

Budget Book

2019-20

Approved by County Council 14 February 2019



kent.gov.uk/budget



KCC BUDGET BOOK 2019-20

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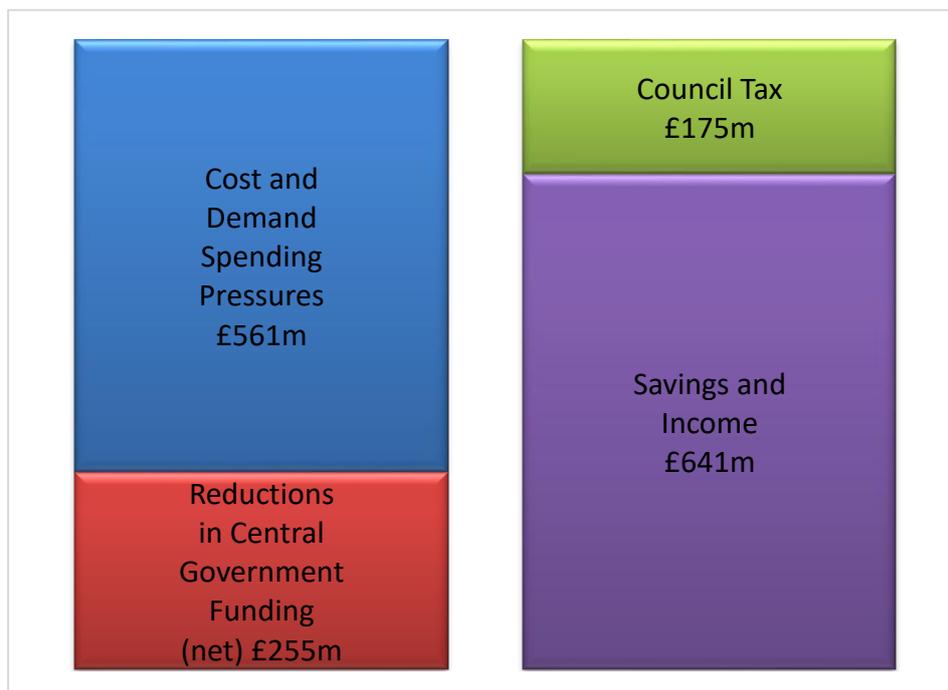
KCC Approved Budget Book

SECTION 1

Executive Summary

INTRODUCTION

- 1.1 Kent County Council (KCC) has a tremendous financial management track record. The Council has delivered a small net surplus on its revenue budget in each of the last 18 years up to 2017-18. This is built on a robust budget setting and medium term financial planning, combined with a rigorous budget management and monitoring regime. Together these are designed to ensure the budget reflects the Council's core strategic objectives but at the same time builds in financial prudence and resilience. The Council is determined to continue to develop and improve this financial management record so that spending decisions yield excellent value for money for Kent residents, businesses and taxpayers.
- 1.2 In recent years, and for the foreseeable future, KCC has faced an enormous and unprecedented financial challenge. This challenge arises from a combination of rising spending demands, reductions in central government funding and freezes/limits on raising Council Tax. Combined, this has led the Council to make annual savings in the region of £80m to £90m per annum each year since 2010, although the scale of savings has lessened in recent years as we have started to have increases in the council's budget in cash terms (albeit still reductions in real terms). A simple depiction of the scale of this challenge over the last 8 years up to 2018-19 is represented in the graphic below

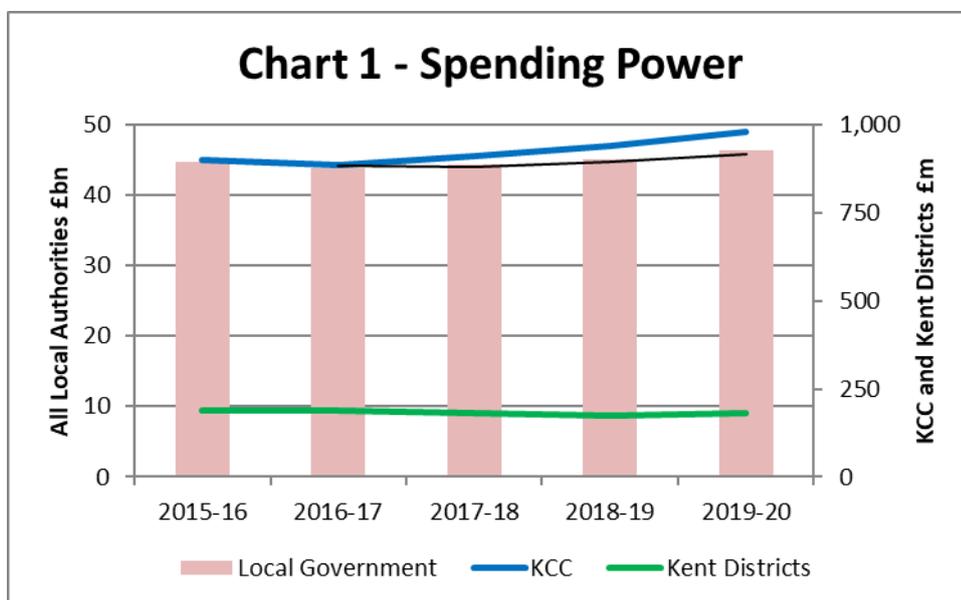


SPENDING CONTEXT FOR LOCAL GOVERNMENT

- 1.3 The overall spending context is based on the outcome of the 2015 Autumn Spending Review as amended by subsequent updates in local government finance settlements and Budget statements in the intervening years. The Spending Review set out a "flat cash" plan for revenue spending between 2015-16 and 2019-20, meaning that local government as a whole sector

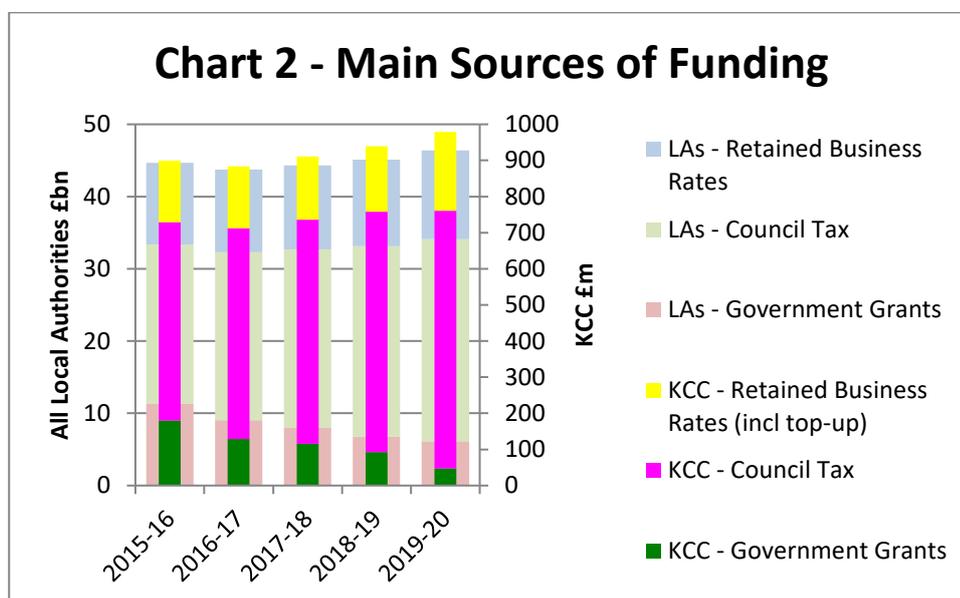
would have the same amount to spend in cash terms in 2019-20 as it had in 2015-16. This includes the amounts received from the Ministry of Housing, Communities and Local Government (MHCLG) grants, Council Tax, and locally retained share of Business Rates (although not any growth). There are no detailed Government spending plans beyond 2019-20 and thus KCC's revenue spending in the Medium Term Financial Plan (MTFP) beyond 2019-20 are estimates as funding projections are purely speculative.

- 1.4 This flat cash represented a substantial real terms reduction as local government has no additional money to pay for rising demand for services, rising cost of delivering services due to inflation and other market factors, or additional demands imposed by legislation or local service priorities. Flat cash does not take into account any changes in grants from other government departments e.g. Department for Education, Department for Transport, etc.
- 1.5 The subsequent changes have improved the flat cash equation and the final 2019-20 settlement shows a spending power increase of £1.7bn (3.8%) over the 4 years to 2019-20 for the whole sector. This is higher than previous indicative settlement which forecast an increase of £0.96bn (2.1%) by 2019-20, but still represents a real terms reduction in spending. The increase has come from a combination of Council Tax (taxbase and increases to the referendum limit), and additional government support for social care. The reductions in Revenue Support Grant are unchanged from the original settlement. The national totals are depicted in chart 1 against left hand axis in £bn. This shows a small net rise over the period (black line). The spending power for KCC (blue line) and Kent districts (green line) is shown in £m against the right hand axis.



- 1.6 The overall spending context is based on the government reducing its contribution through central grants and expecting local authorities to increase

Council Tax in line with inflation and the social care levy¹, and that retained Business Rates will increase in line with inflation. The forecast amounts for each are shown in chart 2; the total for all local authorities is shown as the fatter bar against the left hand vertical axis in £bn and KCC is shown as the thinner bar against the right hand vertical axis in £m.



1.7 Chart 2 demonstrates the government’s assumption that a greater proportion of KCC’s spending will be funded by Council Tax (72.9% by 2019-20) than the average for all authorities (60.2% by 2019-20). Charts 1 and 2 do not include any additional income from Business Rates growth under retention arrangements, both for those authorities piloting 75% and 100% retention and the 50% arrangements for all other authorities (which includes Kent & Medway).

KCC REVENUE BUDGET

1.8 The revenue budget relates to the day to day spending on services provided by the Council. The budget strategy is based on identifying the scale of the budget challenge i.e. the amounts needed to cover the impact of rising spending demand and rising costs, combined with the impact of reductions in central government funding. To offset this challenge the budget solution is based on identifying the amount that can be raised through Council Tax² and local share of Business Rates³; increases in government grants⁴; and savings

¹ Additional 2% per annum levy introduced in 2016. Under new powers from 2017 up to 3% per annum can be raised in the first years provided the 3 year levy between 2017-20 does not exceed 6%

² The amount raised through increases in estimated tax base, Council Tax increases approved by County Council on 14th February 2019 (including increases under the referendum arrangements and social care levy), and estimated collection fund balances

³ The locally retained share under the 50% retention arrangements (9%), KCC’s proceeds from the Kent business rate pool, and collection fund balances.

⁴ The planned net increase in Improved Better Care Fund, indexation of business rate top-up, and additional compensation for the lower indexation of Business Rates

that need to be made from reducing costs/generating income/use of reserves. The equation for 2019-20 and forecasts for 2020-21 and 2021-22 are set out in Table 1.

Table 1 - Revenue Budget Equation	2019-20 £m	2020-21 £m	2021-22 £m
Spending Demands	72.9	64.0	44.7
Government Grant Reductions	28.2	15.5	4.7
Total	101.1	79.5	49.4
Government Grant Increases	19.0	2.7	2.8
Council Tax & Business Rates	37.1	11.8	23.0
Savings, Income and Reserves	45.0	65.0	23.6
Total	101.1	79.5	49.4

- 1.9 The additional spending demands include the following:
- Budget Realignment – Right-sizing base budgets to reflect over/under performance in the current year, including provision for realignment for emerging pressures
 - Replacing Use of One-Offs – The current year’s budget (2018-19) includes a number of one-off actions e.g. draw down from reserves, use of capital receipts to fund transformation costs, etc., which cannot be repeated in subsequent years. Consequently, the base budget needs to be adjusted to reflect this (not to be confused with replenishing reserves)
 - Pay and Prices – Provision for staff pay awards for the forthcoming years and increases in contract prices. Some contracts are index linked, others are negotiated. Both pay and prices include the impact of escalation in National Living Wage and National Minimum Wage, and the decision to match the Foundation Living Wage from 1st April 2019 for Kent Scheme employees.
 - Demand & Demography – Impact of changes in the number of clients/service users due to demographic trends. This also includes increased costs due to clients with ever more complex needs
 - Other – Includes impact of new legislation and local policy decisions e.g. spending supported by government grants, revenue impact of capital investment, removal of one-off spending and investment in service improvements
- 1.10 The reductions in government funding include the elements listed below (as included in the core spending power calculation in the final local government finance settlement):
- Phased removal of Revenue Support Grant (RSG) as originally identified in the 4-year funding agreement
 - Removal of Social Care Support Grant for 2020-21 (additional extension of grant for 2019-20 announced in the final settlement)

- 1.11 All the amounts in table 1 represent net cost as reflected in the MTFP. KCC's annual revenue budget shows both gross expenditure i.e. the total amount spent on staff, buildings, contracts, goods and services, etc., and net cost. Net cost is gross expenditure less income from charges, specific government grants, etc. This equates to KCC's net budget requirement i.e. the amount needed to be raised through Council Tax, local retention of Business Rates and un-ring-fenced government grants.

KCC CAPITAL INVESTMENT PROGRAMME

- 1.12 A new capital strategy is required under the Prudential Code 2017 is set out in Annex A of this book. The strategy sets out a high-level overview of how capital expenditure, capital financing and treasury management along with an overview of how associated risk is managed and the implications for future financial sustainability. The capital expenditure relates to investment in new or enhanced infrastructure. As with revenue, this needs to respond to the national context whilst ensuring infrastructure is maintained to a reasonable and safe standard, and is sufficient to meet the needs of local communities. The capital programme aims to strike a balance between ensuring that we meet our strategic priorities and vision whilst at the same time ensuring schemes represent value for money and maximise value from the Authority's asset stock. In particular we want to aim for schemes which help reduce the Authority's running costs through invest to save projects, support Kent residents and help with the economic regeneration within the county.
- 1.13 Capital plays an important role in delivering long term priorities as it can be targeted in creative and innovate ways. However, capital is not unlimited or "free money" – our capital funding decisions can have significant revenue implications. Every £10m of prudential borrowing costs approximately £0.8m per annum in financing costs (revenue) for 25 years. This is in addition to any on-going maintenance and running costs associated with the project itself. KCC has resolved that no more than 15% of the revenue budget will be spent in servicing debt related to the capital programme. A number of our capital schemes rely on grants from Government departments. We will have to limit capital spending on projects and schemes to the amount raised through external funding as we are unlikely to be able to commit to any additional borrowing.
- 1.14 The capital programme is presented in directorate format in section 4 of this book. Individual schemes within each directorate continue to be identified in detail and separated from rolling programmes. The programme is analysed according to the total cost and phasing for individual projects and programmes, with a separate analysis showing the funding for 2019-20 to 2021-22. The programme includes significant new investment in additional school places, essential maintenance of public infrastructure, a provision for a strategic investments and acquisition fund, and a number of projects to support economic development.

COUNCIL TAX

- 1.15 The budget includes the approved increase in Council Tax by just under 5% in 2019-20. This includes 2.99% for the increase permitted without holding a referendum plus a further 2% for the social care levy. The County Council agreed this increase at its meeting on 14th February 2019. This increases the annual KCC element for a band C household from £1,100.16 in 2018-19 to £1,155.04 in 2019-20. Of this the total social care levy for a band C household in 2019-20 is £82.40⁵, all of which will be spent on the rising cost of adult social care services.
- 1.16 The total Council Tax households will have to pay will be affected by decisions from other authorities in Kent including District Councils, Police Authority, Fire and Rescue and, where applicable, Parish and Town Councils. This will include decisions on the levels of non-mandatory discounts and exemptions. We are anticipating an increase in Council Tax receipts, due to continued growth in the number of Council Tax payers in the County, and an on-going programme to review the application of discounts and exemptions.

REVENUE BUDGET AND MEDIUM TERM FINANCIAL PLAN FORMAT

- 1.17 We have made some presentational changes to this budget book. It is slimmed down from previous years as we look to move more of our content onto our budget page on kent.gov.uk website.
- 1.18 The contents of this book align the budgets with the responsibilities of senior managers and means budgets are in the same format at the beginning of the year as monitoring reports throughout the year. We have also produced variation statements providing further detail, to accompany the new presentation which are available on the kent.gov.uk website.
- 1.19 The format of this book is slightly different from previous years. This book includes KCC's revenue budget for 2019-20, capital investment plans, council tax, key budget risk register and both the capital and treasury strategies. The financial appendices include a high-level three-year plan at appendix A(i), and a more detailed one-year plan setting out for each directorate the significant spending changes (additional spending demands and savings) at appendix A(ii).

BUDGET RISKS

- 1.20 An updated key budget risk register is provided at Annex C. This register contains a number of risks that have **not** been reflected in our annual budget or medium-term financial plan. We will continually assess these risks as we go through 2019-20 and report any unbudgeted pressure through the monthly budget monitoring process.

⁵ This comprises of £19.36 for the 2016-17 levy, £20.16 for the 2017-18 levy, £20.96 for the 2018-19 levy and £21.92 for the 2019-20 levy.

- 1.21 The pressure on the High Needs budget has been identified as one of the highest revenue budget risks facing the authority. The demand for supporting children and young people with Special Educational Needs and Disabilities (SEND) is rising year on year and the Council is becoming fiscally constrained through minimal increases in its High Needs budget.

CONCLUSION

- 1.22 The 2019-20 budget, medium term financial plans and strategies set out in this book represents the culmination of nearly a year's work in developing how the Council can respond to the unique financial challenge of; reduced Government funding, growing demand for Council services, particularly in adult & children services, and rising cost of goods and services we purchase. We also need to take account of the changed national context which assumes a rebalancing of the relative contributions from central government and local taxation.
- 1.23 Budget assumptions and medium-term forecasts are based on sustained economic prosperity. Should there be a decline in the economy this could have a significant impact on future central government funding, local tax receipts and demand on local services. The Council maintains an appropriate reserve to help mitigate against any such economic and other risks to the Council's finances.
- 1.24 A link to the County Council papers of 14 February 2019 along with other useful background documents and webpage links can be found at the end of this book.

Appendix A (i) - High Level 2019-22 Revenue Medium Term Financial Plan

2018-19			2019-20		2020-21		2021-22	
£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s
	932,976.8	Revised 2018-19 Base Budget		958,487.9		986,374.4		985,343
		Additional Spending Pressures						
12,881.2		Net Budget Realignments from Previous Year	6,601.5		433.0		584.0	
11,343.7		Replacement of Use of Reserves and Other One-off Budget Solutions	12,858.6		23,815.2		1,000.0	
1,784.0		Reduction in Grant Funding	1,785.0					
		Pay	4,695.0		5,000.0		5,000.0	
		Prices	20,393.6		21,002.2		17,844.8	
17,242.9		Demand & Demographic	19,157.5		16,688.1		16,637.8	
-6,895.0		Government & Legislative	-1,806.7		-6,254.9		174.0	
14,718.0		Service Strategies and Improvements	9,088.6		3,342.1		3,447.5	
	75,713.2	Total Pressures		72,773.1		64,025.7		44,688.1
		Savings & Income						
		<u>Transformation Savings</u>						
-3,788.2		Adults Transformation Programmes	-3,094.8		-3,700.0			
-4,054.4		Other Transformation Programmes	-2,266.0		-2,270.0		-134.8	
-6,036.5		Income Generation	-3,338.4		-2,650.5		-3,061.3	
		Increases in Grants & Contributions	-6,251.9		6,251.9			
		<u>Efficiency Savings</u>						
-6,402.4		Staffing	-2,459.3					
-980.5		Premises	-80.0		-110.0		-1,500.0	
-10,802.5		Contracts & Procurement	-3,940.1		-910.0			
-1,092.5		Other	-1,176.0		1,076.0			
-14,256.6		Financing Savings	-19,185.1		-500.0		1,000.0	
-2,788.5		Policy Savings	-3,095.0		-2,123.1			
	-50,202.1	Total Savings & Income		-44,886.6		-4,935.7		-3,696.1
	0.0	Unidentified		0.0		-60,121.3		-19,867.0
	958,487.9	Net Budget Requirement		986,374.4		985,343.1		1,006,468.1

Appendix A (i) - High Level 2019-22 Revenue Medium Term Financial Plan

2018-19			2019-20		2020-21		2021-22	
£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s
		<u>Funded by</u>						
37,640.1		Revenue Support Grant	9,487.1		4,743.6			
3,852.8		Social Care Support Grant	10,530.9					
133,568.9		Business Rate Top-Up Grant	136,209.7		138,933.9		141,712.6	
35,018.9		Improved Better Care Fund (incl additional Adult Social Care allocation announced in Chancellor's Spring 2017 budget)	42,379.7		42,379.7		42,379.7	
13,531.9		Other un-ringfenced grants	15,826.8		15,553.6		15,553.6	
59,048.9		Local Share of Retained Business Rates	54,319.2		52,345.6		53,392.5	
-247.3		Business Rate Collection Fund	149.7					
629,137.3		Council Tax Yield (including increase up to referendum limit but excluding social care levy)	659,345.5		680,735.9		702,778.9	
36,598.0		Council Tax Social Care Levy	50,650.8		50,650.8		50,650.8	
10,338.4		Council Tax Collection Fund	7,475.0					
	958,487.9	Total Funding		986,374.4		985,343.1		1,006,468.1

(Figures subject to rounding)

The figures in this table reflect that in 2019-20 we are part of a business rates pool and reflects 50% business rates retention with KCC's share at 9%. There are no assumptions regarding additional business rate retention or the consequential transfer of additional responsibilities from Government in 2020-21 and 2021-22

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
2018-19 Base	Approved budget by County Council on 20th February 2018	418,670.8	183,889.0	169,105.2	71,394.6	115,428.3	0.0	958,487.9	£000s
Base Adjustments (internal)	Changes to budgets which have nil overall affect on net budget requirement	-1,626.0	2,574.7	62.3	4,229.9	-5,240.9		0.0	
Revised 2018-19 Base		417,044.8	186,463.7	169,167.5	75,624.5	110,187.4	0.0	958,487.9	958,487.9
Additional Spending Pressures									
Net Budget Realignment	<i>Necessary adjustments to reflect current and forecast activity levels from in-year monitoring reports</i>								
Adult Social Care Sustainability	Removal of one-off funding	-339.2						-339.2	6,601.5
Coroners	Realign post mortem, toxicology and pathology budgets, as well as new Body Removal contract (full cost recovery)			962.0				962.0	
Community Wardens	Removal of undelivered 2018-19 saving			190.0				190.0	
Library, Registration & Archives service	Loss of income following the end of the Nationality checking pilot			100.0				100.0	
Trading Standards	Realign for increased Crown Court prosecutions and whereby costs cannot be recovered by Proceeds of Crime Act (PoCA)			60.0				60.0	
Waste	Part year impact of anticipated increased costs of operating our household waste recycling centres, realignment for reduced recycling income, offset by current tonnage levels being lower than budgeted			998.0				998.0	
Foster Payments	Correction to prices uplift provided in the 2018-20 MTFP in line with DfE fostering related rates	-12.6	-298.3					-310.9	
The Education People	Removal of temporary funding in The Education People Company		-979.2					-979.2	
Disabled Children's Services	To fund underlying pressures arising from 2017-18 outturn and 2018-19 monitoring relating to both placements and staffing	987.0						987.0	
Adults - Transformation	Removal of undelivered 2018-19 saving	250.0						250.0	
Asset Utilisation	Re-phasing of asset rationalisation plans				650.0			650.0	
Infrastructure	Realignment of budget for legal fees, disposal costs and empty properties transferring into the corporate estate				600.0			600.0	
Coroners - Medical Examiner Service	This service is not being hosted by KCC, resulting in the funding already included in the base budget no longer being required			-300.0				-300.0	
Subsidised Bus Routes	Removal of undelivered 2018-19 saving			243.0				243.0	
Kent Resilience Forum	KCC contribution to Brexit co-ordinator post & increase in core funding contribution for Kent Resilience Team			41.0				41.0	

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Public Protection	Realignment of income levels			85.0				85.0	
Country Parks	Realignment of income levels			20.0				20.0	
Education Basic Need	Mobile classrooms required to fulfil Education Basic Need		783.0					783.0	
Home to School Transport	Realignment of budget to reflect current activity levels including a reduction to mainstream transport and an increase to SEN transport		741.8					741.8	
Looked After Children	Realignment of budget to reflect current activity levels		815.5					815.5	
Other Base Budget pressures	Provision for future budget realignment based on 2018-19 monitoring for the remainder of the year					1,004.5		1,004.5	
Replace use of one-offs	Impact of not being able to repeat one-off use of reserves and underspends in approved base budget for 2018-19	6,315.3		300.0		6,243.3		12,858.6	12,858.6
Reduction In Grant Income	Impact of Reduction in Public Health Grant				1,785.0			1,785.0	1,785.0
Pay and Prices									
Pay									
Pay and Reward	Additional contribution to performance reward pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme. This contribution together with the savings from staff turnover will equate to a pay pot of around 2.8%	1,520.4	1,410.5	734.5	480.7	0.1		4,146.2	4,695.0
Reform of pay grades	Revision of the lower Kent Scheme pay scales (KR2 and KR3) to meet the long standing commitment to match the Foundation Living Wage, which will be achieved by April 2019; ensuring at least a £1,200 differential between the top of each other pay range, and lifting the bottom of all other ranges by 0.5%	158.2	77.9	203.3	9.3	0.1		448.8	
Annual Leave entitlement	Changes to annual leave entitlement for lower graded staff	36.7	33.9	17.8	11.6			100.0	

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Inflation</u>									20,393.6
KCC Estate Energy	Anticipated price increases on energy contracts for the KCC estate as estimated by Commercial Services				338.7			338.7	
Streetlight Energy	Provision for price inflation related to Streetlight energy as estimated by Commercial Services			260.5				260.5	
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. Contracted services already allow for separate uplifts for National Living Wage/National Minimum Wage and Consumer Prices elements through formulaic approach	11,279.2						11,279.2	
Children's Social Care	Provision for price negotiations with external providers and uplift to in-house foster carers in line with DFE guidance	400.1	1,314.7					1,714.8	
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+ travel card		1,138.7					1,138.7	
Young Person's Travel Pass	Provision for price inflation related to the Young Person's Travel Pass which is recovered through uplifting the charge for the pass			588.6				588.6	
Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices)			2,516.9				2,516.9	
ICT contracts	Provision for price inflation on Third Party ICT related contracts				121.4			121.4	
Levies	Estimated increase in Environment Agency Levy					20.0		20.0	
The Education People (TEP) contract	Provision for price inflation on the statutory services provided by TEP		213.1					213.1	
Facilities Management	Price uplift for the two year extension to the Facilities Management contract				210.9			210.9	
Non specific price provision	Non specific provision for CPI inflation on other negotiated contracts without indexation clauses		94.2	26.5	250.1	1,620.0		1,990.8	

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Demography	<i>Additional spending associated with increasing population and demographic make-up of the population</i>								
Older People & Physical Disability	Growth in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, together with associated staff costs	5,314.6						5,314.6	19,157.5
Adults with a Learning Disability (age 18+)	Growth in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, together with associated staff costs	5,297.7						5,297.7	
Mental Health	Growth in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, together with associated staff costs	828.2						828.2	
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	750.0	1,669.0					2,419.0	
Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport		1,250.0	55.0				1,305.0	
Home to School transport - Mainstream	Estimated impact of rising pupil population on Mainstream Home to School transport		234.0					234.0	
Young Person's Travel Pass	Estimated impact of changes in activity across usage of Young Person's Travel Pass based on school roll data			200.0				200.0	
Waste tonnage	Estimated impact of changes in waste tonnage as a result of population and housing growth			790.2				790.2	
Education Psychology Service	Estimated impact from growth in Statutory Assessments requiring an Education Psychology Service		750.0					750.0	
SEN	Estimated impact from growth in Education, Health & Care Plan assessments		1,726.0					1,726.0	
Coroners Service	Estimated impact of increased coroner investigations and post mortems and associated body storage costs			262.0				262.0	
Public Rights of Way	Adoption of new routes			8.0				8.0	
Streetlight energy & maintenance	Adoption of new streetlights at new housing developments			22.8				22.8	

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Government & Legislative									
Adult Social Care Spring Budget 2017 Allocation	Planned reduction in specific adult social care allocation via the iBCF	-8,796.6						-8,796.6	-1,806.7
Coroners Service	New responsibilities and services as a result of legislative reform, including the net new burdens impact of the Medical Examiner Service & increased responsibilities in relation to Duty Officer Scheme			319.0				319.0	
Children's Social Care - New Burdens	Shortfall in government funding for new burdens to cover the extended duty for Care Leavers up to age of 25		1,203.0					1,203.0	
General Data Protection Regulation (GDPR)	Increase capacity to meet GDPR requirements				172.0			172.0	
Deprivation of Liberty Safeguards (DOLS)	Removal of one-off funding in 2018-19 for Additional DOLS assessments following the Cheshire Judgement 2014	-1,540.0						-1,540.0	
Public Rights of Way	Impact of introduction of the Deregulation Act 2015				40.0			40.0	
Trading Standards	Estimated impact of increased pressure on border controls following BREXIT decision				144.0			144.0	
Condition surveys & resultant works	Condition surveys and resultant works for the Corporate estate to meet the Hackett Review and statutory requirements					400.0		400.0	
Adult Social Care Winter pressures	Spending plans in line with the Adult Social Care Winter pressures funding announced in Chancellor's Autumn 2018 budget to help alleviate pressures on the NHS through the winter months, ensuring that people can leave hospital when they are ready, into a care setting that best meets their needs	6,164.4						6,164.4	
BREXIT	Additional operational costs associated with BREXIT which are to be funded by Government grant funding, to be held centrally pending claims from individual services					87.5		87.5	

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Service Strategies & Improvements									
Home to School transport - Mainstream	Impact of Grammar School Select Committee transport recommendations to provide a subsidy to low income families to help with the cost of school transport to selective schools		100.0					100.0	9,088.6
Capital Programme	Additional debt costs to fund the capital programme					3,955.6		3,955.6	
Adult Technology Enabled Change (TEC)	Reduction in temporary funding for training, maintenance and licence costs leading up to the implementation of the new Adults performance system (MOSAIC)	-430.9			33.1			-397.8	
Highway Maintenance	Removal of one-off funding provided in 2018-19 for potholes and drainage approved at County Council in February 2018.			-2,400.0				-2,400.0	
Pothole Fund	Removal of one-off funding provided in 2018-19 approved at County Council in May 2018 and included within the £958m published budget. The additional funding approved at County Council in July 2018 is not included in the £958m published budget (hence it is not included in this budget realignment), and was one-off in nature.			-2,000.0				-2,000.0	
Adult Services Contracts Re-let	Estimated impact of re-letting community care contracts to ensure sustainability across the market	611.0						611.0	
Waste	Part year effect of lease cost for the provision of a new household waste recycling centre at the Allington site			100.0				100.0	
Young Person's Travel Pass	Additional costs of administering a flexible payment scheme for the Young Person's Travel Pass			200.0				200.0	
Pothole Fund	To establish a base KCC funded contribution for annual Pothole Blitz campaign			3,000.0				3,000.0	
Non cashable element of workforce productivity	Additional staff capacity as a result of sickness management etc from the workforce productivity programme						500.0	500.0	
Disabled Children's Services	Increase in staffing required as a result of increasing caseloads	405.1						405.1	
Adult Social Care Sustainability Provision	Provision to enable the Corporate Director for Adult Social Care to comply with requirement under the Care Act 2014 to facilitate a diverse and sustainable market for high quality care and support. Transfers from this unallocated budget to the social care budget will need to be agreed by the Section 151 officer					4,612.0		4,612.0	
Other	Other minor service improvements	45.0	9.0	359.0	-10.3			402.7	
Total Additional Spending Demands		29,243.6	12,286.8	8,147.1	5,052.5	17,543.1	500.0	72,773.1	72,773.1

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Savings and Income									
Transformation Savings									
Adults Older People / Physical Disability - Phase 2	Final stage of roll out of Phase 2 transformation including initiatives aimed at promoting better integration with health services and a better range of support services for clients leaving hospital back to home	-394.8						-394.8	-3,094.8
Adults - Transformation	Implementation of core operating model for Adult Social Care	-2,700.0						-2,700.0	
Conversion of Streetlight assets to LED technology	Continuation of programme to convert streetlight network to better, more cost and energy efficient LED technology and implementation of a central monitoring system			-497.0		-19.0		-516.0	-2,266.0
Service Integration within CYPE directorate	Moving to different service delivery model following integration of Children's Services across the Children, Young People and Education Directorate		-1,250.0					-1,250.0	
Other	Other minor savings to be achieved through transformation					-500.0		-500.0	
Income									
Trading	Increased income from traded services with schools, academies, other local authorities and public bodies		-464.1					-464.1	-3,338.4
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 for 2018-19, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams	-1,544.9		-245.6				-1,790.5	
Young Persons Travel Pass	Travel pass price realignment to offset bus operator inflationary fare increases			-588.6				-588.6	
Economic Development	One-off dividend from joint venture with East Kent Opportunities			-300.0				-300.0	
Cantium Business Solutions	Estimated increase in dividend					-195.2		-195.2	
Increases in Grants & Contributions									
Adult Social Care Winter pressures funding announced in Chancellor's Autumn 2018 budget	A continuation for 2019-20 of the additional Section 31 grant provided by Government in 2018-19 to help alleviate winter pressures on the NHS	-6,164.4						-6,164.4	-6,251.9
BREXIT grant	Grant funding from Government to help fund the additional costs associated with BREXIT					-87.5		-87.5	

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Efficiency Savings									
Staffing									
Staffing Restructures	Service re-design, integration of services and more efficient ways of working resulting in a reduction of staff and staff related costs			-7.0	-202.3			-209.3	-2,459.3
Workforce Productivity Programme	Cashable and non-cashable savings to be achieved across all directorates from reviewing the use of consultants, agency staff, increased use of technology solutions, and managing staff sickness to enable the council to improve workforce productivity					-1,750.0	-500.0	-2,250.0	
Infrastructure									
Established Programmes	Existing savings plans arising from phase 2 of the rationalisation of the office estate				-80.0			-80.0	-80.0
Contracts & Procurement									
SEN Home to School transport	SEN transport re-tendering & school led management		-125.0					-125.0	-3,940.1
Public Health	Review of Commissioned services				-1,448.5			-1,448.5	
Housing Related Support - Learning Disability & Mental Health	Transition of Housing Related Support services into Supporting Independence Service	-1,500.0						-1,500.0	
Kent Public Services Network (KPSN)	Changes to the KPSN contract including extending the customer base				-30.0			-30.0	
Waste	Implementation of South West Kent Waste Partnership			-406.0				-406.0	
Early Help & Preventative Services	Review of Early Help & Preventative Children's Services including Children's Centres, matching reduction in funding transfer from Public Health		-200.0					-200.0	
Adult Social Care	Review of Adult Social Care contracts, matching reduction in funding transfer from Public Health	-136.5						-136.5	
Other	Other minor contracts and procurement savings				-94.1			-94.1	
Other									
Council Tax Support	Planned reduction in costs associated with counter fraud as data now available through the National Fraud Initiative					-156.0		-156.0	-1,176.0
Adult Social Care Projects	Review of project activity within adult social care	-520.0						-520.0	
Children, Young People & Education contracts & projects	One-off review of contract and project spend within Children, Young People and Education services		-400.0					-400.0	
Other	Other minor efficiency savings	-18.8	-18.7	-43.8	-18.7			-100.0	

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Financing Savings									
Draw-down corporate reserves	Net draw-down of corporate reserves to support the budget					-7,852.8		-7,852.8	-19,185.1
Draw-down Kings Hill Reserve	Increase the use of the Kings Hill reserve					-2,000.0		-2,000.0	
Debt repayment	Reduction in overall level of prudential borrowing as a result of assessment of government funding levels to finance the capital programme and review amounts set aside for debt repayment (MRP) based on review of asset life					-2,500.0		-2,500.0	
Draw-down Directorate reserves	Draw-down directorate reserves to smooth expenditure across years	-2,895.8	-500.0					-3,395.8	
Debt Restructuring	Saving from restructuring LOBO borrowing					-600.0		-600.0	
Draw-down from reserves of 2018-19 Business Rates Levy Account surplus	Draw-down from reserves of the 2018-19 Business Rates Levy Account surplus allocation from Government announced in the 2019-20 Local Government provisional finance settlement					-2,836.5		-2,836.5	
Policy Savings									
Arts	Review of Turner Contemporary funding agreement			-130.0				-130.0	-3,095.0
Library, Registration & Archives Service	Estimated saving from delivery of the Libraries Registration & Archives (LRA) Ambition, which defines the future strategy and outcomes of the service and informs where future savings opportunities will arise			-460.0				-460.0	
Highway Maintenance	Reviewing the level of spend on lit signs and bollards but using the totality of the highways budget intelligently to keep roads as safe as possible			-100.0				-100.0	
Member Community Grants	Reduce Member Community Grants from £20k to £15k per Member for one year only				-405.0			-405.0	
Young Person's Travel Pass	Increase the charge for a full price pass to £350, and introduce a flexible payment scheme of 8 equal monthly instalments from August to March which includes an additional administration fee (amount to be finalised)			-1,000.0				-1,000.0	
Charging for waste	Estimated income from introducing charging for the disposal of soil, rubble, hardcore and plasterboard at KCC household waste and recycling centres			-1,000.0				-1,000.0	
Total savings and Income		-15,875.2	-2,957.8	-4,872.1	-2,184.5	-18,497.0	-500.0	-44,886.6	-44,886.6
Approved Budget		430,413.2	195,792.7	172,442.5	78,492.5	109,233.5	0.0	986,374.4	986,374.4

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Funding									
Final Settlement									
	<i>Notification of funding from central government</i>								
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, including impact of overall reductions in the final local government finance settlement							9,487.1	9,487.1
Social Care Support Grant	Further one-off extension of the Adult Social Care Support Grant as announced in the Chancellors Autumn Budget 29th October 2018							10,530.9	10,530.9
Business Rate Top-up	Top-up derived by comparing local share of business rates according to historical average and business rate baseline share of previous grants including annual uplift in line with business rate multiplier, as per the final local government finance settlement							136,209.7	136,209.7
Improved Better Care Fund	MHCLG 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							42,379.7	42,379.7
New Homes Bonus Grant	MHCLG un-ring-fenced grant allocated according to increase in tax base, as per the final local government finance settlement							6,388.1	15,826.8
Business Rate Compensation	Compensation for additional reliefs on business rates for small businesses, retail premises and reduction in multiplier paid as un-ring-fenced grant by MHCLG (estimate)							7,665.5	
Un-ring-fenced grants	Un-ring-fenced grants from other Government Departments							1,773.2	

Appendix A(ii) - Detailed 2019-20 Revenue Budget by Directorate

Heading	Description	ASCH (incl DCS Age 0-25)	CYPE	GET	S&CS (incl PH)	FI&U	Non Cashable	Total	£000s
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Business Rates									
Business Rate Baseline	Local share of business rates baseline based on historical average with annual uplift in line with business rate multiplier, as per final local government finance settlement							48,675.8	54,319.2
Business Rate Local Share	KCC 9% share of local tax base as notified by district councils less baseline share identified above							5,643.4	
Business Rate Collection Fund	KCC share of surpluses and deficits on business rate collection in 2018-19							149.7	149.7
Local Taxation									
Council Tax Base	KCC band D equivalent tax base notified by district councils based on 2018-19 Council Tax							639,085.2	659,345.5
Council Tax Increase	Impact of increase in Council Tax up to the 3% referendum limit							20,260.3	
Social Care Levy	Impact of further 2% increase in Council Tax for Social Care Levy (total shown relates to 2016-17, 2017-18, 2018-19 and 2019-20 increases combined)							50,650.8	50,650.8
Council Tax Collection Fund	KCC share of surpluses and deficits on Council Tax collection in 2018-19							7,475.0	7,475.0
Total Funding								986,374.4	986,374.4

Key:

CYPE	Children, Young People and Education
ASCH	Adult Social Care and Health
DCS	Disabled Children's Services
GET	Growth, Environment & Transport
S&CS	Strategic & Corporate Services
PH	Public Health
FI&U	Financing Items and Unallocated

Appendix B - Council Tax

- 1.1 The approved budget and Medium Term Financial Plan (MTFP) includes the precept KCC has agreed to make from Council Tax. This is based on the final taxbase provided by District Councils and is an increase in taxbase of 1.58%.
- 1.2 Table 1 shows the main changes to the taxbase and the impact of this on the County precept between 2018-19 and 2019-20, including the Council Tax increase (the maximum permitted without triggering a referendum) and the additional Social Care Levy. The taxbase is calculated as the number of band D equivalent properties, we have therefore used the band D rate in these calculations. County Council agreed the council tax precept on 14th February 2019.

Table 1	2018-19		2019-20							
	Notified Band D Equivalent Taxbase	Precept @ £1,237.68	Band D Equivalent Taxbase	Precept @ £1,274.76 (up to 3% referendum limit)	Precept @ £1,299.42 (including Social Care Levy)	Change in Band D Equivalent Taxbase	Change in Precept	Change in Precept due to Taxbase	Change in Precept due to Tax Rate up to Referendum Limit	Change in Precept due to Social Care Levy
	£000s		£000s	£000s	£000s		£000s	£000s	£000s	£000s
Ashford	45,680.00	56,537.2	46,500.00	56,112.5	60,423.0	820.00	3,885.8	1,014.9	1,724.2	1,146.7
Canterbury	49,764.97	61,593.1	50,206.55	60,585.2	65,239.4	441.58	3,646.3	546.5	1,861.7	1,238.1
Dartford	36,685.06	45,404.4	37,747.03	45,550.1	49,049.2	1,061.97	3,644.8	1,314.4	1,399.7	930.8
Dover	37,962.69	46,985.7	38,526.26	46,490.4	50,061.8	563.57	3,076.1	697.5	1,428.6	950.1
Folkestone & Hythe*	38,312.22	47,418.3	39,057.21	47,131.1	50,751.7	744.99	3,333.4	922.1	1,448.2	963.2
Gravesham	33,988.23	42,066.6	33,930.46	40,944.6	44,089.9	-57.77	2,023.3	-71.5	1,258.1	836.7
Maidstone	60,921.60	75,401.4	62,033.40	74,856.9	80,607.4	1,111.80	5,206.0	1,376.1	2,300.2	1,529.7
Sevenoaks	49,902.89	61,763.8	50,772.34	61,268.0	65,974.6	869.45	4,210.8	1,076.1	1,882.6	1,252.0
Swale	46,590.79	57,664.5	47,344.08	57,131.0	61,519.8	753.29	3,855.3	932.3	1,755.5	1,167.5
Thanet	42,904.67	53,102.3	43,763.27	52,810.0	56,866.9	858.60	3,764.6	1,062.7	1,622.7	1,079.2
Tonbridge & Malling	49,924.51	61,790.6	50,820.61	61,326.2	66,037.3	896.10	4,246.7	1,109.1	1,884.4	1,253.2
Tunbridge Wells	45,252.08	56,007.6	45,693.60	55,139.4	59,375.2	441.52	3,367.6	546.5	1,694.3	1,126.8
Total	537,889.71	665,735.5	546,394.81	659,345.5	709,996.3	8,505.10	44,260.8	10,526.6	20,260.3	13,474.1

*On 1 April 2018, Shepway District Council changed its name to Folkestone and Hythe District Council

(Figures subject to rounding)

- 1.3 The overall taxbase has increased by 1.58% which is more than the 1% we forecast when we launched the budget consultation in October 2018, and the 1.5% we estimated in the draft Budget Book. We will analyse the underlying reasons for the change in the taxbase, e.g. new dwellings, change in discounts, etc to help inform future financial planning.
- 1.4 The taxbase includes the impact of local decisions on the level of Council Tax discounts for working age tax payers in receipt of benefits/on low incomes through Council Tax Reduction Scheme (CTRS) and other additional local discretion on Council Tax discounts and exemptions on empty properties permitted under the Local Government Finance Act 2012. KCC have a three year agreement with Districts covering local CTRS's and the impact on the County Council taxbase. As part of this agreement KCC pays a proportion of the county's share of the tax yield to individual District Councils towards local collection costs and to incentivise maximum collection.

- 1.5 KCC is increasing council tax by 4.99% to help balance the 2019-20 budget. This 4.99% increase is made up of a 2.996% general increase, which is below the referendum limit announced in the final local government finance settlement, and a further 1.992% for the Adult Social Care Levy. The Adult Social Care Levy is an additional levy councils can raise from Council Tax to support Adult Social Care spending. The impact of each of these increases on individual bands is set out in Table 2. Table 3 shows the cumulative impact of the Adult Social Care Levy Since it was introduced in 2016-17.

<u>Table 2</u>	Proportion of Band D Tax Rate	2018-19 (incl. Social Care Levy)	2019-20 (excl. increase in Social Care Levy)	2019-20 (incl. increase in Social Care Levy)
Band A	6/9	£825.12	£849.84	£866.28
Band B	7/9	£962.64	£991.48	£1,010.66
Band C	8/9	£1,100.16	£1,133.12	£1,155.04
Band D	9/9	£1,237.68	£1,274.76	£1,299.42
Band E	11/9	£1,512.72	£1,558.04	£1,588.18
Band F	13/9	£1,787.76	£1,841.32	£1,876.94
Band G	15/9	£2,062.80	£2,124.60	£2,165.70
Band H	18/9	£2,475.36	£2,549.52	£2,598.84

<u>Table 3</u>	2016-17	2017-18	2018-19	2019-20
Band D excl. Social Care Levy	£1,111.77	£1,134.36	£1,169.64	£1,206.72
Band D Social Care Levy	£21.78	£44.46	£68.04	£92.70
Band D Total	£1,133.55	£1,178.82	£1,237.68	£1,299.42

- 1.6 There are more homes in band C than in any other band in Kent. The 4.99% increase in Council Tax equates to approximately £1.05 extra per week for a band C household. Table 4 illustrates how Council Tax has changed since last year for a band C property. The general Council Tax and the Social Care Levy will be shown as two separate lines on the Council Tax bill as shown in Table 4. 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 4		
Typical Council Tax Bill Breakdown	% increase on 2018-19 Council Tax bill	Amount for Band C
Kent County Council	2.996%	£1,072.64 (The share of Council Tax that Kent County Council will receive in 2019-20. This amount does not include the 2% increase for adult social care funding from 2016-17, 2017-18 & 2018-19)
Kent County Council (for Adult Social Care funding)	1.992% (Kent County Council's share of Council Tax will increase by 4.99% in 2018-19, which is this amount and the amount above)	£82.40 (This is the 2% increase for adult social care funding for 2019-20 added to the 2% increase for adult social care funding from 2016-17, 2017-18 and 2018-19. 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	14.19%	£171.69
Kent and Medway Fire and Rescue Council	2.98%	£69.12
Parish Council	These amounts will vary depending on which district council you pay your council tax to	
Total		

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SECTION 2

Revenue Budget - Summary by Directorate

SECTION 2 - REVENUE BUDGET - SUMMARY BY DIRECTORATE

Revenue Spending:

Row ref	2018-19 Revised Base (Net Cost) £000s	Directorate	2019-20 Approved Budget							
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	Net Change from 2018-19 £000s	
1	417,044.8	Adult Social Care & Health ASCH	91,668.4	488,113.8	579,782.2	-128,379.2	-20,989.8	430,413.2	13,368.4	
2	186,463.7	Children, Young People & Education (excluding Schools' Delegated Budgets) CYPE	108,506.6	354,333.3	462,839.9	-50,748.8	-216,298.4	195,792.7	9,329.0	
3	0.0	Children, Young People & Education (Schools' Delegated Budgets) CYPE	434,323.7	194,778.2	629,101.9	-50,826.2	-578,275.7	0.0	0.0	
4	169,167.5	Growth, Environment & Transport GET	50,988.4	170,029.4	221,017.8	-37,987.4	-10,587.9	172,442.5	3,275.0	
5	75,624.5	Strategic & Corporate Services S&CS	35,928.9	140,959.9	176,888.8	-25,890.5	-72,505.8	78,492.5	2,868.0	
6	110,187.4	Financing Items & Unallocated FI&U	-280.3	126,402.9	126,122.6	-16,783.6	-105.5	109,233.5	-953.9	
7	958,487.9	Budget Requirement	721,135.7	1,474,617.5	2,195,753.2	-310,615.7	-898,763.1	986,374.4	27,886.5	
8	958,487.9	Budget Requirement (excluding Schools' Delegated Budgets)	286,812.0	1,279,839.3	1,566,651.3	-259,789.5	-320,487.4	986,374.4	27,886.5	
Funded By:										
9	-676,073.7	Council Tax Yield including Collection Fund					-717,471.3	-717,471.3	-41,397.6	
10	-58,801.6	Local Share of Business Rates & Business Rate Collection Fund					-54,468.9	-54,468.9	4,332.7	
Unringfenced Grants:										
11	-37,640.1	Revenue Support Grant (RSG)					-9,487.1	-9,487.1	28,153.0	
12	-3,852.8	Social Care Support Grant					-10,530.9	-10,530.9	-6,678.1	
13	-133,568.9	Business Rate Top-Up					-136,209.7	-136,209.7	-2,640.8	
14	-6,163.4	Business Rate Compensation Grant					-7,665.5	-7,665.5	-1,502.1	
15	-35,018.9	Improved Better Care Fund (iBCF) including Additional Adult Social Care Allocation in 2017 Spring Budget					-42,379.7	-42,379.7	-7,360.8	
16	-5,782.4	New Homes Bonus (NHB) & NHB Adjustment Grants					-6,388.1	-6,388.1	-605.7	
17	-1,586.1	Other Unringfenced Grants					-1,773.2	-1,773.2	-187.1	
18	0.0	Total	721,135.7	1,474,617.5	2,195,753.2	-310,615.7	-1,885,137.5	0.0	0.0	

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SECTION 3

Revenue Budget – Key Services

(used for in-year Budget
Monitoring Reports)

SECTION 3 - REVENUE BUDGET - SUMMARY BY DIRECTORATE & DIVISION

The hierarchy illustrates the Council's structure, and which Divisions sit within each Directorate, along with the net budget for 2019-20



Adult Social Care & Health (ASCH)



Corporate Director: **Penny Southern**

Net Revenue Budget for 2019-20:	£430,413.2k
Gross Capital Budget over 3 year period:	£26,761k
Full Time Equivalent (FTE) Staff at February 2019:	2,461.5

Adult Social Care & Health (ASCH) consists of four divisions; 1. Adult Social Care and Health Operations, 2. Partnership and Engagement, 3. Service Provision, 4. Business Delivery Unit and in addition there is a Strategic Management Budget.

We aim to promote people's independence and wellbeing and to support them to achieve outcomes that are important to them. Within this core purpose, our top priority is to discharge our statutory safeguarding responsibilities for adults, working with our key partner organisations. Our commissioning decisions drive the delivery of quality services that improve outcomes for the people of Kent.

As a Directorate, we face both external pressures and internal challenges, including pre-existing budgetary pressures and the continued rise in the numbers of people living longer with complex needs. We recognise that our services will need to demonstrate organisational resilience to assist us in achieving the improvements we have planned for the year ahead. We are confident we have the necessary resourcefulness, skills, and abilities in place to deliver our intended outcomes for the people of Kent.

Adult Social Care and Health Operations (ASCHO): The Division commissions and provides a range of services to improve outcomes for children, young people, adults with disabilities, people with mental health issues, older people and physically disabled adults and their carers. Our services for adult mental health and learning disability work in integrated teams with NHS colleagues. The Lifespan Pathway service provides flexible needs-led provision, for disabled children, young people and adults with complex physical and learning disabilities, to remove artificial transition points and ensure a smooth pathway from children and young people services into adulthood. The Joint Delivery Model for Community Mental Health and Social Care is a new operating model between Kent County Council (KCC) and the Kent and Medway NHS Partnership Trust (KMPT). All Social care staff previously within the KMPT Community Mental Health Teams will be transferred back to KCC by April 2019, to ensure the robust delivery of social care statutory responsibilities. The Older People and Physical Disability (OPPD) operating model was implemented in August 2018, this is aligned to the emerging Local Care Model and will focus on being preventative, enabling, maximising independence and choice, and providing targeted personalised support where required.

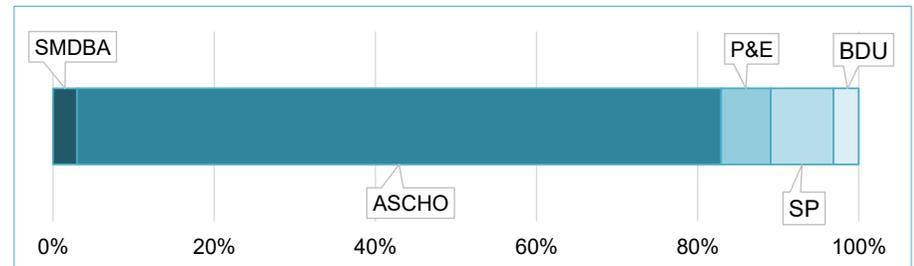
Partnership and Engagement (P&E): This division will lead on the development of sustainable relationships with all partner agencies through the Sustainability and Transformation Partnership, including the wider community with a strong focus on voluntary sector partnership working. We will lead on commissioning intentions to influence the direction and content of service developments to ensure the delivery and implementation of Local Care.

Service Provision (SP): This division provides a range of inhouse services to improve outcomes for individuals and to provide support to carers. The service includes; Short Breaks, Community Support Services, Community Based Enablement Services, and Integrated Care Centres.

Business Delivery Unit (BDU): This Division manages the operational business support function for the Directorate to achieve the operational business outcomes. This area also incorporates a multi-agency partnership to ensure a coherent policy and arrangements for the protection of vulnerable adults.

Strategic Management & Directorate Budgets (SMDBA): This area incorporates the costs of the Strategic Management Team. The Improved Better Care Fund (iBCF) specific allocation for social care and the Winter Monies allocation.

How is the ASCH budget split between Services?



Directorate Level Variation Statement

2018-19 Revised Base	Spending Pressures	Savings & Income	2019-20 Proposed Budget
£417,044.8k	£29,243.6k	-£15,875.2k	430,413.2k

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Adult Social Care & Health (ASCH)

Corporate Director: Penny Southern

£430.4m

Strategic Management & Directorate Budgets (SMDBA)

Corporate Director: Penny Southern

1	17,493.8	Additional Adult Social Care Allocation	0.0	14,861.6	14,861.6	0.0	-6,164.4	8,697.2	Additional spending on the improved Better Care Fund (iBCF) and the newly announced Social Care Winter Monies. Spending plans to be refined and allocated across other Key Services lines.
2	833.2	Budget & Saving Plans to be allocated	0.0	1,512.0	1,512.0	-69.0	0.0	1,443.0	Budgets and savings held here until plans have been finalised and can be allocated to specific Key Services lines
3	2,694.2	Strategic Management & Directorate Support (ASCH)	1,143.1	1,784.7	2,927.8	-160.0	-53.3	2,714.5	Central Directorate costs including the costs of the Corporate Director, Directors, and associated Officers
4	21,021.2	Total - Strategic Management & Directorate Budgets (SMDBA)	1,143.1	18,158.3	19,301.4	-229.0	-6,217.7	12,854.7	

Adult Social Care & Health Operations (ASCHO)

Corporate Director: Penny Southern

5	80,450.0	Adult Learning Disability - Community Based Services	0.0	100,245.0	100,245.0	-6,484.9	-869.8	92,890.3	Commissioned Community Based Services for Learning Disability Service Users (aged 18+) including domiciliary care, direct payments, day care and supported living to enable Service Users to remain independent
6	70,888.0	Adult Learning Disability - Residential Care Services	0.0	74,848.8	74,848.8	-6,057.0	0.0	68,791.8	Residential Care Services (and Short Breaks) for Learning Disability Service Users (aged 18+)
7	5,103.5	Adult Learning Disability - Assessment Service	5,359.3	243.2	5,602.5	-385.7	-11.1	5,205.7	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
8	8,978.9	Adult Mental Health - Assessment Services	9,120.1	319.0	9,439.1	-283.7	-11.1	9,144.3	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Mental Health professionals
9	4,052.4	Adult Mental Health - Community Based Services	0.0	5,052.2	5,052.2	-353.7	-13.9	4,684.6	Commissioned Community Based Services for Mental Health Service Users (aged 18+) including domiciliary care, direct payments, day care, and supported living to enable Service Users to remain independent
10	11,293.2	Adult Mental Health - Residential Care Services	0.0	12,859.2	12,859.2	-774.0	0.0	12,085.2	Residential Care Services for Mental Health Service Users (aged 18+)
11	21,463.6	Adult Physical Disability - Community Based Services	0.0	25,626.1	25,626.1	-2,582.7	-1,013.2	22,030.2	Commissioned Community Based Services for Physical Disability Service Users (aged 18+) including domiciliary care, direct payments, day care, and supported living to enable Service Users to remain independent

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description	
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		Net Cost £000s
12	13,785.9	Adult Physical Disability - Residential Care Services	0.0	18,315.1	18,315.1	-2,521.2	0.0	15,793.9	Residential Care Services for Physical Disability Service Users (aged 18+)
13	-1,500.0	Operational Budget & Savings Plans to be allocated	0.0	-3,200.0	-3,200.0	0.0	0.0	-3,200.0	Budgets and savings held here until plans have been finalised and can be allocated to specific Key Services Lines
14	1,266.8	Carer Support - Commissioned	0.0	2,501.8	2,501.8	-1,405.7	-12.3	1,083.8	Commissioned services to support carers
15	4,977.2	Children in Need (Disability) - Care & Support	0.0	5,125.4	5,125.4	-2.8	0.0	5,122.6	Services for Children in Need (aged 0-18) with a Disability including day care, direct payments, payments to voluntary organisations, and short breaks for carers
16	6,704.1	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	6,834.0	550.7	7,384.7	0.0	0.0	7,384.7	Social care staff providing assessment and support services for Service Users (aged 0-25) with Learning Disability, Complex Physical Disabilities and Sensory Impairment.
17	7,029.5	Looked After Children (with Disability) - Care & Support	0.0	10,385.7	10,385.7	-1,537.1	0.0	8,848.6	Commissioned services for Looked After Children (aged 0-18) with a Disability including both short and long term residential care and fostering services
18	20,727.0	Older People - Community Based Services	0.0	48,174.8	48,174.8	-24,596.5	-249.7	23,328.6	Commissioned Community Based Services for Older People (aged 65+) including domiciliary care, direct payments, day care, supported living, and social support services provided by the voluntary sector to enable Service Users to remain independent
19	39,941.4	Older People - Residential Care Services	0.0	98,934.8	98,934.8	-53,664.0	-130.7	45,140.1	Commissioned Residential and Nursing Care Services for Older People (aged 65+)
20	26,314.4	Older People & Physical Disability Assessment and Deprivation of Liberty Safeguards Services	25,840.5	1,946.4	27,786.9	-2,052.5	-465.3	25,269.1	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers (including Deprivation of Liberty Safeguards)
21	437.0	Operational Management	446.6	0.0	446.6	0.0	0.0	446.6	Operational management costs enabling the Directorate to achieve its business aims.
22	321,912.9	Total - Adult Social Care & Health Operations (ASCHO)	47,600.5	401,928.2	449,528.7	-102,701.5	-2,777.1	344,050.1	

Partnerships & Engagement (P&E)

Director: Anne Tidmarsh

23	1,691.6	Childrens Disability 0-18 Commissioning	0.0	1,730.0	1,730.0	-38.4	0.0	1,691.6	Commissioned Community Based Services (aged 0-18) including short breaks, direct payments and group day care services.
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SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description	
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		Net Cost £000s
24	13,192.7	Community Based Preventative Services	0.0	18,738.2	18,738.2	-4,872.5	-737.8	13,127.9	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.
25	8,560.7	Housing Related Support	0.0	8,508.7	8,508.7	-1,266.3	-181.7	7,060.7	Housing related support for 7,800 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
26	1,704.9	Partnership Support Services	414.2	1,327.0	1,741.2	-77.2	0.0	1,664.0	Manages a number of operational support services, which enable the Directorate to achieve its partnership agenda.
27	2,949.8	Social Support for Carers	0.0	4,677.0	4,677.0	-1,746.7	0.0	2,930.3	Services supporting carers provided by the voluntary sector
28	28,099.7	Total - Partnerships & Engagement (P&E)	414.2	34,980.9	35,395.1	-8,001.1	-919.5	26,474.5	

Service Provision (SP)

Head of Service: Damien Ellis

29	347.9	Divisional Management	286.5	66.7	353.2	0.0	0.0	353.2	Divisional management costs enabling the Directorate to achieve its strategic aims.
30	2,149.6	Adult In House Carer Services	2,058.9	129.0	2,187.9	0.0	0.0	2,187.9	In-house residential respite services to support carers
31	6,948.0	Adult In House Community Services	6,236.7	918.8	7,155.5	-70.7	0.0	7,084.8	In House Community Based Services for Learning Disability Service Users (aged 18+) and Physical Disability (aged 18-25) including In house Day centres and other services to enable Service Users to remain independent
32	6,225.4	Adult In House Enablement Services	11,557.8	6,408.0	17,965.8	-5,945.5	-5,584.9	6,435.4	In House Community Based Enablement Services to enable Adult Service Users to return to living independently
33	2,584.0	Looked After Children (with Disability) - In House Provision	3,538.6	-82.1	3,456.5	-813.9	0.0	2,642.6	In House Residential Respite and Enablement Services to support Looked After Children and families

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description	
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		Net Cost £000s
34	14,119.2	Older People - In House Provision	10,267.4	13,967.4	24,234.8	-4,018.8	-5,407.9	14,808.1	In House provision for Older People, including in-house residential and day care centres, and integrated care centres.
35	32,374.1	Total - Service Provision (SP)	33,945.9	21,407.8	55,353.7	-10,848.9	-10,992.8	33,512.0	

Business Delivery Unit (BDU) Head of Service: Helen Gillivan									
36	4,531.5	Adaptive & Assistive Technology	776.3	10,379.6	11,155.9	-6,463.1	0.0	4,692.8	Occupational Therapy Services working in partnership with Health to provide equipment and telecare.
37	8,747.6	Divisional & Directorate Support	7,446.8	1,126.3	8,573.1	-24.5	-82.7	8,465.9	Manages the operational business support function for the Directorate to achieve the operational business outcomes.
38	357.8	Safeguarding Adults	341.6	132.7	474.3	-111.1	0.0	363.2	A multi-agency partnership / framework to ensure a coherent policy and arrangements for the protection of vulnerable adults
39	13,636.9	Total - Business Delivery Unit (BDU)	8,564.7	11,638.6	20,203.3	-6,598.7	-82.7	13,521.9	

40	417,044.8	Total - Adult Social Care & Health (ASCH)	91,668.4	488,113.8	579,782.2	-128,379.2	-20,989.8	430,413.2	
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Children, Young People & Education (CYPE)



Corporate Director: **Matt Dunkley CBE**

Net Revenue Budget for 2019-20:	£195,792.7k
Gross Capital Budget over 3 year period:	£322,337k
Full Time Equivalent (FTE) Staff at February 2019:	2,515.3

Services for children in Kent are delivered through the Children, Young People and Education (CYPE) Directorate which comprises of four Divisions: Integrated Children's Services West; Integrated Children's Services East; Education Planning and Access; and Strategic Management and Directorate Budgets.

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.

Our driving ambition is to ensure all Kent children have a good education and a good childhood. For all children, young people and their families to secure the best outcomes they can, CYPE services focus 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. We aim to keep vulnerable families out of crisis, by providing them with timely support. The Directorate continues to respond creatively to the demands placed upon it by forming new partnerships, reshaping services and adopting new ways of working to ensure children and families are supported where and when they need help.

The bringing together of Early Help, Education and Children's Social Work into one Corporate Directorate has provided new opportunities for improving outcomes for vulnerable children across the County. CYPE's key focus is on better integrated working between these services. The Directorate has launched a Change for Kent Children Programme to better integrate all elements of the Directorate's work, using a new practice framework and operating model which will be in place from spring 2019.

The driving ambition for the new integrated practice framework is to reduce escalating demand, better supporting children, young people and their families at an earlier stage, without recourse to statutory intervention. By ensuring a new whole-systems approach to childhood, we will improve access for children, young people and families to consistent and timely support to meet their needs, enabling them to succeed in learning and life.

By adopting a new integrated practice framework, focused on prevention and working with families to reduce risks of harm to children, we will secure improvements to the effectiveness of service delivery

whilst also making it financially sustainable in the long term.

Education Planning and Access (EPA): This Division's purpose is to secure good quality school places in every community so that every 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 equipped well for achievement in life, no matter what their social background. This Division also commissions one of KCC's Local Authority Trading Companies (LATCo) 'The Education People' which launched in September 2018 to continue to deliver both traded and statutory elements of education support services. This development will increase the long term sustainability of education support services for schools and help to maintain and enhance the strong partnership between KCC and Kent schools in the future. It will also allow schools to have a greater say in how services operate and continue the focus on improving attainment and standards.

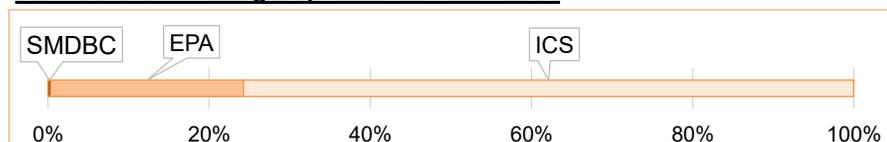
Schools' Delegated Budgets (SDB): This holds the budget for Kent schools

Integrated Children's Services (West and East) (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 focus on providing an effective and consistent integrated children's service across Kent, 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.

Each Division comprises a range of services including: Early Help Units; the Front Door Referral Service (single request for support); Children's Social Work teams; Adolescent teams; Children in Care teams; Fostering Service; Adoption Service; Safeguarding and Quality Assurance; 18+ Care Leavers Service; Management Information; Youth Justice; Inclusion and Attendance teams; Open Access provision (Children's Centres and the Youth Service) and the Unaccompanied Asylum Seeking Children (UASC) Service.

Strategic Management & Directorate Budgets (SMDBC): This area incorporates the Directorate centrally held costs, which includes the budgets for, amongst other things, the Strategic Directors and Heads of Service. It also leads on the Change for Kent Children Programme, support for the Corporate Director, Directorate communications and Member interface.

How is the CYPE budget split between Services?



Directorate Level Variation Statement

2018-19 Revised Base	Spending Pressures	Savings & Income	2019-20 Proposed Budget
£186,463.7k	£12,286.8k	-£2,957.8k	£195,792.7k

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Children, Young People & Education (CYPE)

Corporate Director: Matt Dunkley CBE

£195.8m

Strategic Management & Directorate Budgets (SMDBC)

Corporate Director: Matt Dunkley CBE

41	4,546.2	Strategic Management & Directorate Budgets (CYPE)	816.0	7,451.3	8,267.3	-684.0	-2,959.6	4,623.7	Central Directorate costs including the Strategic Director and Directorate pension costs
42	-2,276.3	Budget & Saving Plans to be allocated	-3,526.3	-400.0	-3,926.3	0.0	0.0	-3,926.3	Budgets and savings held here until plans have been finalised and can be allocated to specific Key Services lines
43	2,269.9	Total - Strategic Management & Directorate Budgets (SMDBC)	-2,710.3	7,051.3	4,341.0	-684.0	-2,959.6	697.4	

Education Planning and Access (EPA)

Director: Keith Abbott

44	2,946.3	Special Educational Needs & Psychology Services	9,835.6	67,349.6	77,185.2	-5,991.1	-65,614.7	5,579.4	Assessment and placement of children and young people with Special Educational Needs including those with Education Health Care plans
45	0.0	Early Years Education	0.0	69,596.6	69,596.6	0.0	-69,596.6	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
46	35,888.8	Home to School & College Transport	192.7	42,751.8	42,944.5	-3,712.4	0.0	39,232.1	Transport to education establishments for all entitled pupils including specialist transport to school and college for children and young people with Special Educational Needs, together with free mainstream school transport, and the partly subsidised 16+ travel card (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
47	10.0	Fair Access & Planning Services	2,201.0	687.8	2,888.8	-58.0	-2,820.6	10.2	Planning the provision of school places and managing the schools admissions and eligibility for school transport services
48	4,245.6	Education Services provided by EDSECO Ltd (trading as The Education People)	0.0	9,099.4	9,099.4	0.0	-5,922.0	3,177.4	A range of statutory education services provided through the Education Services Company (trading as The Education People), including School Improvement, Education Safeguarding, Skills & Employability, Schools Financial Services, and Outdoor Education

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description	
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		Net Cost £000s
49	-1,210.1	Community Learning & Skills (CLS)	9,362.3	3,480.9	12,843.2	-3,264.5	-10,568.5	-989.8	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
50	1,003.4	Education Services & Planning Resources Management & Division Support	1,137.1	885.7	2,022.8	-310.0	-795.0	917.8	Includes Area Education Officers and their direct support, costs associated with Academy conversions, and other Divisional management and support costs
51	-1,876.8	Other School Services	0.0	39,402.4	39,402.4	-19,701.0	-20,795.2	-1,093.8	Provision of a wide range of support services to schools (most of which operate on a traded basis)
52	41,007.2	Total - Education Planning and Access (EPA)	22,728.7	233,254.2	255,982.9	-33,037.0	-176,112.6	46,833.3	

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

Directors: Stuart Collins (Early Help & Preventative Services Lead) & Sarah Hammond (Children's Social Work Lead)

53	6,861.5	Early Help & Preventative Services	11,329.8	6,375.9	17,705.7	-3,144.2	-7,604.3	6,957.2	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
54	4,044.1	Children's Centres	6,248.5	1,227.9	7,476.4	-4,028.1	0.0	3,448.3	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 the opportunity to gain parenting skills
55	3,991.2	Youth Services	4,352.4	2,141.5	6,493.9	-1,214.0	-1,310.4	3,969.5	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
56	0.0	Pupil Referral Units & Inclusion	1,656.6	3,075.2	4,731.8	-267.0	-4,464.8	0.0	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
57	54,323.2	Looked After Children - Care & Support	3,422.7	58,905.7	62,328.4	-1,020.0	-3,694.1	57,614.3	Looked After Children Services including residential, fostering, and supported accommodation for under 18s, and Virtual Schools Kent
58	3,239.1	Children in Need - Care & Support	0.0	3,408.2	3,408.2	-153.1	0.0	3,255.1	Children in Need services including Section 17 payments which are made in safeguarding, promoting the general welfare of a child in need and their family, and Commissioned Services (Health & Wellbeing Service)

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description	
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		Net Cost £000s
59	46,341.2	Children's Social Work Services - Assessment & Safeguarding Service	48,184.0	2,750.8	50,934.8	-3,008.7	-242.2	47,683.9	Social care staffing providing assessment of children and families' needs, ongoing support to looked after children, and Safeguarding Service
60	14,692.3	Adoption & Special Guardianship Arrangements & Service	1,966.9	12,440.5	14,407.4	-103.0	0.0	14,304.4	The Adoption Service works to achieve alternative permanent care arrangements for Looked after Children within a family setting. This includes family finding, assessing and matching, and offering support services to adoptive families and children. Special guardianship arrangements are also supported, so a child may live with someone other than their parent(s) on a long term basis
61	4,257.3	Care Leavers Service	4,084.4	4,514.0	8,598.4	-2,192.1	-888.5	5,517.8	Enables and assists care leavers (post 18) to develop their skills and enhance their life opportunities as they progress into adulthood
62	0.0	Asylum	851.3	17,433.5	18,284.8	-1,454.1	-16,830.7	0.0	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
63	5,436.7	Integrated Services (Children's) Management & Directorate Support	6,391.6	1,754.6	8,146.2	-443.5	-2,191.2	5,511.5	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
64	143,186.6	Total - Integrated Children's Services (East & West) (ICS)	88,488.2	114,027.8	202,516.0	-17,027.8	-37,226.2	148,262.0	

Schools Delegated Budgets (SDB)

Corporate Director: Matt Dunkley CBE

65	0.0	Schools' Delegated Budgets	434,323.7	194,778.2	629,101.9	-50,826.2	-578,275.7	0.0	Includes Kent maintained Schools' Delegated Budgets and High Needs Budgets for Mainstream High Needs Funding, Special Schools, Specialist Resource Provisions and delegated funding for Alternative Provision
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66	186,463.7	Total - Children, Young People & Education (CYPE)	542,830.3	549,111.5	1,091,941.8	-101,575.0	-794,574.1	195,792.7	
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Growth, Environment & Transport (GET)



Corporate Director: **Barbara Cooper**

Net Revenue Budget for 2019-20:	£172,442.5k
Gross Capital Budget over 3 year period:	£485,403k
Full Time Equivalent (FTE) Staff at February 2019:	1,340.4

Growth, Environment & Transport (GET) consists of five divisions; Economic Development (ED), Environment, Planning & Enforcement (EPE), Highways, Transportation & Waste (HTW), Libraries, Registration & Archives (LRA) and Strategic Management & Directorate Budgets (SMDBG).

GET is considerable in terms of its breadth, the number of services and projects, as well as a considerable capital programme. GET is responsible for an array of familiar services that shape our communities, such as maintaining and improving Kent's roads, protecting communities against flooding, disposing of and recycling our 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, protect vulnerable residents against rogue traders, and actively support the low carbon sector.

By delivering good services we can improve the normal, everyday lives of the people and businesses of Kent and make the County a better place to live, work, and do business. Our services are mainly focused on delivering KCC's Strategic Outcome 2: Kent communities feel the benefits of economic growth by being in-work, healthy and enjoying a good quality of life. We also deliver services which support Strategic Outcomes 1 (Children and young people in Kent get the best start in life) and 3 (Older and vulnerable residents are safe and supported with choices to live independently).

Economic Development (ED): The strategic vision of this Division is to create the conditions that enable economic growth to deliver better outcomes and a good quality of life for Kent's communities, workforce, and visitors. The three main areas of activity are; Business and Enterprise, Economic Strategy & Partnerships, and Infrastructure.

Environment, Planning & Enforcement (EPE): EPE fundamentally supports sustainable economic growth, facilitates a quality environment across Kent, and improves the safety, health, and quality of life for Kent's residents. It comprises six groups delivering 19 services which together create the environment in which Kent residents and businesses live and grow.

EPE delivers a range of strategic and frontline services to create a quality and safe environment for sustainable economic and housing growth. From managing 4,310 miles of Public Rights of Way, to attracting and lobbying for millions of pounds of infrastructure investment, its services deliver against a host of wider Kent County Council outcomes, including a healthier lifestyle for our

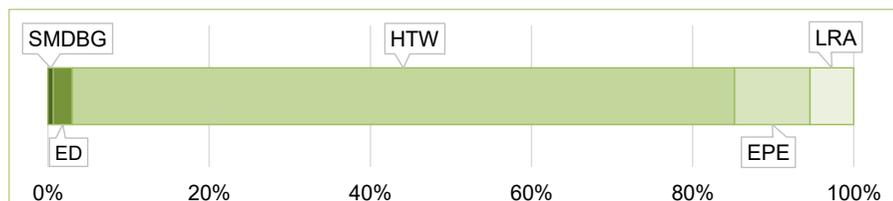
residents, as well as a safer and more resilient environment for our younger, older and vulnerable residents.

Highways, Transportation & Waste (HTW): This Division delivers services that are used by most, if not all, residents in Kent and those who travel through it. HTW has a duty to ensure the effective discharge of the Council's statutory duties and powers as Local Transport & Highway Authority, in particular it's duty of care to help ensure safe passage for all road users and the processing and disposal of household waste. The Division's core purposes are; the management, maintenance, emergency response and improvement of Kent's 5,400 miles of highway network and associated assets, the processing and disposal of the household waste and recycle collected by the 12 District and Borough Councils in Kent, as well as enabling access to education, health, and community services for diverse users across Kent, through the planning, procurement and management of public transport services.

Libraries, Registration & Archives (LRA): This Division is an internally commissioned service which delivers services that support people throughout their lives. The services are open to everyone, but also targeted to help those who most need them. The Libraries Service is delivered through library buildings, mobile library service, online offer, and a range of outreach services such as the home library and postal loan services. The Registration Service enables people to register a birth or death, get married as well as get their passport form checked. The Archives Service works to conserve, protect, and provide access to the remarkable collection of over 14 kilometres of unique and precious historical archive material.

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

How is the GET budget split between Services?



Directorate Level Variation Statement

2018-19 Revised Base	Spending Pressures	Savings & Income	2019-20 Proposed Budget
169,167.5k	£8,147.1k	-£4,872.1k	£172,442.5k

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Growth, Environment & Transport (GET)

Corporate Director: Barbara Cooper

£172.4m

Strategic Management & Directorate Budgets (SMDBG)

Corporate Director: Barbara Cooper

67	1,280.9	Strategic Management & Directorate Budgets (GET)	456.9	900.3	1,357.2	-68.0	0.0	1,289.2	Cross Directorate costs, including the Corporate Director
68	-108.3	Budget & Savings Plans to be allocated	0.0	-127.1	-127.1	0.0	0.0	-127.1	Budgets and savings held here until plans have been finalised and can be allocated to specific Key Services lines
69	1,172.6	Total - Strategic Management & Directorate Budgets (SMDBG)	456.9	773.2	1,230.1	-68.0	0.0	1,162.1	

Economic Development (ED)

Director: David Smith CBE

70	2,428.6	Economic Development	2,619.8	3,003.6	5,623.4	-1,941.9	-1,232.6	2,448.9	Working with public, private, and voluntary sectors to support Kent's economic growth (including Kent and Medway Business Loan Fund)
71	1,775.8	Arts	301.3	1,283.0	1,584.3	0.0	0.0	1,584.3	Supporting Kent's creative and cultural economy (including Turner Contemporary)
72	4,204.4	Total - Economic Development (ED)	2,921.1	4,286.6	7,207.7	-1,941.9	-1,232.6	4,033.2	

Highways, Transport & Waste (HTW)

Director: Simon Jones

73	5,294.3	Highway Transportation (including School Crossing Patrols)	5,763.6	1,925.6	7,689.2	-2,163.0	-107.4	5,418.8	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
74	13,144.3	Highway Asset Management (Roads and Footways)	5,260.8	6,707.9	11,968.7	0.0	0.0	11,968.7	Safety inspections, emergency and routine maintenance, and minor repairs to Roads, Footways and Cycleways (including repairing damage by Third Parties), Traffic Management, Fly Tipping removal

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description	
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		Net Cost £000s
75	16,552.5	Highway Asset Management (Other)	4,829.7	15,836.6	20,666.3	-3,949.0	0.0	16,717.3	Safety inspections, routine maintenance and minor repair of traffic signals, CCTV cameras, highway drainage cleansing, repairs and soakaways, highway trees, shrubs and grass cutting, weed spraying, bridges and tunnels, permitting, inspection and coordination of all works undertaken by utility companies, developers and KCC contractors, winter service and adverse weather, street lighting and lit signs and bollards maintenance and energy costs of street lighting, Kent lane rental scheme, permits and licences, Third Party damage to other assets
76	5,956.1	Subsidised Buses and Community Transport	0.0	8,305.9	8,305.9	-1,019.0	-1,087.8	6,199.1	Financial support for otherwise uneconomic bus routes (including the Kent Karrier service), as well as community transport schemes
77	17,199.2	Concessionary Fares	0.0	17,271.6	17,271.6	-47.0	0.0	17,224.6	A statutory concessionary travel scheme, providing free bus travel for the elderly, disabled and disabled user companions
78	8,707.5	Young Person's Travel Pass	0.0	15,990.5	15,990.5	-7,933.0	0.0	8,057.5	Provides discounted travel on the Kent bus network for young people aged 11-16. The average subsidy was £300 in previous years
79	39,279.8	Residual Waste	0.0	40,410.5	40,410.5	-92.3	0.0	40,318.2	Statutory waste services for Kent residents including treatment and disposal of residual household waste
80	29,704.6	Waste Facilities & Recycling Centres	0.0	33,415.6	33,415.6	-2,218.8	0.0	31,196.8	Statutory waste services for Kent residents including Household recycling centres, cost of recycling, and composting household waste
81	4,453.1	Highways, Transport & Waste Management Costs and Commercial Operations	3,981.4	3,293.4	7,274.8	-2,666.9	0.0	4,607.9	Management, planning, procurement and monitoring of transport services, work with Environment Agency to reduce waste, pollution monitoring at landfill sites, commissioning and contract management of care waste management service, business services including provision of Speed Awareness courses, and business support for Highways, Transportation & Waste
82	140,291.4	Total - Highways, Transport & Waste (HTW)	19,835.5	143,157.6	162,993.1	-20,089.0	-1,195.2	141,708.9	

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Environment, Planning & Enforcement (EPE) Director: Katie Stewart									
83	8,514.9	Public Protection (Enforcement)	8,485.5	4,547.6	13,033.1	-2,790.3	0.0	10,242.8	Public Protection services including Trading Standards, Community Wardens, Coroners, Kent Scientific Services (KSS), Resilience, and Emergencies
84	5,130.5	Environment & Planning	7,105.4	13,034.3	20,139.7	-6,700.6	-8,160.1	5,279.0	Covers a wide range of services including Country Parks, development of sports and physical activity, Kent Downs Area of Outstanding Natural Beauty (AONB), Public Rights of Way (PROW), Gypsy & Traveller Unit, delivery of key strategic transport improvement, heritage services, sustainable business and communities, planning, and climate change projects
85	639.0	Environment, Planning & Enforcement Management Costs	645.3	16.1	661.4	-8.2	0.0	653.2	Divisional management costs
86	14,284.4	Total - Environment, Planning & Enforcement (EPE)	16,236.2	17,598.0	33,834.2	-9,499.1	-8,160.1	16,175.0	

Libraries, Registration & Archives (LRA) Head of Service: James Pearson									
87	9,214.7	Libraries, Registration & Archives	11,538.7	4,214.0	15,752.7	-6,389.4	0.0	9,363.3	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 Quarrywood, 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

88	169,167.5	Total - Growth, Environment & Transport (GET)	50,988.4	170,029.4	221,017.8	-37,987.4	-10,587.9	172,442.5	
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Strategic & Corporate Services (S&CS)



Corporate Director: **David Cockburn**

Net Revenue Budget for 2019-20:	£78,492.5k
Gross Capital Budget over 3 year period:	£163,992k
Full Time Equivalent (FTE) Staff at February 2019:	699.4

The Strategic & Corporate Services Directorate provides core services which support frontline service delivery to achieve better outcomes for Kent's residents and our customers. The Directorate supports the political and managerial leadership in setting the strategic direction for the Council. Strategic & Corporate Services 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 Authority, ensuring effective governance and assurance processes and providing support for extensive business change across the Council as we continue to embed our strategic commissioning authority and traded service arrangements. Our Directorate also plays a significant role in ensuring the Council is well placed to meet its statutory and regulatory duties.

Strategic & Corporate Services has the following roles and responsibilities:

Engagement, Organisation Design & Development (EODD): The Division is responsible for employment practice and policy, organisation design and development, health and safety, and the communications, customer, and engagement functions for the authority. The Division holds the client-side responsibility for the Contact Point and Digital Services provided by Agilisys.

Finance (FIN): The Division comprises of four key functions that together provide strategic financial and audit support to the Council. These functions are; External Contracts & Funding, Operations, Internal Audit, and, Policy, Planning & Strategy. The Vision Statement of the Division is to, "Work together as one market leading team that always put the customers at the heart of everything we do".

Governance & Law (G&L): 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 authority including co-ordination of responses to Freedom of Information (FOI) requests. The division also holds the client-side responsibility for Invicta Law which provides legal advice and services to KCC, public bodies, and other local authorities.

Infrastructure (INF): The Division is responsible for the provision of the Authority's Property & ICT services which support our frontline service delivery; it sets the Council's technology and asset strategy and delivers the Council's disposal and capital programmes. The division holds the client side responsibility for Cantium Business Solutions Ltd and GEN² Property Ltd.

Strategic Commissioning including Public Health (SCincPH):

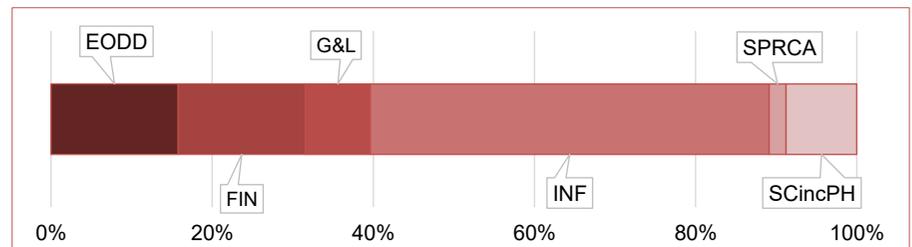
Strategic Commissioning leads and shapes the process for deciding how best to use the total resources available to improve outcomes in the most efficient, effective, equitable, and sustainable way. Those resources could be within KCC, or across the public, voluntary, and private sectors. The Division provides capability in commercial leadership and judgement, evidence-based decision making, and performance reporting and analysis. The Division also incorporates Public Health which aims to improve and protect the health and wellbeing of Kent's residents.

The **Public Health** function has three overriding aims, to improve the health of the Kent population, to protect the health of the Kent population, and to improve the quality, effectiveness, and access to health and social care services. By achieving these aims, we will not only improve the wellbeing of the people of Kent, but also reduce the need for expensive acute interventions, thereby reducing the pressure on other KCC services, and the wider public sector.

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, and, relationship management, as well as leading the equality, risk, and corporate assurance frameworks.

Strategic Management & Directorate Budgets S&CS (SMDBS): This area incorporates the Directorate centrally held costs and external grant income.

How is the S&CS budget split between Services?



Directorate Level Variation Statement

2018-19 Revised Base	Spending Pressures	Savings & Income	2019-20 Proposed Budget
£75,624.5k	£5,052.5k	-£2,184.5k	£78,492.5k

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Strategic & Corporate Services (S&CS) **£78.5m**
 Corporate Director: David Cockburn

Strategic Management & Directorate Budgets (SMDBS)
 Corporate Director: David Cockburn

89	-1,259.3	Strategic Management & Directorate Budgets (S&CS)	512.7	2,904.0	3,416.7	-635.6	-4,050.0	-1,268.9	Central Directorate costs and grant contributions to Corporate Services' overheads
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Engagement, Organisation Design & Development (EODD)
 Corporate Director: Amanda Beer

90	7,583.7	Human Resources Related Services	5,015.3	3,739.3	8,754.6	-1,087.9	-1.0	7,665.7	Strategic and operational Human Resource (HR) services to KCC. Advisory role to ensure that KCC meets its statutory responsibility in terms of Health & Safety, Employment Law, and Equality Legislation in relation to employment. Transactional HR services commissioned from Cantium Business Solutions Ltd
91	5,514.4	Customer Contact, Communications & Consultations	1,548.5	4,515.1	6,063.6	-497.7	-89.0	5,476.9	Responsible for communicating with the public, customer contact services, effective consultation, and information provision
92	13,098.1	Total - Engagement, Organisation Design & Development (EODD)	6,563.8	8,254.4	14,818.2	-1,585.6	-90.0	13,142.6	

Finance (FIN)
 Corporate Director: Zena Cooke

93	9,531.1	Finance	11,136.2	4,690.5	15,826.7	-5,259.9	-904.8	9,662.0	Provision of finance advice to support both managers and Members in planning, managing, and reporting upon the Council's financial resources. Transactional financial services commissioned from Cantium Business Solutions Ltd
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SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Governance & Law (G&L)

Director: Ben Watts

94	5,339.1	Governance & Law	2,582.0	3,241.6	5,823.6	-298.8	-35.0	5,489.8	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 for legal advice and services to KCC, public bodies, and other local authorities. Co-ordination of responses to Freedom of Information (FOI) requests
95	1,620.0	Local Member Grants	0.0	1,215.0	1,215.0	0.0	0.0	1,215.0	Member Grants made to a wide range of community based groups, individuals and organisations
96	6,959.1	Total - Governance & Law (G&L)	2,582.0	4,456.6	7,038.6	-298.8	-35.0	6,704.8	

Infrastructure (INF)

Director: Rebecca Spore

97	22,271.2	Property Related Services	858.6	35,389.3	36,247.9	-11,481.8	-187.0	24,579.1	Strategic management of KCC's estate and day-to-day costs associated with managing the Authority's estate. Lead on delivery of the Council's Property Asset Management Strategy together with delivery of day to day costs associated with KCC's estate, through GEN ² Property Ltd.
98	16,475.0	ICT Related Services	1,966.5	17,671.3	19,637.8	-2,862.4	-149.0	16,626.4	Leads on defining future provision and strategy for ICT, ensuring the best use of available technology to support the needs of the Council. ICT services commissioned from Cantium Business Solutions Ltd. Business Partnership providing service delivery assurance and monitoring of deliverables
99	38,746.2	Total - Infrastructure (INF)	2,825.1	53,060.6	55,885.7	-14,344.2	-336.0	41,205.5	

SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Strategic Commissioning including Public Health (SCincPH)
Directors: Vincent Godfrey (Strategic Commissioning) & Andrew Scott-Clark (Public Health)

100	7,166.6	Strategic Commissioning	7,555.7	441.0	7,996.7	-661.3	-41.0	7,294.4	Responsible for developing and delivering a commissioning and procurement strategy for the Authority. Includes commissioning, contract management, and procurement functions
101	-200.0	Public Health - Children's Programme	0.0	30,995.7	30,995.7	0.0	-30,995.7	0.0	Includes provision for 0-19 year olds and their families including: Health Visiting, School Public Health, Oral Health, services delivered through Children Centres and Adolescent services
102	-21.1	Public Health - Mental Health, Substance Misuse & Community Safety	100.0	12,158.7	12,258.7	-914.0	-11,344.7	0.0	Includes the provision of drug and alcohol services, Domestic abuse services and Mental Health early intervention.
103	0.0	Public Health - Sexual Health	0.0	12,765.1	12,765.1	-1,500.0	-11,265.1	0.0	Commissioning of mandated contraception and sexually transmitted infection advice and treatment services
104	-115.4	Public Health - Healthy Lifestyles	0.0	8,201.0	8,201.0	0.0	-8,201.0	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
105	0.0	Public Health - Advice and Other Staffing	2,869.1	1,378.5	4,247.6	-255.1	-3,992.5	0.0	Includes cost of management, commissioning, and operational staff to deliver statutory Public Health advice
106	6,830.1	Total - Strategic Commissioning including Public Health (SCincPH)	10,524.8	65,940.0	76,464.8	-3,330.4	-65,840.0	7,294.4	

Strategy, Policy, Relationships & Corporate Assurance (SPRCA)
Director: David Whittle

107	1,719.2	Strategy, Policy, Relationships & Corporate Assurance	1,784.3	1,653.8	3,438.1	-436.0	-1,250.0	1,752.1	Supports the political and managerial leadership of KCC through strategic policy development
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108	75,624.5	Total - Strategic & Corporate Services (S&CS)	35,928.9	140,959.9	176,888.8	-25,890.5	-72,505.8	78,492.5	
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SECTION 3 - REVENUE BUDGET - KEY SERVICES

Row Ref	2018-19 Revised Budget (Net Cost) £000s	Division & Key Service	2019-20 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	

Financing Items & Unallocated (FI&U)

£109.2m

Corporate Director: Zena Cooke

109	107,432.9	Financing Items - General	969.7	117,324.4	118,294.1	-16,783.6	-18.0	101,492.5	Includes net debt costs (including investment income), transfers to and from reserves, net contributions from KCC owned companies, and others including Insurance Fund, audit fees and Apprenticeship Levy
110	2,754.5	Financing Items - Unallocated	-1,250.0	9,078.5	7,828.5	0.0	-87.5	7,741.0	

111	110,187.4	Total - Financing Items & Unallocated (FI&U)	-280.3	126,402.9	126,122.6	-16,783.6	-105.5	109,233.5	
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112	958,487.9	Total Budget	721,135.7	1,474,617.5	2,195,753.2	-310,615.7	-898,763.1	986,374.4	
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113	958,487.9	Total Budget (excluding Schools' Delegated Budgets on Row 65)	286,812.0	1,279,839.3	1,566,651.3	-259,789.5	-320,487.4	986,374.4	
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KCC Approved Budget Book

SECTION 4

**Capital Investment
Plans 2019-22**

SUMMARY

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

Row Ref		Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
				2019-20 £000s	2020-21 £000s	2021-22 £000s	Later Years £000s
				1	Adult, Social Care & Health (ASCH)	35,311	8,550
2	Children, Young People & Education (CYPE)	697,677	375,340	141,035	105,052	76,250	0
3	Growth, Environment & Transport (GET)	874,881	305,850	170,290	159,070	156,043	83,628
4	Strategic & Corporate Services (S&CS)	227,706	63,714	71,277	52,565	40,150	0
5	Capitalised Transformation Costs	5,000	3,920	1,080	0	0	0
6	Total Cash Limit	1,840,575	757,374	392,599	323,987	282,987	83,628
Funded by:							
7	Borrowing	409,534	122,207	121,922	123,970	48,025	-6,590
8	Property Enterprise Fund (PEF) 2	374	374	0	0	0	0
9	Grants	853,521	465,378	161,299	109,885	116,621	338
10	Developer Contributions	254,035	54,005	34,471	36,574	84,802	44,183
11	Other External Funding	101,856	15,785	15,436	21,287	11,139	38,209
12	Revenue and Renewals	37,746	7,757	10,139	9,820	9,683	347
13	Capital Receipts	100,045	57,770	28,321	14,281	-327	0
14	Capital Receipts Loan Repayments	78,464	30,178	19,931	8,170	13,044	7,141
15	Capital Receipts to Fund Transformation	5,000	3,920	1,080	0	0	0
16	Total Finance	1,840,575	757,374	392,599	323,987	282,987	83,628

SUMMARY

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY FUNDING

2019-22 Funded By:												
Row Ref		Total Cost of Scheme	Prior Years Spend	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	Later Years
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
1	Adult, Social Care & Health (ASCH)	35,311	8,550	2,547	1,737	3,177	16,800	1,500	1,000	0	26,761	0
2	Children, Young People & Education (CYPE)	697,677	375,340	63,011	153,596	68,634	0	18,000	19,096	0	322,337	0
3	Growth, Environment & Transport (GET)	874,881	305,850	86,510	224,972	84,036	31,034	9,766	7,940	41,145	485,403	83,628
4	Strategic & Corporate Services (S&CS)	227,706	63,714	141,849	7,500	0	28	376	14,239	0	163,992	0
5	Capitalised Transformation Costs	5,000	3,920	0	0	0	0	0	1,080	0	1,080	0
6	Total Cash Limit	1,840,575	757,374	293,917	387,805	155,847	47,862	29,642	43,355	41,145	999,573	83,628
2019-22 Funded By:												
	Three Year Budget	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22			
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s			
	ROLLING PROGRAMMES											
7	Adult, Social Care & Health (ASCH)	1,500	0	0	0	1,500	0	0	1,500			
8	Children, Young People & Education (CYPE)	63,583	1,050	44,533	0	18,000	0	0	63,583			
9	Growth, Environment & Transport (GET)	177,695	65,078	103,469	0	9,000	102	0	177,695			
10	Strategic & Corporate Services (S&CS)	18,140	8,690	7,500	0	0	1,950	0	18,140			
11	Total Rolling Programmes	260,918	74,818	155,502	0	28,500	2,052	0	260,918			
	Total Cost of Scheme	Prior Years Spend	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	Later Years	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	INDIVIDUAL PROJECTS											
12	Adult, Social Care & Health (ASCH)	33,811	8,550	2,547	1,737	3,177	16,800	0	1,000	0	25,261	0
13	Children, Young People & Education (CYPE)	634,094	375,340	61,961	109,063	68,634	0	0	19,096	0	258,754	0
14	Growth, Environment & Transport (GET)	697,186	305,850	21,432	121,503	84,036	30,988	766	7,838	41,145	307,708	83,628
15	Strategic & Corporate Services (S&CS)	209,566	63,714	133,159	0	0	28	376	12,289	0	145,852	0
16	Capitalised Transformation Costs	5,000	3,920	0	0	0	0	0	1,080	0	1,080	0
17	Total Individual Projects	1,579,657	757,374	219,099	232,303	155,847	47,816	1,142	41,303	41,145	738,655	83,628
18	Total Cash Limit	1,840,575	757,374	293,917	387,805	155,847	47,862	29,642	43,355	41,145	999,573	83,628

ADULT SOCIAL CARE & HEALTH (ASCH)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

Row Ref		Description of Project	Three Year Budget £000s	Cash Limits				
				2019-20 £000s	2020-21 £000s	2021-22 £000s		
ROLLING PROGRAMMES		Description of Project						
1	<i>Home Support Fund & Equipment</i>	Provision of equipment and/or alterations to individuals' homes	1,500	500	500	500		
2	Total Rolling Programmes		1,500	500	500	500		
		Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			Later Years £000s
					2019-20 £000s	2020-21 £000s	2021-22 £000s	
INDIVIDUAL PROJECTS		Description of Project						
3	<i>Developer Funded Community Schemes</i>	A variety of community schemes to be funded by developer contributions	4,630	1,554	2,032		1,044	
Kent Strategy for Services for Learning Disability (LD):								
4	Learning Disability Good Day Programme	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	3,128	1,815	1,313			
Kent Strategy for Services for Older People (OP):								
5	<i>OP Strategy - Specialist Care Facilities</i>	Older Persons Care Provision - Accommodation Strategy	2,281	1,281	1,000			
6	<i>Extra Care Facilities</i>	Provision of Extra Care Accommodation	16,800		1,000	6,800	9,000	
System Development:								
7	Adult Social Care Case Management	Replacement of the Adult Social Care Case Management & finance system	6,447	3,900	2,547			
Other Individual Projects:								
8	Housing & Technology Fund	To encourage sustainable expansion in suitable housing provision for people with learning disabilities	525		525			
9	Total Individual Projects		33,811	8,550	8,417	6,800	10,044	
10	Directorate Total		35,311	8,550	8,917	7,300	10,544	

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

ADULT SOCIAL CARE & HEALTH (ASCH)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

	Total Cost of Scheme	Prior Years Spend	Cash Limits			
			2019-20	2020-21	2021-22	Later Years
Funded by:	£000s	£000s	£000s	£000s	£000s	£000s
Borrowing	5,805	3,258	2,547	0	0	0
Property Enterprise Fund (PEF) 2	369	369	0	0	0	0
Grants	3,666	1,929	1,737	0	0	0
Developer Contributions	4,792	1,615	2,133	0	1,044	0
Other External Funding	16,800	0	1,000	6,800	9,000	0
Revenue and Renewals	1,500	0	500	500	500	0
Capital Receipts	2,379	1,379	1,000	0	0	0
Total:	35,311	8,550	8,917	7,300	10,544	0

ADULT, SOCIAL CARE & HEALTH

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY FUNDING

			2019-22 Funded By:									
Row Ref		Three Year Budget		Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	
		£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
ROLLING PROGRAMMES												
1	<i>Home Support Fund & Equipment</i>	1,500						1,500			1,500	
2	Total Rolling Programmes	1,500		0	0	0	0	1,500	0	0	1,500	
		Total Cost of Scheme	Prior Years Spend	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	Later Years
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
INDIVIDUAL PROJECTS												
3	<i>Developer Funded Community Schemes</i>	4,630	1,554			3,076					3,076	
Kent Strategy for Services for Learning Disability (LD):												
4	Learning Disability Good Day Programme	3,128	1,815		1,212	101					1,313	
Kent Strategy for Services for Older People (OP):												
5	<i>OP Strategy - Specialist Care Facilities</i>	2,281	1,281						1,000		1,000	
6	<i>Extra Care Facilities</i>	16,800	0				16,800				16,800	
System Development:												
7	Adult Social Care Case Management	6,447	3,900	2,547							2,547	
Other Individual Projects:												
7	Housing & Technology Fund	525			525						525	
8	Total Individual Projects	33,811	8,550	2,547	1,737	3,177	16,800	0	1,000	0	25,261	0
9	Directorate Total	35,311	8,550	2,547	1,737	3,177	16,800	1,500	1,000	0	26,761	0

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

CHILDREN, YOUNG PEOPLE & EDUCATION (CYPE)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

Row Ref		Description of Project	Three Year Budget	Cash Limits				
			£000s	2019-20	2020-21	2021-22		
				£000s	£000s	£000s		
ROLLING PROGRAMMES		Description of Project						
1	<i>Annual Planned Enhancement Programme*</i>	Planned and reactive capital projects to keep schools open and operational	24,000	8,000	8,000	8,000		
2	Devolved Formula Capital Grants for Schools*	Enhancement of schools	13,500	4,500	4,500	4,500		
3	Schools Revenue Contribution to Capital *	Schools spend on capital projects	18,000	6,000	6,000	6,000		
4	Youth - Modernisation of Assets	To purchase vehicles and equipment for youth services	50		50			
5	<i>Modernisation Programme*</i>	Improving and upgrading school buildings	8,033	4,033	2,000	2,000		
6	Total Rolling Programmes		63,583	22,533	20,550	20,500		
			Total Cost of Scheme	Prior Years Spend	Cash Limits			
			£000s	£000s	2019-20	2020-21	2021-22	Later
					£000s	£000s	£000s	£000s
INDIVIDUAL PROJECTS		Description of Project						
		Basic Need Schemes - to provide additional pupil places:						
7	<i>Basic Need Kent Commissioning Plan (KCP) 2016 & previous years</i>	Increasing the capacity of Kent's schools	312,181	258,484	47,872	5,825		
8	<i>Basic Need KCP 2017</i>	Increasing the capacity of Kent's schools	138,628	14,697	61,279	62,652		
9	<i>Basic Need KCP 2018</i>	Increasing the capacity of Kent's schools	76,425		4,650	16,025	55,750	
		Other Projects:						
10	Special Schools Review Phase 2	Major programme of building works to ensure facilities are fit for purpose	84,313	84,313				
11	John Wallis Academy	To provide a new primary school building to replace the current unsuitable accommodation	5,075	5,075				
12	CYPE Single System	Improve efficiency by reducing the number of recording and monitoring systems	1,772	1,722	50			
13	Vocational Education Centre Programme	To support vocational projects at schools	1,542	1,451	91			
14	Priority School Build Programme (PSBP) 1 & 2	Additional works under the PSBP programme not funded by the Education and Skills Funding Agency (ESFA)	14,158	9,598	4,560			
15	Total Individual Projects		634,094	375,340	118,502	84,502	55,750	0
16	Directorate Total		697,677	375,340	141,035	105,052	76,250	0

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

* Estimated allocations have been included for 2019-20, 2020-21 and 2021-22.

CHILDREN, YOUNG PEOPLE & EDUCATION (CYPE)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

	Total Cost of Scheme	Prior Years Spend	Cash Limits			
			2019-20	2020-21	2021-22	Later Years
	£000s	£000s	£000s	£000s	£000s	£000s
Funded by:						
Borrowing	105,332	42,321	19,870	53,026	-9,885	0
Property Enterprise Fund (PEF) 2	5	5	0	0	0	0
Grants	428,852	275,256	75,637	37,697	40,262	0
Developer Contributions	105,081	36,447	23,921	4,840	39,873	0
Other External Funding	425	425	0	0	0	0
Revenue and Renewals	18,440	440	6,000	6,000	6,000	0
Capital Receipts	39,542	20,446	15,607	3,489	0	0
Total:	697,677	375,340	141,035	105,052	76,250	0

CHILDREN, YOUNG PEOPLE & EDUCATION (CYPE)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY FUNDING

			2019-22 Funded By:									
Row Ref		Three Year Budget	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22		
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
ROLLING PROGRAMMES												
1	<i>Annual Planned Enhancement Programme*</i>	24,000	1,000	23,000							24,000	
2	Devolved Formula Capital Grants for Schools*	13,500		13,500							13,500	
3	Schools Revenue Contribution to Capital *	18,000					18,000				18,000	
4	Youth - Modernisation of Assets	50	50								50	
5	<i>Modernisation Programme*</i>	8,033		8,033							8,033	
6	Total Rolling Programmes	63,583	1,050	44,533	0	0	18,000	0	0	63,583		
			2019-22 Funded By:									
		Total Cost of Scheme	Prior Years Spend	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	Later Years
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
INDIVIDUAL PROJECTS												
	Basic Need Schemes - to provide additional pupil places:											
7	<i>Basic Need Kent Commissioning Plan (KCP) 2016 & previous years</i>	312,181	258,484	1,008	-1,682	50,371			4,000		53,697	
8	<i>Basic Need KCP 2017</i>	138,628	14,697	50,210	63,881	9,840					123,931	
9	<i>Basic Need KCP 2018</i>	76,425		22,190	45,812	8,423					76,425	
	Other Projects:											
10	Special Schools Review Phase 2	84,313	84,313	-8,396					8,396		0	
11	John Wallis Academy	5,075	5,075	-3,489					3,489		0	
12	CYPE Single System	1,772	1,722						50		50	
13	Vocational Education Centre Programme	1,542	1,451	11					80		91	
14	Priority School Build Programme (PSBP) 1 & 2	14,158	9,598	427	1052				3,081		4,560	
15	Total Individual Projects	634,094	375,340	61,961	109,063	68,634	0	0	19,096	0	258,754	0
16	Directorate Total	697,677	375,340	63,011	153,596	68,634	0	18,000	19,096	0	322,337	0

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

* Estimated allocations have been included for 2019-20, 2020-21 and 2021-22.

GROWTH, ENVIRONMENT & TRANSPORT (GET)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

Row Ref		Description of Project	Three Year Budget £000s	Cash Limits				
				2019-20 £000s	2020-21 £000s	2021-22 £000s		
ROLLING PROGRAMMES								
Community & Regulatory Services								
1	<i>Country Parks Access and Development</i>	Improvements and adaptations to country parks	282	162	60	60		
2	<i>Public Rights of Way (PROW)</i>	Structural improvements of public rights of way	2,160	720	720	720		
3	Public Sports Facilities Improvement - Capital Grants	Capital grants for the new provision/refurbishment of sports facilities and projects in the community	225	75	75	75		
Economic Development								
4	Village Halls and Community Centres - Capital Grants	Capital grants for improvements and adaptations to village halls and community centres	225	75	75	75		
Planning, Highways, Transport & Waste								
5	<i>Highway Major Enhancement / Other Capital Enhancement / Bridge Assessment and Strengthening*</i>	Enhancement of the Kent road network and bridge strengthening including a contribution to cost of works at Faversham Swing Bridge	165,008	59,586	57,761	47,661		
6	<i>Integrated Transport Schemes *</i>	Improvements to road safety	9,343	3,143	3,100	3,100		
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	406	186	220			
8	Land Compensation Part 1 claims	Land compensation part 1 claims	46	36	10			
9	Total Rolling Programmes		177,695	63,983	62,021	51,691	0	
			Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2019-20 £000s	2020-21 £000s	2021-22 £000s	Later Years £000s
INDIVIDUAL PROJECTS								
Community & Regulatory Services								
10	<i>Digital Autopsy</i>	To provide body storage facility and office accommodation	1,172		717	455		
11	Herne Bay Library Plus	Project in partnership with Canterbury City Council to maximise the utilisation of an existing building. The project will also address long-term building issues	289	5	284			
12	<i>Southborough Hub</i>	New Southborough Hub facility including the reprovision of the library, predominantly funded by external partners	12,058	2,441	9,117	500		
13	Sustainable access to education & employment	Targeted improvements to Public Rights of Way	1,188	788	200	200		
14	<i>Tunbridge Wells Cultural Hub</i>	Development of a cultural and learning hub in partnership with Tunbridge Wells Borough Council	12,888	1,414	6,210	5,264		

GROWTH, ENVIRONMENT & TRANSPORT (GET)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

		Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits				
				2019-20 £000s	2020-21 £000s	2021-22 £000s	Later Years £000s	
	INDIVIDUAL PROJECTS	Description of Project						
	Economic Development							
1	Broadband Contract 2	To extend the reach of superfast broadband so that 95% of homes and businesses can access superfast broadband	11,814	11,200	614			
2	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	6,000	4,989	1,011			
3	<i>Javelin Way Development</i>	To provide access and accomodation for creative industries including the Jasmin Vardimon Dance Company and the creation of industrial units, to be funded from sale of enabling developments and external funding	9,145	240	5,102	3,774	29	
4	Kent & Medway Business Fund	New fund using recycled receipts from Regional Growth Fund, TIGER and Escalate	42,168	12,209	16,402	6,010	7,547	
5	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 including an affordable homes project part funded by Homes & Communities Agency (HCA) through the provision of short term secured loans	30,991	24,157	2,536	2,064	2,173	61
6	No Use Empty - Rented Affordable Homes	To expand the existing Empty Property Initiative offer to return large family-sized empty properties back into use as affordable rented homes	3,216	1,608	1,538	70		
7	Marsh Million	Fund to support economic growth on Romney Marsh to develop new jobs and business opportunities following the decommissioning of Dungeness Power Station	1,434	1,120	69	86	159	
8	<i>Turner</i>	To extend and refurbish to make the building function more efficiently to service the high levels of visitor numbers	5,900		5,900			
9	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862		150	2,712		
	Planning, Highways, Transport & Waste							
10	<i>A2 Off Slip Wincheap, Canterbury</i>	To deliver an off-slip in the coastbound direction	4,400	342	1,859	2,199		
11	<i>A226 St Clements Way</i>	Road improvement scheme	6,903	6,401	447	20	35	
12	<i>A2500 Lower Road Improvements</i>	Junction improvements to increase capacity	6,486	2,970	3,221	287	8	
13	<i>A28 Chart Road, Ashford</i>	Strategic highway improvement	26,248	4,981	20	7,464	13,783	
14	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	12,000	615	2,262	3,226	5,897	
15	Drovers Roundabout junction	Construction of roundabout	23,610	23,501	109			
16	East Kent Access Phase 2 - Major Road Scheme	Construction of East Kent Access Road	85,425	84,922	493	10		

GROWTH, ENVIRONMENT & TRANSPORT (GET)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

		Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2019-20 £000s	2020-21 £000s	2021-22 £000s	Later Years £000s
	INDIVIDUAL PROJECTS							
1	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	2,804	2,206	155	127	87	229
2	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	2,189	1,883	64	63	61	118
3	Kent Medical Campus (National Productivity Investment Fund - NPIF)	NPIF project in Maidstone to ease congestion	11,819	1,793	8,393	1,633		
4	Kent Strategic Congestion management programme across growth areas	Package of measures to reduce congestion and carbon footprint	5,024	2,483	1,241	1,300		
5	Kent Sustainable interventions programme for growth	Highway improvements	2,763	1,496	572	695		
6	Kent Thameside LSTF - Integrated door-to-door journeys	Package of measures to reduce congestion	4,558	3,561	510	487		
7	<i>Kent Thameside Strategic Transport Programme</i>	Strategic highway improvement in Dartford & Gravesham	39,086	2,935	4,482	8,769	22,900	
8	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	40,000	37,842	2,158			
9	<i>Leigh (Medway) Flood Storage Area</i>	To provide flood defences for the River Medway, including property level resilience for Yalding and the surrounding area, increasing the capacity of Leigh Flood Storage area and to support the LGF3 bid for funds to support flood defences for Hildenborough and East Peckham	4,000		1,500		2,500	
10	<i>Maidstone Integrated Transport</i>	Improving transport links with various schemes in Maidstone	10,550	1,688	4,935	3,927		
11	M20 Junction 4 Eastern Over Bridge	Carriageway widening	6,195	6,164	31	0		
12	North Farm Development	Road Improvement scheme	7,429	7,413	5	11		
13	<i>Open Golf</i>	To enable transport improvements in relation to hosting The Open in 2020	3,546	673	2,848	25		
14	Rathmore Road Link	Road improvement scheme	8,383	7,879	270	199	35	
15	Sittingbourne Northern Relief Road - Major Road Scheme	Construction of relief road	29,147	28,912	235			

GROWTH, ENVIRONMENT & TRANSPORT (GET)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

		Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2019-20 £000s	2020-21 £000s	2021-22 £000s	Later Years £000s
	INDIVIDUAL PROJECTS							
1	Street Lighting Concrete Column - Replacement Scheme	Street lighting column replacement	2,629	1,667	962			
2	<i>Sturry Link Road, Canterbury</i>	Construction of bypass	29,600	1,535	2,090	21,051	4,924	
3	<i>Herne Relief Road</i>	Developer funded scheme providing an alternative route between Herne Bay and Canterbury to avoid Herne village	7,691	212	862	1,834	600	4,183
4	M2 Junction 5	KCC contribution	1,600		800	800		
5	<i>Housing Infrastructure Fund - Swale Infrastructure Projects</i>	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	37,090	250	2,447	9,322	24,243	828
6	<i>Thanet Parkway</i>	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	27,650	2,143	8,877	3,630	13,000	
7	Tunbridge Wells Junction Improvements	Junction improvements	1,958	1,245	713			
8	West Kent local sustainable transport - tackling congestion	Package of measures to reduce congestion and carbon footprint	5,070	3,157	900	1,013		
9	Westwood Relief Strategy - Poorhole Lane Improvement	Road scheme to relieve congestion	4,491	4,456	35			
10	<i>A228 Colts Hill Strategic Link - Road Scheme</i>	Construction of bypass	25,000					25,000
11	<i>Orchard Way Railway Bridge, Ashford</i>	Strategic highway improvement	15,000					15,000
12	<i>South East Maidstone Strategic Link - Road Scheme</i>	Construction of bypass	35,000					35,000
13	Waste Compactor Replacement	To replace waste compactors at Household Waste Recycle Centres to ensure efficient waste site operation	1,070		300	385	385	
14	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	300		300			
15	A252 Safer Roads Fund	Grant funded scheme	2,146	20	2,126			
16	A290 Safer Roads Fund	Grant funded scheme	1,501		50	1,451		
17	Fastrack Full Network - Bean Road Tunnels	Bus rapid transit system within Kent Thameside to provide fast, reliable and efficient transport for local journeys	15,700	334	185	5,986	5,986	3,209
18	Total Individual Projects		697,186	305,850	106,307	97,049	104,352	83,628
19	Directorate Total		874,881	305,850	170,290	159,070	156,043	83,628

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

* Indicative allocations have been included for 2019-20, 2020-21 and 2021-22.

GROWTH, ENVIRONMENT & TRANSPORT (GET)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

	Total Cost of Scheme	Prior Years Spend	Cash Limits			
			2019-20	2020-21	2021-22	Later Years
	£000s	£000s	£000s	£000s	£000s	£000s
Funded by:						
Borrowing	134,482	54,562	37,293	28,307	20,910	-6,590
Property Enterprise Fund (PEF) 2	0	0	0	0	0	0
Grants	413,224	187,914	81,425	69,688	73,859	338
Developer Contributions	144,162	15,943	8,417	31,734	43,885	44,183
Other External Funding	76,960	7,717	14,408	14,487	2,139	38,209
Revenue and Renewals	15,789	5,676	3,333	3,250	3,183	347
Capital Receipts	15,465	7,525	5,483	3,434	-977	0
Recycling of Loan Repayments	74,799	26,513	19,931	8,170	13,044	7,141
Total:	874,881	305,850	170,290	159,070	156,043	83,628

GROWTH, ENVIRONMENT & TRANSPORT (GET)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY FUNDING

Row Ref		Three Year Budget	2019-22 Funded By:								Total 2019-22	
			Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	£000s		
			£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s		
	ROLLING PROGRAMMES											
	Community & Regulatory Services											
1	<i>Country Parks Access and Development</i>	282	180					102			282	
2	<i>Public Rights of Way</i>	2,160	300	1,860							2,160	
3	Public Sports Facilities Improvement - Capital Grants	225	225								225	
	Economic Development											
4	Village Halls and Community Centres - Capital Grants	225	225								225	
	Planning, Highways, Transport & Waste											
5	<i>Highway Major Enhancement / Other Capital Enhancement / Bridge Assessment and Strengthening*</i>	165,008	64,025	91,983				9,000			165,008	
6	<i>Integrated Transport Schemes*</i>	9,343		9,343							9,343	
7	Major Schemes - Preliminary Design Fees	406	123	283							406	
8	Land compensation and Part 1 claims	46					46				46	
9	Total Rolling Programmes	177,695	65,078	103,469	0	46	9,000	102	0	177,695		
			2019-22 Funded By:									
		Total Cost of Scheme	Prior Years Spend	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	Later Years
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	INDIVIDUAL PROJECTS											
	Community & Regulatory Services											
10	<i>Digital Autopsy</i>	1,172		1,172							1,172	
11	Herne Bay Library Plus	289	5	246		38					284	
12	<i>Southborough Hub</i>	12,058	2,441		4,211		1,968		3,438		9,617	
13	Sustainable access to education & employment	1,188	788		300	100					400	
14	<i>Tunbridge Wells Cultural Hub</i>	12,888	1,414			254	10,820		400		11,474	
	Economic Development											
15	Broadband Contract 2	11,814	11,200						-2,586	3,200	614	
16	Innovation Investment Initiative (i3)	6,000	4,989		1,011						1,011	
17	<i>Javelin Way Development</i>	9,145	240				3,069		5,836		8,905	
18	Kent & Medway Business Fund	42,168	12,209							29,959	29,959	
19	Kent Empty Property Initiative - No Use Empty (NUE)	30,991	24,157		500			209		6,064	6,773	61

GROWTH, ENVIRONMENT & TRANSPORT (GET)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY FUNDING

			2019-22 Funded By:									
		Total Cost of Scheme	Prior Years Spend	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	Later Years
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
1	No Use Empty - Rented Affordable Homes	3,216	1,608							1,608	1,608	
2	Marsh Million	1,434	1,120							314	314	
3	<i>Turner</i>	5,900		2,900			3,000				5,900	
4	The Kent Broadband Voucher Scheme	2,862		2,862							2,862	
INDIVIDUAL PROJECTS												
Planning, Highways, Transport & Waste												
5	<i>A2 Off Slip Wincheap, Canterbury</i>	4,400	342		4,058						4,058	
6	<i>A226 St Clements Way</i>	6,903	6,401			502					502	
7	<i>A2500 Lower Road Improvements</i>	6,486	2,970		1,717	1,599	200				3,516	
8	<i>A28 Chart Road, Ashford</i>	26,248	4,981	-795	7,444	14,618					21,267	
9	Dartford Town Centre	12,000	615		11,385						11,385	
10	Drovers Roundabout junction	23,610	23,501	109							109	
11	East Kent Access Phase 2 - Major Road Scheme	85,425	84,922	316	187						503	
12	Energy and Water Efficiency Investment Fund - External	2,804	2,206					369			369	229
13	Energy Reduction and Water Efficiency Investment - KCC	2,189	1,883					188			188	118
14	Kent Medical Campus (National Productivity Investment Fund - NPIF)	11,819	1,793		7,606	1,920	500				10,026	
15	Kent Strategic Congestion management programme across growth areas	5,024	2,483		2,317		224				2,541	
16	Kent Sustainable interventions programme for growth	2,763	1,496		1,267						1,267	
17	Kent Thameside LSTF - Integrated door-to-door journeys	4,558	3,561		939	58					997	
18	<i>Kent Thameside Strategic Transport Programme</i>	39,086	2,935		1,118	35,033					36,151	
19	LED Conversion	40,000	37,842	2,158							2,158	
20	<i>Leigh (Medway) Flood Storage Area</i>	4,000	0	3,250					750		4,000	
21	<i>Maidstone Integrated Transport</i>	10,550	1,688		7,212	1,650					8,862	
22	M20 Junction 4 Eastern Over Bridge	6,195	6,164			31					31	
23	North Farm Development	7,429	7,413			16					16	
24	<i>Open Golf</i>	3,546	673	475	1,348		1,050				2,873	
25	Rathmore Road Link	8,383	7,879		504						504	

GROWTH, ENVIRONMENT & TRANSPORT (GET)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY FUNDING

	Total Cost of Scheme	Prior Years Spend	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	Later Years	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
1	Sittingbourne Northern Relief Road - Major Road Scheme	29,147	28,912			235				235		
2	Street Lighting Concrete Column - Replacement Scheme	2,629	1,667	962						962		
3	<i>Sturry Link Road, Canterbury</i>	29,600	1,535		4,380	23,685				28,065		
4	<i>Herne Relief Road</i>	7,691	212			3,296				3,296	4,183	
5	M2 Junction 5	1,600	0	1,600						1,600		
6	<i>Housing Infrastructure Fund - Swale Infrastructure Projects</i>	37,090	250		36,012					36,012	828	
7	<i>Thanet Parkway</i>	27,650	2,143	4,807	18,000		2,700			25,507		
8	Tunbridge Wells Junction Improvements	1,958	1,245		547	166				713		
9	West Kent local sustainable transport - tackling congestion	5,070	3,157		1,913					1,913		
10	Westwood Relief Strategy - Poorhole Lane Improvement	4,491	4,456			35				35		
11	<i>A228 Colts Hill Strategic Link - Road Scheme</i>	25,000								0	25,000	
12	<i>Orchard Way Railway bridge, Ashford</i>	15,000								0	15,000	
13	<i>South East Maidstone Strategic Link - Road Scheme</i>	35,000								0	35,000	
14	Waste Compactor Replacement	1,070		1,070						1,070		
15	Essella Road Bridge (PROW)	300		300						300		
16	A252 Safer Roads Fund	2,146	20		2,126					2,126		
17	A290 Safer Roads Fund	1,501			1,501					1,501		
18	Fastrack Full Network - Bean Road Tunnels	15,700	334		3,900	800	7,457			12,157	3,209	
19	Total Individual Projects	697,186	305,850	21,432	121,503	84,036	30,988	766	7,838	41,145	307,708	83,628
20	Directorate Total	874,881	305,850	86,510	224,972	84,036	31,034	9,766	7,940	41,145	485,403	83,628

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

* Indicative allocations have been included for 2019-20, 2020-21 and 2021-22.

STRATEGIC & CORPORATE SERVICES (S&CS)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

Row Ref			Three Year Budget	Cash Limits				
				2019-20	2020-21	2021-22		
				£000s	£000s	£000s		
	ROLLING PROGRAMMES	Description of Project						
1	<i>Corporate Property Strategic Capital</i>	Costs associated with delivering the capital programme	7,500	2,500	2,500	2,500		
2	<i>Disposal Costs</i>	Costs associated with disposing of surplus property	1,950	650	650	650		
3	Modernisation of Assets	Maintaining the KCC estate	8,690	2,690	3,000	3,000		
4	Total Rolling Programmes		18,140	5,840	6,150	6,150		
			Total Cost of Scheme	Prior Years Spend	Cash Limits			Later Years
			£000s	£000s	2019-20	2020-21	2021-22	£000s
	INDIVIDUAL PROJECTS	Description of Project						
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	1,843		922	921		
6	Asset Utilisation - Oakwood House Transformation	Reconfiguration of Oakwood House to relocate other KCC services and release assets	5,161	100	4,776	285		
7	<i>Dover Discovery Centre</i>	Refurbishment to make the building fit for purpose	5,600	200	4,044	1,356		
8	<i>Energy Invest to Save</i>	Investment in energy reduction schemes to reduce greenhouse gas emissions	3,600		1,800	1,800		
9	Eurogate Business Park Car Park & Roof	To carry out structural repairs to extend the useful life of the car park and roof	850	50	600	200		
10	Kent Public Service Network (KPSN)	Upgrade to KPSN, a system which a number of partners rely on for interconnectivity, internet, collaboration and secure connections to central government departments	526	470	56			
11	LIVE Margate	Replace empty and poorly managed housing in Margate with high quality and well managed family housing to regenerate the area	10,179	7,879	1,200	1,100		
12	<i>Modernisation of Assets (MOA) Plus</i>	Works required to ensure KCC buildings are fit for purpose and are in a statutory compliant condition	18,133	2,674	8,706	6,753		

STRATEGIC & CORPORATE SERVICES (S&CS)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY YEAR

			Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2019-20	2020-21	2021-22	Later Years
					£'000	£'000	£'000	£'000
13	New Ways of Working	Improving use of our technology and office	45,201	44,787	414			
14	<i>Property Investment & Acquisition Fund (PIF)</i>	To fund strategic acquisitions of land and property	10,913	7,230	3,683			
15	Property Investment & Acquisition Fund II (PIFII)	To fund strategic acquisitions of land and property	7,000		6,000	1,000		
16	Community Sexual Health Services	Development of premises for delivery of community sexual health services	560	324	236			
17	<i>Acquisition of strategic assets *</i>	<i>To acquire opportunistic assets which create an income stream and cover the associated debt costs</i>	100,000		33,000	33,000	34,000	
18	Total Individual Projects		209,566	63,714	65,437	46,415	34,000	0
19	Directorate Total		227,706	63,714	71,277	52,565	40,150	0

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

* Subject to meeting criteria as set out in the Capital Strategy

	Total Cost of Scheme	Prior Years Spend	Cash Limits			
			2019-20	2020-21	2021-22	Later Years
			£'000	£'000	£'000	£'000
Funded by:	£'000	£'000	£'000	£'000	£'000	£'000
Borrowing	163,915	22,066	62,212	42,637	37,000	0
Grants	7,779	279	2,500	2,500	2,500	0
Developer Contributions	0					
Other External Funding	7,671	7,643	28	0	0	0
Revenue and Renewals	2,017	1,641	306	70	0	0
Capital Receipts	42,659	28,420	6,231	7,358	650	0
Recycling of Loan Repayments	3,665	3,665	0	0	0	0
Total:	227,706	63,714	71,277	52,565	40,150	0

STRATEGIC & CORPORATE SERVICES (S&CS)

SECTION 4 - CAPITAL INVESTMENT PLANS 2019-20 TO 2021-22 BY FUNDING

			2019-22 Funded By:									
Row Ref		Three Year Budget	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22		
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
ROLLING PROGRAMMES												
1	<i>Corporate Property Strategic Capital</i>	7,500		7,500						7,500		
2	<i>Disposal Costs</i>	1,950						1,950		1,950		
3	Modernisation of Assets	8,690	8,690							8,690		
4	Total Rolling Programmes	18,140	8,690	7,500	0	0	0	1,950	0	18,140		
		Total Cost of Scheme	Prior Years Spend	Borrowing	Grants	Dev Conts	Other External Funding	Revenue & Renewals	Capital Receipts	Recycling of Loan Repayments	Total 2019-22	Later Years
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
INDIVIDUAL PROJECTS												
5	Asset Utilisation	1,843	0	1,843							1,843	
6	Asset Utilisation - Oakwood House Transformation	5,161	100	5,001					60		5,061	
7	<i>Dover Discovery Centre</i>	5,600	200	2,960					2,440		5,400	
8	<i>Energy Invest to Save</i>	3,600	0	3,600							3,600	
9	Eurogate Business Park Car Park & Roof	850	50	660				140			800	
10	Kent Public Service Network (KPSN)	526	470	28			28				56	
11	LIVE Margate	10,179	7,879	800					1,500		2,300	
12	<i>Modernisation of Assets (MOA) Plus</i>	18,133	2,674	11,267					4,192		15,459	
13	New Ways of Working	45,201	44,787						414		414	
14	<i>Property Investment & Acquisition Fund (PIF)</i>	10,913	7,230						3,683		3,683	
15	Property Investment & Acquisition Fund II (PIFII)	7,000		7,000							7,000	
16	Community Sexual Health Services	560	324					236			236	
17	<i>Acquisition of strategic assets *</i>	100,000		100,000							100,000	
18	Total Individual Projects	209,566	63,714	133,159	0	0	28	376	12,289	0	145,852	0
19	Directorate Total	227,706	63,714	141,849	7,500	0	28	376	14,239	0	163,992	0

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

* Subject to meeting criteria as set out in the Capital Strategy

KCC Approved Budget Book

ANNEXES

Capital Strategy 2019-20

Introduction

This capital strategy is a new requirement for 2019-20, giving 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 has been written in an accessible style to enhance members' understanding of these sometimes highly technical areas. To complement this new presentation, we have separately published the fuller capital programme strategy:

https://www.kent.gov.uk/_data/assets/pdf_file/0012/91110/Budget-report-capital-programme-strategy.pdf which can be accessed via this embedded link, and the treasury management strategy (Annex B of this 2019-20 Approved Budget Book)

Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property 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* and not capitalised and are charged to revenue in year.

Details of the Council's policy on capitalisation are included in the Council's annual Statement of Accounts, the relevant extract from which 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.

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".

In 2019-20, the Council is planning capital expenditure of £392.6m as summarised below:

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

	2017-18 Actuals	2018-19 Forecast	2019-20 budget	2020-21 budget	2021-22 budget
General Fund services	197.7	217.9	349.9	290.0	249.0
Capital investments	0.5	0.0	42.7	34.0	34.0
TOTAL	198.3	217.9	392.6	324.0	283.0

The main General Fund capital projects include investments in additional school places to increase capacity (£114m), highways and bridge enhancement (£58m), community projects (£17m), economic development initiatives (£33m), highways and other transport improvements (£61m), modernisation and improved utilisation of council premises (£29m), other projects including Adults, other school projects and capitalised transformation costs (£38m).

The Council also plans to incur £43m of capital spending in 2019-20 on property investments as detailed in the later section of this document.

Governance: Service managers bid to include projects in the Council's capital programme. Bids are collated by the Capital Team in Corporate Finance who review the bids and calculate the financing cost (which can be nil if the project is fully externally financed). The Project Advisory Group (PAG) appraised all the bids for the 2019-22 capital programme against the Capital Strategy Drivers (as set out in the Capital Programme Strategy) and made recommendations to include in the final capital programme. Going forward there is a revised internal Governance process which will undertake this function in place of PAG. The final capital programme is then presented to Cabinet in January and to Council in February each year for approval.

- full details of the Council's capital programme are set out in Section 4 of this 2019-20 Approved Budget Book

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 as follows:

Table 2: Capital financing in £millions

	Prior Years	2019-20 budget	2020-21 budget	2021-22 budget
External sources*	565.3	231.1	175.9	225.6
Own resources	67.3	39.5	24.1	9.4
Borrowing	122.2	121.9	124.0	48.0
TOTAL	754.8	392.6	324.0	283.0

*External sources include funding from loan repayments. KCC operates a number of 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 KCC's own resources but cannot now be separately identified.

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 debt repayments during the medium-term planning period are as follows:

Table 3: Replacement of debt finance in £millions

	2017-18 actual	2018-19 forecast	2019-20 budget	2020-21 budget	2021-22 budget
MRP	63.2	60.0	59.6	61.0	60.0

- The Council's full Minimum Revenue Provision statement is available here: https://www.kent.gov.uk/_data/assets/pdf_file/0011/91100/Budget-report-appendix-2-annual-minimum-revenue-provision-statement.pdf

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 increase by £62.3m during 2019-20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator 2: Estimates of Capital Financing Requirement £millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
TOTAL CFR	1,322.5	1,301.7	1,364.0	1,427.0	1,415.0

The in-year movement in the total CFR should equal borrowing from table 2 less MRP from table 3

Asset management: 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 our property portfolio effectively over the next 3 to 5 years. It will guide our future strategic property decisions to make sure we manage our property portfolio sustainably and efficiently so that it can adapt to remain fit for the future and support frontline delivery. Our property assets are an important part of supporting and enabling us to transform the way we deliver public services with our partners and it is therefore essential that we have an innovative and forward thinking strategy 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>

Asset disposals: 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 is currently also permitted to spend capital receipts on service transformation projects until 2021-22. We have used this flexibility in 2017-18 and 2018-19 budgets. However, the timing of some of the 2018-19 transformation spending has now been re-phased into 2019-20.

Repayments 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	2019-20 budget	2020-21 budget	2021-22 budget
Application of asset sales	59.5	29.4	14.3	-0.3
Loan repayments	30.2	19.9	8.2	13.0

- The Council's Flexible Use of Capital Receipts Policy is available here:
https://www.kent.gov.uk/_data/assets/pdf_file/0012/91101/Budget-report-appendix-3-flexible-use-of-capital-receipts-policy.pdf

Treasury Management

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 until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. 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.

Due to decisions taken in the past, the Council currently has £911m external borrowing as at 31st December 2018, at an average interest rate of 4.6% and £333m treasury investments at an average rate of 2.20%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt comprising of 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 3: Gross Debt and the Capital Financing Requirement in £millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Other Long-term Liabilities	263.0	263.0	263.0	263.0	263.0
External Borrowing	953.9	911.1	949.4	977.0	949.2
Total Debt	1,216.9	1,174.1	1,212.4	1,240.0	1,212.2
Capital Financing Requirement	1,322.5	1,301.7	1,364.0	1,427.0	1,415.0
Internal Borrowing (cash balances)	105.6	127.6	151.6	187.0	202.8

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.

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 4: Authorised limit and operational boundary for external debt in £millions

	2018-19 limit	2019-20 limit	2020-21 limit	2021-22 limit
Authorised limit – borrowing	1,003	1,013	1,050	1,025
Authorised limit – PFI and leases	271	263	263	263
Authorised limit – total external debt	1,274	1,276	1,313	1,288
Operational boundary – borrowing	1,038	988	1,025	1,000
Operational boundary – PFI and leases	271	263	263	263
Operational boundary – total external debt	1,309	1,251	1,288	1,263

- Further details on borrowing are in the borrowing strategy section (paragraphs 23 to 36) of the treasury management strategy (Annex B of this 2019-20 Approved Budget Book)

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. 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

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Near-term investments	96.9	88.5	75.0	60.0	60.0
Longer-term investments	205.5	225.0	225.0	225.0	225.0
TOTAL	302.7	313.5	300.0	285.0	285.0

- Further details on treasury investments are in the investment strategy section (paragraphs 37 to 60) of the treasury management strategy (Annex B of this 2019-20 Approved Budget Book).

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director of Finance and 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.

Investments for Service Purposes

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.

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 pages 1 and 2 of the investment strategy: https://www.kent.gov.uk/data/assets/pdf_file/0013/91111/Budget-report-investment-strategy.pdf

Commercial Activities

With central government financial support for local public services declining, the Council strategically invests in commercial property purely or mainly for financial gain. The capital programme for Strategic and Corporate Services has included provision for Property Investment and Acquisition Funds (PIF1 and PIF2) for a number of years. PIF1 was funded from capital receipts, PIF2 is funded by internal borrowing (cash balances). The objectives of PIF are threefold: to create a pipeline of capital assets for future disposal to support the capital programme; to deliver a return to the Council through income from the assets and/or capital growth; to support regeneration of the Kent economy. Total commercial investments are currently valued at £13.8m with the largest being the former Royal Mail site in Maidstone and Eurogate Business Park in Ashford.

The Council has identified that there may be potential opportunity to further maximise the capital return from its assets through participating in development activity through partnering arrangements with third parties. This may include the establishment of joint venture(s) and other company structures which are currently being explored and tested. It is envisaged that subject to business case approval that implementation will commence in the new financial year.

This strategy also makes provision for investments and acquisition of strategic assets, where business cases will be subject to approval by external review to ensure that these generate an income stream and will not create a financial burden on the County Council. That is, income streams must cover the total debt costs, including the minimum revenue provision over the medium term, and the short term consequences will have to be reflected in the medium term revenue budget. The external advisors will be appointed by the S151 Officer.

The approval process and tests that need to be satisfied for the business case to proceed are as follows:

- a) That the rate of return meets the set criteria
- b) That all revenue costs are identified including debt costs and are covered by the income stream
- c) Signed approval of business case by external company review
- d) Sign off by S151 Officer
- e) Sign off by Head of Paid Service
- f) Sign off by Monitoring Officer
- g) Approval through the appropriate formal governance route

As and when these business cases are agreed, they will be added to the capital programme.

With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include void periods when properties are empty and falls in capital values. These risks are managed by a rigorous appraisal process prior to any acquisition decision.

Governance: Decisions on commercial investments and disposals are 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 will therefore also be approved as part of the capital programme.

- Further details on commercial investments and limits on their use are in pages 3 and 4 of the investment strategy:
https://www.kent.gov.uk/data/assets/pdf_file/0013/91111/Budget-report-investment-strategy.pdf
- The Council also has commercial activities in a number of trading companies, generating an estimated £6.2m net dividend to the council's 2019-20 revenue budget, but exposing it to normal commercial risks. The risks to KCC's revenue budget of shortfalls against planned dividends are included in section 3.6 of the budget monitoring report. The latest 2018-19 report can be accessed by the following link:
<https://democracy.kent.gov.uk/documents/s88797/CAB%2028%20January%202019%20November%20Monitoring%20FINAL.pdf>

Liabilities

In addition to debt of £914m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £1,428.1m). It has also set aside £36.9m in general reserves to cover unforeseen risks as identified in the Assessment of Reserves Appendix C of the 2019-20 Draft Budget Book. 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 a separate risk register published as Annex C in this 2019-20 Approved Budget Book.

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

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 9: Prudential Indicator 5: Proportion of financing costs to net revenue stream

	2017-18 actual	2018-19 forecast	2019-20 budget	2020-21 budget	2021-22 budget
Proportion of net revenue stream	13.1%	11.8%	11.3%	11.4%	10.9%

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 15% of the annual revenue budget.

Knowledge and Skills

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 includes 43 qualified accountants who are members of professional accountancy bodies including ACCA, CIMA, CIPFA and ICAEW. In addition, KCC Finance are an approved employer with professional accreditations from ACCA and CIPFA.

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.

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.

Treasury Management Strategy 2019-20

INTRODUCTION

1. Treasury management is the management of Kent County 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 2017 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 a different report, the Investment Strategy.

GOVERNANCE

4. The Corporate Director of Finance is responsible for the Council's treasury management operations and day to day responsibility is delegated to the Head of Finance (Policy, Planning & Strategy) / Head of Finance (Operations) and Treasury and Investments Manager. The detailed responsibilities are set out in the Council's Treasury Management Practices.
5. The Treasury Management Advisory Group (TMAG) which is a sub-committee of Cabinet has been established to work with the Officers on treasury management. The group consists of the Cabinet Member for Finance and Traded Services, Deputy Cabinet Member for Finance and Traded Services, Chairman Policy and Resources Cabinet Committee, Chairman Superannuation Fund Committee, Liberal Democrat Finance spokesman and a Labour Group Representative. The agreed terms of reference are "The Treasury Management Advisory Group will be responsible for advising the Cabinet and Corporate Director of Finance on treasury management policy within KCC's overarching Treasury Management Strategy". TMAG meets the requirement in the CIPFA Code for a member body focussing specifically on treasury management. TMAG meets half yearly and members of the group receive detailed information on a weekly and monthly basis.

6. Council will agree the Treasury Management Strategy and receives annual and half yearly reports on treasury management activity. Governance and Audit Committee receives annual and half-yearly reports and makes recommendations to County Council. It also receives quarterly updates.
7. The Council's Treasury Management Policy Statement is attached in Appendix A to reflect the requirements of the CIPFA Code.

EXTERNAL CONTEXT

Economic background

8. The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2019-20.
9. UK Consumer Price Inflation (CPI) for November was up 2.3% year/year, in line with the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for the three months to October 2018 showed the unemployment rate remained at 4.1% while the employment rate of 75.7% was the joint-highest estimate since comparable estimates began in 1971. The 3 month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level likely to only have a modest impact on consumer spending.
10. The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.
11. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since. However, the Bank expects that should the economy continue to evolve in line with its December forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.
12. While US growth has slowed over 2018, the economy has continued to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in November while lowering its forecast of rate rises in 2019 to two from the three previously projected.

13. A temporary truce in the ongoing trade war between the US and China was announced as the leaders of both countries agreed to halt new trade tariffs for 90 days to allow talks to continue. Tariffs already imposed will remain in place. The fallout continues to impact on economic growth and stock market volatility.

Credit outlook

14. The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.
15. The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

Interest rate forecast

16. Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting one more 0.25% hike during 2019 to take official UK interest rates to 1.00%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.
17. The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is agreed and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.

18. Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. The projected weak economic outlook and volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.
19. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix B.
18. For the purpose of setting the budget, it has been assumed that new internally managed investments will be made at an average rate of LIBOR presently 0.90% and that new long-term loans will be borrowed at an average rate of 2.5%.

LOCAL CONTEXT

20. At 31 December 2018 the Council held £911m of borrowing and £333m of investments. This is set out in further detail in Appendix C.
21. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. KCC's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
22. 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.

BORROWING STRATEGY

23. On 31 December 2018, the Council held £911m of borrowing including £35m attributable to Medway Council, as part of its strategy for funding previous years' capital programmes. This represents a decrease of £37m on 31 March 2018 and reflects the Council's strategy of maintaining borrowing below their underlying levels.
24. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £1,013m.

Objective

25. 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

26. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability or sustainability of the debt portfolio.
27. 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. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. At the end of March 2018 the Council was internally borrowed by £106m.
28. 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 2019-20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
29. Alternatively, the Council may arrange forward starting loans during 2019-20, 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.
30. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.
31. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
 - Public Works Loan Board (PWLB) and any successor body
 - 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 County Council Superannuation Fund)

- capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
 - UK Government backed funding initiatives
32. **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
33. The Council has previously borrowed from the PWLB and UK banks. It continues to investigate other sources of finance, such as loans from other local authorities and bank loans that may be available at more favourable rates.
34. **LOBO (Lender's Option Borrower's Option) loans:** In October 2018 the Council prepaid £60m RBS LOBO loans at a total cost of £73m funding this by using a mix of cash balances and a £40m 15-year Equal instalment of Principal (EIP) loan. It now holds £90m of LOBO 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. £50m of these LOBOs have options during 2019-20, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so; and has no plans to borrow via LOBO loans in future.
35. **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.
36. **Debt rescheduling:** The PWLB allows authorities 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.

INVESTMENT STRATEGY

37. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £274m and £433m. The average balance is expected to reduce in 2019-20 reflecting KCC's policy of using cash balances to repay maturing loans and internally funding capital expenditure.
38. **Objectives:** The CIPFA Code requires the Council to invest its 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 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.
39. **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments the Council has continued its strategy of investing in pooled investment funds during 2018-19 adding a further £30m to its existing pooled fund portfolio. It will consider investing more in these higher yielding asset classes during 2019-20 which invest in a diversified range of assets primarily focussed on an income return rather than capital growth. It will however continue to invest in money market funds and Government including local authority deposits to meet its liquidity requirements.
40. **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed 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 Investment Counterparties

41. The Council may invest its surplus funds with any of the counterparty types listed below:
42. **Government:** Loans, 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 may be made in unlimited amounts for up to 50 years.

43. **Banks 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.
44. **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.
45. **Cash plus / Short Bond Funds:** Pooled investment funds whose value change with market prices and have a notice period, will be used as alternatives to unsecured bank deposits for longer investment periods.
46. **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they 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 to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
47. **Corporates:** Bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.
48. **Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.
49. **Loans:** Loans to entities set up on an arms-length basis from the Council, and other suitable opportunities. The Council will take advice from Arlingclose on the appropriate structure of the loans and applicable rate of interest.

50. **Pooled investment funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
51. Pooled funds 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.
52. **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.
53. **Operational bank accounts:** KCC 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. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £50,000 per bank. 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 Authority maintaining operational continuity.

Credit ratings

54. Credit ratings are obtained and monitored by the Council's treasury advisers, 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.

55. 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 Council 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

56. 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 Councils 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 adviser. No investments will be made with an Council if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
57. When deteriorating financial market conditions affect the creditworthiness of all Councils, as happened in 2008 and 2011, 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 Councils 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 Councils of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment limits

58. The Council’s cash reserves available to cover investment losses are forecast to be £305m on 31 March 2019. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one Council (other than the UK Government) will be £25m.
59. 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 below:

Approved Investment Counterparties and limits

	Minimum Credit rating	Maximum Cash Limit		Maximum Duration
		Individual	Total	
Government				
- UK Government		unlimited		50 years
- UK Local Authorities		£25m		10 years
- Supranational banks	AAA	£20m	£30m	25 years
- Non - UK Government	AA+	£20m	£30m	25 years
UK banks and building societies – unsecured	A-	£15m		13 months
Council's banking services provider		£20m		Overnight
Overseas banks - unsecured	Country limit AA+, Individual limit A-	£20m	£30m country limit	13 months
Short-term Money Market Funds	A+	£20m per fund or 0.5% of the fund size if lower		
Cashplus / short bond funds		£20m per fund		
Banks secured				
- Covered bonds	AAA	£20m	£100m	5 years
- Reverse repurchase agreements	collateral of AA or better	£20m each		5 years
Corporates (non- financials)	A	£2m per issuer	£20m	2 years
Registered Providers		£10m	£25m	5 years
Loans			£20m	
Pooled funds and real estate investment trusts			£200m	
- 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		

60. **Liquidity management:** 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.

TREASURY MANAGEMENT INDICATORS

61. The Council measures and manages its exposures to treasury management risks using the following indicators.
62. **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

63. **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	£110m

64. **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	£10m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£10m

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

65. **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.

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

Price risk indicator	2019-20	2020-21	2021-22
Limit on principal invested beyond year end	£300m	£300m	£300m

RELATED MATTERS

67. The CIPFA Code requires the Council to include the following in its treasury management strategy.
68. **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 local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

69. KCC 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.
70. Financial derivative transactions may be arranged with any Council 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.
71. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, 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

72. The budget for investment income in 2019-20 is £6.2m, based on an average investment portfolio of £300m at an interest rate of 2.05%. The budget for debt interest paid in 2019-20 is £39.8m, based on an average debt portfolio of £930m at an average interest rate of 4.5%. If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different.

OTHER OPTIONS CONSIDERED

73. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Corporate Director of Finance, having consulted the Deputy Leader and Cabinet Member for Finance and Traded 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

Appendix A - Treasury Management Policy Statement**INTRODUCTION AND BACKGROUND**

1. The Council adopts CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) as described in Section 5 of the Code.
2. Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
3. This Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
4. This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Corporate Director of Finance and for the execution and administration of treasury management decisions to the Head of Finance (Policy, Planning & Strategy) / Head of Finance (Operations) and Treasury and Investments Manager who will act in accordance with the Council's policy statement and TMPs and, if they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
5. This Council nominates the Treasury Management Advisory Group and Governance and Audit Committee to be responsible for ensuring effective scrutiny of its treasury management strategy and policies.

POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

6. The Council defines its treasury management activities as:

The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

7. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
8. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
9. The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
10. The Council's primary objective in relation to investments is to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

Appendix B – Arlingclose Economic & Interest Rate Forecast January 2019

- The uncertain political situation surrounding Brexit has produced the prospect of divergent paths for UK monetary policy.
- Due to the short time for a Brexit withdrawal deal to be agreed and the possibility of an extended period of uncertainty over the possible outcome, we have altered the assumption underlying the central forecast, prompting us to push back forecast rises in Bank Rate.
- The MPC bias towards tighter monetary policy remains, but policymakers are unlikely to raise Bank Rate unless there is a withdrawal arrangement and the prospect of a transitional period.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for stronger growth following an extension to Article 50 or a withdrawal agreement as business investment/general confidence recovers. The potential for severe economic outcomes in the short term has increased. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment appears relatively soft, despite seemingly strong labour market data. Uncertainty surrounding Brexit and global growth is damaging consumer and business sentiment. While GDP growth recovered in the middle quarters of 2018, more recent data suggests the economy slowed markedly in Q4 2018/Q1 2019. Our view is that the UK economy faces a challenging outlook as the country exits the European Union and Eurozone/global economic growth softens.
- Cost pressures have eased due to a fall in oil prices. The apparent tight labour market risks longer term domestically-driven inflationary pressure whatever the external inflation effects. Wage growth has picked up in recent months.
- Global economic growth has eased and the economic/political outlook has prompted central banks to reduce expectations for on-going monetary tightening. Both the Federal Reserve and the ECB have backed away from/or diluted previous forward guidance on monetary tightening. Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon. Our central case incorporates the likelihood of the MPC raising rates in the last quarter of 2019 after an extended period of uncertainty or a delay to Brexit.
- The forecast range encompasses the interest rate responses for various Brexit outcomes, from an immediate no-deal Brexit to remaining in the EU.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on a Brexit transitional period. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Jan-19	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.33
Arlingclose Central	0.75	0.75	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.06
Downside risk	0.00	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.77
3-mth money market rate														
Upside risk	0.00	0.10	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.33
Arlingclose Central	0.92	0.90	0.90	0.95	1.20	1.25	1.35	1.40	1.40	1.40	1.40	1.40	1.40	1.22
Downside risk	0.00	0.50	0.55	0.60	0.85	0.90	0.95	1.00	1.00	1.00	1.00	1.00	1.00	0.80
1-yr money market rate														
Upside risk	0.00	0.10	0.30	0.35	0.35	0.35	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.37
Arlingclose Central	1.16	1.20	1.20	1.25	1.50	1.60	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.53
Downside risk	0.00	0.50	0.60	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.80
5-yr gilt yield														
Upside risk	0.00	0.30	0.30	0.35	0.35	0.40	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.39
Arlingclose Central	0.90	0.95	0.95	1.00	1.25	1.30	1.45	1.45	1.40	1.40	1.40	1.40	1.40	1.25
Downside risk	0.00	0.45	0.45	0.50	0.75	0.80	0.95	0.95	0.90	0.90	0.90	0.90	0.90	0.72
10-yr gilt yield														
Upside risk	0.00	0.30	0.30	0.35	0.35	0.40	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.39
Arlingclose Central	1.26	1.30	1.35	1.40	1.65	1.75	1.90	1.85	1.85	1.85	1.85	1.85	1.85	1.67
Downside risk	0.00	0.60	0.65	0.70	0.95	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	0.85
20-yr gilt yield														
Upside risk	0.00	0.30	0.30	0.35	0.35	0.40	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.39
Arlingclose Central	1.66	1.70	1.75	1.80	2.00	2.05	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.03
Downside risk	0.00	0.60	0.65	0.70	0.95	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	0.85
50-yr gilt yield														
Upside risk	0.00	0.30	0.30	0.35	0.35	0.40	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.39
Arlingclose Central	1.62	1.65	1.70	1.75	1.95	2.00	2.15	2.15	2.15	2.15	2.15	2.15	2.15	1.98
Downside risk	0.00	0.60	0.65	0.70	0.95	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	0.85

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

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix C – Existing Investment & Debt Portfolio Position

	31-Dec-18 Actual Portfolio £m	31-Dec-18 Average Rate %
External borrowing		
Public Works Loan Board	493.3	5.03
LOBO loans from banks	90.0	4.15
Banks and other lenders (Fixed term)	328.0	4.04
Total external borrowing	911.3	4.59
Treasury investments		
Banks and building societies (unsecured)	0.4	
Covered bonds (secured)	70.2	1.02
Government (incl. local authorities)	39.9	0.83
Money Market Funds	76.2	0.62
Equity	2.1	
Total internally managed investments	188.8	0.83
Pooled investments funds		
- Property	50.5	3.55
- Multi Asset	38.9	2.38
- Absolute Return	4.8	2.30
- Equity UK	31.4	5.58
- Equity Global	18.9	2.85
Total externally managed investments	144.5	3.57
Total treasury investments	333.3	2.20
Net debt	573.0	

Key Budget Risks Register

These are the main budget risks highlighted during the development of the 2019-20 Budget.

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (if known) £m's
CYPE	High Needs Demand	The Dedicated Schools Grant High Needs Block is insufficient to meet the cost of demand for placements in schools, academies, colleges and independent providers.	We will accrue an unacceptable deficit on the unallocated Schools Budget Reserve. We have partially mitigated this risk by agreeing with the Schools forum and submitting an application to the Secretary of State to transfer 1% of the Schools Block into the High Needs Block over two years.	Alternative options need to be considered to stay within budget along with raising the profile of this national issue with Central Government. Any reductions to existing funding rates could have an adverse impact on schools, academies, colleges and independent providers. (Continuation of policy of not using general KCC reserves to top up DSG).	5	£10m+
CYPE	Asylum	The Council requires full reimbursement from Central Government for the cost of supporting Unaccompanied Asylum Seeking Children (UASC) including when they become Care Leavers.	Full reimbursement not received.	Unfunded Budget Pressure. Urgent alternative savings need to be found which could have an adverse impact on service users and/or Kent residents.	4	£2.7m (based on Jan 2019 monitoring)
ALL	BREXIT	The Council requires full reimbursement from Central Government for the additional costs in preparing for BREXIT and dealing with significant disruption in the event of a no-deal	Full reimbursement not received.	Unfunded Budget Pressure. Urgent alternative savings need to be found which could have an adverse impact on service users and/or Kent residents, or will require the use of reserves.	3	
ASCH	Sleep in Nights	Court of Appeal ruling in favour of MENCAP that sleep nights do not constitute paid work and thus are not subject to requirement to comply with National Living Wage is overturned by the Supreme Court.	UNISON has already lodged an appeal to the Supreme Court which results in a ruling that directs us to pay higher than budgeted sums for sleep in nights	Unfunded Budget Pressure. Urgent alternative savings need to be found which could have an adverse impact on service users and/or Kent residents, or will require the use of reserves.	3	£3m

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (if known) £m's
CYPE	Change for Kent Children Programme (Service Integration)	This requires up front investment from the Transformation Fund to achieve the outcomes of the programme and deliver the MTFP savings. Funding has been agreed in principle pending a detailed business case	a) Business case fails to secure sufficient transformation funding to achieve the outcomes required to deliver the full level of savings. b) Inability to recruit and retain sufficient newly qualified social workers resulting in continued reliance on agency staff, at additional cost	Budgeted saving not delivered resulting in an overspend on the revenue budget.	3	£3.25m in 2019-20 & a further £1.25m in 2020-21
GET	Libraries, Registration & Archives (LRA)	The decision to implement the LRA Ambition, which defines the future strategy and outcomes of the service, informing where savings opportunities will arise has not yet been taken	Decision not taken	Budgeted saving not achieved resulting in an overspend on the revenue budget.	3	£460k in 2019-20 & a further £500k in 2020-21
ALL	Capital Costs	Pre-Capital Works Expenditure.	Scheme doesn't proceed as planned and capital costs are transferred to revenue.	Overspend on the revenue budget.	3	
ALL	Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending demands.	Inflation rises above the current MTFP assumptions.	Overspend on the revenue budget.	3	£8.5m per 1% based on all commissioned spend or £3.5m per 1% based on contractual commitments
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 available e.g. children's services, older people, waste, winter impact, public transport, coroners etc.	Overspend on the revenue budget.	3	
ALL	Income	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust income estimates relating to savings plans.	Income is less than that assumed in the MTFP.	Overspend on the revenue budget.	2	

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (if known) £m's
ASCH	Social care re-let	Social Care re-let of community care contracts	New clients are supported outside of the recently tendered contracts.	Possible overspend on the revenue budget and additional costs in maintaining contracts with alternative providers.	2	
ASCH	Deprivation of Liberty Safeguards (DOLS)	Level of ongoing referrals/ assessments	Insufficient budget to cover the ongoing level of support required	Overspend on the revenue budget.	2	
S&CS	Operational Estate	Delays to the rationalisation programme of operational buildings due to service requirements.	KCC cannot reduce our asset base	Overspend on the revenue budget due to non-delivery of savings target.	2	
ALL	VAT Partial Exemption	KCC VAT Partial Exemption Limit almost exceeded.	Additional capital schemes which are hosted by KCC result in partial exemption limit being exceeded.	Loss of ability to recovery VAT resulting in an overspend on the revenue budget.	2	£9.0m

Likelihood Rating

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

Background Documents and Useful Links

1. County Council Budget report from 14 February 2019

<https://www.kent.gov.uk/about-the-council/have-your-say/our-budget/14-february-2019-county-council-meeting-budget-documents>

This report includes the following key documents that are not reproduced within this budget book:

- Annual MRP Statement (Appendix 2)
- Flexible Use of capital receipts policy (Appendix 3)
- Capital Programme Strategy
- Investment Strategy

2. KCC's budget web page

<https://www.kent.gov.uk/about-the-council/finance-and-budget/our-budget>

This page includes links to the following additional budget information:

- Detailed 2019-20 Revenue Spending Pressures by Category
- Revenue Budget Variation Statements
- Revenue budget - how financed, distributed & spent
- Capital budget - how financed, distributed & spent
- Fiscal Indicators

3. KCC report on 2018 Budget Consultation

https://www.kent.gov.uk/_data/assets/pdf_file/0008/89891/Budget-campaign-and-consultation-report-2019-20.pdf

4. Provisional Local Government Finance Settlement (13th December 2018)

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2019-to-2020>

5. Response to Provisional Local Government Finance Settlement

https://www.kent.gov.uk/_data/assets/pdf_file/0014/91112/Budget-report-response-to-provisional-local-government-finance-settlement.pdf

6. Final Local Government Finance Settlement 2019-20 (29th January 2019)

<https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2019-to-2020>

7. Chancellor's 2018 Autumn Budget (29th October 2018)

<https://www.gov.uk/government/topical-events/budget-2018>

8. Office for Budget Responsibility fiscal and economic outlook (29th October 2018)

<https://obr.uk/efo/economic-fiscal-outlook-october-2018/>

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