions must be approved to ensure appropriate debt costs of forward funding are built into the repayments. The repayment schedule must be formalised by being built into the s106 agreement. Delays in housebuilding due to Covid-19 and additional costs to builders to ensure covid-safe workplaces means there is likely to be even greater requirements for forward funding, and renegotiation of agreements.
- 1.21 Several districts in Kent have adopted the Community Infrastructure Levy (CIL), a flat rate tariff charge. CIL rates are set by districts as the Charging Authorities, they are also responsible for collection and spend of the levy. The share of CIL funding which the County Council will receive in the future is unknown and cannot currently be forecast as unlike s106 agreements the money raised through CIL is administered by the district council and KCC does not automatically receive a share.
- 1.22 The "pooling restriction" has been removed in recent regulations. This had previously prevented local authorities using more than five section 106 obligations to fund a single infrastructure project. This is a positive move as it will help to unlock funds. However, the monitoring requirements have increased significantly, and revised arrangements will need to be put in place to ensure compliance with the new regulations.
- 1.23 Emerging Central Government policy including The Planning White Paper (August 2020) and more recently the Levelling-Up and Regeneration Bill (May 2022) may potentially have a significant impact on the way developer contribution funding is collected and distributed in the future. This will continue to be investigated as more details are forthcoming, but initial indications are that this could amongst other things create a significant forward funding requirement which would need to be carefully managed by the Council.

Borrowing

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

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

	2021-22 actual	2022-23 forecast	2023-24 budget	2024-25 budget	2025-26 budget
MRP	57.4	58.3	59.7	63.5	64.6

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

- 1.25 The level of borrowing to fund the capital programme considers the revenue implications and the requirements of the prudential code. In line with the Code, borrowing is not undertaken in advance of need. The 10-year capital programme planning period will assist in more effective management of borrowing levels over the longer-term.
- 1.26 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with repayments from MRP and capital receipts used to replace debt. The CFR is expected to decrease by £5.4m during 2022-23 to £1.289bn. Based on the above figures for expenditure and financing, the Council's estimated CFR is shown in table 4:

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

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
TOTAL CFR	1,294.1	1,288.7	1,345.3	1,343.9	1,309.0

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

There will be an impact on the CFR From 2024-25 when IFRS16 is expected to be adopted, however the impact cannot currently be quantified.

Asset Management and Capital Receipts

1.27 To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. This sets the framework for managing the property portfolio effectively over the next 3 to 5 years. It will guide future strategic property decisions to make sure the property portfolio is managed sustainably and efficiently so that it can adapt to remain fit for the future and support frontline delivery. Property assets are an important part of supporting and enabling the Council to transform the way public services are delivered with partners and it is therefore essential that an innovative and forward-thinking strategy is in place.

➤ The Council’s asset management strategy can be read here:

<https://www.kent.gov.uk/about-the-council/strategies-and-policies/corporate-policies/asset-management-strategy>

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

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

Table 5: Capital receipts to be applied in £millions

	Prior Years	2023-24 budget	2024-25 budget	2025-26 budget
Application of asset sales	21.8	8.9	10.7	1.6
Loan repayments	52.5	14.6	4.0	4.2

Treasury Management

- 1.30 Treasury management is concerned with keeping sufficient, but not excessive, cash available to meet the Council’s spending needs while managing the risks involved. Surplus cash is invested earning revenue income until required, while any liquidity shortage would be met by short-term borrowing to avoid excessive overdraft fees. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 1.31 As at 31 December 2022 the Council had £804.8m of external borrowing, at an average interest rate of 4.44% and £422.4m treasury investments at an average rate of 2.84%. Where possible internal borrowing is used before borrowing externally. However, this is under constant review, to ensure it is still an appropriate funding source.
- 1.32 **Borrowing strategy:** The Council’s main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. The Council does not borrow for the primary purpose of financial return and therefore retains full access to the Public Works Loan Board.
- 1.33 Projected levels of the Council’s total outstanding debt comprising external borrowing and other long-term liabilities identified in the balance sheet (including PFI liabilities, leases, etc) are shown below, compared with the capital financing requirement (see above) and the resulting balance funded from internal borrowing (cash balances).

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

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
Other Long-term Liabilities	232.1	232.1	232.1	232.1	232.1
External Borrowing	826.0	802.3	771.8	742.6	710.3
Total Debt	1,058.1	1,034.4	1,003.9	974.7	942.4
Capital Financing Requirement	1,294.1	1,288.7	1,345.3	1,343.9	1,309.0
Internal Borrowing (cash balances)	236.0	254.3	341.4	369.2	366.6

- 1.34 Statutory guidance is that total debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.
- 1.35 **Liability benchmark:** To compare the Authority’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This is shown in the Treasury Management Strategy at Appendix N.
- 1.36 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. Both limits are set with reference to the Council’s plans for capital expenditure and financing. The authorised limit provides headroom over and above the operational boundary sufficient for unusual cash movements.

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

	2022-23 limit	2023-24 limit	2024-25 limit	2025-26 limit
Authorised limit – borrowing	876	946	945	915
Authorised limit – other long-term liabilities	245	232	232	232
Authorised limit – total external debt	1,121	1,178	1,177	1,147
Operational boundary – borrowing	851	896	895	865
Operational boundary – other long-term liabilities	245	232	232	232
Operational boundary – total external debt	1,096	1,128	1,127	1,097

It is likely that the lease liability figure on the balance sheet will increase as a result of IRFS16, however the implementation of this has been deferred until the 2024-25 financial reporting year. Under this new standard the treatment of leases will change from the current distinction between operating and finance leases, leading to more leases being recognised on the balance sheet. Work is ongoing to determine the implications of this.

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

- 1.37 **Treasury Investment strategy:** Treasury investments arise from receiving cash before it is paid out again, including balances of reserves. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 1.38 The Council’s policy on treasury investments is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Cash that is likely to be spent in the near term is invested securely, in particular in Money Market Funds, with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, equity and property funds, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
Near-term investments	240	185	106	107	110
Longer-term investments	262	294	300	260	250
TOTAL	502	479	406	367	360

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

- 1.39 **Risk management:** The effective management and control of risk are prime objectives of the Council’s treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
- 1.40 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director of Finance and finance staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury management activity are presented to Governance and Audit Committee with half-yearly and annual reports going to County Council. The Treasury Management Advisory Group (TMAG) is responsible for scrutinising treasury management

decisions. This is a Member group supported by officers and chaired by the Cabinet Member for Finance, Traded and Corporate Services.

Investments for Service Purposes

- 1.41 The Council makes investments to assist local public services, including making loans to or buying shares in other organisations (service investments). In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to generate a surplus after all costs.
- 1.42 **Governance:** Decisions on service investments are made by the relevant service manager after consultation with and approval of the Corporate Director of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.
- Further details on service investments are in the Investment Strategy at Appendix O.

Commercial Activities

- 1.43 With central government financial support for local public services declining, the Council has, in the past, strategically invested in commercial property purely or mainly for financial gain. Some of these are still held, and all details are available in the Investment Strategy at Appendix O.
- 1.44 With financial return being the main objective, the Council accepted higher risk on commercial investment than with treasury investments. The principal risk exposures include void periods when properties are empty and reductions in market value. These risks were managed by a rigorous appraisal process prior to any acquisition decision. Total commercial investments as at 31st March 2022 were valued at £29.8m (not yet audited) with the largest being the two office buildings at Kings Hill.
- 1.45 In line with Government expectations, the Authority will not be pursuing commercial investments going forward.
- 1.46 **Governance:** Decisions on commercial investments and disposals have been made by the Director of Infrastructure in accordance with the Councils constitution, and more relevantly the Property Management Protocol, and following consultation with and approval of the Corporate Director of Finance. Property and most other commercial investments are also capital expenditure and purchases have also been approved as part of the capital programme. The proportion of net income from commercial and service investments to net revenue stream are shown in Table 9.

- Further details on commercial investments and limits on their use are included in the investment strategy – Appendix O.

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

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Total net income from service and commercial investments £m	3.5	7.6	6.1	5.3	2.9
Proportion of net revenue stream	0.3%	0.6%	0.5%	0.4%	0.2%

- The Council also has commercial activities in several trading companies, details of which are included in the investment strategy – Appendix O.

Liabilities

1.47 In addition to debt of £802.3m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £1,558.7m as at 31.03.22). It has also set aside £59.6m in general reserves to cover unforeseen risks as identified in the Reserves Policy – Appendix I to this document. The Council has identified a number of budget risks but has not put aside any money because the Council has sufficient reserves to cover these eventualities should they arise. These risks are identified in the Budget Risks Register at Appendix K to this document.

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

Revenue Budget Implications

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

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

	2021-22 actual	2022-23 forecast	2023-24 budget	2024-25 budget	2025-26 budget
Proportion of net revenue stream	9.85%	9.23%	8.40%	7.96%	7.65%

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

Knowledge and Skills

- 1.51 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Corporate Director of Finance is a Fellow of the Association of Chartered Certified Accountants (FCCA) with 20 years' post-qualification experience, and the Council's finance team at the last review included a number of qualified accountants who are members of professional accountancy bodies including ACCA, CIMA, CIPFA and ICAEW. In addition, KCC Finance is an approved employer with professional accreditations from ACCA and CIPFA.
- 1.52 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, Amey/Kier/Skanska as property consultants/facilities management contractors. The Council will use the services of other specialists and consultants as necessary. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 1.53 The Council's policy on the use of external advisers is that where a contract for a consultant is estimated to cost £50,000 or more; details of the proposed award must be forwarded to the relevant Cabinet Member prior to the appropriate officer making the award.

Governance Arrangements

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

SECTION 17

Appendix N: Treasury Management Strategy

Treasury Management Strategy

Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
3. Investments held for service purposes or for commercial profit are considered in the separate *Appendix O - Investment Strategy*.

External Context

Economic background

4. The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.
5. The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6:3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.
6. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected to remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
7. The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

8. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.
9. The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
10. Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
11. Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.

Credit outlook

12. Credit default swap (CDS) prices have generally followed an upward trend throughout 2022, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.
13. CDS price volatility was higher in 2022 compared to 2021 and the divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities has emerged once again.
14. The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.
15. There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

16. However, the institutions on our counterparty list remain well-capitalised and the counterparty advice from the Council's treasury management adviser Arlingclose on both recommended institutions and maximum duration remains under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast

17. The Council's treasury management adviser forecasts that Bank Rate will continue to rise in 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.
18. Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.
19. Yields are expected to remain broadly at current levels over the medium-term, with 5, 10 and 20-year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
20. A more detailed economic and interest rate forecast provided by Arlingclose is in Annex A.

Local Context

21. On 31 December 2022, the Council held £804.76m of external borrowing and £422.37m of treasury investments. This is set out in further detail in Annex B. Forecast changes in these sums are shown in the balance sheet analysis in the table below.

Table 1: Balance sheet summary and forecast

	31.3.22	31.3.23	31.3.24	31.3.25	31.3.26
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Total CFR	1,294.1	1,288.7	1,345.3	1,343.9	1,308.9
Other long-term liabilities	232.1	232.1	232.1	232.1	232.1
Loans CFR	1,062.0	1,056.6	1,113.2	1,111.8	1,076.8
External borrowing	-826.0	-802.3	-771.8	-742.6	-710.3
Internal borrowing	236.0	254.3	341.4	369.2	366.5
Less balance sheet resources	-699.8	-602.3	-592.4	-603.4	-605.3
Treasury investments	463.8	348.0	251.0	234.2	238.8

22. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
23. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years and the Council expects to comply with this recommendation during 2023/24.

Liability benchmark

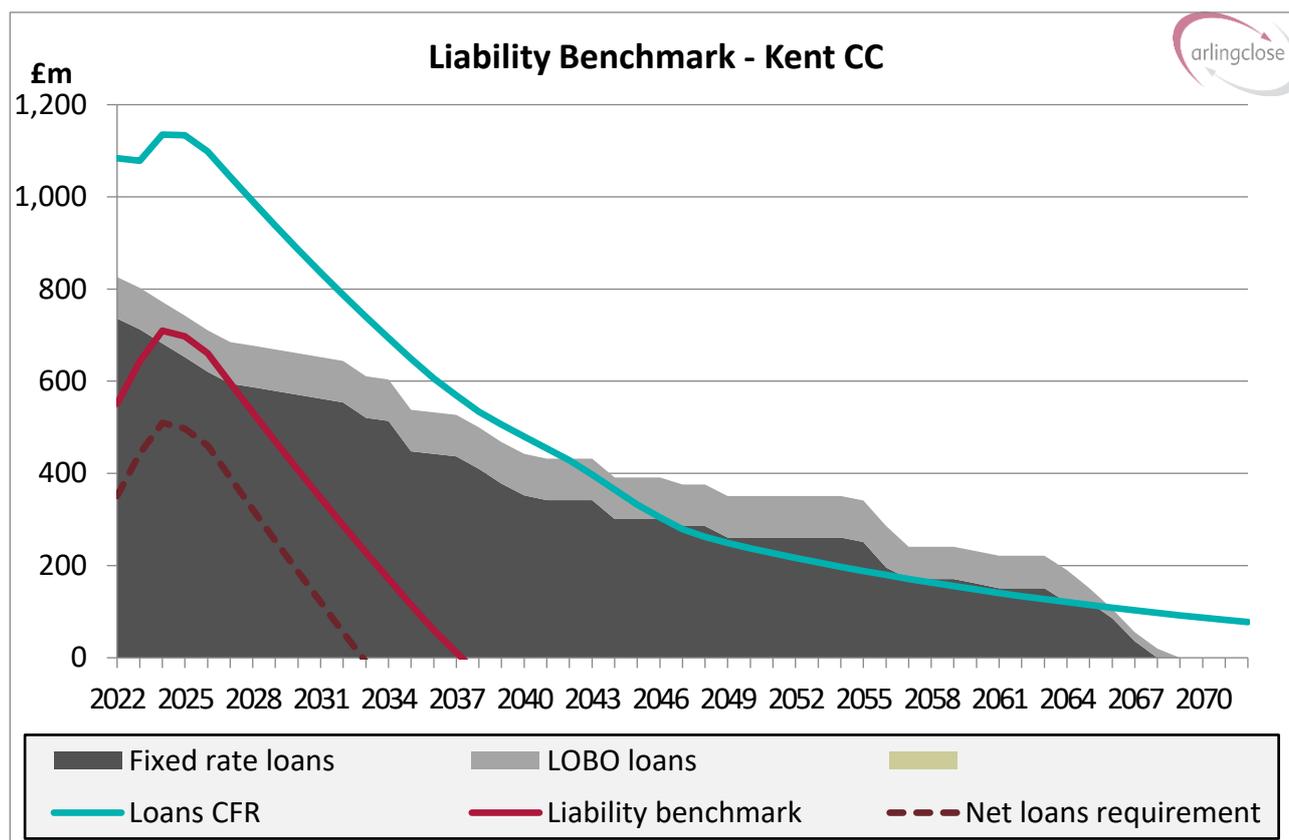
24. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £200m at each year-end to maintain sufficient liquidity but minimise credit risk.
25. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m
Loans CFR	1,062.0	1,056.6	1,113.2	1,111.8	1,076.8
Less: Balance sheet resources	-699.8	-602.3	-592.4	-603.4	-605.3
Net loans requirement	362.2	454.3	520.8	508.4	471.5
Plus: Liquidity allowance	200.0	200.0	200.0	200.0	200.0
Liability benchmark	562.2	654.3	720.8	708.4	671.5

26. Following on from the medium-term forecasts in table 2 above, the long-term (beyond 31 March 2026) liability benchmark is shown in the below chart. The chart illustrates the maturity profile of the Council's existing borrowing and assumes no new capital expenditure funded by borrowing beyond 2025/26.

Figure 1: Liability Benchmark Chart



27. The liability benchmark chart demonstrates that the Council's capital financing requirement (Loans CFR) is currently met by a combination of fixed rate loans, LOBO loans and internal borrowing. Over time the capital financing requirement is projected to decline as the annual minimum revenue provision (MRP) charge gradually reduces the Council's borrowing requirement. The actual external debt portfolio also declines as individual loans expire.

28. The liability benchmark itself is forecast to rise over the medium term due to a combined increase in capital expenditure and reduction in available balance sheet resources (usable reserves, mainly) before declining over the long term. Although not shown in figure 1, both the Loans CFR and the liability benchmark are likely to increase in later years as new capital expenditure cycles are approved.

Borrowing Strategy

29. On 31 December 2022, the Council had £804.76m external debt, including £29.17m attributable to Medway Council, as part of its strategy for funding previous years' capital programmes. This represents a decrease of £21.21m on 31 March 2022 and reflects the Council's strategy of maintaining borrowing below the underlying levels.

30. The balance sheet forecast in table 1 shows that the Council does not expect to need to borrow in 2023-24. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £1,178m.

Objective

31. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy

32. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

33. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Using cash available on the Council's balance sheet is also known as internal borrowing and at the end of March 2022 the Council had supplemented external debt with £236m of internal borrowing. Internal borrowing is not cost free as it is at the expense of investment returns and does not remove the need for Minimum Revenue Provision (MRP) to be made.

34. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The Council will use the services of its treasury advisor to develop this 'cost of carry' and breakeven analysis and based on the results the Council will determine whether to borrow additional sums at long-term fixed rates in 2023-24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

35. The Council has previously raised the majority of its long-term borrowing from the PWLB and is likely to continue with this practice but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB lending arrangements have changed, and loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Council does not intend to borrow to invest primarily for financial return and will retain its access to PWLB loans.

36. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

37. **Prudential Indicators:** The Council's capital strategy prudential indicator 3 indicates that the Council does not expect to increase its external borrowing in 2023-24 but it retains the flexibility to consider borrowing either long term or short term as well as using its cash balances.

38. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except the Kent Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
39. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
40. **LOBO (Lender's Option Borrower's Option) loans:** The Council holds £90m of LOBO loans (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. LOBOs totalling £40m have option dates during 2023-24, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Council will likely take the option to repay LOBO loans to reduce refinancing risk in later years.
41. **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.
42. **Debt rescheduling:** The PWLB allows councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Investment Strategy

43. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the beginning of April 2022 the Council's cash balance has ranged between £403m and £580m; reserves are forecast to be around £348m at the end of 2022/23 and approximately £251m at the end of 2023/24 as capital expenditure increases.

44. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
45. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors, to boost investment income, and to mitigate the negative impact of inflation on the value of the Council's long term resources.
46. **ESG policy:** The Council is committed to responsible treasury management and to being a good steward of the assets in which it invests. As stated in paragraph 1 above, the successful identification, monitoring and control of financial risk are central to the Council's prudent financial management, and this includes the identification and management of environment, social and governance (ESG) risks that arise in the course of carrying out treasury management activities. Therefore, the Council integrates ESG considerations into its treasury management decision-making process.
47. The framework for evaluating investment opportunities is still developing. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code
48. Assets within the strategic pooled funds portfolio are managed by third-party investment managers responsible for the day-to-day investment decisions, including undertaking voting and engagement activities on behalf of the Council. The Council considers ESG integration and active ownership when selecting and monitoring investment managers.
49. The Council expects its investment managers to engage with companies to monitor and develop their management of ESG issues in order to enhance the value of the Council's investments. The Council also expects feedback from the investment managers on the activities they undertake and regularly reviews this feedback through meetings and reporting.
50. **Business models:** Under IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties

51. The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	unlimited	
UK Local Authorities	10 years	£25m	
Kent local authorities for cashflow purposes only	1 year		£70m
Other Government entities	25 years	£20m	£30m
UK banks and building societies (unsecured) *	13 months	£20m	Unlimited
Council's banking services provider *	Overnight	£20m	
Overseas banks (unsecured) *	13 months	£20m	£30m country limit
Money Market Funds *	n/a	£20m per fund or 0.5% of the fund size if lower	
Cash plus / short term bond funds		£20m per fund	
Secured investments *	25 years	£20m	£150m
Corporates (non-financials)	5 years	£2m per issuer	£20m
Registered Providers (unsecured) *	5 years	£10m	£50m
Loans incl. to developers in the No Use Empty programme			£40m
Strategic pooled funds and real estate investment trusts	n/a		£250m
- Absolute Return funds		£25m per fund	
- Multi Asset Income funds		£25m per fund	
- Property funds		£75m or 5% of total fund value if greater	
- Bond funds		£25m per fund	
- Equity Income Funds		£25m per fund	
- Real Estate Investment Trusts		£25m per fund	

52. This table should be read in conjunction with the notes below.

* Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

53. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
54. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used.
55. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investments with banks rated below the agreed minimum rating of A- are restricted to overnight deposits with the Council's current banking services provider.
56. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.
57. **Money Market Funds:** Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to Money Market Funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
58. **Pooled investment funds:** Bond, equity, multi-asset and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
59. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

60. **Other investment:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
61. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings

62. Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
63. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that entity until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

64. The Council understands that credit ratings are good but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the entities in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from Arlingclose, the Council's treasury management advisor. No investments will be made with an entity if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
65. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits

66. The Council may invest its surplus funds with any of the counterparty types listed above subject to the cash limits per counterparty and the durations shown in the table at paragraph 46.

67. The Council's revenue reserves available to cover investment losses are forecast to be £372m on 31 March 2023 and £362m on 31 March 2024. In order to minimise the percentage of available reserves that will be put at risk in the case of a single default, the maximum that will be lent to any one counterparty (other than the UK Government and the CCLA LAMIT property fund) will be £25m.

Liquidity management

68. The Council forecasts its cash flow requirements to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

69. The Council will spread its liquid cash over several bank accounts and money market funds to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

70. The Council measures and manages its exposures to treasury management risks using the following indicators.

71. **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	Target
Portfolio average credit rating	AA

72. **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	Target
Total cash available within 3 months	£75m

73. **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 will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£5m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	-£5m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

74. **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	50%	0%
20 years and within 40 years	50%	0%
40 years and longer	50%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

75. **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2023-24	2024-25	2025-26	No fixed date
Limit on principal invested beyond year end	£150m	£100m	£50m	£250m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Related Matters

76. The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.

77. **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
78. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
79. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
80. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
81. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance believes this to be the most appropriate status.

Financial Implications

82. The budget for net investment income in 2023-24 is £10.7m, based on an average investment portfolio of £326m at an average interest rate of 3.30%. The budget for debt interest payable in 2023-24 is £36.6m, based on an average debt portfolio of £783.1m at an average interest rate of 4.41%. If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different.

Other Options Considered

83. The CIPFA Code does not prescribe any particular Treasury Management Strategy for councils to adopt. The Corporate Director of Finance, having consulted the Deputy Leader and Cabinet Member for Finance, Traded and Corporate Services, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Economic & Interest Rate Forecast – December 2022

Underlying assumptions:

- The influence of the mini-budget on rates and yields continues to wane following the more responsible approach shown by the new incumbents of Downing Street.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power – recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short-term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

Forecast:

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.
- The MPC will cut rates in the medium term to stimulate a stuttering UK economy but, will be reluctant to do so until wage growth eases. We see rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

Appendix N

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Annex B – Existing Investment & Debt Portfolio Position

	31-Dec-22	31-Dec-22
	Actual Portfolio	Average Rate
	£m	%
External borrowing		
Public Works Loan Board	485.31	4.51
LOBO loans from banks	90.00	4.15
Banks and other lenders (Fixed term)	216.10	4.54
Streetlighting Project	13.35	1.98
Total external borrowing	804.76	4.44
Treasury investments		
Bank Call Accounts	5.00	2.00
Covered bonds (secured)	126.81	3.10
Government (incl. local authorities)	9.81	3.84
Money Market Funds	73.99	3.23
Equity	1.30	
No Use Empty Loans	21.21	2.50
Total internally managed investments	238.12	3.15
Pooled investments funds		
- Property	64.53	3.11
- Multi Asset	56.32	3.85
- Absolute Return	5.21	1.43
- Equity UK	31.61	6.29
- Equity Global	25.74	2.62
Total pooled investments	183.41	3.90
Total treasury investments	421.53	3.48
Net debt	383.23	

GLOSSARY

Local Authority Treasury Management Terms

Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owed and bonds issued.
CFR	Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Collective investment scheme	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Cost of carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. Covered bonds are exempt from bail-in.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Diversified income fund	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMADF	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Equity	An investment which usually confers ownership and voting rights
Floating rate note (FRN)	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA

Appendix N

FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
GILT	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
Income return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
IMF	International Monetary Fund
LIBID	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
LOBO	Lender's Option Borrower's option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Monetary Policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
MPC	Monetary Policy Committee. Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
MRP	Minimum Revenue Provision – an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP. Not applicable in Scotland, but see Loans Fund
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code. The Code was update din December 2021
PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.

Appendix N

Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy in order to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
REIT	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways
Share	An equity investment, which usually also confers ownership and voting rights
Short-term	Usually means less than one year
SONIA	Based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.
Weighted average life (WAL)	The weighted average time for principal repayment, that is, the average time it takes for every dollar of principal to be repaid. The time weights are based on the principal payments,
Weighted average maturity (WAM)	The weighted average maturity or WAM is the weighted average amount of time until the securities in a portfolio mature.

SECTION 18

Appendix O: Investment Strategy

INVESTMENT STRATEGY

Introduction

- 1.1 This investment strategy meets the statutory guidance issued by the government in January 2018 (Statutory Guidance on Local Government Investments 3rd Edition).
- 1.2 The Authority invests its money for three broad purposes:
 - Because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
 - To support local public services by lending to or buying shares in other organisations (service investments), and
 - To earn investment income (known as commercial investments where this is the main purpose).
- 1.3 The Investment Strategy focusses on the second and third of these categories. Treasury management investments are covered separately in the Treasury Management Strategy – see Appendix N to the final draft budget report.
- 1.4 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.
- 1.5 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.
- 1.6 **Further details:** Full details of the Authority’s policies and its plan for 2023-24 for treasury management investments are covered in a separate document, the Treasury Management Strategy, at Appendix N.
- 1.7 The Authority will also be looking to invest in schemes where there is an environmental benefit in its future strategy linked to the Council’s desire to achieve the net zero target by 2030.

Service Investments: Loans

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

APPENDIX O

- 1.9 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk financial vetting is done prior to distributing loans and the value of the loans is immaterial.
- 1.10 As at 31.03.22 the Council had the following amounts outstanding in relation to loans distributed by its own funding:

Loans in relation to:	Investment Value £m
Kent Empty Property Initiative - No Use Empty	11.183
Marsh Millions	0.102
Kent PFI Company 1 Ltd	2.303
EDSECo (Trading as The Education People)	2.200
Visit Kent	0.150
Total service investments - loans	15.938

Kent Empty Property Initiative - No Use Empty

- 1.11 The Council runs a “No Use Empty” initiative, which was set up in 2005 with the aim of returning long term empty properties back into use. This operates as a revolving loan fund and is open to those who currently own or have acquired a long-term empty property which needs financial assistance to bring the property back into use for rental or sale. As at 31 March 2022 the debt due to KCC under the scheme totalled £11.2m. Since its inception, the scheme has awarded £54.5m in loans, of which only £143k has been written off as a bad debt. This represents a mere 0.26% of the total loans awarded. The extremely low value of bad debts is aided by the scheme operating a robust application and assessment process, which includes ID checks and proof of additional funds. The applicant must provide at their cost an independent valuation undertaken by a Chartered Surveyor (RICS) to establish current and future values. This is also used within the assessment process as any loan awarded is secured as a charge and registered with Land Registry or Companies House if applicable. Loans are typically offered over 2 or 3 years. A supplementary scheme began in 2020-21 which has allowed an additional £25.6m of loans to be approved for new builds. These loans provide a 2.5% return to the Council and there are currently no bad debts associated with these loans.

Marsh Millions

- 1.12 KCC contributed to the Marsh Millions loan scheme. This was set up to aid small businesses in the Romney Marsh area. As at 31.03.22 the balance outstanding to KCC was £0.102m.

Kent PFI Company 1 Ltd

- 1.13 In 2013-14 KCC purchased loan notes in Kent PFI Company 1 Ltd, which is the holding company to the contractor who runs six schools for KCC under a Private Finance Initiative (PFI) arrangement. As at 31.03.22 the balance outstanding to KCC was £2.303m.

EDSECo (Trading as The Education People)

- 1.14 During 2019-20 an additional loan agreement was drawn up with EDSECo, trading as The Education People, for £2.2m to aid the start-up of the company. The balance as at 31.03.22 was £2.2m.

1.15 Visit Kent

During 2020-21 KCC gave a loan to Visit Kent and the balance as at 31.03.22 was £0.15m.

Service Investments: Shares

- 1.16 As at 31.03.22 the Council had the following equity investments:

Company	Amount Invested £m	Value in Accounts (Fair Value) £m
Kent PFI Company 1 Ltd (Note 1)	1.902	1.103
Kent Holdco	7.890	14.680
Total service investments - shares	9.792	15.783

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

1.17 **Service Investment: Property**

KCC have invested in the Creative Enterprise Quarter in Ashford, by using both own resources and a significant amount of external funding to create a suitable space for the Jasmin Vardimon Dance Studio. This investment included the build of industrial units to ensure a financially viable project. Some of these units are expected to be sold and the rest to be kept for rental income.

Property	Investment value (build costs)
	£m
Jasmin Vardimon Dance Laboratory	6.613
Creative Enterprise Quarter Industrial Units, Ashford	2.372
Total	8.985

These properties were completed during 2022-23 and have not yet been valued.

- 1.18 The Council considers each investment on a case-by-case basis and uses several criteria to obtain a risk/benefit analysis for the Council. Overall, the value of loans outstanding and equity investments as at 31.03.22 are immaterial in relation to the Council's balance sheet. The service benefits derived from these investments are deemed to outweigh the risks. The Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue payments.

Commercial Investments: Property

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

Property	Purchase/ build cost (including fees)	Value in accounts as at 31.03.21	Value in accounts as at 31.03.22
	£m	£m	£m
Sheehan House	0.723	1.080	1.080
Eurogate	2.275	4.229	3.946
1 & 42 Kings Hill Avenue	23.000	24.591	24.817
Total	25.998	29.900	29.843

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

	Value in accounts as at 31.03.21	Value in accounts as at 31.03.22
	£m	£m
Total of other property investments	10.274	6.916

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

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2022-23 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments including any revenue consequences. However, the Council is not specifically relying on the sale of these assets to fund future expenditure, therefore the risk relating to fluctuations in the property market is minimal.

Investment Indicators

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

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

Investment exposure	31.03.22 Actual £m
Service investments: Loans	15.938
Service investments: Shares	9.792
Service investments: Property	8.985
Commercial investments: Property	25.998
Total	60.713

- 2) Net income from commercial and service investments to net revenue stream: This prudential indicator is calculated to show the proportion of income from commercial and service investments to the Council's net revenue stream and is included in the Council's Capital Strategy document at Appendix M. This indicator shows that the proportion of income from commercial and service investments to net revenue stream is forecast to be 0.6% for 2022-23 and reducing in the following 3 years.

- 3) Other investment indicators:

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

SECTION 19

Appendix P: Annual Minimum Revenue Provision Statement

Annual Minimum Revenue Provision (MRP) Statement

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

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

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

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

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

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

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

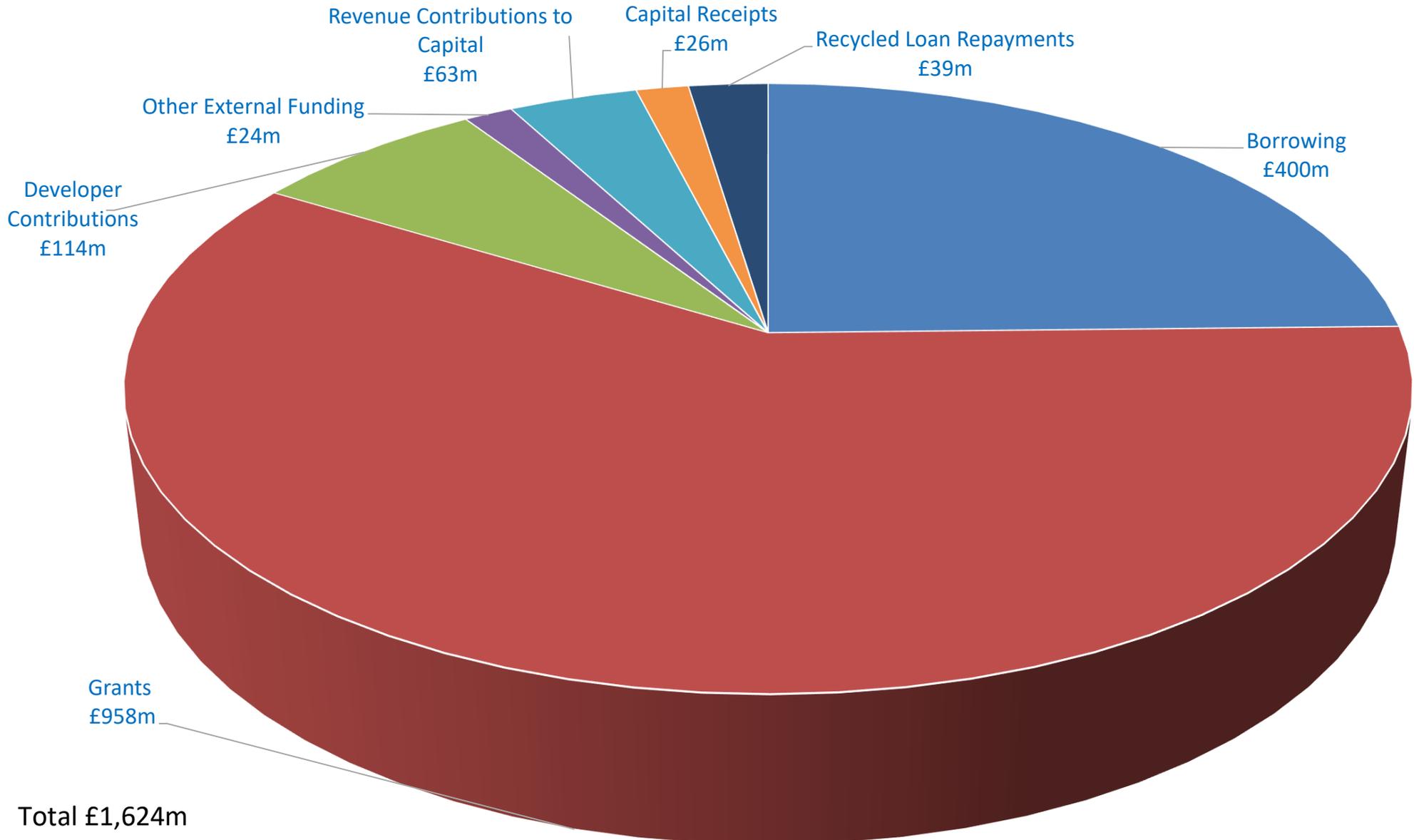
Each year an updated MRP statement will be presented.

SECTION 20

10 Year Capital Programme by Funding (excl Potential Projects)

SECTION 20

10 Year Capital Programme by Funding (excluding Potential Projects)

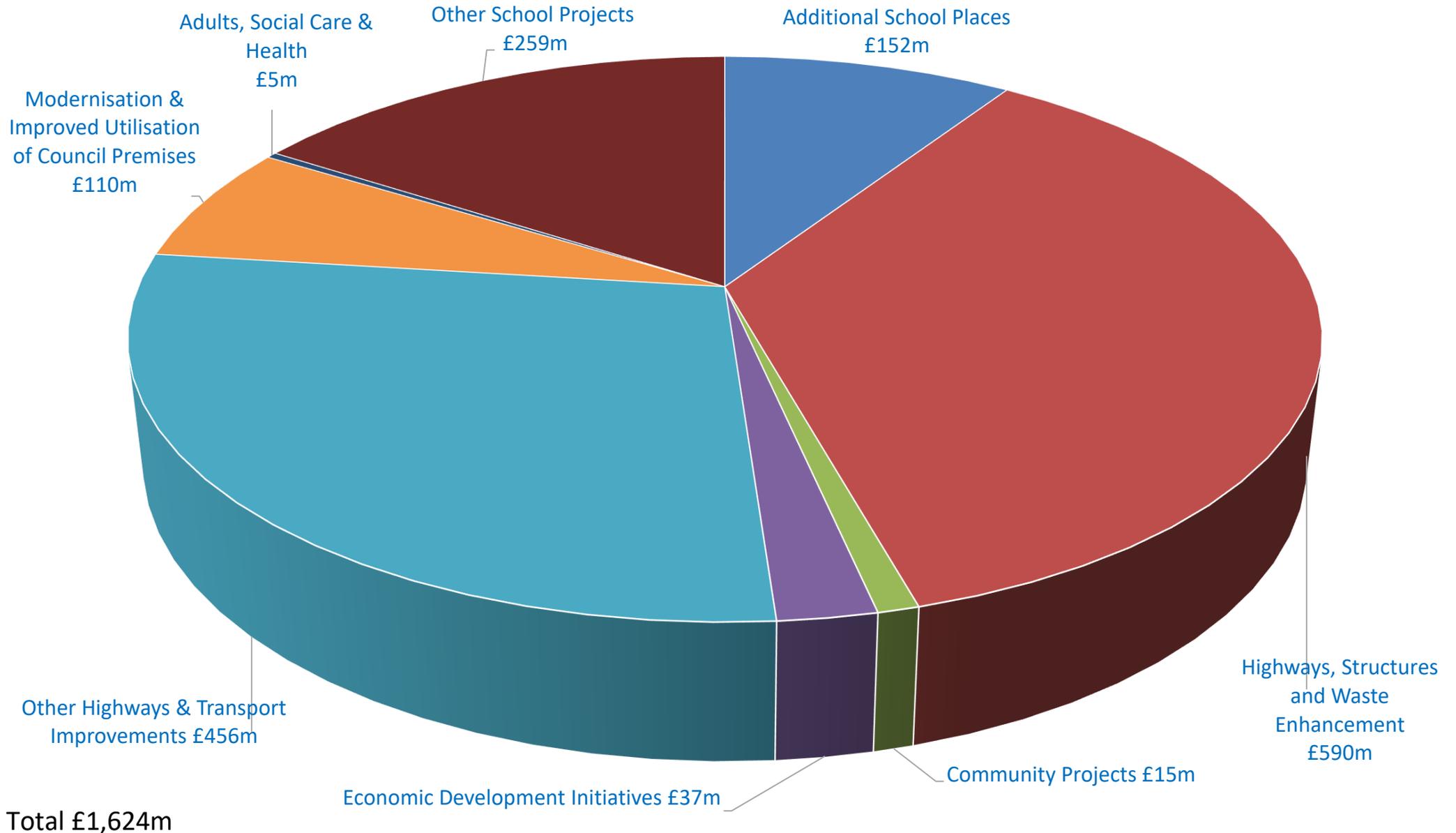


SECTION 21

10 Year Capital Programme by Type (excl Potential Projects)

SECTION 21

10 Year Capital Programme by Type (excluding Potential Projects)



SECTION 22

2023-24 Revenue Budget by Core Service

		2023-24 FINAL APPROVED BUDGET						
2023-24 REVENUE BUDGET BY CORE SERVICE		staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
ADULTS & OLDER PEOPLE								
1	Direct Payments - Learning Disability (aged 18+)	0.0	33,378.3	33,378.3	0.0	-30.5	0.0	33,347.8
2	Direct Payments - Mental Health (aged 18+)	0.0	1,939.6	1,939.6	0.0	-84.3	0.0	1,855.3
3	Direct Payments - Older People (aged 65+)	0.0	19,978.7	19,978.7	0.0	-2,910.0	0.0	17,068.7
4	Direct Payments - Physical Disability (aged 18-64)	0.0	16,710.8	16,710.8	0.0	-17.0	0.0	16,693.8
	TOTAL DIRECT PAYMENTS	0.0	72,007.4	72,007.4	0.0	-3,041.8	0.0	68,965.6
5	Discharge to Assess - Older People (aged 65+) - Commissioned service	0.0	5,012.2	5,012.2	0.0	-3,138.2	0.0	1,874.0
	TOTAL DISCHARGE TO ASSESS	0.0	5,012.2	5,012.2	0.0	-3,138.2	0.0	1,874.0
6	Domiciliary Care - Learning Disability (aged 18+)	0.0	1,816.6	1,816.6	0.0	0.0	-14.0	1,802.6
7	Domiciliary Care - Older People (aged 65+) - In house service (Kent Enablement at Home service)	8,723.9	-62.7	8,661.2	-51.3	-6,062.1	0.0	2,547.8
8	Domiciliary Care - Older People (aged 65+) - Commissioned service	0.0	49,291.2	49,291.2	0.0	-3,016.5	0.0	46,274.7
9	Domiciliary Care - Physical Disability (aged 18-64) - In house service	0.0	684.4	684.4	0.0	0.0	0.0	684.4
10	Domiciliary Care - Physical Disability (aged 18-64) - Commissioned service	0.0	11,271.9	11,271.9	0.0	0.0	0.0	11,271.9
	TOTAL DOMICILIARY CARE	8,723.9	63,001.4	71,725.3	-51.3	-9,078.6	-14.0	62,581.4
11	Non Residential Charging Income - Learning Disability (aged 18+)	0.0	135.0	135.0	0.0	-10,239.4	0.0	-10,104.4
12	Non Residential Charging Income - Older People (aged 65+)	0.0	646.4	646.4	0.0	-21,819.3	-69.0	-21,241.9
13	Non Residential Charging Income - Physical Disability (aged 18-64)	0.0	92.8	92.8	0.0	-4,096.1	-109.7	-4,113.0
14	Non Residential Charging Income - Mental Health (aged 18+)	0.0	53.5	53.5	0.0	-667.1	0.0	-613.6
	TOTAL NON RESIDENTIAL CHARGING INCOME	0.0	927.7	927.7	0.0	-36,821.9	-178.7	-36,072.9
15	Nursing & Residential Care - Learning Disability (aged 18+)	0.0	92,614.4	92,614.4	-45.0	-6,557.3	0.0	86,012.1
16	Nursing & Residential Care - Mental Health (aged 18+)	0.0	19,472.9	19,472.9	0.0	-1,122.9	0.0	18,350.0
17	Nursing & Residential Care - Older People (aged 65+) - Nursing	0.0	53,986.1	53,986.1	0.0	-21,786.5	-43.8	32,155.8
18	Nursing & Residential Care - Older People (aged 65+) - Residential - In house service	7,934.2	10,260.4	18,194.6	0.0	-2,006.8	-1,922.2	14,265.6
19	Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service	0.0	98,726.3	98,726.3	0.0	-50,578.4	-76.4	48,071.5
20	Nursing & Residential Care - Physical Disability (aged 18-64)	0.0	23,739.8	23,739.8	0.0	-2,332.2	0.0	21,407.6
	TOTAL NURSING & RESIDENTIAL CARE	7,934.2	298,799.9	306,734.1	-45.0	-84,384.1	-2,042.4	220,262.6
21	Supported Living/Accommodation - Learning Disability (aged 18+) - In house service	2,232.3	989.0	3,221.3	0.0	-244.5	-912.9	2,063.9
22	Supported Living/Accommodation - Learning Disability (aged 18+) - Shared Lives Scheme	0.0	4,305.2	4,305.2	0.0	0.0	0.0	4,305.2
23	Supported Living/Accommodation - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements	0.0	119,312.2	119,312.2	0.0	-1,063.1	0.0	118,249.1
24	Supported Living/Accommodation - Mental Health (aged 18+) - Commissioned service	0.0	17,471.2	17,471.2	0.0	-743.3	-13.9	16,714.0
25	Supported Living/Accommodation - Mental Health (aged 18+) - In house service	0.0	256.0	256.0	0.0	0.0	-256.0	0.0
26	Supported Living/Accommodation - Older People (aged 65+) - In house service	0.0	7,860.1	7,860.1	0.0	0.0	-7,836.2	23.9
27	Supported Living/Accommodation - Older People (aged 65+) - Commissioned service	0.0	667.0	667.0	0.0	0.0	0.0	667.0
28	Supported Living/Accommodation - Physical Disability (aged 18-64) - Commissioned service	0.0	13,065.3	13,065.3	0.0	-382.1	0.0	12,683.2
	TOTAL SUPPORTED LIVING/ACCOMMODATION	2,232.3	163,926.0	166,158.3	0.0	-2,433.0	-9,019.0	154,706.3
	Other Services for Adults & Older People							
29	Adaptive & Assistive Technology	486.9	13,040.7	13,527.6	0.0	-9,219.7	0.0	4,307.9
30	Community Support Services for Mental Health (aged 18+)	1,050.5	39.2	1,089.7	0.0	-54.6	0.0	1,035.1
31	Day Care - Learning Disability (aged 18+) - In house service	5,113.4	498.5	5,611.9	0.0	-47.1	0.0	5,564.8
32	Day Care - Learning Disability (aged 18+) - Commissioned service	0.0	12,075.9	12,075.9	0.0	0.0	0.0	12,075.9
33	Day Care - Older People (aged 65+) - In house service	323.0	19.4	342.4	0.0	-4.9	0.0	337.5
34	Day Care - Older People (aged 65+) - Commissioned service	0.0	623.0	623.0	0.0	0.0	0.0	623.0
35	Day Care - Physical Disability (aged 18-64)	0.0	1,233.9	1,233.9	0.0	0.0	0.0	1,233.9
	TOTAL DAY CARE	5,436.4	14,450.7	19,887.1	0.0	-52.0	0.0	19,835.1

2023-24 REVENUE BUDGET BY CORE SERVICE		2023-24 FINAL APPROVED BUDGET						
		staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
36	Housing Related Support for Vulnerable People (Supporting People)	-280.0	1,468.3	1,188.3	-346.2	-481.9	1,116.5	1,476.7
37	Other Services for Adults & Older People - Legal Charges	0.0	721.9	721.9	0.0	0.0	0.0	721.9
38	Other Adult Services	0.0	355.1	355.1	0.0	-13.1	0.0	342.0
39	Other Services for Adults & Older People - Safeguarding	4,117.8	863.6	4,981.4	0.0	-164.0	-412.5	4,404.9
40	Social Support - Carers - In house service	2,163.6	105.1	2,268.7	0.0	-10.6	0.0	2,258.1
41	Social Support - Carers - Commissioned service	0.0	11,919.3	11,919.3	0.0	-4,557.5	-11.3	7,350.5
42	Social Support - Information & Early Intervention	0.0	1,532.8	1,532.8	0.0	-726.0	-387.9	418.9
43	Social Support - Social Isolation	0.0	10,433.9	10,433.9	-2,257.0	-2,473.8	0.0	5,703.1
	TOTAL SOCIAL SUPPORT	2,163.6	23,991.1	26,154.7	-2,257.0	-7,767.9	-399.2	15,730.6
	TOTAL OTHER SERVICES FOR ADULTS & OLDER PEOPLE	12,975.2	54,930.6	67,905.8	-2,603.2	-17,753.2	304.8	47,854.2
	CHILDREN'S SERVICES							
44	Children in Care (Looked After) - Fostering - Disabled Children - In house service	0.0	1,536.0	1,536.0	0.0	0.0	0.0	1,536.0
45	Children in Care (Looked After) - Fostering - Non-Disabled Children - In house service	2,862.6	21,206.3	24,068.9	-41.9	0.0	0.0	24,027.0
46	Children in Care (Looked After) - Fostering - Disabled Children - Commissioned from Independent Fostering Agencies	0.0	1,217.8	1,217.8	0.0	0.0	0.0	1,217.8
47	Children in Care (Looked After) - Fostering - Non-Disabled Children - Commissioned from Independent Fostering Agencies	0.0	12,432.6	12,432.6	0.0	0.0	0.0	12,432.6
48	Children in Care (Looked After) - Legal Charges - Disabled Children	0.0	231.8	231.8	0.0	0.0	0.0	231.8
49	Children in Care (Looked After) - Legal Charges - Non-Disabled Children	0.0	8,999.3	8,999.3	0.0	0.0	0.0	8,999.3
50	Children in Care (Looked After) - Residential Children's Services - Disabled Children - In house service (Short Breaks Units)	4,873.0	691.2	5,564.2	-1,039.5	-741.7	0.0	3,783.0
51	Children in Care (Looked After) - Residential Children's Services - Disabled Children - Commissioned from Independent Sector	0.0	14,299.4	14,299.4	-812.2	-1,299.4	0.0	12,187.8
52	Children in Care (Looked After) - Residential Children's Services - Non-Disabled Children - Commissioned from Independent Sector	0.0	19,825.4	19,825.4	0.0	-700.0	0.0	19,125.4
53	Children in Care (Looked After) - Supported Accommodation - Disabled Children - Commissioned from Independent Sector	0.0	4,795.9	4,795.9	0.0	-848.7	0.0	3,947.2
54	Children in Care (Looked After) - Supported Accommodation - Non-Disabled Children - Commissioned from Independent Sector	0.0	10,956.1	10,956.1	0.0	0.0	0.0	10,956.1
55	Children in Care (Looked After) - Virtual School Kent	2,714.0	3,040.3	5,754.3	-533.6	-2.8	-3,102.5	2,115.4
	TOTAL CHILDREN IN CARE (LOOKED AFTER)	10,449.6	99,232.1	109,681.7	-2,427.2	-3,592.6	-3,102.5	100,559.4
56	Children in Need - Family Support Services - Disabled Children	705.8	8,269.3	8,975.1	-196.8	-1,187.3	0.0	7,591.0
57	Children in Need - Family Support Services - Non-Disabled Children	0.0	2,177.0	2,177.0	-45.2	-0.2	0.0	2,131.6
	TOTAL CHILDREN IN NEED	705.8	10,446.3	11,152.1	-242.0	-1,187.5	0.0	9,722.6
58	Early Help - Children's Centres	6,977.5	5,190.5	12,168.0	-3,497.7	-14.5	-4,109.0	4,546.8
59	Early Help - Early Intervention & Prevention	11,753.5	5,225.9	16,979.4	-88.8	-1,580.9	-9,320.1	5,989.6
	TOTAL EARLY HELP	18,731.0	10,416.4	29,147.4	-3,586.5	-1,595.4	-13,429.1	10,536.4
60	Education & Personal - Attendance & Behaviour	1,632.8	214.5	1,847.3	-116.7	-267.0	-1,372.0	91.6
61	Education & Personal - Early Years Education	0.0	84,413.8	84,413.8	0.0	0.0	-84,413.8	0.0
62	Education & Personal - Education Psychology Service	4,395.1	1,055.5	5,450.6	0.0	0.0	0.0	5,450.6
63	Education & Personal - Individual Learner Support	1,551.7	167.6	1,719.3	-30.1	-265.4	-1,131.9	291.9
64	Education & Personal - Support for Pupils with SEN	4,493.8	24,594.2	29,088.0	0.0	-347.2	-28,740.8	0.0
65	Education & Personal - Youth Service	2,870.8	1,721.2	4,592.0	-235.2	-272.3	-245.0	3,839.5
66	Education & Personal - Youth Offending Service	1,722.1	595.5	2,317.6	-323.6	-382.9	-1,065.4	545.7
67	Education & Personal - Education Services provided by The Education People	0.0	8,560.8	8,560.8	0.0	0.0	-4,287.0	4,273.8
	TOTAL EDUCATION & PERSONAL	16,666.3	121,323.1	137,989.4	-705.6	-1,534.8	-121,255.9	14,493.1

2023-24 REVENUE BUDGET BY CORE SERVICE		2023-24 FINAL APPROVED BUDGET						
		staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
OTHER CHILDREN'S SERVICES								
68	Other Children's Services - Adoption & other permanent care arrangements for children	3,779.7	14,614.9	18,394.6	0.0	-1,310.4	0.0	17,084.2
69	Other Children's Services - Asylum Seekers - Aged under 16	0.0	3,666.9	3,666.9	0.0	0.0	-2,861.3	805.6
70	Other Children's Services - Asylum Seekers - Aged 16 & 17	2,200.5	13,340.7	15,541.2	0.0	-235.8	-16,923.4	-1,618.0
71	Other Children's Services - Asylum Seekers - Aged 18 and over (care leavers)	0.0	11,885.6	11,885.6	-219.0	0.0	-10,914.2	752.4
72	Other Children's Services - Care Leavers	5,475.7	4,300.7	9,776.4	-2,586.7	0.0	-1,300.8	5,888.9
73	Other Children's Services - Safeguarding	5,354.3	509.7	5,864.0	-748.6	-303.6	0.0	4,811.8
TOTAL OTHER CHILDREN'S SERVICES		16,810.2	48,318.5	65,128.7	-3,554.3	-1,849.8	-31,999.7	27,724.9
COMMUNITY SERVICES								
74	Community Services - Arts & Culture Development	367.2	1,071.7	1,438.9	0.0	-94.8	0.0	1,344.1
75	Community Services - Community Learning & Skills (CLS)	9,550.1	3,104.1	12,654.2	-61.0	-2,788.3	-10,044.1	-239.2
76	Community Services - Contact Centre, Customer Care & Digital Web Services	588.6	3,115.6	3,704.2	-30.9	0.0	-89.0	3,584.3
77	Community Services - Gateways	362.1	408.9	771.0	-62.0	-59.0	0.0	650.0
78	Community Services - Gypsies & Travellers	300.1	233.6	533.7	0.0	-489.4	0.0	44.3
79	Community Services - Libraries, Registration & Archives Services	12,757.0	4,007.6	16,764.6	-344.5	-5,894.1	0.0	10,526.0
80	Community Services - Local Healthwatch & NHS Complaints Advocacy	0.0	441.3	441.3	0.0	-78.1	-363.2	0.0
81	Community Services - Sports & Physical Activity Development	722.6	933.8	1,656.4	-312.0	-1,316.4	0.0	28.0
82	Community Services - Support to Individuals & Communities via Local Welfare Assistance & Relocation Schemes & Civil Society Strategy	2,063.9	4,573.4	6,637.3	0.0	0.0	-6,236.0	401.3
TOTAL COMMUNITY SERVICES		26,711.6	17,890.0	44,601.6	-810.4	-10,720.1	-16,732.3	16,338.8
ENVIRONMENT								
83	Environment - Country Parks, Countryside Partnerships & Explore Kent	2,250.6	1,410.5	3,661.1	-264.5	-2,731.9	-18.3	646.4
84	Environment - Environmental Management (incl. Coastal Protection)	3,003.6	6,509.9	9,513.5	-234.3	-1,875.1	-5,252.3	2,151.8
85	Environment - Public Rights of Way	1,619.7	1,235.4	2,855.1	0.0	-200.0	-73.6	2,581.5
TOTAL ENVIRONMENT		6,873.9	9,155.8	16,029.7	-498.8	-4,807.0	-5,344.2	5,379.7
HIGHWAYS								
86	Highways Maintenance - Adverse Weather	0.0	3,834.6	3,834.6	0.0	0.0	0.0	3,834.6
87	Highways Maintenance - Bridges & Other Structures	1,054.6	2,810.8	3,865.4	0.0	-92.0	0.0	3,773.4
88	Highways Maintenance - General maintenance & emergency response	4,805.1	5,508.0	10,313.1	0.0	-368.8	0.0	9,944.3
89	Highways Maintenance - Highways Drainage	1,061.0	4,879.6	5,940.6	0.0	0.0	0.0	5,940.6
90	Highways Maintenance - Streetlight maintenance	878.1	1,918.9	2,797.0	0.0	-11.3	0.0	2,785.7
TOTAL HIGHWAY MAINTENANCE		7,798.8	18,951.9	26,750.7	0.0	-472.1	0.0	26,278.6
91	Highways Management - Development Planning	2,189.5	267.4	2,456.9	0.0	-3,021.5	0.0	-564.6
92	Highways Management - Highways Improvements	2,586.2	-976.3	1,609.9	0.0	0.0	0.0	1,609.9
93	Highways Management - Road Safety	1,244.2	1,437.7	2,681.9	0.0	-1,633.6	-199.5	848.8
94	Highways Management - Streetlight Energy	0.0	7,341.2	7,341.2	0.0	0.0	0.0	7,341.2
95	Highways Management - Traffic management	6,077.8	659.1	6,736.9	0.0	-4,630.6	0.0	2,106.3
96	Highways Management - Tree maintenance, grass cutting & weed control	855.0	3,940.1	4,795.1	0.0	0.0	0.0	4,795.1
TOTAL HIGHWAY MANAGEMENT		12,952.7	12,669.2	25,621.9	0.0	-9,285.7	-199.5	16,136.7
LOCAL DEMOCRACY								
97	Local Democracy - County Council Elections	0.0	470.0	470.0	0.0	0.0	0.0	470.0
98	Local Democracy - Local Member Grants	0.0	291.6	291.6	0.0	0.0	0.0	291.6
99	Local Democracy - Partnership arrangements with District Councils	0.0	3,528.4	3,528.4	0.0	-357.1	0.0	3,171.3
TOTAL LOCAL DEMOCRACY		0.0	4,290.0	4,290.0	0.0	-357.1	0.0	3,932.9

2023-24 REVENUE BUDGET BY CORE SERVICE		2023-24 FINAL APPROVED BUDGET						net £'000
		staffing £'000	non staffing £'000	gross £'000	internal income £'000	external income £'000	grants £'000	
PLANNING & TRANSPORT STRATEGY								
100	Planning & Transport Strategy - Planning & Transport Policy	891.7	486.9	1,378.6	0.0	0.0	0.0	1,378.6
101	Planning & Transport Strategy - Planning Applications	1,024.7	107.8	1,132.5	-179.0	-114.0	0.0	839.5
	TOTAL PLANNING & TRANSPORT STRATEGY	1,916.4	594.7	2,511.1	-179.0	-114.0	0.0	2,218.1
PUBLIC HEALTH								
102	Public Health - Children's Public Health Programmes: 0-5 year olds Health Visiting Service	0.0	24,062.3	24,062.3	0.0	0.0	-24,062.3	0.0
103	Public Health - Other Children's Public Health Programmes	0.0	10,515.4	10,515.4	-419.6	-297.6	-9,798.2	0.0
104	Public Health - Drug & Alcohol services	0.0	13,967.5	13,967.5	0.0	-394.0	-13,573.5	0.0
105	Public Health - Integrated Health & Lifestyle Service	0.0	7,984.9	7,984.9	0.0	0.0	-7,984.9	0.0
106	Public Health - Mental Health including Violence Prevention & Support	171.8	3,197.7	3,369.5	0.0	-380.8	-2,988.7	0.0
107	Public Health - Staffing, Advice & Monitoring	4,215.6	1,679.7	5,895.3	0.0	-334.5	-5,560.8	0.0
108	Public Health - Sexual Health Services	0.0	15,176.8	15,176.8	0.0	-997.4	-14,179.4	0.0
	TOTAL PUBLIC HEALTH	4,387.4	76,584.3	80,971.7	-419.6	-2,404.3	-78,147.8	0.0
PUBLIC PROTECTION								
109	Public Protection - Community Safety (incl. Community Wardens)	2,363.7	261.7	2,625.4	-60.0	-149.7	0.0	2,415.7
110	Public Protection - Coroners	2,779.4	3,666.1	6,445.5	0.0	-1,141.4	0.0	5,304.1
111	Public Protection - Emergency Response & Resilience (incl Flood Risk Management)	1,081.9	532.3	1,614.2	0.0	-232.2	-60.5	1,321.5
112	Public Protection - Trading Standards (incl. Kent Scientific Services)	4,327.5	877.4	5,204.9	-466.5	-1,220.0	0.0	3,518.4
	TOTAL PUBLIC PROTECTION	10,552.5	5,337.5	15,890.0	-526.5	-2,743.3	-60.5	12,559.7
REGENERATION & ECONOMIC DEVELOPMENT								
113	Regeneration & Economic Development services	2,726.6	2,137.4	4,864.0	-47.0	-1,034.6	-1,112.1	2,670.3
SCHOOLS & HIGH NEEDS EDUCATION								
114	Schools & High Needs Education Budgets - Exclusion Services	0.0	6,769.8	6,769.8	0.0	0.0	-6,769.8	0.0
115	Schools & High Needs Education Budgets - HN pupils in FE colleges (post 16 year olds)	0.0	4,683.8	4,683.8	0.0	0.0	-4,683.8	0.0
116	Schools & High Needs Education Budgets - HN pupils in Independent Sector providers (post 16 year olds)	0.0	4,653.0	4,653.0	-153.0	0.0	-4,500.0	0.0
117	Schools & High Needs Education Budgets - HN pupils in Independent Special School placements	0.0	38,741.6	38,741.6	-550.0	-422.8	-37,768.8	0.0
118	Schools & High Needs Education Budgets - HN Pupils - Recoupment	0.0	7,711.9	7,711.9	-797.0	-3,246.9	-3,668.0	0.0
119	Schools & High Needs Education Budgets - PFI Schools Scheme	0.0	30,627.4	30,627.4	-8,084.5	-7,745.0	-14,797.9	0.0
120	Schools & High Needs Education Budgets - Schools & Pupil Referral Units delegated budgets	558,293.6	175,317.5	733,611.1	0.0	-30,490.7	-703,120.4	0.0
	TOTAL SCHOOLS & HIGH NEEDS EDUCATION	558,293.6	268,505.0	826,798.6	-9,584.5	-41,905.4	-775,308.7	0.0
SCHOOLS' SERVICES								
121	Schools' Services - Education Staff Pension costs	0.0	6,423.2	6,423.2	0.0	-684.0	-2,300.0	3,439.2
122	Schools' Services - Other Schools' Services	2,326.7	7,660.6	9,987.3	-2,456.2	-99.2	-4,005.1	3,426.8
123	Schools' Services - Redundancy costs	0.0	888.7	888.7	0.0	0.0	-888.7	0.0
124	Schools' Services - School Improvement (Targeted Intervention Fund)	0.0	1,511.5	1,511.5	-1,511.5	0.0	0.0	0.0
	TOTAL SCHOOLS' SERVICES	2,326.7	16,484.0	18,810.7	-3,967.7	-783.2	-7,193.8	6,866.0

2023-24 REVENUE BUDGET BY CORE SERVICE		2023-24 FINAL APPROVED BUDGET						
		staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
TRANSPORT SERVICES								
125	Transport Services - English National Concessionary Travel Scheme (ENCTS)	0.0	13,020.5	13,020.5	0.0	-47.0	0.0	12,973.5
126	Transport Services - Home to School / College Transport (Special Education Needs)	210.4	60,733.9	60,944.3	0.0	-801.5	0.0	60,142.8
127	Transport Services - Home to School Transport (Mainstream)	0.0	8,298.8	8,298.8	0.0	-30.0	0.0	8,268.8
128	Transport Services - Kent 16+ Travel Saver	0.0	3,807.9	3,807.9	0.0	-3,399.1	0.0	408.8
129	Transport Services - Supported Bus Services	89.0	8,749.9	8,838.9	-738.3	-1,760.7	-1,087.8	5,252.1
130	Transport Services - Transport Planning & Operations	1,867.7	165.3	2,033.0	-74.9	-69.3	0.0	1,888.8
131	Transport Services - Kent Travel Saver	0.0	14,558.2	14,558.2	0.0	-9,482.7	0.0	5,075.5
TOTAL TRANSPORT SERVICES		2,167.1	109,334.5	111,501.6	-813.2	-15,590.3	-1,087.8	94,010.3
WASTE								
132	Waste Management - Waste Compliance, Commissioning & Contract Management	917.7	103.8	1,021.5	0.0	0.0	0.0	1,021.5
133	Waste Management - Partnerships & development	283.6	146.1	429.7	0.0	0.0	0.0	429.7
134	Waste Management - Closed Landfill Sites	123.4	322.0	445.4	0.0	-16.0	0.0	429.4
TOTAL WASTE MANAGEMENT		1,324.7	571.9	1,896.6	0.0	-16.0	0.0	1,880.6
135	Waste Processing - Operation of Waste Facilities	0.0	26,649.1	26,649.1	0.0	-132.7	0.0	26,516.4
136	Waste Processing - Payments to Waste Collection Authorities (District Councils)	0.0	5,144.1	5,144.1	0.0	0.0	0.0	5,144.1
137	Waste Processing - Recycling Contracts & Composting	0.0	8,673.8	8,673.8	0.0	-3,955.6	0.0	4,718.2
138	Waste Processing - Treatment and disposal of residual waste	0.0	50,408.7	50,408.7	0.0	-454.0	0.0	49,954.7
TOTAL WASTE PROCESSING		0.0	90,875.7	90,875.7	0.0	-4,542.3	0.0	86,333.4
CORPORATELY HELD BUDGETS (TO BE ALLOCATED)								
139	Corporately Held Budgets (to be allocated) - Children's Social Care	0.0	0.0	0.0	0.0	-30.0	0.0	-30.0
140	Corporately Held Budgets (to be allocated) - Children's Other Services	0.0	0.0	0.0	0.0	-30.0	0.0	-30.0
141	Corporately Held Budgets (to be allocated) - Community Services	0.0	11,065.4	11,065.4	0.0	-80.0	-11,065.4	-80.0
142	Corporately Held Budgets (to be allocated) - Corporate Landlord	0.0	0.0	0.0	0.0	-12.5	0.0	-12.5
143	Corporately Held Budgets (to be allocated) - Environment	0.0	0.0	0.0	0.0	-37.5	0.0	-37.5
144	Corporately Held Budgets (to be allocated) - Highways	0.0	0.0	0.0	0.0	-37.5	0.0	-37.5
145	Corporately Held Budgets (to be allocated) - Management, Support Services & Overheads	0.0	0.0	0.0	0.0	-12.5	0.0	-12.5
146	Corporately Held Budgets (to be allocated) - Non Attributable Costs	208.1	0.0	208.1	0.0	0.0	0.0	208.1
147	Corporately Held Budgets (to be allocated) - Planning & Transport Strategy	0.0	0.0	0.0	0.0	-37.5	0.0	-37.5
148	Corporately Held Budgets (to be allocated) - Public Protection	0.0	0.0	0.0	0.0	-50.0	0.0	-50.0
149	Corporately Held Budgets (to be allocated) - Regeneration	0.0	0.0	0.0	0.0	-37.5	0.0	-37.5
150	Corporately Held Budgets (to be allocated) - Schools' Services	0.0	11,065.4	11,065.4	0.0	-30.0	-11,065.4	-30.0
151	Corporately Held Budgets (to be allocated) - Transport Services	0.0	0.0	0.0	0.0	-67.5	0.0	-67.5
152	Corporately Held Budgets (to be allocated) - Waste Services	0.0	0.0	0.0	0.0	-37.5	0.0	-37.5
TOTAL CORPORATELY HELD BUDGETS (TO BE ALLOCATED)		208.1	22,130.8	22,338.9	0.0	-500.0	-22,130.8	-291.9
TOTAL DIRECT SERVICES TO THE PUBLIC		733,468.6	1,603,854.3	2,337,322.9	-30,061.8	-261,686.3	-1,088,054.0	957,520.8

2023-24 REVENUE BUDGET BY CORE SERVICE		2023-24 FINAL APPROVED BUDGET						
		staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
NON ATTRIBUTABLE COSTS (Financing Items)								
153	Non Attributable Costs - Audit Fees	0.0	526.8	526.8	0.0	0.0	0.0	526.8
154	Non Attributable Costs - Contribution to IT Asset Maintenance Reserve	0.0	1,389.0	1,389.0	0.0	0.0	0.0	1,389.0
155	Non Attributable Costs - Contribution to/from reserves	0.0	26,565.2	26,565.2	0.0	0.0	0.0	26,565.2
156	Non Attributable Costs - Insurance Fund	0.0	5,230.0	5,230.0	0.0	0.0	0.0	5,230.0
157	Non Attributable Costs - Modernisation of the Council	0.0	1,000.0	1,000.0	0.0	0.0	0.0	1,000.0
158	Non Attributable Costs - Net debt costs (incl. investment income)	0.0	101,099.9	101,099.9	0.0	-16,099.0	0.0	85,000.9
159	Non Attributable Costs - Other	1,387.3	972.0	2,359.3	0.0	0.0	-9.0	2,350.3
160	Non Attributable Costs - Contribution from our companies	0.0	500.0	500.0	0.0	-6,500.0	0.0	-6,000.0
	TOTAL NON ATTRIBUTABLE COSTS	1,387.3	137,282.9	138,670.2	0.0	-22,599.0	-9.0	116,062.2
SOCIAL CARE STAFFING ASSESSMENT & SUPPORT SERVICES								
161	Assessment Services - Adults Social Care staffing	39,666.4	2,305.2	41,971.6	0.0	-2,904.4	-300.6	38,766.6
162	Assessment Services - Assessment & Support of children with SEN	8,889.6	1,347.4	10,237.0	-191.0	-105.5	-1,296.7	8,643.8
163	Assessment Services - Children's Social Care staffing - Disabled Children	9,117.3	-423.4	8,693.9	0.0	0.0	0.0	8,693.9
164	Assessment Services - Children's Social Care staffing - Non-Disabled Children	49,948.1	1,591.5	51,539.6	-3,792.5	-183.6	-377.0	47,186.5
	TOTAL SOCIAL CARE STAFFING ASSESSMENT & SUPPORT SERVICES	107,621.4	4,820.7	112,442.1	-3,983.5	-3,193.5	-1,974.3	103,290.8
MANAGEMENT, SUPPORT SERVICES & OVERHEADS								
165	Directorate Management & Support for ASCH	5,659.7	3,050.1	8,709.8	0.0	-820.0	-118.8	7,771.0
166	Directorate Management & Support for CED	562.2	1,654.0	2,216.2	-505.8	-120.0	-2,050.0	-459.6
167	Directorate Management & Support for CYPE	6,561.1	2,358.6	8,919.7	-488.7	0.0	-2,267.3	6,163.7
168	Directorate Management & Support for DCED	769.7	202.3	972.0	0.0	-276.4	0.0	695.6
169	Directorate Management & Support for GET	3,094.4	1,523.4	4,617.8	-5.0	-192.4	0.0	4,420.4
170	Support to frontline services - Adult's Social Care Performance Monitoring	973.0	100.3	1,073.3	0.0	0.0	0.0	1,073.3
171	Support to frontline services - Adult's Social Care Commissioning & Administration of Care Packages	9,895.5	10,657.7	20,553.2	0.0	-10,652.1	-22.7	9,878.4
172	Support to frontline services - Business Strategy (incl Strategic Policy, Performance & Business Intelligence)	6,667.0	4,299.6	10,966.6	-141.6	-112.0	-4,473.0	6,240.0
173	Support to frontline services - Children's Services Performance Monitoring	2,942.5	381.2	3,323.7	-48.0	-17.0	-1,590.5	1,668.2
174	Support to frontline services - Communications, Consultation & Engagement	2,084.3	500.7	2,585.0	-373.7	0.0	0.0	2,211.3
175	Support to frontline services - Corporate Landlord	0.0	42,495.8	42,495.8	-1,753.3	-6,876.2	-187.0	33,679.3
176	Support to frontline services - Democratic & Member Services	2,277.4	2,756.1	5,033.5	-43.0	-213.8	-35.0	4,741.7
177	Support to frontline services - Finance	14,294.1	2,118.6	16,412.7	-1,239.8	-4,402.5	-904.8	9,865.6
178	Support to frontline services - General Counsel & Information Governance	1,595.6	549.6	2,145.2	0.0	-53.0	0.0	2,092.2
179	Support to frontline services - Human Resources (excl services commissioned from CBS Ltd)	3,991.4	2,047.6	6,039.0	-24.0	-326.1	-1.0	5,687.9
180	Support to frontline services - Human Resources - services commissioned from CBS Ltd	0.0	2,089.9	2,089.9	0.0	-60.0	0.0	2,029.9
181	Support to frontline services - Property	8,550.7	648.2	9,198.9	-1,145.3	-475.2	0.0	7,578.4
182	Support to frontline services - Strategic Commissioning	9,113.4	141.3	9,254.7	-1,490.0	-71.0	-44.1	7,649.6
183	Support to frontline services - Technology commissioned services (incl commissioned from CBS Ltd)	0.0	7,816.0	7,816.0	0.0	0.0	-147.3	7,668.7
184	Support to frontline services - Technology (excl services commissioned from CBS Ltd)	3,752.7	17,612.6	21,365.3	-18.0	-3,264.4	-1.7	18,081.2
	TOTAL MANAGEMENT, SUPPORT SERVICES & OVERHEADS	82,784.7	103,003.6	185,788.3	-7,276.2	-27,932.1	-11,843.2	138,736.8
	TOTAL	925,262.0	1,848,961.5	2,774,223.5	-41,321.5	-315,410.9	-1,101,880.5	1,315,610.6
	TOTAL excluding Schools Delegated Budgets (row 120 above)	366,968.4	1,673,644.0	2,040,612.4	-41,321.5	-284,920.2	-398,760.1	1,315,610.6

SECTION 23

**2023-24 Revenue Budget subjective
analysis**

2023-24 SUMMARY SUBJECTIVE ANALYSIS
(excl Schools Delegated Budgets)

	In-house £'000s	Commissioned /external £'000s	Total £'000s
0 - Direct employee costs	365,609.5		365,609.5
0 - Apprenticeship Levy	1,358.9		1,358.9
0 - Other employee related costs	15,818.6		15,818.6
TOTAL EMPLOYEE COSTS	382,787.0	0.0	382,787.0
1 - Premises maintenance related costs	8,754.0		8,754.0
1 - Energy & Water	19,598.0		19,598.0
1 - Rent	9,980.3		9,980.3
1 - Business Rates	8,366.1		8,366.1
1 - Other premises related costs	5,970.3		5,970.3
TOTAL PREMISES COSTS	52,668.7	0.0	52,668.7
2 - Contract hire & operating leases	1,005.6		1,005.6
2 - Home to school/college transport		70,323.2	70,323.2
2 - Staff & Member travel costs	5,833.8		5,833.8
2 - Client Transport costs		4,712.4	4,712.4
2 - other transport costs	814.3		814.3
TOTAL TRANSPORT COSTS	7,653.7	75,035.6	82,689.3
3 - ICT costs	20,762.9		20,762.9
3 - Other Supplies & Services costs	10,770.1		10,770.1
TOTAL SUPPLIES & SERVICES COSTS	31,533.0	0.0	31,533.0
4 - Specialists Fees		25,503.9	25,503.9
4 - Consultants		2,423.9	2,423.9
4 - Legal Fees		11,489.8	11,489.8
4 - Other Professional fees		9,511.1	9,511.1
4 - Member allowances	2,255.3		2,255.3
4 - Grants		33,393.0	33,393.0
4 - PFI Development costs		31,210.7	31,210.7
4 - Miscellaneous & other costs	8,769.8	908.6	9,678.4
TOTAL FEES, GRANTS & SUBSCRIPTIONS	11,025.1	114,441.0	125,466.1
5 - Services commissioned from Local Authorities		21,591.3	21,591.3
5 - Services commissioned from Voluntary Bodies		32,822.0	32,822.0
5 - Services commissioned from Health Authorities		73,227.4	73,227.4
5 - Services commissioned from Private Contractors		221,405.8	221,405.8
5 - Foster Carers		44,957.3	44,957.3
5 - Early Years providers		85,948.8	85,948.8
5 - Other commissioned services		723,895.5	723,895.5
TOTAL COMMISSIONED SERVICES	0.0	1,203,848.1	1,203,848.1

	In-house	Commissioned	Total
	£'000s	/external £'000s	£'000s
6 - Transfers to/from reserves & provns	35,838.9		35,838.9
6 - Revenue Contributions to Capital Outlay (RCCO)	2,088.9		2,088.9
6 - PWLB/Market loan costs etc	36,397.0		36,397.0
6 - Capitalisation (tfr to capital)	-10,007.8		-10,007.8
6 - Minimum Revenue Provision	51,254.0		51,254.0
TOTAL TRANSFERS	115,571.0	0.0	115,571.0
6 - Internal Recharges	25,696.7		25,696.7
6 - Payments to KCC Schools	20,352.5		20,352.5
TOTAL INTERNAL RECHARGES	46,049.2	0.0	46,049.2
GROSS EXPENDITURE	647,287.7	1,393,324.7	2,040,612.4
8 - Dept for Education Grants			-201,724.0
8 - Dept for Health Grants			-79,745.8
8 - Home Office grants (Asylum Seekers)			-30,553.1
8 - Other Grants			-86,737.2
TOTAL GRANTS			-398,760.1
8 - Health Contributions			-72,238.0
8 - Local Authority Contributions			-16,685.6
8 - Other contributions			-9,694.7
TOTAL CONTRIBUTIONS			-98,618.3
9 - Client income			-98,684.6
9 - Other sales, fees & charges			-56,825.7
TOTAL SALES, FEES & CHARGES			-155,510.3
9 - Interest & Dividends			-13,689.5
9 - Other income			-17,102.1
TOTAL OTHER INCOME			-30,791.6
9 - Internal recharges			-27,774.8
9 - Income from schools			-13,546.7
TOTAL INCOME & GRANTS			-725,001.8
NET EXPENDITURE			1,315,610.6

SECTION 24

[2023-24 Revenue Budget Variation Statements](#)

Details of hyperlink:

<https://app.powerbi.com/view?r=eyJrljoiZTI5Zjl0NmEtZDYzZS00N2E1LTgyNTUtYjU0YThlYiczZTU1liwidCI6IjMyNTNhMjBkLWM3MzUtNGJmZS1hOGI3LTNlNmFiMzdmNWY5MCIslmMiOjh9&embedImagePlaceholder=true>

SECTION 25

2023-24 Council Tax

2023-24 Council Tax

1.1 Council Tax income is a key source of funding which is used to pay for a large range of council services. The amount generated through Council Tax is principally determined by: the Council Tax Base (the number of properties adjusted for exemptions and discounts), the amount charged per property and the collection rate.

1.2 A significant proportion of the revenue budget is funded from the County Council's share of council tax. The County Council share of council tax typically amounts to around 70% of a household council tax bill. The County Council charge is the same for all properties in the county in the same council tax band (as is the share for Police & Crime Commissioner and Fire and Rescue authority), the amount for district/borough and town/parish councils will vary depending on the local area and the individual decisions of those councils.

1.3 The Council currently can, subject to legislative constraints (referendum limits), increase its Council Tax rate through two mechanisms: the Adult Social Care (ASC) precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £8.2m per year, which equates to approximately 28 pence per week for a Band D property.

1.4 The Autumn Statement and Provisional Local Government Finance Settlement confirmed the referendum level of up to but not exceeding 3% for general tax rate increases, and permitted Councils to add an adult social care precept of up to 2%. The government assumes in the Core Spending Power calculation that Councils will increase Council Tax to the maximum allowed. If the Council, therefore, did not implement the maximum level, then its spending power to provide services would be reduced going forward with no funding from government to mitigate this. The 2023-24 budget includes a 2.9995% increase in the general precept (up to but not exceeding the referendum level) and a further 1.9956% increase in the adult social care precept.

1.5 The County Council's council tax level is currently 10th of the 24 counties and 4th of the 7 south east counties. After implementing the increases for 2023-24, the Council's relative position will depend on the extent to which other councils agree increases up to the 2023-24 referendum level/social care precept. We will not know KCC's relative position on Council Tax until all county councils have agreed their precept and Council Tax charge for 2023-24.

1.6 Before the Covid-19 pandemic, the county had seen consistent increases in the number of new homes over recent years. The pandemic had a material impact on the 2021-22 taxbase, because it impacted the number of people in work or receiving low pay and as a consequence increased significantly those claiming welfare benefits, including through the Local Council Tax Reduction Scheme (LCTRS). There was also been a drop in the collection rate as residents' income levels were affected by Covid-19 restrictions. The impact of this was a reduced tax base in 2021-22, and although 2022-23 saw a return to the pre-pandemic level of LCTRS and an improvement on collection rates, collection rates have not quite returned to pre-pandemic levels. It is not yet clear how the cost of living crisis will impact LCTRS levels and collection rates.

1.7 The Council Tax Collection Fund deficit in 2020-21 is accounted for over the three-year period 2021-24. A separate compensation grant has been provided by Government equivalent to 75% of irrecoverable losses due to the pandemic over the same three-year period. The Council has previously included estimated collection fund surpluses as part of the funding towards the budget as legislation requires that any surpluses or losses on collection must be taken into account in the following year's budget and council tax setting considerations. In the 2023-24 budget and 2023-26 MTFP a consistent level of collection fund balance is assumed to support the core budget (based on the average of previous years) and any variation from this will be added to/drawn down from the local taxation smoothing reserve. The estimated collection fund for 2022-23 notified by districts (i.e. excluding the final tranche of the deficit from 2020-21) shows a surplus of £11.5m, meaning a £4.5m one-off contribution will be added to the local taxation smoothing reserve in 2023-24. This is considered a more appropriate treatment of collection fund balances and still satisfies the statutory requirement. The 2023-24 budget includes the third year of the 2020-21 deficit (£4.6m) and compensation (£2.3m).

1.8 The council tax charge for 2023-24 was agreed by County Council on 9th February 2023. Council tax is raised through a precept to each district council based on the band D charge for the year multiplied by the estimated band D equivalent tax base (number of properties) for each district. The tax base estimate is calculated by each district and the County Council has no discretion to vary this amount. County Council must agree the precept as part of the budget approval. District councils are responsible for council tax collection and must pay the amount of the precept in monthly instalments to KCC. Any surpluses or losses on collection must be taken into account in the following year's budget and council tax setting considerations.

1.9 The County Council approved an increase up to but not exceeding the 3% general council tax referendum limit. The County Council also approved taking up the 2% increase in ASC precept. These increases take the annual total band D charge for 2023-24 to £1,534.23 of which £202.41 is for the ASC precept. The approved increases are the equivalent of £1.40 pence per week for a band D household.

1.10 The approved budget includes the estimates of council tax base from all districts. The council tax base estimate shows a 1.45% increase in the band D equivalent tax base providing an additional £12.0m of Council Tax income. This tax base increase is broadly in line with what was expected based on average pre-pandemic growth. The higher tax base means the amount generated from a 1% increase in Council Tax rate rises to £8.4m in 2023-24. We will provide a fuller analysis of changes in the taxbase once we have the details from districts. The change between 2022-23 and 2023-24 final estimates are shown, by district, in table 1 below. The impact of this increase to individual bands is shown in table 2 below.

1.11 The general Council Tax and the ASC Precept will be shown as two separate lines on the Council Tax demand notice as shown in table 3 below. Other authorities i.e. Police, Fire & Rescue, Districts, Parish and Town Councils are responsible for setting their own share of council tax as part of the overall bill. The final council tax bills will be based on the tax rates set by each of the relevant authorities.

Table 1 – Council Tax Base changes & 2023-24 Precept

District	2022-23 Band D Equivalent Taxbase	2023-24 Band D Equivalent Taxbase	2023-24 Precept @ £1,534.23 (incl. ASCL) £000s	% change
Ashford	48,664.00	48,906.00	75,033.1	0.50%
Canterbury	51,259.80	52,372.76	80,351.9	2.17%
Dartford	39,544.25	40,288.37	61,811.6	1.88%
Dover	39,763.21	39,974.37	61,329.9	0.53%
Folkestone & Hythe	39,172.25	39,977.09	61,334.1	2.05%
Gravesham	34,829.66	35,266.50	54,106.9	1.25%
Maidstone	65,896.22	67,161.69	103,041.5	1.92%
Sevenoaks	51,514.27	51,990.30	79,765.1	0.92%
Swale	48,939.46	49,673.46	76,210.5	1.50%
Thanet	44,975.20	45,759.46	70,205.5	1.74%
Tonbridge & Malling	52,246.97	52,706.29	80,863.6	0.88%
Tunbridge Wells	46,479.60	47,402.10	72,725.7	1.98%
Total	563,284.89	571,478.39	876,779.3	1.45%

Table 2 – Council Tax Increases

Band	Proportion of Band D Tax Rate	2022-23 (incl. ASCL)	2023-24 (excl. increase in ASCL)	2023-24 (incl. increase in ASCL)
A	6/9	£974.16	£1,003.38	£1,022.82
B	7/9	£1,136.52	£1,170.61	£1,193.29
C	8/9	£1,298.88	£1,337.84	£1,363.76
D	9/9	£1,461.24	£1,505.07	£1,534.23
E	11/9	£1,785.96	£1,839.53	£1,875.17
F	13/9	£2,110.68	£2,173.99	£2,216.11
G	15/9	£2,435.40	£2,508.45	£2,557.05
H	18/9	£2,922.48	£3,010.14	£3,068.46

Note: ASCL – Adults Social Care Levy

Table 3 – Council Tax Demand Notice

Typical Council Tax bill breakdown	% increase on 2022-23 Council Tax bill	Amount for band D
Kent County Council	2.9995%	£1,331.82 (The share of Council Tax that Kent County Council will receive in 2023-24. This amount does not include the increase for adult social care funding since 2016-17)
Kent County Council (for Adult Social Care funding)	1.9956% (Kent County Council's share of Council Tax will increase by 4.9951% in 2022-23, which is this amount and the amount above)	£202.41 (This is the 2% increase for adult social care funding for 2023-24 added to the increases for adult social care which were first introduced on 1 April 2016) The Government requires all local authorities to show the adult social care funding increase in this way on Council Tax bills
Kent Police and Crime Commissioner	6.57%	£243.15
Kent and Medway Fire and Rescue	6.01%	£87.30
District or Borough Council	These amounts will vary depending on which district council you pay your council tax to	
Parish council	These amounts will vary depending on which district council you pay your council tax to	

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Budget Book 2023-24

Approved by County Council
9 February 2023