

Budget Book

2021-22

Approved by County Council 11 February 2021



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Section 1

Capital Strategy

Capital Strategy

Introduction

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

Capital Expenditure and Financing

- 1.2 Capital expenditure is where the Council spends money on assets, such as property, highways assets or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are deemed *de-minimis*, they are not capitalised and are instead charged to revenue in year.
- 1.3 Details of the Council's policy on capitalisation are included in the Council's annual Statement of Accounts, the relevant extract is set out below:
- “Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.
- 1.4 All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment above our *de-minimis* of £10k (£2k in schools) is capitalised on an accruals basis. In this context, enhancement means work that has substantially increased the value or use of the assets. Work that has not been completed by the end of the year is carried forward as “assets under construction”.

Capital Strategy Principles

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

The Capital Strategy will:

- Be based on delivering the Council's strategic priorities,
- Set out and deliver the Council's statutory responsibilities on a risk-based approach,

- Ensure the capital programme is long term (10 years), deliverable, realistic and affordable,
- Exclude property investments where loans are provided to third parties, such as No Use Empty – these will be considered as part of the Treasury Management Strategy,
- View borrowing as a last resort – affordability across the medium to long term will be key.

The Council's Strategic Outcomes

- 1.6 Work is progressing on the new 5-year plan and is due to be completed in the latter part of 2021. The launch of this has been delayed to take into account the impact of the pandemic, however the Interim Strategic Plan which focuses on priorities over the next 18 months was approved at County Council in October and the capital strategy will be refreshed annually to incorporate this. The capital programme will continue to be aligned with the 3-year rolling Strategic Delivery Plan.
- 1.7 Capital investment should also evidence how it will support the priorities and principles set out in significant strategies. The following are examples of the Council's key strategies:
- Kent and Medway Growth and Infrastructure Framework – this sets out the future strategic infrastructure requirements for the county
 - Local Transport Plan 4 – this plan sets out strategic transport priorities
 - Commissioning Plan for Education Provision – this sets out changes to existing schools and the commissioning of new schools
 - Kent Environment Strategy – this sets out priorities to support economic growth whilst protecting and enhancing Kent's environment
 - KCC Net Zero 2030 – this sets out the targets and approach for KCC to reach net-zero emissions by 2030
 - ICT Strategy – this provides direction and strategic priorities to shape KCC's technology environment
 - Asset Management Strategy – this sets the framework for managing the Council's property portfolio effectively

Affordability

- 1.8 Capital plays an important role in delivering long-term priorities as it can be targeted in creative and innovative ways. However, capital is not unlimited or "free money" – capital funding decisions can have significant revenue implications. Every £10m of prudential borrowing costs approximately £0.7m per annum in revenue financing costs (including repayment of the principal) for 25 years, assuming an asset life of 25 years. For Information Technology projects the revenue costs are much higher per annum as the life is shorter. This is in addition to any ongoing maintenance and running costs associated with the investment. The more revenue that is tied up to repay borrowing, the

less is available for service provision, and this is considered alongside revenue pressures.

- 1.9 In assessing affordability, indicators set by the Prudential Code and the Council's own internal set of fiscal indicators are considered. The fiscal indicator "net debt costs should not exceed 15% of net revenue spending" has been reviewed and this will now be reduced towards 10% over the medium term. This is considered a more suitable maximum to ensure long-term affordability of the capital programme.
- 1.10 In 2021-22, the Council is planning capital expenditure of £424.2m as shown in the following table:

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

	2019-20 Actuals	2020-21 Forecast	2021-22 budget	2022-23 budget	2023-24 budget
General Fund services	229.4	367.3	424.2	314.7	318.9
Capital investments	24.2	0.5	0.0	0.0	0.0
TOTAL	253.6	367.8	424.2	314.7	318.9

- 1.11 The main General Fund capital projects include: investments in additional school places to increase capacity (£134m), highways, structures & waste enhancement (£89m), highways and other transport improvements (£98m), modernisation and improved utilisation of council premises (£22m), other school projects (£48m), economic development initiatives (£24m), community projects (£5m) and adults projects (£3m).
- 1.12 **Governance:** Service managers bid to include projects in the Council's capital programme. Capital finance colleagues provide advice during this process. Projects must come forward with alternative options for delivering outcomes, and with a variety of funding options. All projects must be supported by a business case, using the agreed template which captures this information. The business case must also show realistic phasing of the proposed project, with project plans to support this. If a project slips, funding assigned to that project could have been attributed to other projects that were ready to proceed. A critical element of the business case is to identify revenue costs and revenue savings as these will be integral to the budget setting process. Bids are collated by the Capital Team in Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). These are then discussed as part of the budget process, and the final capital

programme is presented to Cabinet in January and to County Council in February each year for approval.

Statutory Requirements

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

Invest/Spend to save bids

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

Enhancement of Existing Estate and Roads

- 1.15 Maintenance of the estate and highway roads and structures network is coming under increasing pressure following years of reactive works. The development of a longer-term capital planning period will help provide the service with future funding stability and the ability to highlight forthcoming pressures for early consideration by Members. The level of investment in this area will ensure our statutory responsibilities are met, again using a risk-based approach.
- Full details of the Council's capital programme are set out in sections 4 and 5 of this book.

Funding

- 1.16 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

	2019-20 actual	2020-21 forecast	2021-22 budget	2022-23 budget	2023-24 budget
External sources*	158.5	260.8	252.5	235.5	314.8
Own resources	35.3	22.5	20.1	17.0	4.4
Borrowing	59.8	84.5	151.6	62.2	-0.3
TOTAL	253.6	367.8	424.2	314.7	318.9

*External sources include funding from loan repayments. The Council 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 the Council's own resources but cannot now be separately identified.

Grants

- 1.17 The challenging financial environment means that national government grants are reducing or changing in nature and becoming more heavily prescribed. These prescriptions reduce the freedom to decide where and how to spend grants – they are largely tied to specific service areas such as education or highways. An increasing number of funding schemes directly relate to housing and economic growth such as Local Growth Funding (LGF) from Local Enterprise Partnerships (LEPs). This funding is specific to individual projects and must be closely monitored. The Council's aim is to use other, less specific grants for their intended purpose in a way that meets statutory obligations. Where the grant is not sufficient, other sources of external funding such as Central Government grants and s106/Community Infrastructure Levy (CIL) will be explored first, before using the Council's resources such as capital receipts and borrowing.

Developer Contributions: Community Infrastructure Levy (CIL)/S106

- 1.18 Developer contributions continue to be a challenging issue and need careful consideration when they are put forward to fund major projects. The nature of s106 agreements means that once the total funding figure has been secured with a s106 contract, the funding is received by the County Council in staged

payments as the development is built out, with the full funding potentially not received until the development has been fully completed. Depending on size, a development can take several years to be fully completed. Developer contributions will be built into the programme at the point they are secured within s106 agreements, but it must also be recognised that at this point there are still risks around housing development and realisation of the funding. Careful monitoring of expenditure against this funding is critical.

- 1.19 Any forward funding arrangements of developer contributions must be approved to ensure appropriate debt costs arising from forward funding are built into the repayments. The repayment schedule must be formalised by being built into the s106 agreement. Delays in housebuilding due to Covid-19 and additional costs to builders to ensure covid-safe workplaces means there is likely to be even greater requirements for forward funding, and renegotiation of agreements.
- 1.20 Several districts in Kent have adopted the Community Infrastructure Levy (CIL), a flat rate tariff charge. CIL rates are set by districts as the Charging Authorities, they are also responsible for collection and spend of the levy. The share of CIL funding which the County Council will receive in the future is unknown and cannot currently be forecast as unlike s106 agreements the money raised through CIL is administered by the district council and KCC does not automatically receive a share.
- 1.21 The “pooling restriction” has been removed in recent regulations. This had previously prevented local authorities using more than five section 106 obligations to fund a single infrastructure project. This is a positive move as it will help to unlock funds. However, the monitoring requirements have increased significantly, and revised arrangements will need to be put in place to ensure compliance with the new regulations.
- 1.22 The Planning White Paper is likely to have a significant impact on the way developer contribution funding is distributed in the future. The likely impacts will continue to be investigated as more details are forthcoming, but initial indications are that it could create a significant forward funding requirement which would need to be carefully managed by the Council.

Borrowing

- 1.23 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Borrowing is a combination of external

loans and internal borrowing (from cash reserves). Debt is usually only repaid when a loan matures. Occasionally the Council can refinance debt with replacement borrowing at a lower rate of interest, this is rare as there are usually excessive penalties to repay loans earlier than their normal maturity. Planned MRP debt during the medium-term planning period is as follows:

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

	2019-20 actual	2020-21 forecast	2021-22 budget	2022-23 budget	2023-24 budget
MRP	59.3	59.1	59.4	60.5	58.2

- The Council's full minimum revenue provision statement is at Appendix M of the [County Council budget report of 11th February 2021](#).

- 1.24 The level of borrowing to fund the capital programme considers the revenue implications and the requirements of the prudential code. In line with the Code, borrowing is not undertaken in advance of need. The 10-year capital programme planning period will assist in more effective management of borrowing levels over the longer-term.
- 1.25 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 £92.2m during 2021-22 to £1.4bn. Based on the above figures for expenditure and financing, the Council's estimated CFR is shown in table 4:

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

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
TOTAL CFR	1,285.0	1,310.3	1,402.5	1,404.2	1,345.7

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

Asset Management and Capital Receipts

- 1.26 To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. This sets the framework for managing the property portfolio effectively over the next 3 to 5 years. It will guide future strategic property decisions to make sure the property portfolio is managed sustainably and efficiently so that it can adapt to remain fit for the future and support frontline delivery. Property assets are an important part of

supporting and enabling the Council to transform the way public services are delivered with partners and it is therefore essential that an innovative and forward-thinking strategy is in place.

➤ The Council's asset management strategy can be found here: [Asset management strategy - Kent County Council](#)

- 1.27 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can repay debt or be spent on new assets. The Council has had a rigorous disposal programme over the past few years which has helped to minimise the level of borrowing. Going forward the same level of receipts will not be achievable as many surplus assets have already been sold. Increasingly capital receipts will need to be generated from underutilised assets rather than surplus assets. In some cases this may require additional capital investment to develop these assets which would need to be included and approved on an individual scheme basis as part of refreshing future capital programmes. The Council's Infrastructure division will continue to work with service directorates and public sector partners to explore options to release property and maximise capital receipts, with a view to creating a sustainable pipeline of funds in the future.
- 1.28 Repayments to the Council of capital grants, loans to third parties and investments also generate capital receipts. The timing of when capital receipts are banked and applied to fund the capital programme will not necessarily match, and where necessary, timing differences will be managed through short term internal borrowing from cash balances. The following table shows when the Council plans to apply capital receipts and loan repayments in the coming financial years:

Table 5: Capital receipts to be applied in £millions

	Prior Years	2021-22 budget	2022-23 budget	2023-24 budget
Application of asset sales	42.5	11.9	8.1	3.8
Loan repayments	39.7	16.4	18.7	8.1

Treasury Management

- 1.29 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.

- 1.30 As at 31 December 2020 the Council had £877.1m external borrowing, at an average interest rate of 4.51% and £440m treasury investments at an average rate of 2.18%. Where possible internal borrowing is used before borrowing externally. However, this is under constant review, to ensure it is still an appropriate funding source.
- 1.31 **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 the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.50 to 2.50%).
- 1.32 Projected levels of the Council's total outstanding debt comprising external borrowing and other long-term liabilities identified in the balance sheet (including PFI liabilities, leases, etc) are shown below, compared with the capital financing requirement (see above) and the resulting balance funded from internal borrowing (cash balances).

Table 6: Prudential Indicator 3: Gross Debt and the Capital Financing Requirement in £millions

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Other Long-term Liabilities	245.2	245.2	245.2	245.2	245.2
External Borrowing	883.8	853.7	826.0	802.5	776.9
Total Debt	1,129.0	1,098.9	1,071.2	1,047.7	1,022.1
Capital Financing Requirement	1,284.5	1,310.3	1,402.5	1,404.2	1,345.7
Internal Borrowing (cash balances)	155.5	211.4	331.3	356.5	323.6

- 1.33 Statutory guidance is that total debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.
- 1.34 **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

	2020-21 limit	2021-22 limit	2022-23 limit	2023-24 limit
Authorised limit – borrowing	1,050	1,016	988	965
Authorised limit – PFI and leases	246	245	245	245
Authorised limit – total external debt	1,296	1,261	1,233	1,210
Operational boundary – borrowing	995	991	963	940
Operational boundary – PFI and leases	246	245	245	245
Operational boundary – total external debt	1,241	1,236	1,208	1,185

It is likely that the lease liability figure on the balance sheet will increase as a result of IFRS16, however the implementation of this has been deferred until the 2022-23 financial reporting year. Under this new IFRS standard the treatment of leases will change from the current distinction between operating and finance leases, leading to more leases being recognised on the balance sheet. Work is ongoing to determine the implications of this for the Council.

➤ Further details on borrowing are in the Treasury Management Strategy – see section 3 of this book.

- 1.35 **Treasury Investment strategy:** Treasury investments arise from receiving cash before it is paid out again, including balances of reserves. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 1.36 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

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Near-term investments	140.5	95.9	100	100	100
Longer-term investments	266.3	250	250	200	200
TOTAL	406.8	345.9	350	300	300

➤ Further details on treasury investments are in the Treasury Management Strategy - see section 3 of this book.

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

Investments for Service Purposes

- 1.39 The Council makes investments to assist local public services, including making loans to or buying shares in other organisations (service investments). In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to generate a surplus after all costs.
- 1.40 **Governance:** Decisions on service investments are made by the relevant service manager after consultation with and approval of the Corporate Director of Finance and must meet the criteria and limits laid down in the

Investment Strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are in the Investment Strategy see section 2 of this book.

Commercial Activities

- 1.41 With central government financial support for local public services declining, the Council has, in the past, strategically invested in commercial property purely or mainly for financial gain. A number of purchases, some of which are still held, were made through the Property Investment and Acquisition Funds (PIF1 and PIF2) and the Acquisition of Strategic Assets.
- 1.42 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 reductions in market value. These risks are managed by a rigorous appraisal process prior to any acquisition decision. Total commercial investments as at 31st March 2020 were valued at £33.1m with the largest being the two office buildings at Kings Hill.
- 1.43 **Governance:** Decisions on commercial investments and disposals have been made by the Director of Infrastructure in accordance with the Council's constitution, and more relevantly the Property Management Protocol, and following consultation with and approval of the Corporate Director of Finance. Property and most other commercial investments are also capital expenditure and purchases have also been approved as part of the capital programme.
- Further details on commercial investments and limits on their use are included in the investment strategy, as are details of commercial activities in several trading companies – see section 2 of this book.
- 1.44 In line with Government expectations, the Council will not be pursuing commercial investments going forward and has removed the remainder of the Property Investment Funds and Acquisition of Strategic Assets from the Capital Programme.

Liabilities

- 1.45 In addition to debt of £853.7m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £1,363.2m). It has also set aside £51.1m in general reserves to cover unforeseen risks as identified in the Reserves Policy – Appendix N of the [County Council budget report of 11th February 2021](#). The Council has

identified a number of budget risks but has not put aside any money because the Council has sufficient reserves to cover these eventualities should they arise. These risks are identified in the Budget Risks Register at Appendix B of this book.

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

Revenue Budget Implications

- 1.47 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

	2019-20 actual	2020-21 forecast	2021-22 budget	2022-23 budget	2023-24 budget
Proportion of net revenue stream	10.8%	10.04%	9.58%	10.14%	9.43%

- 1.48 In light of the one-year revenue spending round for 2021, the future year net revenue budgets are likely to change significantly, which will impact on future years' indicators.
- 1.49 **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 with the rigour that 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% (working towards 10% over the medium term) of the annual revenue budget. The Capital Programme will be reviewed and revised to ensure that it is prudent, affordable and sustainable in the medium term.

Knowledge and Skills

- 1.50 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Corporate Director of Finance is a

Fellow of the Association of Chartered Certified Accountants (FCCA) with 20 years' post-qualification experience, and the Council's finance team at the last review included a number of qualified accountants who are members of professional accountancy bodies including ACCA, CIMA, CIPFA and ICAEW. In addition, KCC Finance is an approved employer with professional accreditations from ACCA and CIPFA.

- 1.51 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, Amey/Kier/Skanska as property consultants/facilities management contractors. The Council will use the services of other specialists and consultants as necessary. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 1.52 The Council's policy on the use of external advisers is that where a contract for a consultant is estimated to cost £50,000 or more; details of the proposed award must be forwarded to the relevant Cabinet Member prior to the appropriate officer making the award.

Governance Arrangements

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

Section 2

Investment Strategy

INVESTMENT STRATEGY

Introduction

- 1.1 This Investment Strategy meets the statutory guidance issued by the government in January 2018 (Statutory Guidance on Local Government Investments 3rd Edition).
- 1.2 The Council invests its money for three broad purposes:
- To utilise surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
 - To support local public services by lending to or buying shares in other organisations (service investments), and
 - To earn investment income (known as commercial investments where this is the main purpose).
- 1.3 The Investment Strategy focusses on the second and third of these categories. Treasury Management investments are covered separately in the Treasury Management Strategy - see Section 3.
- 1.4 The Council will also be looking to invest in schemes where there is an environmental benefit in its future strategy linked to the Council's stated ambition to achieve the net zero target by 2030.

Service Investments: Loans

- 1.5 As at 31.03.20 the Council had the following amounts outstanding in relation to loans distributed by its own funding:

Loans in relation to:	Investment Value £
Kent Empty Property Initiative - No Use Empty	11.5m
Marsh Millions	0.3m
Kent PFI Company 1 Ltd	2.4m
Marlowe Theatre	2.0m
EDSECo (Trading as The Education People)	2.2m
Kent Holdco Ltd	0.5m
Invicta Law	1.0m
Total service investments - loans	19.9m

Kent Empty Property Initiative - No Use Empty

- 1.6 The Council runs a “No Use Empty” initiative, which was set up in 2005 with the aim of returning long term empty properties back into use. This operates as a revolving loan fund and is open to those who currently own or have acquired a long-term empty property which needs financial assistance to bring the property back into use for rental or sale. As at 31 March 2020 the debt due to KCC under the scheme totalled £11.5m. The scheme has been running since 2005 and since then has awarded £35.4m in loans, of which only £143k has been written off as a bad debt. This represents a mere 0.4% of the total loans awarded. The extremely low value of bad debts is aided by the scheme operating a robust application and assessment process, which includes ID checks and proof of additional funds. The applicant must provide at their cost an independent valuation undertaken by a Chartered Surveyor (RICS) to establish current and future values. This is also used within the assessment process as any loan awarded is secured as a charge and registered with Land Registry or Companies House if applicable. Loans are typically offered over 2 or 3 years.

Marsh Millions

- 1.7 KCC contributed to the Marsh Millions loan scheme. This was set up to aid small businesses in the Romney Marsh area. As at 31.03.20 the balance outstanding to KCC was £0.278m.

Kent PFI Company 1 Ltd

- 1.8 In 2013-14 KCC purchased loan notes in Kent PFI Company 1 Ltd, which is the holding company to the contractor who runs six schools for KCC under a Private Finance Initiative (PFI) arrangement. As at 31.03.20 the balance outstanding to KCC was £2.4m.

Invicta Law Ltd

- 1.9 Invicta Law Ltd is a law firm, wholly owned by KCC. It commenced trading on 1 June 2017. KCC provided a £1.8m working capital loan to aid the start-up of this company. The balance of this loan as at 31.03.20 was £1.0m, and a further £0.2m has been repaid during 2020-21.

Others

- 1.10 During 2019-20, two additional loan agreements were drawn up, one with EDSECo, trading as The Education People, for £2.2m to aid the start-up of the company and one for Kent Holdco Ltd for £0.5m.

Service Investments: Shares

- 1.11 As at 31.03.20 the Council had the following equity investments:

Company	Amount Invested £	Value in Accounts (Fair Value) £
Invicta Law Ltd	2.0m	2.138m
Kent PFI Company 1 Ltd (Note 1)	1.9m	1.242m
Kent Holdco	5.9m	8.749m
Total service investments - shares	9.8m	12.129m

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

- 1.12 During 2019-20 Kent Holdco Ltd was established and the shares that the Council held in Gen2, Cantium Business Solutions and Kent County Trading were all transferred to Kent Holdco Ltd. During 2020-21 the shares in Invicta Law have also been transferred to Holdco.
- 1.13 The Council considers each investment on a case-by-case basis and uses a number of criteria to obtain a risk/benefit analysis for the Council. Overall, the value of loans outstanding and equity investments as at 31.03.20 are immaterial in relation to the Council's balance sheet as a whole. The service benefits derived from these investments are deemed to outweigh the risks. The Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue payments.

Commercial Investments: Property

- 1.14 The following table provides details of the individual properties that meet the definition of investment (as per the Statutory Guidance on Local Government Investments), that were owned by KCC as of 31 March 2020:

Property	Purchase cost (including fees)	Value in accounts as at 31.03.20
	£m	£m
Sheehan House	0.723	1.404
Royal Mail Site	3.309	3.310
Eurogate	2.275	4.512
1 & 42 Kings Hill Avenue	23.000	23.836
Total commercial investments - property	29.307	33.062

1.15 The Royal Mail site is being held for future regeneration purposes. For this reason, the value in the accounts is based on existing use value, rather than fair value, in accordance with CIPFA guidance.

1.16 Towards the end of 2019-20, the Council purchased 2 office buildings at Kings Hill, totalling £23m, which is intended to provide an income stream over the short to medium term. Both buildings have retained their existing tenants during the covid-19 pandemic. One of the buildings is fully let whilst the other is 62% let.

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

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2020-21 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments including any revenue consequences. However, the Council is not specifically relying on the sale of these assets to fund future expenditure, therefore the risk relating to fluctuations in the property market is minimal. The Council is not seeking to make further commercial investments in property, reflecting the Government's stance on local authority commercial property investments. In line with Government expectations, the Council will not be pursuing commercial investments going forward and has removed the remainder of the Property Investment Funds and Acquisition of Strategic Assets from the Capital Programme.

Investment Indicators

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

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

Total investment exposure	31.03.20 Actual £
Service investments: Loans	19.9m
Service investments: Shares	9.8m
Commercial investments: Property	29.307m

- 2) Rate of return received: this indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred. It should be noted that it is not always the Council's aim to achieve the highest rate of return on investments, for example, some loans are given at a rate below market value to encourage take up, for regeneration or other service delivery reasons. These are correctly treated and accounted for as soft loans in the Statement of Accounts.

Investments net rate of return	2019-20
Service investments: Loans*	12.0%
Service investments: Shares:	
- Kent PFI Co 1 Ltd	4.0%
- Invicta Law	0.0%
- Kent Holdco Ltd**	33.3%
Commercial investments: Property:	
- Eurogate	12.1%
- Royal Mail Site***	See note below
- Kings Hill ****	5.2%

*only includes Kent PFI Company 1 Ltd as loans on Empty Property Initiative and Marsh Millions are at 0%, and repayments are not due on the loans to the Marlowe Theatre and Invicta Law.

** Includes debtor raised as at 31.03.20 for Cantium dividend of £1.76m. This has since been received.

***Royal Mail Site – The short-term strategy was implemented during 2017-18 and up until the start of the pandemic was expected to generate sufficient income to mitigate the site holding costs, with a small surplus from 2019-20 onwards. The covid-19 pandemic has had a significant detrimental impact on the income generated from the site, particularly from the public car park. However, the main purpose of this site is for future regeneration rather than rental income.

****Kings Hill Although there had been demand for the vacant space at Kings Hill, the covid-19 pandemic has meant that it has not yet been possible to let the remaining vacant space at Kings Hill.

It is not possible to accurately forecast dividends or asset values for the current or future years, so these have not been included.

3) Other investment indicators:

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

Section 3

Treasury Management Strategy

Treasury Management Strategy

Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This strategy 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 section 2 - 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) has been established to work with Officers on treasury management. 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 the Council'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 monthly basis.
6. Council agrees the Treasury Management Strategy and receives annual and half yearly reports on treasury management activity. Governance and Audit Committee receives quarterly updates as well as annual and half-yearly reports and makes recommendations to County Council.

External Context

Economic background

7. The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Council's Treasury Management Strategy for 2021-22.
8. The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.
9. UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rates for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%
10. GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

Credit outlook

11. After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainty around COVID-19 related loan defaults led to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

12. The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
13. Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021-22 remains advisable.

Interest rate forecast

14. The Council's treasury management advisor Arlingclose is forecasting the BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.
15. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year gilt yields to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

Local Context

16. On 31 December 2020 the Council held £877m of external borrowing and £440m of treasury investments. This is set out in further detail in Annexe A. Forecast changes in these sums are shown in the balance sheet analysis below.

	31.3.20	31.3.21	31.3.22	31.3.23	31.3.24
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Loans CFR	1,039.3	1,065.1	1,157.3	1,159.0	1,100.5
External borrowing	-883.8	-853.7	-826.0	-802.5	-776.9
Internal borrowing	155.5	211.4	331.3	356.5	323.6
Less: Usable reserves	-393.0	-413.0	-422.0	-422.0	-422.0
Less: Working capital	-144.3	-144.3	-144.3	-144.3	-144.3
Net investments	381.8	345.9	235.0	209.8	242.7

17. 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. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

18. 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

19. On 31 December 2020, the Council had £877.1m external debt, including £31.6m attributable to Medway Council, as part of its strategy for funding previous years' capital programmes. This represents a decrease of £7m on 31 March 2020 and reflects the Council's strategy of maintaining borrowing below the underlying levels.
20. The balance sheet forecast in the above table shows that the Council does not expect to need to borrow in 2021-22. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £1,016m.

Objective

21. 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

22. 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.
23. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
24. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Using cash available on the Council's balance sheet is also known as internal borrowing and at the end of March 2020 the Council had supplemented external debt with £156m of internal borrowing. Internal borrowing is not cost free as it is at the expense of investment returns and does not remove the need for Minimum Revenue Provision (MRP) to be made.
25. 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 2021-22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

26. The Council has previously raised the majority of its long-term borrowing from the PWLB and is likely to continue with this practice following the publication in November of the results of the HM Treasury consultation on changes to the PWLB's lending policy. The new lending terms include a reduction of 1% in all Standard Rate and Certainty Rate PWLB loans and the PWLB will not lend to any Council that plans to buy investment assets primarily for yield anywhere in their capital plans.
27. The Council will also consider long-term loans from other sources in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA code. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.
28. **Prudential Indicators:** The Council's capital strategy prudential indicator 3 indicates that the Council does not expect to increase its external borrowing in 2021-22 but it retains the flexibility to consider borrowing either long term or short term as well as using its cash balances.
29. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
 - HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except the Kent 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
30. **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
31. **LOBO (Lender's Option Borrower's Option) loans:** The Council holds £90m of LOBO loans (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. LOBOs totalling £90m have option dates during 2021-22, 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 the opportunity arises.

32. **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.
33. **Debt rescheduling:** The PWLB allows councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk in the current interest rate environment

Treasury Investment Strategy

34. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the beginning of April 2020 the Council's cash balance has ranged between £296m and £530m. The average balance is expected to reduce in 2021-22 reflecting the Council's policy of using cash balances to repay maturing loans and internally funding capital expenditure.
35. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
36. **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
37. **Strategy:** The Council's strategy for 2021-22 is essentially the same as that for 2020-21. Given the risk and very low returns from short-term unsecured bank investments the Council will continue to invest a significant proportion of the cash available for longer term investment in secure and / or higher yielding asset classes. It will continue to invest in money market funds and Government including local authority deposits to meet its liquidity requirements.
38. **Business models:** Under IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash

flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost. The IFRS 9 statutory override ends in 2024 so the Council is exploring options for mitigating the risks related to the fluctuation in the value of its investments in pooled funds.

Approved counterparties

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

	Minimum Credit rating	Individual Maximum Cash Limit	Total Maximum Cash Limit	Maximum Duration
Government				
- UK Government		unlimited		50 years
- UK Local Authorities		£25m		2 years
- Kent local authorities for cashflow purposes only			£70m	1 year
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+,	£20m	£30m country limit	13 months
	Individual limit A-			
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		
Secured investments				
- 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	£50m	5 years
Loans incl. to developers in the No Use Empty programme			£24m	
Strategic pooled funds and real estate investment trusts			£250m	
- Absolute Return funds		£25m per fund		

- Multi Asset Income funds	£25m per fund		
- Property funds	£75m or 5% of total fund value if greater		
- Bond funds	£25m per fund		
- Equity Income Funds	£25m per fund		
- Real Estate Investment Trusts	£25m per fund		

40. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years. The loans to other Kent authorities will be interest free because of the financial benefits other than earning an interest rate return.
41. Loans to all local authorities are assessed in terms of the Council's cashflow requirements and within its effective lending policies and procedures and this lending will be diversified across many local authorities. Reputational risk will be taken into account in addition to the financial risks of this investment.
42. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used.
43. **Banks and building societies unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investments with banks rated below the agreed minimum rating of A- are restricted to overnight deposits with the Council's current banking services provider.
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. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to Money Market Funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
45. **Cash plus / Short Bond Funds:** Pooled investment funds whose values change with market prices and have a notice period, will be used as alternatives to unsecured bank deposits for longer investment periods.

46. **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.
47. **Registered providers:** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.
48. **Loans:** Loans to entities set up on an arms-length basis from the Council, and other suitable opportunities, on which the Council will take advice from Arlingclose with regard to the appropriate structure of the loans and applicable rate of interest. Included are interest bearing loans to developers under the No Use Empty Development Programme.
49. **Pooled investment funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
50. **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.
51. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. 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 Council maintaining operational continuity.

Risk assessment and credit ratings

52. Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

53. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that entity until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

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

Investment limits

56. The Council may invest its surplus funds with any of the counterparty types listed above subject to the cash limits per counterparty and the durations shown in the table at paragraph 39.
57. The Council’s revenue reserves available to cover investment losses are forecast to be £272m on 31 March 2021. 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 counterparty (other than the UK Government and the Churches, Charities and Local Authorities - Local Authorities Mutual Investment Trust (CCLA LAMIT) property fund) will be £25m.

Liquidity management

58. 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.

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

Treasury Management Indicators

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

62. **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	£100m

63. **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.

64. **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.

65. **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	2021-22	2021-22	2022-23
Limit on principal invested beyond year end	£300m	£300m	£300m

Related Matters

66. The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.
67. **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
68. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
69. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
70. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

71. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance believes this to be the most appropriate status.

Financial Implications

72. The budget for investment income in 2021-22 is £8.2m, based on an average investment portfolio of £440m at an interest rate of 2.18%. The budget for debt interest payable in 2021-22 is £39.8m, based on an average debt portfolio of £841.2m at an average interest rate of 4.50%. 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 councils to adopt. The Corporate Director of Finance, having consulted the Deputy Leader and Cabinet Member for Finance, Traded and Corporate Services, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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

Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain
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Annexe A – Existing Investment & Debt Portfolio Position

	31-Dec-20	31-Dec-20
	Actual Portfolio	Average Rate
	£m	%
External borrowing		
Public Works Loan Board	470.9	4.99
LOBO loans from banks	90.0	4.15
Banks and other lenders (Fixed term)	291.8	4.40
Streetlighting Project	24.3	1.21
Total external borrowing	877.1	4.51
Treasury investments		
Bank Call Accounts	48.0	0.04
Covered bonds (secured)	79.7	0.65
Government (incl. local authorities)	85.4	0.10
Money Market Funds	50.7	0.02
Equity	2.1	
No Use Empty Loans	3.7	1.50
Total internally managed investments	269.6	0.25
Pooled investments funds		
- Property	56.3	3.09
- Multi Asset	59.9	2.76
- Absolute Return	5.0	1.80
- Equity UK	26.8	4.03
- Equity Global	22.2	2.77
Total pooled investments	170.2	4.14
Total treasury investments	439.8	2.18
Net debt	437.3	

GLOSSARY

Local Authority Treasury Management Terms

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

FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
Income return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
GILT	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
LIBID	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
LOBO	Lender's Option Borrower's option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy in order to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
SONIA	Sterling overnight interest average – a benchmark interest rate for overnight deposits.
Short-dated	Usually means less than one year
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.

Section 4

Capital Investment - Summary

SECTION 4 - CAPITAL INVESTMENT SUMMARY 2021-22 TO 2023-24

Capital Investment Plans:

Row Ref	Directorate		Total Cost £000s	Prior Years Spend £000s	Cash Limits			
					2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	Later Years Years 4-10 £000s
1	Adult Social Care & Health	ASCH	25,150	3,648	2,917	5,785	4,000	8,800
2	Children, Young People & Education	CYPE	837,300	538,621	182,964	84,539	31,176	0
3	Growth, Environment & Transport	GET	998,144	216,088	215,789	194,213	253,758	118,296
4	Strategic & Corporate Services	S&CS	97,644	18,860	21,578	29,206	28,000	0
5	Feasibility Fund		4,000		1,000	1,000	2,000	
6	Total Cash Limit		1,962,238	777,217	424,248	314,743	318,934	127,096

Funded By:

7	Borrowing	356,955	140,484	151,559	62,197	-285	3,000
8	Property Enterprise Fund (PEF) 2	369	369				
9	Grants	1,067,811	456,963	195,145	153,240	223,351	39,112
10	Developer Contributions	276,848	80,063	28,747	51,327	79,338	37,373
11	Other External Funding e.g. Arts Council, District Contributions etc.	84,389	12,014	12,156	12,292	4,127	43,800
12	Revenue Contributions to Capital	22,901	5,142	8,306	8,851	602	
13	Capital Receipts	66,275	42,475	11,930	8,120	3,750	
14	Recycled Loan Repayments	86,690	39,707	16,405	18,716	8,051	3,811
15	Total Finance	1,962,238	777,217	424,248	314,743	318,934	127,096

Section 5

Capital Investment – Plans by Directorate

SECTION 5 - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

Adult Social Care & Health (ASCH)

Row Ref	Rolling Programmes**	Description of Project	Three Year Budget £000s	Cash Limits			
				2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	
1	<i>Home Support Fund & Equipment</i>	<i>Provision of equipment and/or alterations to individuals' homes</i>	500	250	250	0	
2	Total Rolling Programmes		500	250	250	0	

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	Later Years Years 4-10 £000s
3	<i>Developer Funded Community Schemes</i>	<i>Community schemes to be funded by developer contributions</i>	1,737	1,692	45	0	0	0
Kent Strategy for Services for Learning Disability (LD):								
4	<i>Learning Disability Good Day Programme</i>	<i>To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county</i>	4,813	1,956	1,957	900	0	0
Kent Strategy for Services for Older People (OP):								
5	<i>Extra Care Facilities</i>	<i>Provision of Extra Care Accommodation</i>	16,800	0	0	4,000	4,000	8,800
Other Individual Projects:								
6	<i>Hedgerows</i>	<i>A new purpose-built facility for people with complex needs and also for adult in-house service provision</i>	1,300	0	665	635	0	0
7	Total Individual Projects		24,650	3,648	2,667	5,535	4,000	8,800
8	Total - Adult Social Care & Health		25,150	3,648	2,917	5,785	4,000	8,800

** Rolling programmes have only been included for two years and a review will be undertaken in early 2021-22 as part of the development of the 10 year capital programme
Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

SECTION 5 - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

Children, Young People & Education (CYPE)

Row Ref	Rolling Programmes**	Description of Project	Three Year Budget	Cash Limits		
				2021-22	2022-23	2023-24
				Year 1	Year 2	Year 3
			£000s	£000s	£000s	
1	Annual Planned Enhancement Programme*	Planned and reactive capital projects to keep schools open and operational	19,144	10,471	8,673	0
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	9,000	4,500	4,500	0
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	10,000	5,000	5,000	0
4	Youth - Modernisation of Assets	To purchase vehicles and equipment for youth services	122	72	50	0
5	Schools' Modernisation Programme*	Improving and upgrading school buildings including removal of temporary classrooms	2,650	650	2,000	0
6	Total Rolling Programmes		40,916	20,693	20,223	0

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2021-22	2022-23	2023-24	Later Years
					Year 1	Year 2	Year 3	Years 4-10
			£000s	£000s	£000s	£000s	£000s	£000s
Basic Need Schemes - to provide additional pupil places:								
7	Basic Need Kent Comissioning Plan (KCP) 2016 & previous years	Increasing the capacity of Kent's schools	326,736	316,052	10,684	0	0	0
8	Basic Need KCP 2017	Increasing the capacity of Kent's schools	155,335	88,118	48,598	18,619	0	0
9	Basic Need KCP 2018	Increasing the capacity of Kent's schools	45,294	10,661	31,133	3,500	0	0
10	Basic Need KCP 2019	Increasing the capacity of Kent's schools	65,176	6,629	31,571	26,976	0	0
11	Basic Need KCP 2021-25	Increasing the capacity of Kent's schools	56,638	0	11,741	13,721	31,176	0
Other Projects								
12	Barton Court Free School	Provision of a new secondary school in Canterbury	26,038	8,546	15,992	1,500	0	0
13	John Wallis Academy	Provision of a new primary school building and relocation of children's centre	5,311	4,998	313	0	0	0
14	Nest 2	Provision of a residential facility for children and young people in Kent and Medway with Autistic Spectrum Conditions (ASC)	1,550	0	1,550	0	0	0
15	Priority School Build Programme (PSBP) 1 & 2	Additional works under the PSBP programme not funded by the Education and Skills Funding Agency (ESFA)	23,414	19,912	3,502	0	0	0
16	Special Schools Review Phase 2	Major programme of building works to ensure facilities are fit for purpose	84,265	83,328	937	0	0	0
17	School Roofs	Structural repairs to school roofs	6,627	377	6,250	0	0	0
18	Total Invididual Projects		796,384	538,621	162,271	64,316	31,176	0

SECTION 5 - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

19	Total - Children, Young People & Education		837,300	538,621	182,964	84,539	31,176	0
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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 2021-22 and 2022-23

** Rolling programmes have only been included for two years and a review will be undertaken in early 2021-22 as part of the development of the 10 year capital programme

SECTION 5 - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

Growth, Environment & Transport (GET)

Row Ref	Rolling Programmes**	Description of Project	Three Year Budget £000s	Cash Limits		
				2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s
Environment, Planning & Enforcement						
1	Country Parks Access and Development	Improvements and adaptations to country parks	160	100	60	0
2	Public Rights of Way	Structural improvements of public rights of way	1,803	903	900	0
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	150	75	75	0
Economic Development						
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	150	75	75	0
Highways, Transportion & Waste						
5	Highways Asset Management/Annual Maintenance and programme of Significant and Urgent Safety Critical Works*	Maintaining Kent's roads	163,202	88,576	74,626	0
6	Integrated Transport Schemes*	Improvements to road safety	7,660	3,805	3,855	0
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	380	230	150	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	152	138	12	2
9	Total Rolling Programmes		173,657	93,902	79,753	2

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	Later Years Years 4-10 £000s
			£000s	£000s	£000s	£000s	£000s	£000s
Environment, Planning & Enforcement								
10	Digital Autopsy	To provide a body storage and digital autopsy facility	3,000	220	2,280	500	0	0
11	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	3,089	2,409	190	104	386	0
12	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	2,426	2,035	96	78	217	0
13	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	300	100	200	0	0	0
14	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	4,000	0	1,500	0	2,500	0

SECTION 5 - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2021-22	2022-23	2023-24	Later Years
			£000s	£000s	Year 1	Year 2	Year 3	Years 4-10
15	Public Mortuary	To consider options for the provision of a public mortuary	3,000	0	0	0	0	3,000
16	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	34,512	8,356	13,551	11,450	1,155	0
17	Windmill Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	953	369	279	180	125	0
Libraries, Registration & Archives								
18	Herne Bay Library Plus	Project to refurbish the library and address long-term building issues	469	119	350	0	0	0
19	Southborough Hub	Re-provision of library within new Southborough Hub	12,981	12,923	58	0	0	0
20	Tunbridge Wells Cultural Hub (Amelia)	Contribution to the development of a cultural and learning hub in partnership with Tunbridge Wells Borough Council, including library, registration and adult education	1,668	418	550	350	350	0
Economic Development								
21	Broadband Contract 2	To extend the reach of superfast broadband so that 95% of homes and businesses can access superfast broadband	11,814	10,465	0	1,349	0	0
22	Connecting Rural Kent & Medway Broadband Project	Getting Building Fund Project to improve rural broadband connectivity through an enhanced top up voucher scheme	2,291	261	2,030	0	0	0
23	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	11,345	7,098	1,102	1,203	971	971
24	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	9,184	4,207	4,977	0	0	0
25	Kent & Medway Business Fund	New fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	38,038	16,218	9,150	12,670	0	0
26	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	46,657	33,818	5,443	4,556	0	2,840
27	Marsh Million	Supporting economic growth on Romney Marsh to develop new jobs and business opportunities following the decommissioning of Dungeness Power Station	1,397	968	342	87	0	0
28	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	300	500	2,062	0	0

SECTION 5 - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2021-22	2022-23	2023-24	Later Years
			£000s	£000s	Year 1	Year 2	Year 3	Years 4-10
			£000s	£000s	£000s	£000s	£000s	£000s
	Highways, Transport & Waste							
29	A2 Off Slip Wincheap, Canterbury	To deliver an off-slip in the coastbound direction	4,400	0	1,500	2,199	701	0
30	A226 St Clements Way	Road improvement scheme	6,807	6,623	80	60	44	0
31	A2500 Lower Road Improvements	Junction improvements to increase capacity	5,260	5,250	10	0	0	0
32	A28 Chart Road, Ashford	Strategic highway improvement	26,247	3,719	141	528	8,999	12,860
33	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	5,520	0	5,520	0	0	0
34	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	12,000	5,090	6,408	502	0	0
35	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding.	16,084	2,095	8,055	5,809	125	0
36	Electric Vans	Electric vehicles and charging infrastructure funded by government grant	1,512	1,277	235	0	0	0
37	Fastrack Full Network - Bean Road Tunnels	Construction of a tunnel linking Bluewater and the Eastern Quarry Development,	13,890	1,942	10,248	1,700	0	0
38	Faversham Swing Bridge	Restoration of an opening bridge	2,550	733	1,017	800	0	0
39	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfleet	7,400	500	3,500	3,400	0	0
40	Herne Relief Road	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	7,691	637	2,437	2,898	1,398	321
41	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	38,632	1,396	5,300	13,176	18,760	0
42	Kent Active Travel Fund Phase 2	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	4,878	200	2,950	1,728	0	0
43	Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	11,309	5,649	5,660	0	0	0
44	Kent Thameside LSTF - Integrated door-to-door journeys	Package of measures to reduce congestion	7,518	5,008	2,510	0	0	0
45	Kent Thameside Strategic Transport Programme	Strategic highway improvement in Dartford & Gravesham	38,205	1,327	8,280	21,500	7,098	0
46	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	40,754	39,658	1,096	0	0	0
47	Live Labs	Research project into use of digital technology and intelligent analytics within Highways Asset Management	1,975	1,775	200	0	0	0
48	Maidstone Integrated Transport	Improving transport links with various schemes in Maidstone	10,850	6,584	2,316	1,950	0	0
49	Manston Green	Project to deliver a junction improvement scheme	6,290	0	0	1,213	4,215	862
50	Market Square Dover	Project to improve access and public realm at Market Square in Dover	2,940	570	2,360	5	5	0

SECTION 5 - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2021-22	2022-23	2023-24	Later Years
					Year 1	Year 2	Year 3	Years 4-10
			£000s	£000s	£000s	£000s	£000s	£000s
51	M20 Junction 4 Eastern over bridge	Carriageway widening	6,196	6,153	22	13	8	0
52	<i>Newingreen A20 Junction Improvement</i>	<i>Junction improvement scheme</i>	3,038	2	120	2,500	416	0
53	New Transfer Station - Folkestone & Hythe	To provide a new waste transfer station in Folkestone & Hythe	9,585	201	1,000	8,384	0	0
54	Rathmore Road Link	Road improvement scheme	8,008	7,873	69	66	0	0
55	Street Lighting Concrete Column - Replacement Scheme	Replacement of concrete columns	2,629	2,543	86	0	0	0
56	<i>Sturry Link Road, Canterbury</i>	<i>Construction of bypass</i>	29,600	2,030	6,061	11,440	7,627	2,442
57	Tunbridge Wells Junction Improvements	Junction improvements to ease congestion	1,957	1,226	731	0	0	0
58	Waste Compactor Replacement	To replace waste compactors at Household Waste Recycle Centres to ensure efficient waste site operation	1,070	443	627	0	0	0
59	West Kent local sustainable transport - tackling congestion	Package of measures to reduce congestion and carbon footprint	6,050	5,300	750	0	0	0
60	<i>A229 Bluebell Hill M2 & M20 Interchange Upgrades</i>	<i>Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible</i>	99,657	0	0	0	99,657	0
61	<i>A28 Birchington, Acol and Westgate-on-Sea Relief Road</i>	<i>Creation of a relief road</i>	49,000	0	0	0	49,000	0
62	<i>Thanet Way</i>	<i>Structural improvement to the Thanet Way A299</i>	50,000	0	0	0	50,000	0
63	<i>A228 Colts Hill Strategic Link - Road Scheme</i>	<i>Construction of bypass</i>	45,000	0	0	0	0	45,000
64	<i>Orchard Way Railway bridge, Ashford</i>	<i>Strategic highway improvement</i>	15,000	0	0	0	0	15,000
65	<i>South East Maidstone Strategic Link - Road Scheme</i>	<i>Construction of bypass</i>	35,000	0	0	0	0	35,000
66	Total Individual Projects		824,487	216,088	121,887	114,460	253,756	118,296
67	Total - Growth, Environment & Transport		998,144	216,088	215,789	194,213	253,758	118,296

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 2021-22 and 2022-23

** Rolling programmes have only been included for two years and a review will be undertaken in early 2021-22 as part of the development of the 10 year capital programme

SECTION 5 - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

Strategic & Corporate Services (S&CS)

Row Ref	Rolling Programmes**	Description of Project	Three Year Budget £000s	Cash Limits			
				2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	
1	<i>Corporate Property Strategic Capital Delivery*</i>	<i>Costs associated with delivering the capital programme</i>	5,000	2,500	2,500	0	
2	<i>Disposal Costs</i>	<i>Costs of disposing of surplus property</i>	1,300	650	650	0	
3	Modernisation of Assets (MOA)	Maintaining KCC estates	5,696	3,000	2,696	0	
4	Total Rolling Programmes		11,996	6,150	5,846	0	

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	Later Years Years 4-10 £000s
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	2,043	219	920	904	0	0
6	Asset Utilisation - Oakwood House Transformation	Reconfiguration of Oakwood House to relocate other KCC services and release assets	7,027	684	3,343	3,000	0	0
7	Community Sexual Health Services	Development of premises for delivery of community sexual health services	1,589	839	750	0	0	0
8	<i>Strategic Reset Programme</i>	<i>Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact</i>	8,000	0	1,000	2,000	5,000	0
9	<i>Dover Discovery Centre</i>	<i>Refurbishment to make the building fit for purpose</i>	6,066	281	2,000	3,785	0	0
10	<i>LIVE Margate</i>	<i>Replace empty and poorly managed housing in Margate with high quality and well managed family housing to regenerate the area</i>	10,208	8,437	300	1,471	0	0
11	<i>MOA Plus</i>	<i>Works required to ensure KCC buildings are fit for purpose and are in a statutory compliant condition</i>	15,715	6,600	5,115	4,000	0	0
12	<i>Strategic Estate Programme</i>	<i>Options for the council's future strategic estate.</i>	35,000	1,800	2,000	8,200	23,000	0
13	Total Individual Projects		85,648	18,860	15,428	23,360	28,000	0
14	Total - Strategic & Corporate Services		97,644	18,860	21,578	29,206	28,000	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 2021-22 and 2022-23

** Rolling programmes have only been included for two years and a review will be undertaken in early 2021-22 as part of the development of the 10 year capital programme

Section 6

High Level 2021-22

Revenue Budget

Section 6 - High Level 2021-22 Revenue Budget

2020-21			2021-22	
£000s	£000s		£000s	£000s
	986,374.4	Approved Base Budget per 13th February 2020 County Council		1,063,654.3
		Recurring Base Budget changes per Budget Amendment approved at County Council 10th September 2020		32,821.8
		Growth		
10,153.4		Net Base Budget Changes	8,512.3	
21,115.2		Replacement of Use of Reserves and Other One-off Budget Solutions	11,892.5	
		Reduction in Grant Funding	1,463.3	
1,400.0		Pay	4,609.6	
7,893.0		Prices	17,316.8	
23,806.5		Demand & Cost Drivers	16,007.5	
21,229.0		Government & Legislative	3,638.6	
9.5		<u>Service Strategies and Improvements</u>		
		Contributions to reserves	20,394.1	
21,867.3		Other	13,865.4	
	107,473.9	Growth		97,700.1
		Total Growth including recurring changes to budgets in the Budget Amendment approved at County Council 10th September 2020		130,521.9
		Savings & Income		
		<u>Transformation Savings</u>		
-6,200.0		Adults Transformation Programmes	-7,700.0	
-1,733.0		Other Transformation Programmes	-1,024.0	
-6,253.0		Income Generation	-2,459.1	
4,451.9		Increases in Grants & Contributions	-2,642.0	
		<u>Efficiency Savings</u>		
-40.0		Staffing	-481.9	
-110.0		Premises	-108.0	
-4,245.2		Contracts & Procurement	-7,450.6	
-842.0		Other	-2,748.4	
		<u>Financing Savings</u>		
-9,061.5		Drawdowns from reserves	-22,227.3	
-5,066.0		Other	-5,913.0	
-1,095.2		Policy Savings	-8,995.9	
	-30,194.0	Total Savings & Income		-61,750.2
	1,063,654.3	Net Budget Requirement		1,132,426.0
		<u>Funded by</u>		
9,641.7		Revenue Support Grant	9,695.0	
10,530.9		Social Care Support Grant rolled forward	34,366.8	
23,835.9		New Social Care Grant	4,776.5	
		Covid-19 emergency grant	32,357.0	
		Local Council Tax Support grant (provisional)	14,281.5	
138,429.0		Business Rate Top-Up Grant	138,429.0	
48,544.2		Improved Better Care Fund	48,544.2	
20,830.0		Other un-ringfenced grants (provisional)	20,515.1	
55,938.0		Local Share of Retained Business Rates	51,845.3	
2,562.9		Business Rate Collection Fund	-27,250.0	
		Drawdown from reserves of S31 grant for Covid-19 business rate reliefs	26,691.6	
		Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19	2,511.6	
683,653.7		Council Tax Income (including increase up to referendum limit but excluding social care levy)	691,369.1	
65,789.7		Council Tax Adult Social Care Levy	87,335.0	
3,898.3		Council Tax Collection Fund	-3,041.7	
	1,063,654.3	Total Funding		1,132,426.0

Section 7

2021-22 Budget by Directorate

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
2020-21 Base Budget	Approved budget by County Council on 13th February 2020	399,468.3	273,034.1	178,922.9	0.0	82,262.9	112,020.6	17,945.5	1,063,654.3	
Base Adjustments (internal) 2020-21 Budget Amendment	Recurring changes to budgets included in the Budget Amendment approved at County Council 10th September	3,239.4	6,852.9	981.1	0.0	6,238.9	-2,961.8	18,471.3	32,821.8	
Revised Recurring 2020-21 Base Budget per Budget Amendment		402,707.7	279,887.0	179,904.0	0.0	88,501.8	109,058.8	36,416.8	1,096,476.1	
Base Adjustments (internal) post 2020-21 Budget Amendment	Changes to budgets which have nil overall affect on net budget requirement	10,126.3	905.3	0.0	0.0	2,814.9	-1,169.0	-12,677.5	0.0	
Revised 2020-21 Base Budget		412,834.0	280,792.3	179,904.0	0.0	91,316.7	107,889.8	23,739.3	1,096,476.1	1,096,476.1
Growth										
Net Base Budget Changes	<i>Growth based on current and forecast activity levels</i>									
Covid related provision	Revisions to estimated Covid related provisions approved in the September 2020 budget amendment							-8,711.4	-8,711.4	8,512.3
Household Waste Recycling Centres (HWRC)	Increased cost for HWRC contracts as they are due for renewal under the current terms over the next three years			584.0					584.0	
Kent 16+ Travel Saver	Reinstatement of one-off reduction in income in 2020-21 for the Kent 16+ Travel Saver (formerly Kent 16+ Travel Card) due to lower take-up by low frequency users		-350.0						-350.0	
Special Educational Needs & Disability (SEND)	Impact of Covid 19 pandemic on referrals for Education, Health and Care Plan assessments							500.0	500.0	
Kent Public Services Network (KPSN)	Impact of loss of business from schools thereby increasing the cost to KCC of core provision					219.5			219.5	
Software Licences	Adjustment to uplift from E3 to E5 licences to enable greater flexible working					-293.5			-293.5	
Waste - Materials Recycling Facility (MRF) income	Reduction in MRF income due to market volatility/pricing			240.0					240.0	
Waste - HWRC/Transfer station	One-off remedial works at HWRC/Transfer Station prior to new contractor taking over maintenance responsibilities			408.0					408.0	
Growth for Strategic Statement Priorities provided in 2020-21 budget	Use of the funding provided in 2020-21 budget to fund the Civil Society Strategy							-437.8	-437.8	
Civil Society Strategy	Implementation of our Civil Society Strategy including support to the Voluntary & Community Sector to help improve Kent communities to make them better places to work and live in					437.8			437.8	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Highway Maintenance Contract	Removal of funding provided in 2020-21 for estimated market uplift in core cost of highway maintenance contract due to deferral of renewal of contract until April 2023			-1,444.3					-1,444.3	
Grants to District Councils	Funding of incentives with district councils to remove discounts on empty properties and tackle council tax fraud/error to be met from base budget rather than the annual use of reserves					658.8			658.8	
Streetlight energy	Reduction in streetlight energy following reduction in price and activity to resist			-300.0					-300.0	
Kent Travel Saver	Adjustment to budget for reduced activity and previous estimates for inflationary uplift			-500.0					-500.0	
Waste prices	Increase in costs relating to disposal of certain types of waste			322.0					322.0	
Investment Income	Impact of Covid on the financial markets resulting in a reduced return on our investments							2,150.0	2,150.0	
Facilities Management	Holding Costs subsumed within the East Kent contract renewal previously funded separately					-215.2			-215.2	
Adult Social Care	Full year effect of current placements	1,591.0							1,591.0	
Growth for Strategic Statement Priorities	Releasing the uncommitted balance of the base funding provided in the 2020-21 budget for high impact improvements in support of Strategic Statement Priorities to help balance the 2021-22 budget							-2,862.2	-2,862.2	
Mainstream Home to School Transport	Realignment to reflect underlying underspend on mainstream home to school transport in 2020-21		-664.0						-664.0	
Dedicated Schools Grant (DSG)	Provision for temporarily offsetting the reductions in Central Services Schools Block DSG and costs which have been charged to DSG but no longer meet the criteria of the grant, until longer term solutions are identified							7,000.0	7,000.0	
Services for Schools	Statutory compliance testing and day to day maintenance projects which following a change in grant regulations can no longer be funded by the capital grant		3,200.0						3,200.0	
Return from our companies	Remove the dividends from our companies from the base budget due to their variable nature. Future returns to be used to fund time limited activities to support Strategic Priorities						6,500.0		6,500.0	
Other	Other minor growth based on current activity levels of £200k or less			-34.3		225.6		288.3	479.6	
Replace use of one-offs	Planned removal of one-off use of reserves and underspends in approved base budget for 2020-21	7,739.4					948.1	3,205.0	11,892.5	11,892.5

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<i>Reduction In Grant Income</i>										
Dedicated Schools Grant	20% reduction to the historic commitments element of the Dedicated Schools Grant: Central Services for Schools Block		1,117.4						1,117.4	1,463.3
Public Health Grant	Reduction in Suicide Prevention funding, now funded by NHS				345.9				345.9	
<i>Pay and Prices</i>										
<i>Pay</i>										
Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades. This contribution together with the savings from staff turnover will provide a pay pot capable of providing a 2% uplift for all staff, subject to negotiations with Trade Unions	1,311.6	1,442.5	588.9		533.1	0.3	49.7	3,926.1	4,609.6
Public Health Pay & Pensions	Estimated impact of increases in NHS Pension costs and KCC pay award for KCC Public Health staff				276.6				276.6	
Other	Other changes to pay and pensions of £200k or less including an increase in the employer pension contribution following the actuarial revaluation and revisions to lower Kent Scheme pay scales including continuing their alignment with the Foundation Living Wage	100.4	85.0	165.6		23.6		32.3	406.9	
<i>Inflation</i>										
Streetlight Energy	Provision for price inflation related to Streetlight energy as estimated by Commercial Services			377.4					377.4	17,316.8
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	9,610.1	785.2						10,395.3	
Children's Social Care	Provision for price negotiations with external providers and uplift to in-house foster carers in line with DFE guidance		1,117.0						1,117.0	
Kent Travel Saver	Provision for price inflation related to the Kent Travel Saver which is recovered through uplifting the charge for the pass			256.0					256.0	
Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices)			700.0					700.0	
Facilities Management	Estimated future price uplift to existing providers for the extended Facilities Management contract					500.4			500.4	
Public Health contracts	Estimated increase in contract prices				2,357.0				2,357.0	
Public Health - Sexual Health & Healthy Lifestyles	Increased costs of prescription drugs due to impact of Brexit				506.5				506.5	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Public Health - Sexual Health	New responsibility for PrEP (HIV Pre-exposure prophylaxis), a drug prescribed to prevent HIV infection				225.0				225.0	
Public Health - Sexual Health	Increased costs including increase in tariffs across Public Health services				439.2				439.2	
Other	Other price increases of £200k or less		16.4	0.2	29.3	235.9	44.3	116.9	443.0	
<i>Demand & Cost Drivers</i>	<i>Additional spending associated with change in demand, population growth and other cost drivers</i>									
Adult Social Care	Estimated impact of an increase in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, including the transition of known clients at age 26 from Lifespan Pathway age 18-25	2,559.0	2,354.7					5,000.0	9,913.7	16,007.5
Children's Social Care	Estimated impact of an increase in the population of children in Kent, leading to increased demand for children's social work and disabled children's services		3,235.0						3,235.0	
Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport		2,798.0						2,798.0	
Home to School transport - Mainstream	Estimated impact of rising pupil population on Mainstream Home to School transport		339.0						339.0	
English National Concessionary Travel Scheme	Temporary reduction in journeys travelled due to the Covid 19 pandemic							-2,000.0	-2,000.0	
Waste	Increase in kerbside waste collection due to more homeworking during the Covid pandemic, the cost of which is higher to process than waste disposed of at HWRCs, where waste tonnage has reduced due to current restrictions							1,144.0	1,144.0	
Other	Other minor demographic pressures of £200k or less		200.0	35.1	342.7				577.8	
<i>Government & Legislative</i>										
Children's Social Care - New Burdens	Shortfall in government funding for new burdens to cover the extended duty for Citizen Care Leavers up to age of 25		217.0						217.0	3,638.6
Streetlighting	Statutory electrical testing and maintenance requirement following rollout of LED technology. The retained allowance built into the original project cost model is insufficient to cover current cost levels			275.0					275.0	
Public Health - Sexual Health	Change in government guidance regarding long acting contraceptives				234.0				234.0	
Infrastructure	Additional ICT equipment and peripherals to enable more flexible working required as a result of Covid							250.0	250.0	
Personal Protective Equipment	Warehousing and distribution costs of PPE							360.0	360.0	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Coroners	Increased referrals, a backlog of cases due to delays and additional measures required for social distancing as a result of the Covid pandemic							320.0	320.0	
Registration Service	Continued loss of income as a result of the Covid pandemic							506.3	506.3	
Other	Other Government & Legislative pressures of £200k or less			220.0	245.0	105.0		906.3	1,476.3	
Service Strategies & Improvements										
Special Educational Needs & Disability (SEND)	Implementation of our joint Written Statement of Action with the Kent Clinical Commissioning Groups to improve services for children with Special Educational Needs and Disabilities following inspection by Ofsted and the Care Quality Commission		500.0						500.0	34,259.5
Capital Programme	The impact on debt charges of both the review of the 2021-24 capital programme, and prior year capital programme decisions						4,660.3		4,660.3	
Waste	Increased temporary costs until a new waste transfer facility is constructed in the Folkestone & Hythe area which is required as existing facility approaches capacity			248.3					248.3	
Waste East Kent contract	Existing loss-making contract ends January 2021 causing a contract price uplift when this is tendered with KCC taking back title to this waste			1,988.0					1,988.0	
Highway Maintenance Contract	Removal of one-off set up costs in 2020-21 associated with the recommissioning of the highways term maintenance contract, including procurement and pre-commencement costs			-425.0					-425.0	
Highways Drainage	Increase base budget provision for clearing highways drains			1,250.0					1,250.0	
Kent Public Services Network (KPSN)	Removal of one-off provision in 2020-21 for potential loss of business from schools thereby increasing the cost to KCC of core provision							-424.7	-424.7	
Education Basic Need Programme	Provision for COVID specific expenses in relation to the basic need programme (provision of sufficient school places)							1,121.0	1,121.0	
Systems Development	Investment in systems to enable greater flexible working and optimal use of office space including digitalisation of paper records, electronic signatures and desk booking system					555.0			555.0	
ICT	Security back-ups					370.0			370.0	
Public Health - Sexual Health	Completion of works to Flete Unit (contribution to capital)				700.0				700.0	
Public Health - Substance Misuse	Additional demand for Tier 4 In-patient services for substance misuse detox				250.0				250.0	
Public Health - Children's Programme	Investment in Children's Centres				1,000.0				1,000.0	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Gypsy & Traveller Service	One-off investment at Barnfield site to remove illegally dumped waste and install preventative measures			500.0					500.0	
Contribution to reserves - workforce reduction	Contribution to Workforce Reduction reserve to manage the impact on staffing of the policy savings required over the medium term						3,000.0		3,000.0	
Contribution to Reserves	Contribution to General Reserves to improve financial resilience						14,000.0		14,000.0	
Contribution to Local Taxation Equalisation Reserve	Change in contributions to reserves linked to the addendum to budget report to full Council. This contribution relates to the changes arising from the updated estimated local share of business rates for 2021-22 from NNDR1 and the estimated net impact of collection fund balance and compensation grant for additional reliefs in 2020-21						3,394.1		3,394.1	
Other	Other minor service improvements of £200k or less	-50.0		668.7	961.4	-7.6			1,572.5	
	Total Additional Growth	22,861.5	16,393.2	6,123.6	7,912.6	3,348.4	32,547.1	8,513.7	97,700.1	97,700.1
<u>Savings and Income</u>										
<u>Transformation Savings</u>										
Adult Social Care service redesign	The redesign of the Adult Social Care operating model, focusing on social care practice, data led decision making and innovation which will reduce and manage the costs and future demand for social care	-7,700.0							-7,700.0	-7,700.0
Foster Care	Savings in Independent Foster Agency placement costs resulting from recruitment of additional in house foster carers		-726.2						-726.2	-1,024.0
Other	Other minor savings to be achieved through transformation of £200k or less		-21.0	-142.0		-134.8			-297.8	
<u>Income</u>										
	<i>uplifts from applying existing policy</i>									
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 2021-22, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams	-1,473.4	-8.3	8.2					-1,473.5	-2,459.1
Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases			-256.0					-256.0	
Other	Other minor changes in income of £200k or less			-303.0	-426.6				-729.6	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH £000s	CYPE (incl DCS Age 0-25) £000s	GET £000s	Public Health £000s	S&CS (excl PH) £000s	Non Attributable Costs £000s	Corporately held budgets £000s	Total £000s	£000s
<i>Increases in Grants & Contributions</i>										
Public Health Grant	Anticipated increase in Public Health Grant pending announcement from Department of Health and Social Care including funding for PrEP				-2,642.0				-2,642.0	-2,642.0
<i>Efficiency Savings</i>										
<u>Staffing</u>										
Public Health - Mental Health	Reduction in suicide prevention costs due to loss of income and cost now being met by the NHS				-345.9				-345.9	-481.9
Other	Other Direct & Indirect Staffing Efficiencies of £200k or below			-30.0	-106.0				-136.0	
<u>Infrastructure</u>										
Other	Minor Infrastructure efficiency savings of £200k or below				-108.0				-108.0	-108.0
<u>Contracts & Procurement</u>										
Waste	New waste contract efficiencies including reduction in payments to Kent Resource Partnership; new contract enabling separate disposal of currently co-mingled food waste; segregation of other waste materials; savings on tipping away payments in East Kent; and reassessing recycling performance payments			-2,162.8					-2,162.8	-7,450.6
Highways	One-off use of grant funding to offset cost of works and operating fees			-2,000.0					-2,000.0	
Hospital Discharge	Improvements in the efficiency and effectiveness of discharge pathways by jointly commissioning services with the NHS that support pathways for hospital discharge and hospital avoidance	-1,000.0							-1,000.0	
Home to School Transport - Procurement	Restructure and Retender the SEN transport network to achieve efficiencies		-2,000.0						-2,000.0	
Other	Other minor contracts & procurement savings of £200k or less			-200.0	-87.8				-287.8	
<u>Other</u>										
Libraries, Registration & Archives (LRA)	Review of LRA non staffing spend			-290.0					-290.0	-2,748.4
Central Services for Schools	Efficiency savings to offset the balance of the 2020-21 reduction in Dedicated Schools Grant: Central Services for Schools Block yet to be resolved. One off funding from reserves was provided in 2020-21 to provide time to consider more permanent solutions		-700.0						-700.0	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Central Services for Schools	Efficiency savings to offset the anticipated 20% annual reduction in Dedicated Schools Grant: Central Services for Schools Block		-1,117.4						-1,117.4	
Early retirements	Review of early retirement budget					-500.0			-500.0	
Other	Other minor efficiency savings of £200k or less			-141.0					-141.0	
Financing Savings										
Debt repayment	Reduction in overall level of prudential borrowing as a result of rephasing in prior years; 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						-5,913.0		-5,913.0	-28,140.3
Public Health	One off release of Public Health reserve for funding Children's Centres		-500.0						-500.0	
Public Health Reserves	Use of Public Health reserves to fund invest to save initiatives and one-off costs				-2,957.7				-2,957.7	
Test & Trace grant reserve	Use of 2020-21 Test and Trace grant held in reserves to fund the test and trace programme				-216.2				-216.2	
Drawdown corporate reserves	Drawdown of reserves related to underspending in 2020-21						-18,553.4		-18,553.4	
Policy Savings										
Improved Household Waste Recycling Centres (HWRCs) experience	Improvements to the customer experience and to prevent traffic queuing through the management of daily demand at HWRCs through the retention of a booking system at the HWRCs.			-1,300.0					-1,300.0	-8,995.9
One-off Library Material Funds reduction	One-off reduction in Materials budget that is used to purchase all books, physical and e-books, magazines and newspapers as well as all our online resources and study resources			-300.0					-300.0	
Member Community Grants	Reduction in Member Community Grants budget from £20k to £10k per Member					-810.0			-810.0	
Adult Social Care - Non Framework Placements	Maximising the use of negotiated framework providers to improve quality and efficiency	-1,000.0							-1,000.0	
Regeneration	Review of grants to and contracts with Kent's Regeneration Organisations			-250.0					-250.0	
Children's Services Placement Cost Reductions - Care Leavers & Looked After Children	Review and rationalise the Care Leavers offer where appropriate including maximising use of housing benefit where possible		-1,125.0						-1,125.0	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Strategic Review of In House Adult Social Care Services	This review will be undertaken to determine the future role of the service. In 2021-22, whilst the review is underway, there will be a continuation of the current management action, which will deliver the required savings, until the review is completed	-1,750.0							-1,750.0	
Review of Community Wardens	Budget reduction covered by one-off Covid grant funding to recruit to vacant posts for 2021-22 on a fixed term basis			-220.0					-220.0	
Public Health - Children's Programme	Removal of additional funding not yet committed into a contract				-400.0				-400.0	
Public Health - Children's Programme	Potential reduction following review of hearing screening for school age children				-256.0				-256.0	
Other	Other smaller policy savings of £200k or less	-80.1	-213.4	-925.0	-366.4				-1,584.9	
Total savings and Income		-13,003.5	-6,411.3	-8,511.6	-7,912.6	-1,444.8	-24,466.4	0.0	-61,750.2	-61,750.2
Approved Controllable Budget		422,692.0	290,774.2	177,516.0	0.0	93,220.3	115,970.5	32,253.0	1,132,426.0	1,132,426.0
Memorandum - Provisional allocation of corporately held budgets:										
- Corporately held budgets to be allocated to directorates as & when spend is fully incurred (details provided below)		15,099.4	12,569.4	597.9	0.0	1,515.6	2,470.7	-32,253.0	0.0	0.0
Total Net Budget including provisional share of corporately held budgets		437,791.4	303,343.6	178,113.9	0.0	94,735.9	118,441.2	0.0	1,132,426.0	1,132,426.0

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Details of Corporately held budgets to be distributed as & when spend is fully incurred:										
Adult Social Care Retenders	Provision for increased costs of the second phase of the contract retender for residential care for adults with disabilities and for Care & Support in the Home services	3,099.4	98.4					-3,197.8	0.0	
Education Basic Need	Provision for holding costs for an East Kent property pending development of new education basic need project		200.0					-200.0	0.0	
Concessionary Travel for Disabled workers	Provision to respond to 12th September 2019 County Council time limited debate on supporting disabled people with travelling to work pending a decision whether to proceed (delayed due to Covid)			200.0				-200.0	0.0	
Adult Social Care Cost Drivers	Contingency for additional social care demand	5,000.0						-5,000.0	0.0	
Dedicated Schools Grant (DSG)	Provision for temporarily offsetting reductions in Central Services Schools Block DSG and costs which have been charged to DSG but no longer meet the criteria of the grant, until longer term solutions are identified		7,000.0					-7,000.0	0.0	
Corporate Landlord - Adult Social Care Accommodation	Provision for annual cost of occupying NHS buildings. Under new leases KCC would be liable to pay rent and service charges for buildings that have historically been occupied free of charge					200.0		-200.0	0.0	
Residual pay, employers superannuation increase and social care price uplift	Following final calculations of the pay uplift, employers superannuation increase and adult social care price uplift which have been completed since the County Council budget meeting on 11th February 2021, there is a residual balance that will be offered up in the 2022-23 budget.						260.7	-260.7	0.0	
Committed Strategic Priorities funding	Balance of funding already committed for Strategic Priority projects, awaiting finalisation of phasing						60.0	-60.0	0.0	
Covid 19: Adult Social Care	Anticipated additional assessment and case management capacity to deal with increased client numbers due to hospital discharges and the impact of Covid-19 on care providers.	2,000.0						-2,000.0	0.0	
Covid 19: Adult Social Care	Provision for additional sustainability requirements to maintain business critical elements of the Social Care market.	5,000.0						-5,000.0	0.0	
Covid19: Children In Care	Impact of latent demand on children's social care referrals and placements following lockdowns due to Covid pandemic		3,500.0					-3,500.0	0.0	
Covid 19: Special Education Needs & Disability (SEND)	Impact of Covid pandemic on referrals for Education Health & Care Plan assessments		500.0					-500.0	0.0	
Covid 19: Education Basic Need Programme	Provision for Covid specific expenses in relation to the basic need programme (provision of sufficient school places)		1,121.0					-1,121.0	0.0	
Covid 19: English National Concessionary Travel Scheme	Temporary reduction in journeys travelled due to the Covid 19 pandemic			-2,000.0				2,000.0	0.0	
Covid 19: Regeneration	Continuation of the Covid Business Help Line			200.0				-200.0	0.0	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Covid 19: Waste	Increase in kerbside waste collection due to more homeworking during the Covid pandemic, the cost of which is higher to process than waste disposed of at HWRCs, where tonnage has reduced due to current restrictions			1,144.0				-1,144.0	0.0	
Covid 19: Coroners	Increased referrals, a backlog of cases due to delays and additional measures required for social distancing as a result of the Covid pandemic			320.0				-320.0	0.0	
Covid 19: Investment Income	Impact of Covid on the financial markets resulting in a reduced return on our investments						2,150.0	-2,150.0	0.0	
Covid 19: Community Learning & Skills	Estimated reduction in the surplus for the first quarter of 2021-22 as a result of the Covid pandemic		150.0					-150.0	0.0	
Covid 19: Library Service	Continued loss of income for the first quarter of 2021-22 as a result of the Covid pandemic			146.3				-146.3	0.0	
Covid 19: Registration Service	Continued loss of income for the first quarter of 2021-22 as a result of the Covid pandemic			506.3				-506.3	0.0	
Covid 19: Loss of service income	Continued loss of income for the first quarter of 2021-22 as a result of the Covid pandemic in a number of smaller services such as Country Parks, Kent Scientific Services, Public Rights of Way & Planning Applications			60.0				-60.0	0.0	
Covid 19: Trading Standards	Loss of income from "Check Trade" service as service launched without fees being charged to ease impact on businesses during covid pandemic			21.3				-21.3	0.0	
Covid 19: Corporate Landlord	Provision for loss of rental income from tenants who deferred rent from 2020-21 due to the covid pandemic and have subsequently gone out of business					200.0		-200.0	0.0	
Covid 19: Corporate Landlord	Potential savings on utilities and facilities management costs from buildings remaining closed due to the Covid pandemic					-133.0		133.0	0.0	
Covid 19: Corporate Landlord	Increase in cleaning costs of buildings to ensure they are Covid secure					200.0		-200.0	0.0	
Covid 19: Infrastructure	Additional ICT equipment and peripherals to enable more flexible working required as a result of Covid pandemic					250.0		-250.0	0.0	
Covid 19: Contact Centre	Continuation of the Kent Together service, a single convenient point of contact for anyone in the county who is in urgent need of help during the Covid pandemic					150.0		-150.0	0.0	
Covid 19: Personal Protective Equipment	Warehousing and distribution of PPE					360.0		-360.0	0.0	
Covid 19: Corporate Landlord	Impact on the capital construction programme of Covid 19, to be funded by a revenue contribution from the Covid grant					288.6		-288.6	0.0	
Total provisions held within unallocated to be distributed as & when spend is fully incurred		15,099.4	12,569.4	597.9	0.0	1,515.6	2,470.7	-32,253.0	0.0	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Funding</u>										
<i>Final Settlement</i>	<i>Notification of funding from central government via the Final Local Government Finance Settlement for 2021-22</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 one year roll forward settlement announced in Spending Review 2020 on 25th November 2020.								9,695.0	9,695.0
New Social Care Grant for 2021-22	Additional grant funding for Adult & Children Social Care announced by the Chancellor in the Spending Review 2020 Statement on 25th November 2020								4,776.5	4,776.5
Social Care Support Grant	Further one-off extension of the Adult Social Care Support Grant per the one year roll forward settlement announced in Spending Review 2020 on 25th November 2020								34,366.8	34,366.8
Covid-19 emergency grant	Grant funding announced in the Spending Review 2020 to assist local authorities with meeting additional expenditure pressures as a result of the Covid-19 pandemic								32,357.0	32,357.0
Local Council Tax Support Grant (provisional)	Grant funding announced in the Spending Review 2020 to help local authorities support the more than 4 million households that are least able to afford council tax payments								14,281.5	14,281.5
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 and reflects a freeze in the annual uplift in line with business rate multiplier, as per the one year roll forward settlement announced in the Spending Review 2020								138,429.0	138,429.0
Improved Better Care Fund (iBCF)	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, and the winter pressures funding provided in 2018-19 and 2019-20 which rolled into iBCF in 2020-21								48,544.2	48,544.2
New Homes Bonus Grant	MHCLG un-ring-fenced grant allocated according to increase in tax base, as per the one year roll forward settlement announced in the Spending Review 2020								4,629.4	23,026.7
Business Rate Compensation	Compensation for additional reliefs on business rates for small businesses, retail premises and reduction in multiplier paid as un-ringfenced grant by MHCLG								13,916.7	
Un-ringfenced grants (provisional)	Un-ringfenced grants from other Government Departments								1,969.0	

Section 7 - Detailed 2021-22 Revenue Changes by Directorate

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS (excl PH)	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Drawdown from reserves of S31 grant for Compensation for irrecoverable local taxation losses due to Covid-19	Drawdown from reserves of S31 grant for irrecoverable local taxation losses resulting from the Covid-19 pandemic accounted for in the 2020-21 accounts in accordance with CIPFA guidance								2,511.6	
Business Rates										
Business Rate Baseline	Local share of business rates baseline in the Local Government Finance Settlement reflecting a freeze in the annual uplift in line with business rate multiplier, as per the one year roll forward settlement announced in the Spending Review 2020								49,468.9	51,845.3
Business Rate Local Share	KCC 9% share of local tax base growth as notified by district councils less baseline share identified above								2,376.4	
Business Rate Collection Fund	KCC share of surpluses and deficits on business rate collection in prior years net of compensation for Covid-19 business rate reliefs								-27,250.0	-558.4
Drawdown from reserves of S31 Grant for Covid-19 Business Rate Reliefs	Drawdown from reserves of S31 grant for Covid-19 business rate reliefs offered in 2020-21 and accounted for in 2020-21 accounts in accordance with CIPFA guidance								26,691.6	
Local Taxation										
Council Tax Base	KCC band D equivalent tax base notified by district councils								676,549.8	691,369.1
Council Tax Increase	Impact of increase in Council Tax up to the 2% referendum limit								14,819.3	
Adult Social Care Levy	Impact of 3% increase in Council Tax for Adult Social Care Levy (total shown relates to 2016-17 to 2021-22 increases combined)								87,335.0	87,335.0
Council Tax Collection Fund	KCC share of surpluses and deficits on Council Tax collection in prior years								-3,041.7	-3,041.7
Total Funding									1,132,426.0	1,132,426.0
Key:										
ASCH	Adult Social Care and Health									
CYPE	Children, Young People and Education									
DCS	Disabled Children's Services									
GET	Growth, Environment & Transport									
PH	Public Health									
S&CS	Strategic & Corporate Services									
Non Attributable Costs (NAC)	Previously known as Financing Items and includes corporate costs such as debt charges, interest, contributionsto/from reserves & levies									
MHCLG	Ministry of Housing, Communities & Local Government									

Section 8

Revenue Budget - Summary

SECTION 8 - REVENUE BUDGET - SUMMARY

Revenue Spending:

Row ref	2020-21 Approved Budget* £000s	Directorate		2021-22 Approved Budget (including earmarked budgets held corporately for each Directorate)						
				Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	+/- from 2020-21 Approved Budget £000s
1	399,468.3	Adult Social Care & Health	ASCH	94,074.3	492,381.8	586,456.1	-133,633.4	-15,031.3	437,791.4	38,323.1
2	273,034.1	Children, Young People & Education (excluding Schools' Delegated Budgets)	CYPE	125,507.0	455,946.1	581,453.1	-51,785.8	-226,323.7	303,343.6	30,309.5
3	0.0	Schools' Delegated Budgets	CYPE	520,812.3	168,570.9	689,383.2	-49,411.8	-639,971.4	0.0	0.0
4	178,922.9	Growth, Environment & Transport	GET	56,221.6	169,780.0	226,001.6	-39,546.2	-8,341.5	178,113.9	-809.0
5	82,262.9	Strategic & Corporate Services	S&CS	44,440.4	151,248.2	195,688.6	-22,625.6	-78,327.1	94,735.9	12,473.0
6	129,966.1	Non Attributable Costs	NAC	1,364.3	127,318.6	128,682.9	-10,232.7	-9.0	118,441.2	-11,524.9
7	1,063,654.3	Budget Requirement		842,419.9	1,565,245.6	2,407,665.5	-307,235.5	-968,004.0	1,132,426.0	68,771.7
8	1,063,654.3	Budget Requirement (excluding Schools' Delegated Budgets)		321,607.6	1,396,674.7	1,718,282.3	-257,823.7	-328,032.6	1,132,426.0	68,771.7

Funded By:

9	-753,341.7	Council Tax income including Collection Fund					-775,662.4	-775,662.4	-22,320.7
10	-58,500.9	Local Share of Business Rates & Business Rate Collection Fund					-24,595.3	-24,595.3	33,905.6
11	0.0	Drawdown from reserves of S31 grant for Covid-19 Business Rate reliefs					-26,691.6	-26,691.6	-26,691.6
12	0.0	Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19					-2,511.6	-2,511.6	-2,511.6
Unringfenced Grants:									
13	-9,641.7	Revenue Support Grant (RSG)					-9,695.0	-9,695.0	-53.3
14	0.0	Local Council Tax Support Grant					-14,281.5	-14,281.5	-14,281.5
15	-138,429.0	Business Rate Top-Up					-138,429.0	-138,429.0	0.0
16	-12,661.9	Business Rate Compensation Grant					-13,916.7	-13,916.7	-1,254.8
17	-34,366.8	Social Care Grant					-39,143.3	-39,143.3	-4,776.5
18	-48,544.2	Improved Better Care Fund (iBCF)					-48,544.2	-48,544.2	0.0
19	0.0	Covid-19 Emergency Grant					-32,357.0	-32,357.0	-32,357.0
20	-6,430.2	New Homes Bonus					-4,629.4	-4,629.4	1,800.8
21	-1,737.9	Other Unringfenced Grants					-1,969.0	-1,969.0	-231.1
22	0.0	Total	842,419.9	1,565,245.6	2,407,665.5	-307,235.5	-2,100,430.0	0.0	0.0

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

Section 9

Revenue Budget – Key Services

SECTION 9 - REVENUE BUDGET

The hierarchy below illustrates the Council's structure, and which Divisions sit in each Directorate, along with the approved net budget for 2021-22 in £000s. Earmarked budgets held corporately for each Directorate are also shown.

	Division	Budget (£000s)
Kent County Council		1,132,426.0
Adult Social Care & Health (ASCH)	Strategic Management & Directorate Budgets	SMDBA 28,965.1
	Adult Social Care & Health Operations	ASCHO 383,690.5
	Business Delivery Unit	BDU 10,036.4
	Controllable Net Budget	422,692.0
	Earmarked budgets held corporately for ASCH	15,099.4
	Net Budget including provisional share of corporately held budgets	437,791.4
Children, Young People & Education (CYPE)	Strategic Management & Directorate Budgets	SMDBC 2,173.0
	Education	EDU 51,711.4
	Integrated Children's Services (East & West)	ICS 160,459.6
	Special Educational Needs & Disabilities	SEND 76,430.2
	Schools' Delegated Budgets	SDB 0.0
	Controllable Net Budget	290,774.2
	Earmarked budgets held corporately for CYPE	12,569.4
	Net Budget including provisional share of corporately held budgets	303,343.6
Growth, Environment & Transport (GET)	Strategic Management & Directorate Budgets	SMDBG 1,409.0
	Economic Development	ED 4,052.4
	Highways, Transportation & Waste	HTW 145,618.7
	Environment, Planning & Enforcement	EPE 17,847.4
	Libraries, Registration & Archives	LRA 8,588.5
	Controllable Net Budget	177,516.0
	Earmarked budgets held corporately for GET	597.9
	Net Budget including provisional share of corporately held budgets	178,113.9
Strategic & Corporate Services (S&CS)	Strategic Management & Directorate Budgets	SMDBS -1,740.8
	People & Communications	P&C 13,337.1
	Finance	FIN 12,172.5
	Governance, Law & Democracy	GLD 6,890.9
	Infrastructure	INF 26,931.0
	Corporate Landlord	CL 24,791.3
	Strategic Commissioning including Public Health	SCincPH 7,186.1
	Strategy, Policy, Relationships & Corporate Assurance	SPRCA 3,652.2
	Controllable Net Budget	93,220.3
	Earmarked budgets held corporately for S&CS	1,515.6
	Net Budget including provisional share of corporately held budgets	94,735.9
Non Attributable Costs (NAC)	Non Attributable Costs	NAC 115,970.5
	Earmarked budgets held corporately for Non Attributable Costs	2,470.7
	Net Budget including provisional share of corporately held budgets	118,441.2

Adult Social Care & Health (ASCH)



Corporate Director: Richard Smith

Controllable Net Budget for 2021-22	£422.7m
Net Budget incl. provisional share of corporately held budgets	£437.8m
Gross Capital Budget over 3 year period:	£12.7m
Full Time Equivalent (FTE) Staff at February 2021:	2,354.1

Our priority is making a difference every day to people and supporting them to live a safe life, based on what's important to them.

We want to work together with people we support, our workforce and our partners to drive the best possible outcomes for people in Kent and keep high quality social care at the heart of everything we do. Through our Care Act duties, we focus on the strengths of people, families and carers to promote independence and empower communities. We provide access to person-centred support through our in-house and commissioned providers.

Through our 'Making a Difference Every Day' programme, we have been able to reflect, refocus and reset our ways of working, allowing us to reposition and equip ourselves to reach our ambition of being best in class for adult social care.

With valuable input from colleagues across our directorate, we have already:

- Developed a clear view of our key strengths and areas for improvement mapped around our three pillars of Practice, Innovation and Meaningful Measures
- Agreed on what sustainable success for adult social care will look like in the future
- Built our roadmap to prioritise immediate actions, set longer term objectives and identify key opportunities for continuous improvement for the next few years
- Started to build and test new ways of working for our priority development areas.

The Adult Social Care & Health (ASCH) directorate consists of three divisions;

1. Adult Social Care & Health Operations (ASCHO)
2. Business Delivery Unit (BDU)
3. Strategic Management & Directorate Budget (SMDBA)

The **Operations Division (ASCHO)** includes the social care staff providing the assessment of community care needs and safeguarding work required to support older people, working age adults with both physical and learning disabilities and with those with mental health issues, to help them improve or maintain their wellbeing and to live independently in their own homes and the community. Individually commissioned care and support budgets are managed within this division.

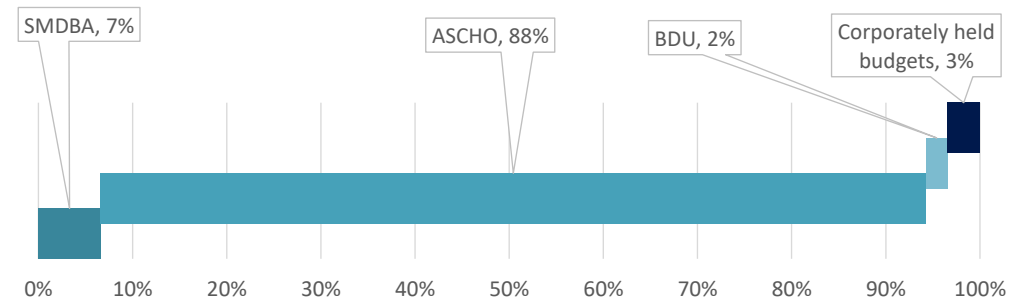
There are also some in-house services such as short term residential services for both older people and people with learning disabilities, community services and enablement services within this division.

Our Business Delivery Unit (BDU) manages the operational business support function for the directorate to achieve our operational business outcomes, and includes areas such as operational analytics, technical support, project management, customer care, stakeholder engagement and purchasing.

Strategic Management & Directorate Budget (SMDBA) incorporates the costs of the Strategic Management Team. Additionally, this division leads on the development of sustainable relationships with all partner agencies through the Kent and Medway Sustainability and Transformation Partnership, including the wider community, with a strong focus on voluntary sector partnership working. This area also incorporates a multi-agency partnership to ensure a coherent policy and arrangements for the protection of vulnerable adults.

The budgets relating to community based preventative services through the voluntary sector are also held within this division.

How is the ASCH budget split between Services?



SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
			£000s	£000s	£000s	£000s	£000s	£000s	

*The 2020-21 Approved Budget column includes changes to budgets as a result of structural changes

Adult Social Care & Health (ASCH)

Corporate Director: Richard Smith

£437.8m

Strategic Management & Directorate Budgets (SMDBA)

Corporate Director: Richard Smith

1	13,380.4	Community Based Preventative Services	0.0	18,960.9	18,960.9	-4,509.4	-751.1	13,700.4	Social Support Services provided by the voluntary sector to prevent social isolation and provide information and early intervention / preventative services to enable Service Users to remain independent. Including services for residents with immediate need and who are in crisis, to live independently by signposting to alternative appropriate services and helping with the purchase of equipment and supplies to ensure the safety and comfort of the most vulnerable in our society. This service line also includes Local Healthwatch which is a statutory service commissioned by KCC to ensure that patients, users of social care services and their carers, and the public, have a say in how these services are commissioned and delivered on their behalf
2	6,991.4	Housing Related Support	0.0	8,439.4	8,439.4	-1,266.3	-181.7	6,991.4	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
3	0.0	Partnership Support Services	0.0	10,425.6	10,425.6	-10,425.6	0.0	0.0	Manages a number of operational support services, which enable the Directorate to achieve its partnership agenda. Includes pooled budgets with health which fund community infrastructure to facilitate discharges from specialist hospitals and prevent new admissions for people with Learning disabilities (LD) or (Autism spectrum conditions (ASC)
4	2,950.3	Social Support for Carers	0.0	4,805.8	4,805.8	-1,746.7	0.0	3,059.1	Services supporting carers provided by the voluntary sector
5	584.4	Strategic Safeguarding	1,042.4	84.3	1,126.7	-164.0	-370.2	592.5	Strategic resource management to ensure a coherent policy and direction for the protection of vulnerable adults, including Strategic Safeguarding Manager, Kent and Medway Safeguarding Board and Prevent Priority resource
6	1,174.6	Statutory and Policy Support	578.8	604.3	1,183.1	0.0	0.0	1,183.1	Manages the Statutory and Policy support function for the Directorate to achieve the operational business outcomes. This includes Policy and Quality Assurance, Technical Support for Business Operations and Practice Development
7	-4,264.6	Strategic Management & Directorate Support (ASCH)	1,294.2	3,374.5	4,668.7	-1,176.8	-53.3	3,438.6	Central Directorate costs including the costs of the Corporate Director, Directors, and associated Officers
8	20,816.5	Total - Strategic Management & Directorate Budgets (SMDBA)	2,915.4	46,694.8	49,610.2	-19,288.8	-1,356.3	28,965.1	

SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s		
Adult Social Care & Health Operations (ASCHO) Directors: Chris McKenzie (West) and Janice Duff (East)									
9	1,170.4	ASCH Operations - Divisional Management & Support	5,667.1	207.7	5,874.8	0.0	-22.7	5,852.1	Divisional management costs enabling the business to achieve its strategic aims
10	80,028.2	Adult Learning Disability - Community Based Services & Support for Carers	0.0	99,055.5	99,055.5	-8,499.8	-852.6	89,703.1	Commissioned Community-Based Services for Learning Disability Service Users (aged 26+) including homecare, direct payments, day care and supported living
11	61,013.3	Adult Learning Disability - Residential Care Services & Support for Carers	0.0	70,300.1	70,300.1	-5,593.8	0.0	64,706.3	Commissioned Residential Care Services (and Short Breaks) for Learning Disability Service Users (aged 26+)
12	5,797.5	Adult Learning Disability - Case Management & Assessment Service	5,115.3	209.5	5,324.8	-264.9	-11.1	5,048.8	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
13	6,158.6	Adult Mental Health - Community Based Services	0.0	8,243.1	8,243.1	-692.0	-13.9	7,537.2	Commissioned Community-Based Services for Mental Health Service Users (aged 18+) including homecare, direct payments, day care and supported living
14	13,302.2	Adult Mental Health - Residential Care Services	0.0	15,725.2	15,725.2	-921.2	0.0	14,804.0	Commissioned Residential Care Services for Mental Health Service Users (aged 18+)
15	10,106.9	Adult Mental Health - Case Management & Assessment Services	8,795.0	261.2	9,056.2	-283.7	-11.1	8,761.4	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Mental Health professionals
16	17,048.3	Adult Physical Disability - Community Based Services	0.0	21,377.1	21,377.1	-2,383.9	-1,000.5	17,992.7	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25) including domiciliary care, direct payments, day care and supported living
17	13,997.2	Adult Physical Disability - Residential Care Services	0.0	19,143.8	19,143.8	-2,653.3	0.0	16,490.5	Residential Care Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25)
18	37,733.2	Older People - Community Based Services	0.0	75,586.9	75,586.9	-28,077.7	-244.5	47,264.7	Commissioned Community-Based Services for Older People (aged 65+) including homecare, direct payments, day care and supported living
19	51,102.8	Older People - Residential Care Services	0.0	76,184.6	76,184.6	-40,806.7	-121.6	35,256.3	Commissioned Residential and Nursing Care Services for Older People (aged 65+)
20	24,665.7	Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	23,716.8	1,559.3	25,276.1	-2,377.7	-392.8	22,505.6	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
21	601.7	Older People & Physical Disability Carer Support - Commissioned	0.0	2,508.5	2,508.5	-1,553.6	-11.4	943.5	Commissioned services to support carers
22	6,420.8	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	0.0	7,958.5	7,958.5	-794.1	0.0	7,164.4	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+) with long-term conditions from birth or early childhood, Autism and Sensory Service Users (aged 18+) including homecare, direct payments, day care and supported living
23	1,262.5	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	0.0	1,435.7	1,435.7	-121.6	0.0	1,314.1	Commissioned Residential Care Services (and Short Breaks) for Physical Disability Service Users (aged 26+) with long-term conditions from birth or early childhood, Autism and Sensory Service Users (aged 18+)

SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	
24	1,900.7	Sensory & Autism - Assessment Service	1,690.6	111.4	1,802.0	0.0	0.0	1,802.0	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
25	2,019.1	Adaptive & Assistive Technology	0.0	8,979.5	8,979.5	-6,916.6	0.0	2,062.9	Occupational Therapy Services working in partnership with Health to provide equipment and telecare
26	2,602.3	Adult In House Carer Services	2,365.8	163.4	2,529.2	0.0	0.0	2,529.2	In-House residential respite services to support carers
27	7,204.6	Adult In House Community Services	6,244.9	919.1	7,164.0	-70.7	0.0	7,093.3	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
28	7,100.1	Adult In House Enablement Services	12,027.9	6,408.5	18,436.4	-5,945.5	-5,584.9	6,906.0	In-House Community-Based Enablement Services to enable Adult Service Users to return to living independently
29	2,808.3	Looked After Children (with Disability) - In House Provision	4,586.3	105.3	4,691.6	-1,781.2	0.0	2,910.4	In-House Residential Respite and Enablement Services to support Looked After Children and families
30	15,753.8	Older People - In House Provision	9,919.3	14,543.0	24,462.3	-4,012.4	-5,407.9	15,042.0	In-House provision for Older People, including in-house residential and day care centres, and integrated care centres
31	369,798.2	Total - Adult Social Care & Health Operations (ASCHO)	80,129.0	430,986.9	511,115.9	-113,750.4	-13,675.0	383,690.5	
Business Delivery Unit (BDU) Head of Service: Helen Gillivan									
32	8,125.1	Business Delivery	8,319.3	1,422.6	9,741.9	-362.4	0.0	9,379.5	Manages the operational business support function for the Directorate to achieve the operational business outcomes. This includes Project Management, Practice and Quality Assurance, Professional Strategic and Collaborative Working, the Principal Social Worker (PSW) and Principal Occupational Therapist (OT) who support operations to oversee quality assurance and the continual improvement of social work and OT practice, Customer Experience, Customer Care and Complaint, Systems and Operational Analytics, Purchasing, Communications and Business Resilience
33	728.5	Independent Living Support	748.9	139.8	888.7	-231.8	0.0	656.9	The Independent Living Support Service offers a wide range of support to help service users live as independently as possible. Included on this line are the ILSS Technicians Service, ILSS Independent Mobility Assessors, the Blue Badge Service and ILSS Management
34	8,853.6	Total - Business Delivery Unit (BDU)	9,068.2	1,562.4	10,630.6	-594.2	0.0	10,036.4	

SECTION 9 - REVENUE BUDGET - KEY SERVICES									
Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	
35	399,468.3	Total - Adult Social Care & Health (ASCH) Controllable Budget	92,112.6	479,244.1	571,356.7	-133,633.4	-15,031.3	422,692.0	
	Corporately held budgets Corporate Director: Zena Cooke								
	36	0.0	Corporately held budgets	1,961.7	13,137.7	15,099.4	0.0	0.0	15,099.4
37	399,468.3	Total Adult Social Care & Health (ASCH) Budget including provisional share of Corporately held budgets	94,074.3	492,381.8	586,456.1	-133,633.4	-15,031.3	437,791.4	

Children, Young People & Education (CYPE)



Corporate Director: **Matt Dunkley CBE**

Controllable Net Budget for 2021-22	£290.8m
Net Budget incl. provisional share of corporately held budgets	£303.3m
Gross Capital Budget over 3 year period:	£298.7m
Full Time Equivalent (FTE) Staff at February 2021:	2,814.2

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

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

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

We work hard to minimise the impact of reduced resources and continued demand from the most vulnerable in our communities. We aim to keep vulnerable families out of crisis, by providing them with timely support. By focusing on prevention and working with families to reduce the risk of harm to children, CYPE are securing improvements to the efficiency and effectiveness of service delivery. The Directorate continues to respond creatively to the demands placed upon it by forming new partnerships, reshaping services and adopting new ways of working. Our ambitious Change for Kent Children (CfKC) programme has two clear priorities:

- To improve the outcomes and the life chances of the children and young people of Kent
- To deliver outstanding services to children and their families in Kent and to have this recognised by Ofsted

Following the unprecedented challenges the COVID pandemic has bought, our focus in the coming year will be to move forward with schools, colleges and settings to support children and young people in Kent, to move on from the impact of the last 12 months, and to help all of our children and young people to be the priority.

Education (EDU): This Division's purpose is to secure high quality school places in every community so that every child and young person can have the best start in life, so that they are ready to succeed at school, have excellent foundations for learning and are well equipped for achievement in life, regardless of their social

background. This Division commissions one of KCC's companies 'The Education People' to deliver traded and statutory elements of education support services, providing a continual focus on improving attainment and standards. The Division is also responsible for the strategy and delivery of Community Learning & Skills across the county.

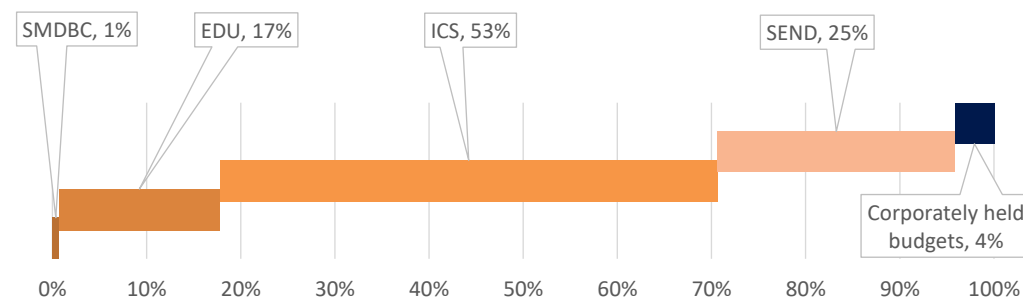
Special Educational Needs and Disabilities (SEND): The Division is responsible for the delivery of all services to disabled children and young people and those with SEND (0-25-year-olds), ensuring that services match needs, are developed in partnership with parents and young people and continually adapt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

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

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

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

How is the CYPE budget split between Services?



SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	

Children, Young People & Education (CYPE)

Corporate Director: Matt Dunkley CBE

£303.3m

Strategic Management & Directorate Budgets (SMDBC)

Corporate Director: Matt Dunkley CBE

38	3,963.9	Strategic Management & Directorate Budgets (CYPE)	1,222.2	4,744.4	5,966.6	-684.0	-3,109.6	2,173.0	Central Directorate costs including the Strategic Director and Directorate pension costs
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Education (EDU)

Director: Christine McInnes

39	-720.8	Community Learning & Skills (CLS)	9,616.0	3,630.7	13,246.7	-3,130.1	-10,730.6	-614.0	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
40	0.0	Early Years Education	0.0	74,812.5	74,812.5	0.0	-74,812.5	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
41	3,880.3	Education Services provided by The Education People	0.0	8,960.8	8,960.8	0.0	-4,790.5	4,170.3	A range of statutory education services provided by The Education People, including School Improvement, Education Safeguarding, Skills & Employability, Schools Financial Services, and Outdoor Education
42	10.3	Fair Access & Planning Services	2,198.4	690.7	2,889.1	-58.0	-2,820.6	10.5	Planning the provision of school places and managing the schools admissions and eligibility for school transport services
43	44,303.8	Home to School & College Transport	199.9	47,648.3	47,848.2	-3,362.3	0.0	44,485.9	Transport to education establishments for all entitled pupils including specialist transport to school and college for children and young people with Special Educational Needs & Disabilities, together with free mainstream school transport, and the partly subsidised Kent 16+ Travel Saver (which includes an individual contribution). A small team support specific pupils with their travel arrangements to schools to enable them to become independent as they transition to secondary school
44	-1,066.1	Other School Services	0.0	40,100.4	40,100.4	-20,249.5	-17,602.4	2,248.5	Provision of a wide range of support services to schools
45	1,143.1	Education Management & Division Support	1,270.8	1,105.0	2,375.8	-50.0	-915.6	1,410.2	Includes Area Education Officers and their direct support, costs associated with Academy conversions, and other Divisional management and support costs
46	47,550.6	Total - Education (EDU)	13,285.1	176,948.4	190,233.5	-26,849.9	-111,672.2	51,711.4	

SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
			£000s	£000s	£000s	£000s	£000s	£000s	
Integrated Children's Services (East & West) (ICS) Directors: Stuart Collins (Early Help & Preventative Services Lead) & Sarah Hammond (Children's Social Work Lead)									
47	6,818.8	Early Help & Preventative Services	10,960.4	4,152.4	15,112.8	-1,472.1	-6,293.1	7,347.6	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
48	3,558.4	Children's Centres	6,425.6	1,194.2	7,619.8	-4,012.2	0.0	3,607.6	Provides integrated early childhood services to young children and their families (many of whom are disadvantaged), in order to improve their development and life chances so that children are school ready and parents have support and opportunity to gain parenting skills
49	4,717.5	Youth Services	5,061.2	2,244.9	7,306.1	-1,213.4	-1,310.4	4,782.3	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
50	0.0	Pupil Referral Units & Inclusion	1,540.4	6,821.0	8,361.4	-267.0	-8,095.2	-0.8	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
51	60,385.6	Looked After Children - Care & Support	4,203.6	65,987.9	70,191.5	-1,061.4	-3,249.3	65,880.8	Looked After Children Services including residential, fostering, and supported accommodation for under 18s, and Virtual Schools Kent
52	3,270.1	Children in Need - Care & Support	0.0	3,329.4	3,329.4	-45.4	0.0	3,284.0	Service for Children in Need (aged 0-18) including day care, direct payments, payments to voluntary organisations, and short breaks for carers
53	46,790.5	Children's Social Work Services - Assessment & Safeguarding Service	49,086.4	2,661.3	51,747.7	-3,522.8	-377.0	47,847.9	Social care staffing providing assessment of children and families' needs, ongoing support to looked after children, and Safeguarding Service
54	14,807.4	Adoption & Special Guardianship Arrangements & Service	2,147.5	12,882.9	15,030.4	-103.0	0.0	14,927.4	The Adoption Service works to achieve and support permanent care arrangements for Looked after Children within a family setting. This is delivered by The Adoption Partnership , a partnership between Kent, Medway and Bexley (a Regional Adoption Agency). This also includes payments associated with special guardianship arrangements and adoption payments.
55	7,486.0	Care Leavers Service	4,264.1	6,640.6	10,904.7	-2,192.1	-988.5	7,724.1	Enables and assists care leavers (post 18) to develop their skills and enhance their life opportunities as they progress into adulthood
56	0.0	Asylum	638.9	16,315.9	16,954.8	-476.7	-16,538.1	-60.0	Supporting unaccompanied asylum seekers under the age of 18 and those aged 18 or over (who were previously in care when aged under 18) as Care Leavers

SECTION 9 - REVENUE BUDGET - KEY SERVICES									
Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	
57	5,048.0	Integrated Services (Children's) Management & Directorate Support	6,177.1	1,427.0	7,604.1	-323.5	-2,161.9	5,118.7	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
58	152,882.3	Total - Integrated Children's Services (East & West) (ICS)	90,505.2	123,657.5	214,162.7	-14,689.6	-39,013.5	160,459.6	
Special Educational Needs and Disabilities (SEND) Director: Mark Walker									
59	26,344.5	Adult Learning & Physical Disability Pathway - Community Based Services	0.0	31,640.3	31,640.3	-1,546.0	-17.2	30,077.1	Commissioned Community Based Services for Physical Disability Service Users and Learning Disability Service Users (aged 18+) including domiciliary care, direct payments, day care, and supported living to enable Service Users to remain independent
60	7,948.3	Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	0.0	9,552.2	9,552.2	-474.7	0.0	9,077.5	Residential Care Services (and Short Breaks) for Learning Disability Service Users and Physical Disability Service Users (aged 18+) and services to support carers
61	5,291.8	Children in Need (Disability) - Care & Support	0.0	5,136.9	5,136.9	-2.8	0.0	5,134.1	Service for Children in Need (aged 0-18) with a Disability including day care, direct payments, payments to voluntary organisations, and short breaks for carers
62	1,691.6	Childrens Disability 0-18 Commissioning	0.0	1,768.8	1,768.8	-77.2	0.0	1,691.6	Commissioned Community Based Services (aged 0-18) including short breaks, direct payments and group day care services
63	7,932.6	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	7,407.4	536.6	7,944.0	0.0	0.0	7,944.0	Social care staff providing assessment and support services for Service Users (aged 0-25) with Learning Disability, Complex Physical Disabilities and Sensory Impairment
64	9,937.0	Looked After Children (with Disability) - Care & Support	0.0	13,007.0	13,007.0	-1,622.7	0.0	11,384.3	Commissioned services for Looked After Children (aged 0-18) with a Disability including both short and long term residential care and fostering services
65	9,491.5	Special Educational Needs & Psychology Services	12,428.9	76,970.4	89,399.3	-5,988.9	-72,511.2	10,899.2	Assessment and placement of children and young people with Special Educational Needs including those with Education Health Care Plans (EHCPs)
66	0.0	Special Educational Needs & Disability Management & Divisional Support	158.2	64.2	222.4	0.0	0.0	222.4	Directorate support costs including those relating our response to the SEN Written Statement of Action
67	68,637.3	Total - Special Educational Needs and Disabilities (SEND)	19,994.5	138,676.4	158,670.9	-9,712.3	-72,528.4	76,430.2	
68	273,034.1	Total - Children, Young People & Education (CYPE) Controllable Budget (excluding Schools' Delegated Budgets)	125,007.0	444,026.7	569,033.7	-51,935.8	-226,323.7	290,774.2	

SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
			£000s	£000s	£000s	£000s	£000s	£000s	
Schools' Delegated Budgets (SDB) Corporate Director: Matt Dunkley CBE									
69	0.0	Schools' Delegated Budgets	520,812.3	168,570.9	689,383.2	-49,411.8	-639,971.4	0.0	Holds the Dedicated Schools Grant (DSG) for Kent schools
70	273,034.1	Total - Children, Young People & Education (CYPE) Controllable Budget (including Schools' Delegated Budgets)	645,819.3	612,597.6	1,258,416.9	-101,347.6	-866,295.1	290,774.2	
Corporately held budgets Corporate Director: Zena Cooke									
71	0.0	Corporately held budgets	500.0	11,919.4	12,419.4	150.0	0.0	12,569.4	Corporately held budgets earmarked for CYPE directorate, to be allocated once spend has been incurred. Details are provided in Section 7.
72	273,034.1	Total Children, Young People & Education (CYPE) Budget including provisional share of Corporately held budgets (including Schools' Delegated Budgets)	646,319.3	624,517.0	1,270,836.3	-101,197.6	-866,295.1	303,343.6	
73	273,034.1	Total Children, Young People & Education (CYPE) Budget including provisional share of Corporately held budgets (excluding Schools' Delegated Budgets) (Row 72 less Row 69)	125,507.0	455,946.1	581,453.1	-51,785.8	-226,323.7	303,343.6	

Growth, Environment & Transport (GET)



Interim Corporate Director: Simon Jones

Controllable Net Budget for 2021-22	£177.5m
Net Budget incl. provisional share of corporately held budgets	£178.1m
Gross Capital Budget over 3 year period:	£663.8m
Full Time Equivalent (FTE) Staff at February 2021:	1,360.2

Growth, Environment & Transport (GET) has recently restructured to better reflect Council priorities. As of 1 April, the Directorate will comprise 3 Divisions; Transportation (TRA), Environment and Waste (E&W) and Growth and Communities (G&C) as well as Strategic Management & Directorate Budgets (SMDBG). **Please note that the Division and Key Service presentation will be updated to reflect the new structure in the first monitoring report of 2021-22.**

GET is considerable in terms of its range of both strategic and front-line services and projects, as well as having responsibility for a very large capital programme with complex funding streams and delivery targets.

GET is responsible for many visible services that help shape our local 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 and Public Rights of Way, protect vulnerable residents against rogue traders, and actively promoting and delivering an energy and low emissions strategy for Kent and Medway.

By delivering good services we can improve the everyday lives of the people and businesses of Kent and make the County a better place to live, work, and do business.

Growth and Communities (G&C) - responsible for the development of a range of growth and community related strategies including the Renewal and Resilience strategy, Growth and Infrastructure Framework, the Housing Strategy, Library Ambition, cultural strategy, digital strategy and the Community Safety Agreement.

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

The division is also responsible for a range of community services including Libraries, Registration and Archives and Public Protection services including Trading Standards, Coroners, Community safety including community wardens, Kent Scientific Services, emergency planning and gypsy traveller services and sport and physical activity.

Environment and Waste (E&W) - responsible for the development of a range of environment and waste related strategies including the Kent Environment Strategy, the Energy and Low Emissions Strategy, the Climate Change Adaptation Plan, the Kent Waste Disposal Strategy, the Kent Minerals and Waste Local Plan, the Heritage Strategy and the Local Flood Risk Management Strategy.

The division comprises sustainable business and communities, which leads on the Council's commitment to Net Zero across its own estate as well as in partnership with others for the county; and waste services including waste infrastructure planning and development, waste services and waste compliance.

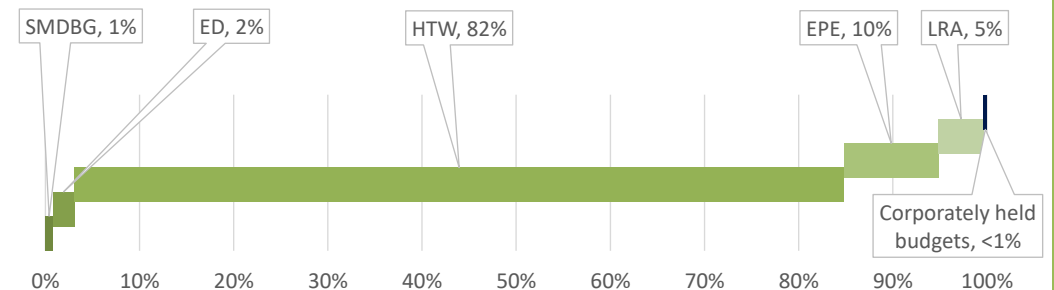
The division is responsible for the conservation, management and promotion of all aspects of the natural, historic and coastal environment in Kent. The service also directly delivers country parks, Public Rights of Way, and Explore Kent and hosts Countryside Partnerships, the Kent Downs AONB, and is a partner of the High Weald AONB.

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

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

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

How is the GET budget split between Services (as per the 2020-21 Structure)?



ED: Economic Development, HTW: Highways, Transportation & Waste, EPE: Environment, Planning & Enforcement, LRA: Libraries, Registration & Archives

SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	

Growth, Environment & Transport (GET)

Interim Corporate Director: Simon Jones

£178.1m

Strategic Management & Directorate Budgets (SMDBG)

Interim Corporate Director: Simon Jones

74	1,552.8	Strategic Management & Directorate Budgets (GET)	627.5	849.5	1,477.0	-68.0	0.0	1,409.0	Cross Directorate costs, including the Corporate Director
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Economic Development (ED)

Director: David Smith CBE

75	2,920.3	Economic Development	2,805.8	2,385.8	5,191.6	-1,281.6	-1,167.1	2,742.9	Working with public, private, and voluntary sectors to support Kent's economic growth covering : infrastructure, business and enterprise. In addition to this providing support to and the delivery of capital programmes with a value in excess of £100m which include: Kent & Medway Business Loan Fund (KMBF), No Use Empty (NUE) and Rural Broadband
76	1,434.7	Arts	317.6	1,086.7	1,404.3	-94.8	0.0	1,309.5	Supporting the growth of the Creative and Cultural Economy to deliver economic and social outcomes across Kent including Turner Contemporary
77	4,355.0	Total - Economic Development (ED)	3,123.4	3,472.5	6,595.9	-1,376.4	-1,167.1	4,052.4	

Highways, Transport & Waste (HTW)

Director: Simon Jones

78	5,630.8	Highway Transportation (including School Crossing Patrols)	6,726.7	1,824.0	8,550.7	-2,752.5	-143.1	5,655.1	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
79	13,313.7	Highway Asset Management (Roads and Footways)	5,974.9	6,388.2	12,363.1	0.0	-2,000.0	10,363.1	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
80	17,606.7	Highway Asset Management (Other)	5,013.5	17,890.6	22,904.1	-4,015.3	0.0	18,888.8	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

SECTION 9 - REVENUE BUDGET - KEY SERVICES									
Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
			£000s	£000s	£000s	£000s	£000s	£000s	
81	6,489.8	Subsidised Buses and Community Transport	100.0	9,868.5	9,968.5	-2,411.3	-1,087.8	6,469.4	Financial support for otherwise uneconomic bus routes (including the Kent Karrier service), as well as community transport schemes
82	17,224.6	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
83	8,097.5	Kent Travel Saver	0.0	15,214.3	15,214.3	-7,616.8	0.0	7,597.5	Provides discounted travel on the Kent bus network for young people aged 11-16.
84	40,066.9	Residual Waste	0.0	40,206.7	40,206.7	-442.3	0.0	39,764.4	Statutory waste services for Kent residents including treatment and disposal of residual household waste
85	32,937.0	Waste Facilities & Recycling Centres	0.0	36,917.2	36,917.2	-2,732.3	0.0	34,184.9	Statutory waste services for Kent residents including Household recycling centres, cost of recycling, and composting household waste
86	5,554.6	Highways, Transport & Waste Management Costs and Commercial Operations	4,569.7	2,999.8	7,569.5	-2,098.6	0.0	5,470.9	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
87	146,921.6	Total - Highways, Transport & Waste (HTW)	22,384.8	148,580.9	170,965.7	-22,116.1	-3,230.9	145,618.7	

Environment, Planning & Enforcement (EPE) Interim Director: Stephanie Holt-Castle									
88	10,878.8	Public Protection (Enforcement)	9,212.4	4,810.1	14,022.5	-3,062.3	0.0	10,960.2	Public Protection services including Trading Standards, Community Wardens, Coroners, Kent Scientific Services (KSS), Resilience, and Emergencies
89	5,416.2	Environment & Planning	8,286.5	9,032.3	17,318.8	-7,169.3	-3,943.5	6,206.0	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
90	673.5	Environment, Planning & Enforcement Management Costs	673.3	16.1	689.4	-8.2	0.0	681.2	Divisional management costs
91	16,968.5	Total - Environment, Planning & Enforcement (EPE)	18,172.2	13,858.5	32,030.7	-10,239.8	-3,943.5	17,847.4	

SECTION 9 - REVENUE BUDGET - KEY SERVICES										
Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description	
			Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost		
			£000s	£000s	£000s	£000s	£000s	£000s		
Libraries, Registration & Archives (LRA) Head of Service: James Pearson										
92	9,125.0	Libraries, Registration & Archives	11,718.7	3,349.6	15,068.3	-6,479.8	0.0	8,588.5	The Libraries, Registration & Archives (LRA) service is delivered through a network of 99 libraries, 5 Register Offices, 5 mobile libraries, an archive centre, the stock distribution and support function building at Quarry Wood. The service is also a virtual with a whole host of services available online including all our library e-material, digitised Archive material, virtual events & activities, the information service which includes the public ‘Ask a Kent Librarian’ service, and the 24 hour accessible online services. The LRA service is also commissioned to deliver the records management service on behalf of KCC, deliver 5 prison libraries in Kent on behalf of the Ministry of Justice and the registration service on behalf of the London Borough of Bexley	
93	178,922.9	Total - Growth, Environment & Transport (GET) Controllable Budget	56,026.6	170,111.0	226,137.6	-40,280.1	-8,341.5	177,516.0		
Corporately held budgets Corporate Director: Zena Cooke										
94	0.0	Corporately held budgets	195.0	-331.0	-136.0	733.9	0.0	597.9	Corporately held budgets earmarked for GET directorate, to be allocated once spend has been incurred. Details are provided in Section 7.	
95	178,922.9	Total Growth, Environment & Transport (GET) Budget including provisional share of Corporately held budgets	56,221.6	169,780.0	226,001.6	-39,546.2	-8,341.5	178,113.9		

Strategic & Corporate Services (S&CS)



Corporate Director: David Cockburn

Controllable Net Budget for 2021-22	£93.2m
Net Budget incl. provisional share of corporately held budgets	£94.7m
Gross Capital Budget over 3 year period:	£78.8m
Full Time Equivalent (FTE) Staff at February 2021:	824.6

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 Council, ensuring effective governance and assurance processes, and providing support for extensive business change across the Council as we embark on our Strategic Reset Programme. 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:

People and Communication (P&C): 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 three key functions that together provide strategic financial and audit support to the Council. These functions are; Operations, Internal Audit, and, Policy, Planning & Strategy. The Division holds the client side responsibility for transactional finance activities provided by Cantium Business Solutions Ltd.

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

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.

Corporate Landlord (CL): The Division is responsible for day to day costs relating to the running of the Council's complex estate of operational front line buildings; the office estate and holding costs of non-operational buildings.

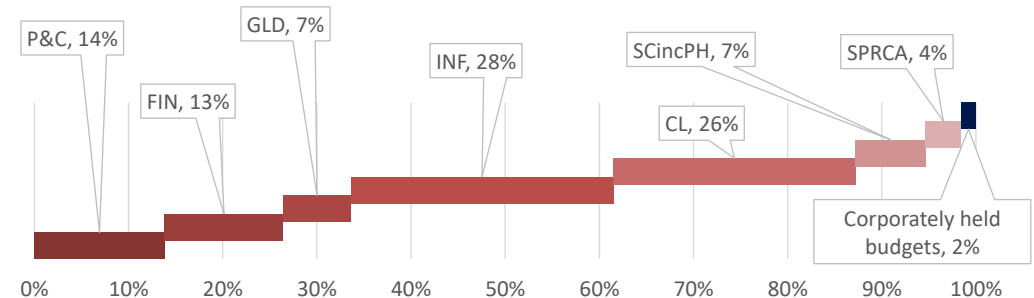
Strategic Commissioning including Public Health (SCincPH): Strategic Commissioning leads and shapes the process for deciding how best to use the total resources available to improve outcomes in the most efficient, effective, equitable, and sustainable way. Those resources could be within KCC, or across the public, voluntary, and private sectors. The Division provides capability in commercial leadership and judgement, evidence-based decision making, and performance reporting. 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, analytical assessments and relationship management, as well as leading the equality, risk, and corporate assurance frameworks. It also administers the Council's grant scheme in support of the delivery of the civil society strategy.

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?



(SMDBS is not shown in the above graph as it is a net income budget line)

SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
			£000s	£000s	£000s	£000s	£000s	£000s	

Strategic & Corporate Services (S&CS)

£94.7m

Corporate Director: David Cockburn

Strategic Management & Directorate Budgets (SMDBS)

Corporate Director: David Cockburn

96	-1,244.3	Strategic Management & Directorate Budgets (S&CS)	531.0	2,404.0	2,935.0	-625.8	-4,050.0	-1,740.8	Central Directorate costs and grant contributions to Corporate Services' overheads
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People & Communications (P&C)

Corporate Director: Amanda Beer

97	7,716.5	Human Resources Related Services	4,830.3	3,971.8	8,802.1	-789.0	-1.0	8,012.1	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
98	5,421.1	Customer Contact, Communications & Consultations	1,991.5	3,920.2	5,911.7	-497.7	-89.0	5,325.0	Responsible for communicating with the public, customer contact services, effective consultation, and information provision
99	13,137.6	Total - People & Communications (P&C)	6,821.8	7,892.0	14,713.8	-1,286.7	-90.0	13,337.1	

Finance (FIN)

Corporate Director: Zena Cooke

100	10,109.0	Finance	11,586.8	7,025.1	18,611.9	-5,534.6	-904.8	12,172.5	Provision of Internal Audit and Counter Fraud Services and finance advice and support for all budget holders and Members in planning, managing, and reporting on the Council's financial resources. Transactional financial services commissioned from Cantium Business Solutions Ltd
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Governance, Law & Democracy (GLD)

Director: Ben Watts

101	6,119.4	Governance & Law	2,846.2	3,568.5	6,414.7	-298.8	-35.0	6,080.9	Includes the cost of supporting the 81 elected Members of the County Council and their responsibilities, together with the management of the contract with Invicta Law Ltd for legal advice and services to KCC, public bodies, and other local authorities. Co-ordination of responses to Freedom of Information (FOI) requests
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SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget* £000s	Division & Key Service	2021-22 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	
102	1,620.0	Local Member Grants	0.0	810.0	810.0	0.0	0.0	810.0	Member Grants made to a wide range of community based groups, individuals and organisations
103	7,739.4	Total - Governance, Law & Democracy (GLD)	2,846.2	4,378.5	7,224.7	-298.8	-35.0	6,890.9	
Infrastructure (INF) Director: Rebecca Spore									
104	5,068.9	Property Related Services	6,409.6	520.0	6,929.6	-1,392.8	0.0	5,536.8	Strategic management of KCC's estate. Leads on delivery of the Council's Property Asset Management Strategy together with the deliver of day to day management of the KCC estate
105	16,529.7	ICT Related Services	2,315.6	21,923.3	24,238.9	-2,695.7	-149.0	21,394.2	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
106	21,598.6	Total - Infrastructure (INF)	8,725.2	22,443.3	31,168.5	-4,088.5	-149.0	26,931.0	
Corporate Landlord (CL) Director: Rebecca Spore									
107	21,332.6	Corporate Landlord	0.0	31,999.7	31,999.7	-7,021.4	-187.0	24,791.3	Day to day costs relating to the running of the Council's complex estate of operational front line buildings; the office estate and holding costs of non-operational buildings
Strategic Commissioning including Public Health (SCincPH) Directors: Clare Maynard (Strategic Commissioning) (Interim) & Andrew Scott-Clark (Public Health)									
108	6,298.0	Strategic Commissioning	7,461.8	287.6	7,749.4	-519.2	-44.1	7,186.1	Responsible for delivering a commissioning and procurement strategy for the Authority. Includes commissioning, contract management, and procurement functions
109	0.0	Public Health - Children's Programme	0.0	33,980.9	33,980.9	-300.0	-33,680.9	0.0	Includes provision for 0-19 year olds and their families including: Health Visiting, School Public Health, Oral Health, services delivered through Children's Centres and Adolescent services
110	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	135.0	12,709.2	12,844.2	-751.0	-12,093.2	0.0	Includes the provision of drug and alcohol services, domestic abuse services and Mental Health early intervention
111	0.0	Public Health - Sexual Health	0.0	14,756.8	14,756.8	-1,600.0	-13,156.8	0.0	Commissioning of mandated contraception and sexually transmitted infection advice and treatment services

SECTION 9 - REVENUE BUDGET - KEY SERVICES										
Row Ref	2020-21 Approved Budget* £000s	Division & Key Service	2021-22 Approved Budget						Key Service Description	
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s		
	112	0.0	Public Health - Healthy Lifestyles	0.0	8,750.3	8,750.3	0.0	-8,750.3	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
	113	0.0	Public Health - Advice and Other Staffing	3,101.7	986.3	4,088.0	-152.0	-3,936.0	0.0	Includes cost of management, commissioning, and operational staff to deliver statutory Public Health advice
	114	6,298.0	Total - Strategic Commissioning including Public Health (SCincPH)	10,698.5	71,471.1	82,169.6	-3,322.2	-71,661.3	7,186.1	
Strategy, Policy, Relationships & Corporate Assurance (SPRCA) Director: David Whittle										
	115	3,292.0	Strategy, Policy, Relationships & Corporate Assurance	3,230.9	2,318.9	5,549.8	-647.6	-1,250.0	3,652.2	Supports the political and managerial leadership of KCC through strategic policy development, statutory and strategic partnership working, risk management and the analytics service. Administration of the council's grant scheme in support of the civil society strategy
	116	82,262.9	Total - Strategic & Corporate Services (S&CS) Controllable Budget	44,440.4	149,932.6	194,373.0	-22,825.6	-78,327.1	93,220.3	
	Corporately held budgets Corporate Director: Zena Cooke									
	117	0.0	Corporately held budgets	0.0	1,315.6	1,315.6	200.0	0.0	1,515.6	Corporately held budgets earmarked for S&CS directorate, to be allocated once spend has been incurred. Details are provided in Section 7.
	118	82,262.9	Total Strategic & Corporate Services (S&CS) Budget including provisional share of Corporately held budgets	44,440.4	151,248.2	195,688.6	-22,625.6	-78,327.1	94,735.9	

SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row Ref	2020-21 Approved Budget*	Division & Key Service	2021-22 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s

Non Attributable Costs (NAC)

£118.4m

Corporate Director: Zena Cooke

119	129,966.1	Non Attributable Costs	1,220.5	127,141.7	128,362.2	-12,382.7	-9.0	115,970.5	Includes net debt costs (including investment income), transfers to and from reserves, and others including Insurance Fund, audit fees and Apprenticeship Levy
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Corporately held budgets

Corporate Director: Zena Cooke

120	0.0	Corporately held budgets	143.8	176.9	320.7	2,150.0	0.0	2,470.7	Corporately held budgets earmarked for Non Attributable Costs, to be allocated once spend has been incurred. Details are provided in Section 7.
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121	129,966.1	Total Non Attributable Costs (NAC) Budget including provisional share of Corporately held budgets	1,364.3	127,318.6	128,682.9	-10,232.7	-9.0	118,441.2	
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122	1,063,654.3	Total Budget	842,419.9	1,565,245.6	2,407,665.5	-307,235.5	-968,004.0	1,132,426.0	
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123	1,063,654.3	Total Budget (excluding Schools' Delegated Budgets on Row 69)	321,607.6	1,396,674.7	1,718,282.3	-257,823.7	-328,032.6	1,132,426.0	
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Section 10

Variation Statements

These provide details of the significant changes between 2020-21 and 2021-22 approved revenue budgets by Directorate, Division and Key Service

Available on [kent.gov.uk](https://www.kent.gov.uk):

https://www.kent.gov.uk/data/assets/excel_doc/0007/119860/Variation-Statement-2021.xlsx

Section 11

Medium Term Scenarios

2022-23 to 2023-24

Medium Term Outlook

This medium term outlook is based around a number of potential scenarios. These include a central case (not necessarily the most likely scenario) together with upside scenarios (based on a rapid recovery) and downside scenarios (based on a slower recovery with lasting impact of Covid-19 pandemic). This is consistent with the approach adopted by the Office for Budget Responsibility (OBR) in its November 2020 Economic and Fiscal Outlook report.

The scenarios encompass both spending growth and funding forecasts and result in wide range for future budget gaps. The gaps make no assumptions about the Council agreeing further savings although do include the full year effect of 2021-22 savings in 2022-23 plus any annual savings/income from continuation of existing policies e.g. fees and charges. Each scenario assumes future 2%+2% council tax increases. All the scenarios are based on high level assumptions to give an indication of the potential scale of the challenge and are not predictions.

The central case is based on a scenario that recovery from the pandemic and recession is partly successful. Under this scenario we have assumed the council tax base would show 1% growth after 2021-22. Growth at this rate would see the net reduction in 2021-22 recovered through a combination of a reduction in the number of households receiving support discounts and growth in the number of households but neither would return to pre pandemic/recession levels. The central case scenario assumes a rollover of existing core grants (but no repeat of Covid-19 emergency grants). Spending growth forecasts assume 6% business as usual growth and ongoing (but diminishing) recurring additional spending associated with the pandemic due to pent-up demand and the need to continue with some form of preventative measures.

The upside scenario is based on a successful eradication of the virus and full and speedy recovery. Under this scenario we have assumed 2% council tax base growth which encompasses a reduction in the number of support discounts and a return to pre-recession anticipated housing growth. The upside scenario also includes 5% increase in core government grants (but no repeat of Covid-19 emergency grants). Spending growth forecasts assume 5% business as usual and no recurring additional Covid-19 costs.

The downside scenario is based on continuing need to take measures to tackle the virus and continued economic consequences. Under this scenario we have assumed a 2% reduction in the council tax base for 2022-23 due to further increase in support discounts, followed by 1% growth in 2023-24 (consistent with the central case). The downside scenario includes a 5% reduction in core grants as the government starts to reduce borrowing through national public spending restraint. Spending growth forecasts assume 7% business as usual and the need for recurring additional spend associated with the pandemic at similar levels to the amount identified in 2021-22 budget.

A summary of these scenarios is shown in table 1. The gaps would need to be closed through further savings/income generation or resisting spending growth.

Table 1 – Summary of Medium Term Scenarios

	Upside Scenario		Central Case		Downside Scenario	
	2022-23 £m	2023-24 £m	2022-23 £m	2023-24 £m	2022-23 £m	2023-24 £m
Spending Growth Forecasts						
Business as usual	57.0	57.0	68.0	68.0	79.0	79.0
Covid-19			14.0	7.0	21.0	21.0
Replace one-offs from unstable sources in 2021-22	13.0		13.0		13.0	
Remove One-off spending in 2021-22	-10.0		-10.0		-10.0	
Existing savings and policy	-27.0	-20.0	-27.0	-20.0	-27.0	-20.0
Total Spending Growth	33.0	37.0	58.0	55.0	76.0	80.0
Funding Change Forecasts						
Council Tax Base	15.6	16.5	7.8	8.2	-15.6	7.9
Assumed 2%+2% Tax Increases	31.8	33.7	31.5	33.0	30.5	30.5
Government Core Grants	12.5	13.1	0.8	0.8	-12.5	-13.1
Covid-19 Grants	-46.7		-46.7		-46.7	
Total Funding Change	13.1	63.3	-6.6	42.0	-44.2	25.4
Gap	19.9	-26.3	64.6	13.0	120.2	54.6

Numbers rounded for clarity including totals. As a result small rounding differences sometimes occur and tables may appear not to add up.

Appendices

2021-22 Council Tax

- A1 Council Tax income is a key source of funding which is used to pay for a large range of council services. The amount generated through Council Tax is principally determined by; the Council Tax Base (the number of properties adjusted for exemptions and discounts), the amount charged per property and the collection rate.
- A2 A significant proportion of the revenue budget is funded from the County Council's share of council tax. The County Council share of council tax typically amounts to around 70% of a household council tax bill. The County Council charge is the same for all properties in the county in the same council tax band (as is the share for Police & Crime Commissioner and Fire and Rescue authority), the amount for district/borough and town/parish councils will vary depending on the local area and the individual decisions of those councils.
- A3 The Council currently can, subject to legislative constraints (referendum limits), increase its Council Tax rate through two mechanisms: the Adult Social Care (ASC) precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £7.4m per year, which equates to approximately 26 pence per week for a Band D property.
- A4 The Spending Review 2020 confirmed the referendum level of up to but not exceeding 2% for general tax rate increases, and permitted Councils to add an ASC precept of up to 3%. The government assumes in the Core Spending Power calculation that Councils will increase Council Tax to the maximum allowed. If the Council, therefore, did not implement the maximum level, then its spending power to provide services would be reduced going forward with no funding from government to mitigate this.
- A5 The county has seen increases in the number of new homes over the last few years, however the Covid-19 pandemic has had a material impact on the level of income received from this source due to delays in house building; the pandemic has impacted the number of people in work or receiving low pay and as a consequence increased significantly those claiming benefits, including through the Local Council Tax Reduction Scheme (LCTRS). There has also been a drop in the collection rate, as residents' income levels have been affected by Covid-19.
- A6 The Council Tax Collection Fund deficit from 2020-21 must now be repaid over the three-year period 2021-24. The level of this deficit (the approved budget includes an estimated deficit of £12.3m) from slower than anticipated growth, reduction in the collection rate and increased cost of the LCTRS will vary depending on the ongoing level of the pandemic and its economic impact. The Spending Review 2020 announced that the government will fund 75% of the 2020-21 irrecoverable deficit and the MTFP has, therefore, been updated to reflect this as well as the spreading of the 25% remaining deficit repayment over the three-year period 2021-24. Only irrecoverable losses will be eligible for the additional government grant funding, estimated to amount to £10.0m of the £12.3m. The remainder of the estimated deficit will have to be borne by the Council along with the remaining 25% of irrecoverable losses. The full amount must be spread over three years and the impact in 2022-23 and 2023-24 is

proposed to be met from the Local Taxation Equalisation Reserve to minimise the impact over the medium term.

- A7 The council tax charge for 2021-22 was agreed by County Council on 11th February 2021. Council tax is raised through a precept to each district council based on the band D charge for the year multiplied by the estimated band D equivalent taxbase (number of properties) for each district. The tax base estimate is calculated by each district and the County Council has no discretion to vary this amount. District councils are responsible for council tax collection and must pay the amount of the precept in monthly instalments to KCC. Any surpluses or losses on collection must be taken into account in the following year's budget and council tax setting considerations.
- A8 The County Council approved an increase up to but not exceeding the 2% general council tax referendum limit as supported in the budget consultation. The County Council also approved taking up the full 3% increase in ASC precept. These increases take the annual total band D charge for 2021-22 to £1,418.76 of which £159.12 is for the ASC precept. The approved increases are the equivalent of £1.30 per week for a band D household.
- A9 The approved budget includes the estimates of council tax base from all districts. The council tax base estimate shows a net 1% reduction in the band D equivalent tax base due to a combination of housing growth offset by an increase in those eligible for council tax support discounts and lower collection rates. The change between 2020-21 and 2021-22 final estimates are shown, by district, in table 1 below. The impact of this increase to individual bands is shown in table 2 below.
- A10 The general Council Tax and the ASC Precept will be shown as two separate lines on the Council Tax demand notice as shown in table 3 below. Other authorities i.e. Police, Fire & Rescue, Districts, Parish and Town Councils are responsible for setting their own share of council tax as part of the overall bill. The final council tax bills will be based on the tax rates set by each of the relevant authorities.

Table 1 – Council Tax Base changes & 2021-22 Precept

District	2020-21	2021-22		% change in Taxbase
	Band D Equivalent Taxbase	Band D Equivalent Taxbase	Precept @ £1,418.76 (including ASCL) £000s	
Ashford	47,300.00	45,173.00	64,089.6	-4.5%
Canterbury	51,300.41	49,624.38	70,405.1	-3.3%
Dartford	38,756.93	38,792.33	55,037.0	0.1%
Dover	39,029.75	38,993.94	55,323.0	-0.1%
Folkestone & Hythe	39,109.15	38,484.69	54,600.5	-1.6%
Gravesham	34,334.50	34,425.11	48,841.0	0.3%
Maidstone	63,319.80	63,550.10	90,162.3	0.4%
Sevenoaks	51,207.88	50,876.85	72,182.0	-0.6%
Swale	48,072.67	48,040.12	68,157.4	-0.1%
Thanet	44,546.40	44,155.70	62,646.3	-0.9%
Tonbridge & Malling	51,371.02	51,374.86	72,888.6	0.0%
Tunbridge Wells	46,277.10	45,371.40	64,371.1	-2.0%
Total	554,625.61	548,862.48	778,704.1	-1.0%

Table 2 – Proposed Council Tax Increases

Band	Proportion of Band D Tax Rate	2020-21 (incl. ASCL)	2021-22 (excl. increase in ASCL)	2021-22 (incl. increase in ASCL)
A	6/9	£900.84	£918.84	£945.84
B	7/9	£1,050.98	£1,071.98	£1,103.48
C	8/9	£1,201.12	£1,225.12	£1,261.12
D	9/9	£1,351.26	£1,378.26	£1,418.76
E	11/9	£1,651.54	£1,684.54	£1,734.04
F	13/9	£1,951.82	£1,990.82	£2,049.32
G	15/9	£2,252.10	£2,297.10	£2,364.60
H	18/9	£2,702.52	£2,756.52	£2,837.52
	Total Increase £	Weekly Increase £		
Band C	£60.00	£1.15		
Band D	£67.50	£1.30		

Note: ASCL – Adults Social Care Levy

Table 3 – Council Tax Demand Notice

Typical Council Tax Bill Breakdown	% increase from last year's Council Tax bill	Amount for Band D
Kent County Council	1.998%	£1,259.64 (The share of Council Tax that Kent County Council will receive in 2021-22. This amount does not include the increase for adult social care funding since 2016-17)
Kent County Council (for Adult Social Care funding)	2.997% (Kent County Council's share of Council Tax will increase by 4.995% in 2021-22, which is this amount and the amount above)	£159.12 (This is the 3% increase for adult social care funding for 2021-22 added to the increase for adult social care funding that was introduced in 2016-17. 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	7.38%	£218.15
Kent and Medway Fire and Rescue	1.93%	£80.82
District or Borough Council	These amounts will vary depending on which district or borough council the council tax is paid to	
Parish Council		
Total		

Appendix B: Budget Risks Register 2021-22

TOTAL	40,000	235,000
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
ALL	Covid 19 additional revenue costs/ loss of income	<p>Additional costs arising from the impact of the Covid 19 pandemic and the consequential loss of income for services exceed the estimates included in the budget. Additional costs could arise from:</p> <ul style="list-style-type: none"> * needing to make further continuity payments to support the market in key service areas such as social care, transport and early years * increased demand to address unmet need in adults and children's social care, domestic abuse, mental health and drug and alcohol services as a consequence of the national lockdown and related restrictions * the impact of changes to the way people access our services such as waste recycling * provision of emergency response services * support for vulnerable residents, local communities and businesses <p>Loss of income could arise from reduced take up of services or council decisions to waive fees to support residents and businesses.</p>	Financial impact of Covid 19 pandemic continues and increases and is not fully compensated by Government. The situation is still too uncertain and unpredictable to quantify at this stage.	Additional unfunded costs that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years. Circa £50m of government emergency grant funding which the government have provided for Covid-19 has already been used to support the 2021-22 revenue budget.	5	0	?
ALL	Capital - additional Covid 19 Costs	Additional costs arising from the Covid 19 pandemic exceed the capital estimates and are not fully reimbursed by Government.	Project costs increase due to additional Covid measures that contractors have to put in place and higher costs passed on by contractors.	Overspend on the capital budget, impacting on future years and borrowing.	5	0	?

Appendix B: Budget Risks Register 2021-22

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
CYPE	High Needs Demand	The Dedicated Schools Grant (DSG) High Needs Block does not meet the cost of demand for placements in schools, academies, colleges and independent providers.	There is an unacceptable deficit on the unallocated Schools Budget (DSG) Reserve. Whilst this has been partially mitigated by agreeing with the Schools' Forum a 1% transfer of the Schools Block into the High Needs Block over three years, which has been submitted to the Secretary of State to approve, this still leaves a material forecast overspend on the high needs budget in 2021-22 and further increases the accumulated deficit on the unallocated Schools Budget (DSG) Reserve. A deficit recovery plan will need to outline how the council intends to address this issue. However it is acknowledged that this is a structural deficit and legislative changes will be required in addition to policy and service changes at a local level. It is also noted that any changes will take time to embed and reduce costs going forward.	The government now requires the total deficit on the schools budget to be carried forward each year and not allow local authorities to offset with general funds without express approval from the Secretary of State. In addition, the DSG deficit should also be held separately from the main council accounts until March 2023. This approach does not resolve how the deficit will be eliminated and therefore still poses a substantial risk to the Council. Without legislative change it is unlikely that local policy changes will reduce the deficit sufficiently. 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	30,000	40,000
GET	Capital - highways grant allocation	The Highways DfT capital grant allocation is announced at a lower amount than built into the funding assumptions for the capital rolling programme of asset management, replacement and maintenance of all highways assets	Pending decisions on Government Department priorities, the annual Block Maintenance, Integrated Transport and Incentive Fund grants (currently some £33m per annum) are confirmed at a reduced level for 2021-22 (and beyond) resulting in KCC having insufficient funding to continue at current budgeted and approved service/investment levels	A funding gap exists when compared to the budgeted spending plans. Therefore either additional funding would be required, KCC capital programme re-prioritised, or alternatively service levels/spend would need to be reviewed. In light of increased investment in recent years, and with roads/other highways assets continuing to deteriorate due to increasing traffic volumes, the asset management backlog would continue to grow at a quicker rate than currently.	5	5,000	15,000
ASCH	Backlog of Social Care clients	There is a backlog of social care clients awaiting assessment that have been funded by the NHS since the start of the pandemic	As part of the response to the pandemic, the NHS assumed financial responsibility for people discharged into care from hospital. These individuals are due to be assessed to determine who will be responsible for funding their care. This means they may become the financial responsibility of the County Council rather than the NHS or as self funders.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	5	0	7,000

Appendix B: Budget Risks Register 2021-22

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
S&CS	Corporate Landlord: NHS Properties occupied by ASCH free of charge under prior agreements	NHS Property Services took over management of these properties several years ago and have issued retrospective invoices for rent and service charges. These are disputed by KCC as no agreements are in place to pay rent and service charges.	New leases agreed with NHS Property Services Ltd which are in excess of the budget provision and a settlement is required in relation to backdated charges.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring alternative in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	5	0	1,000
ASCH	Increased cost of care packages for service users due to price and need	Demographic assumptions relating to the price, number and complexity of care packages for adult social care clients are greater than budgeted	Insufficient budget for changes in the cost of care packages	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	5	0	?
ALL	Capital - Developer Contributions	Developer contributions built into funding assumptions for capital projects are not all banked.	Developer contributions are delayed or insufficient to fund projects at the assumed budget level.	Additional unbudgeted forward funding requirement and potential unfunded gaps in the capital programme	4	0	28,747
ALL	Capital - Building Inflation	Capital project costs are subject to higher than budgeted building inflation.	Increase in building inflation above that built into business cases.	Capital projects cost more than budgeted resulting in an overspend on the capital budget.	4	0	2,100
GET	Revenue - drainage	Persistent heavy rainfall and more frequent storm events mean insufficient revenue and capital budget to cope with the reactive and proactive demands on the service	Following a £2.2m overspend in 2019-20 and a forecast £1.4m overspend in 2020-21 on the revenue drainage budget, the base budget for 2021-22 is being increased by £1.25m. It is not being funded at the level of the overspend on the basis that the past two years have been excessively bad in terms of rainfall and storm events. The risk is that this weather pattern continues and additional unbudgeted funding required.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	4	0	2,000
GET	Coroners restructure of service	Significant one-off costs required if service transforms to one Senior Coroner led jurisdiction as opposed to the current multiple Senior Coroners structure	Service implements new structure that will have a number of one-off costs associated with the restructuring of the service	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	0	500
S&CS	Highways unadopted land	Maintenance costs for residual pieces of land bought by Highways for schemes and subsequently tiny pieces not required or adopted.	Work becomes necessary on these pieces of land and neither Highways or Corporate Landlord have budget to pay for it.	Work needs to be completed whilst estates work to return the land to the original landowner	4	0	50

Appendix B: Budget Risks Register 2021-22

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
ALL	Non Delivery of Savings	Changes in circumstances due to covid or other factors such as delayed elections, result in delays in the delivery of agreed savings	Inability to progress with savings plans as scheduled due to changing circumstances	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	22,200
ALL	Capital - Capital Receipts	Capital receipts not yet banked are built into the budget to fund projects.	Capital receipts are not achieved as expected in terms of timing and/or quantum.	Funding gap on capital projects requiring additional forward funding.	3	0	11,930
ALL	BREXIT and EU Transition	The Council requires full reimbursement from Central Government for the additional costs in preparing for BREXIT and dealing with potential significant disruption during the transition period	Full cost reimbursement not received from government. The grants received to date in 2018-19 and 2019-20 have not been sufficient to cover the council's additional spending on BREXIT preparations (£1.2m anticipated shortfall over the two years)	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	3	5,000	7,000
ASCH	Underlying cost pressure in operational care budgets in 2020-21	3 areas with underlying cost pressures, PD Residential & Supported Living, MH Residential & Supported Living & OP Homecare (partly arising from the impact of Covid) This could include pent-up demand that has not been addressed during Covid-19 lockdowns and/or supporting clients who become eligible for support due to complications arising from lockdown	Cost pressures are not reduced by year end and continue into 2021-22 with an even greater full year cost	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	3,283
Non Apportionable	Loss of Investment Income	Investments can go down as well as up. For 2021-22 and future years investment income will reflect lower interest rates and reduced dividend income from pooled funds. Rates are likely to be at current levels for some time to come. Extent and timeframe of impact of Covid-19 on financial markets uncertain.	Performance of our investments falls below predicted levels as a result of external factors such as impact of Covid-19 on the economy	Reduction in investment income and fall in capital values leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves Potential recurring budget pressure for future years.	3	0	3,000
CYPE	Troubled Families	The Government grant allocation for KCC for 2021-22 has not been confirmed. Commitments total £2.952m.	There is a risk that the service is unable to reduce costs sufficiently to match the reduced level of grant funding and achieve the Government's expected outcomes.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	2,952

Appendix B: Budget Risks Register 2021-22

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
S&CS	Uplift in Public Health Grant	It is anticipated that additional costs relating to NHS Pensions will be passed through to commissioners of Public Health services from 2021-22 onwards. This would be in addition to NHS pay increases and the costs associated with the transfer of responsibility around PrEP.	The increase in the Public Health grant is less than these increases in costs to Public Health.	(i) Public Health reserves would be exhausted (ii) Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	3	0	2,642
CYPE	Change for Kent Children Programme (Service Integration)	The programme is reliant on recruiting and retaining sufficient newly qualified social workers and foster carers	Inability to recruit and retain sufficient newly qualified social workers resulting in continued reliance on agency staff, at additional cost. Inability to recruit and retain sufficient foster carers resulting in continued reliance on external commissioned placements, at additional cost.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	2,400
CYPE	SEN Reprourement	Restructure and retender the SEN network and development of hub pick up points	Total savings are not in line with initial estimates. The reprourement coincides with the SEND OFSTED reinspection process resulting in possible delays	Additional unfunded cost due to delay or non-delivery of saving that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	2,100
GET	English National Concessionary Travel Scheme (ENCTS) journey levels	ENCTS journeys are not expected to return to their pre-Covid-19 levels for 1-2 years and a £2m reduction has been reflected in the MTFP	Activity levels return to a level of journeys in excess of the revised budget, therefore causing a financial pressure.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	2,000
Non Apportionable	Unexpected cash flows	Unexpected costs such as Covid-19 which have not been allowed for in the cash flow forecasts	Value of payments exceed the cash balances available	Short term borrowing required that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	3	0	1,000
S&CS	Making temporarily closed buildings covid secure	The Council may come under public pressure to open up more buildings which are currently closed, as restrictions relax. These will need to be made Covid secure	Decision made to open buildings that are currently closed that then need to be made Covid secure	Increased unfunded Facilities Management and utilities costs that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	350

Appendix B: Budget Risks Register 2021-22

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
ASCH	Market Sustainability	The long term impact of Covid-19 and long term concerns about the sustainability of the adult social care market particularly residential and nursing care provision is unknown but is likely to require significant reshaping	If occupancy levels fall below an affordable level, providers will look to the council to potentially pay more for beds to compensate for loss of self funders. Significant market reshaping will require funding to make changes in the type and range of care provided	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	?
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. The new contracts provide for sleep nights from April 2020 so the risk only remains if this Court of Appeal rules that this needs to be backdated.	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	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	?
ALL	Capital Costs	Pre-Capital Works Expenditure.	Capital project doesn't proceed as planned and capital costs are transferred to revenue.	Aborted capital cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	3	0	?
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.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	?
ALL	Demand	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending demands.	Demand for business as usual services exceeds the budget available e.g. children's social care, older people, waste, public transport, coroners etc.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	?
CYPE	Capital - Basic Need Allocations	Estimates of future basic need allocations are included in the capital programme.	Basic need allocations are less than expected.	Funding gap for basic need projects which will need to be funded either by reprioritising the capital programme or by additional borrowing with a consequential unbudgeted impact on the revenue position of the costs of borrowing.	2	0	12,682
ALL	VAT Partial Exemption	KCC VAT Partial Exemption Limit is almost exceeded.	Additional capital schemes which are hosted by KCC result in partial exemption limit being exceeded.	Loss of ability to recovery VAT that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	0	8,700

Appendix B: Budget Risks Register 2021-22

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
GET	Investment in the Public Rights of Way (PROW) network	Insufficient funding to adequately maintain the PROW network	Condition of the PROW network suffering from under-investment. A modest £150k allocation has been included in the 2021-22 but additional one-off and base funding is likely to be needed for a service that is already operating at funding levels below recommended asset management levels. This has been further exacerbated by the increased usage arising from the covid related restrictions and national lockdown	The potential for claims against the council due to injury and from landowners and the need to undertake urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	2	0	2,000
Non Apportionable	Internal Borrowing	Inability to continue with the policy of internal borrowing leading to the need to revert to external borrowing	Cash balances are insufficient to cover both our borrowing requirements and our daily cash flow needs	Increased costs of borrowing that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	0	1,000
S&CS	Backlog of maintenance for properties transferring to Corporate Landlord	Maintenance backlog historically funded by services from reserves or time limited resources which have been exhausted. Properties that have been transferred to the corporate landlord require investment.	Urgent repairs required which cannot be met from the Modernisation of Assets planned programme within the capital budget	Unavoidable urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	0	400
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.	Loss of income or reduced collection that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	0	?

Likelihood Rating

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

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Budget Book

2021-22

Approved by County Council 11 February 2021