

Draft Budget 2021-22

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Appendices

From	Leader of the Council, Roger Gough Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford
Relevant Director	Corporate Director Finance, Zena Cooke
Report author(s)	Head of Finance Policy, Planning and Strategy Dave Shipton
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Contact details

Head of Finance Operations	Cath Head	03000 416 934	cath.head@kent.gov.uk
Head of Finance Policy, Planning and Strategy	Dave Shipton	03000 419 418	dave.shipton@kent.gov.uk
Corporate Director, Finance	Zena Cooke	03000 419 205	zena.cooke@kent.gov.uk

Directorates – abbreviations in this report

ASCH - Adult Social Care and Health

GET - Growth, Environment & Transport

CYPE - Children, Young People and Education

S&CS - Strategic & Corporate Services

NA - Non Apportionable

Summary

In February 2020 the Council agreed its budget for 2020-21. Very shortly thereafter the country was hit by the Covid-19 pandemic and on 20th March the government implemented a series of emergency measures including a national lockdown. Local authorities' emergency planning procedures were invoked and new responsibilities followed.

Since 2011-12 in the face of unprecedented reductions in Government funding and increasing demand on services, the need to make savings has dominated the Council's financial planning process. Responding to the pandemic added a further, even more complex dimension to financial planning.

The pandemic has had a profound impact on the Council's budget and its ability to deliver services and, as a consequence, on its financial planning assumptions. As a result of the pandemic, new areas of expenditure were required together with fundamental changes to the Council's main sources of funding; additional emergency short term funding was made available by the government alongside other measures to support the Council's cash flow. The Council's priorities were redefined by the crisis and the delivery of some proposed investments and savings were paused. The Council agreed a budget amendment in September 2020 to reflect the revised financial position.

Separately the Council also set out the impact of the pandemic and a resulting interim strategic plan. The Council is experiencing a rise in demand and extreme pressure on services as well as seeing increased levels of financial hardship for residents and businesses. The interim strategic plan outlined the high-level interventions we will take as part of our response and a basis for future policy considerations. Taken together these reports inform a new direction in what is a fundamentally more challenging financial environment.

Due to the significant potential budget gap for future years, the report to full Council will set out draft savings proposals for the Medium Term Financial Plan (MTFP) period for initial consideration. As in previous years, consultation with residents, businesses and other key stakeholders has been a feature of proposed changes and the results of the Council's 2021-22 budget consultation were considered at Cabinet on 30 November 2020.

The Council received the provisional Local Government Finance Settlement (LGFS) on 17 December. The final LGFS will be received later this month and the draft budget will need to be further updated based on any changes that materialise.

The country, indeed the world, has experienced a period of massive turbulence; in response to the pandemic. The UK government has borrowed heavily, increasing net annual borrowing to levels never before seen in peacetime in order to fund the nationwide response to the pandemic and to protect the economy in preparation for the time when the virus subsides. Alongside key partners, councils have been at the forefront of responding to the needs of local residents, taking on new responsibilities as well as continuing to deliver a range of existing services in a situation of heightened demand. The cumulative impact of these matters requires a change in approach from that set out and agreed in February 2020 as the council now finds itself in a materially changed environment from that which existed when the Council originally approved its budget.

The Council is under a legal duty to set a balanced and sustainable budget and maintain adequate reserves such that it can deliver its statutory responsibilities and priorities. A MTFP covering the entirety of the resources available to the Council is considered to be the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty. The need to respond immediately to the pandemic and the impact that this has had on the Council's finances means that a re-evaluation of the current year's financial position is the starting point for any changes.

The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Cabinet and Scrutiny Committees to allow for their comments to be considered before the final budget proposals are made to Full Council.

As the Council develops its detailed proposals it must continue to keep under review those key financial assumptions which underpin the Council's MTFP; in particular as the Council becomes ever more dependent on locally raised sources of income through the Council Tax and retained business rates these elements become fundamental elements of its approach and strategies.

In accordance with Financial Regulations, capital schemes must be included within the Council's capital programme, and capital estimates adopted prior to any expenditure being incurred.

2.1 Setting the annual budget is one of the most significant decisions the County Council takes each year. It sets the County Council's share of council tax and the overall resource framework in which the Council operates. The budget is the financial expression of the council's strategic priorities and the 2021-22 budget and MTFP has been set in the context of the interim Strategic Plan. It gives delegated authority to manage the budget to Corporate Directors and Directors within the parameters set out in the Council's Constitution and Financial Regulations. Corporate Directors and Directors are accountable for spending decisions within delegated powers and these are monitored through the council's budget monitoring arrangements regularly reported to Cabinet.

A) Strategic Priorities – Interim Strategic Plan

2.2 During 2019 and early 2020, the Council developed a draft 5 Year Plan which set clear outcomes that it would aim to deliver to improve quality of life in Kent over the next 5 years. The plan was nearing completion following a careful analysis of the responses to the 5 Year Plan consultation.

2.3 Due to the huge and unprecedented impact of coronavirus (COVID-19), it was necessary to pause to understand the new circumstances arising from responding to and recovering from the pandemic. Many of the priorities that came out of the 5 Year Plan consultation remain highly relevant and have strongly influenced the development of an Interim Strategic Plan.

2.4 "Setting the Course" is our Interim Strategic Plan for 2021 and the first half of 2022. It was approved by County Council on December 10, and explains the immediate challenges we face, and the actions the Council will prioritise to lead the county through 2021 and into 2022.

2.5 While the challenges facing the county are significant, there are also important opportunities to improve our services, and support the county to emerge stronger and more sustainable. In many cases the priorities set out in the Interim Strategic Plan lay the foundations for positive change in the future.

2.6 The budget for 2021-22 and for the MTFP period reflects the challenges and opportunities set out in the Interim Strategic Plan and how the Council plans to respond to them.

The five main challenges are:

Financial – the Council faces a significant budget gap and difficult decisions to make in the short-to medium-term, while maintaining a longer-term view of what is best for the county.

Economic – the economic downturn caused by coronavirus (COVID-19) is causing widespread economic impacts, while attracting investment and putting infrastructure in place to support growth remains a priority.

Demand – there is increasing demand for some of our key services, which will be made worse by the impacts of coronavirus (COVID-19) on Kent’s residents, particularly those that are vulnerable.

Partnership – the crisis presents important opportunities to build on strengthened relationships and rethink how we work with partners to better manage demand and improve efficiency.

Environmental – tackling the climate emergency and protecting the natural environment continues to be an urgent priority, as well as investing in the built environment and creating communities to be proud of.

2.7 The interim Strategic Plan details a number of priority actions that will address the five challenges set out above. The progress on these actions will be monitored and regularly reported to Cabinet.

B) Requirement to set a balanced budget

2.8 The Local Government Finance Act 1992 requires the Council to consult on and ultimately set a legal budget and Council Tax precept for the forthcoming financial year, 2021-22. Setting the Council’s revenue and capital budgets for the forthcoming year has been incredibly challenging due to the uncertainties arising from the Covid-19 pandemic and subsequent economic recession. This has made forecasting spending requirements and income levels much more unpredictable, which together with a one year settlement from Government for 2020-21 and the direct impact a recession has on council tax collection and future years’ tax base means that the likely available funding has also been highly uncertain.

2.9 The legal requirement places a statutory duty on the Council to set a balanced budget. However, what is meant by ‘balanced’ is not defined in law and relies on the professional judgement of the Chief Financial Officer to ensure that the budget is robust and sustainable. A prudent definition of a balanced budget would be a financial plan based on sound assumptions which shows how planned spending and income equals the available funding for the forthcoming year. Plans can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves.

2.10 While there is no legal definition of a balanced budget, legislation does provide a description to illustrate when a budget is considered not to balance:

- where the increased uncertainty leads to budget overspends of a level which reduces reserves to unacceptably low levels, or
- where an authority demonstrates the characteristics of an insolvent organisation, such as an inability to pay creditors.

2.11 To avoid the risk of an unbalanced budget the Council has to be financially resilient. Good financial management is fundamental in establishing confidence in the budget and ensuring that the finances can withstand unexpected pressures. The Council has recently engaged the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a review of the council's financial management arrangements. CIPFA has concluded there is a sound basis for financial management across the Council as well as some areas for improvement. We are in the process of developing an improvement plan to build on the financial management arrangements already in place and to further strengthen the Council's financial resilience. The draft budget addresses a number of resilience issues.

2.12 Setting a clear medium-term financial plan (MTFP) also strengthens the Council's financial resilience by identifying financial issues early and options for potential solutions. Whilst the legislative requirement does not extend to the MTFP, and there is no requirement to balance the later year's plans, it is considered good financial practice. The one-year settlement and government spending plans included in the 2020 Spending Review (SR2020) means the MTFP for 2021-24 will be based on a range of alternative scenarios. The multi-year plan will be published as part of the report to the 11th February 2021 Council meeting.

C) Budget Consultation

2.13 The Council launched a consultation on the 2021-22 budget on 14th October. The consultation was open until 24th November and can still be viewed via the Council's website <https://www.kent.gov.uk/about-the-council/finance-and-budget/our-budget>.

2.14 The number of responses was significantly higher than recent consultations with just under 3,000 respondents; an increase of 55% on the previous summer consultation.

2.15 Unlike previous years, the budget consultation asked respondents to identify areas for spending reductions and overall Social Care services were the areas where people were most uncomfortable with spending reductions, with over 65% indicating as such. Areas including Community Services (66%), Regeneration & Economic Development (63%), Libraries, Registration & Archives (62%), Transport (58%), Environment (52%) and Public Protection (51%) were the areas respondents identified as comfortable or partly comfortable for spending reductions.

2.16 In relation to Council Tax, 51% of respondents agreed with raising Council Tax to an assumed 2% referendum limit, whilst 45% did not agree with this percentage increase. When asked if respondents agreed with the Adult Social Care Levy (an additional increase in Council Tax specifically for the additional costs of Adult Social Care), 47% were in favour, while 41% disagreed. The remaining 12% selected 'Don't know/No opinion'.

2.17 The consultation also asked 3 questions relating to the Council's Strategic Reset Programme. Respondents were highly supportive of "Delivering more than one service from KCC buildings" (92% agree) and "Reducing the number of buildings in the KCC estate" (78% agree). Support for "Delivering more services using online technology was also high (75%).

2.18 A separate detailed report setting out the responses received is included as background document to this report. The budget report presented to full Council will take account of any feedback following Cabinet Committee and Scrutiny Committee consideration.

D) Equalities Considerations

2.21 The Equality Act 2010 requires the Council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

2.22 To help meet its duty under the Equality Act the council undertakes equality impact assessments to analyse a proposed change in order to assess whether it has a disproportionate impact on persons who share a protected characteristic. As part of our budget setting process an equality impact assessment screening will be completed for all savings proposals to determine which proposals will require a full equality impact analysis (with mitigating actions set out against any equality risks) prior to a decision to implement being made.

E) Treasury Management Strategy

2.19 The Treasury Management Strategy Statement will be revised and presented to County Council in February 2021 in accordance with the CIPFA Treasury Management Code of Practice. The Statement will set out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.

2.20 The proposed prudential indicators set out in the Treasury Management Strategy will be based on the Capital Programme 2021-24.

3.1 The national fiscal and economic context is an important consideration for the Council in setting the budget. This context not only determines the amount received through central government grants, it also sets out how local government spending fits in within the totality of public spending. This latter aspect essentially sets the government's expectations of how much local authorities can raise through local taxation.

3.2 The Covid-19 pandemic has presented an extraordinary and unexpected challenge to the UK economy and economies across the world. The combination of additional public spending both on dealing with the pandemic and the economic fallout from the subsequent recession, and reduced tax yields, has resulted in an unprecedented peacetime budget deficit. The central OBR fiscal forecasts for public sector spending, receipts, net borrowing, and total debt is forecast to be £281bn higher than the previous year and receipts £57bn lower, resulting in an annual deficit of £394bn. The economic outlook remains highly uncertain and the OBR have produced a number of alternative scenarios reflecting different assumptions about the pandemic and its impact on the economy (with a range for the annual deficit of £353bn to £440bn under the various scenarios for the pace of economic recovery).

3.2 The Spending Review acknowledged that due to the high levels of uncertainty it was not the right time to set out a detailed medium-term fiscal strategy. However, the Chancellor did state that over time, and once the economic recovery is secured, that the government is fully committed to taking the necessary steps to ensure borrowing and debt are on a sustainable path. The OBR has identified that even on the loosest conventional definition of balancing the books, a fiscal adjustment of £27 billion (1% of GDP) would be required to match day-to-day spending to receipts by the end of the five-year forecast period in 2025-26.

3.3 The OBR central forecast is that the size of the UK economy, as measured by Gross Domestic Product (GDP), will reduce by 11.3% in the current year (11.8% per capita). This is the largest annual reduction in over 300 years. Under the various scenarios, the upside GDP shrinks by 10.6% in the current year, and the downside by 12%.

3.4 Appendix G sets out the essential assessment and forecasts from the Office for Budget Responsibility (OBR) economic and fiscal outlook report published in November 2020. This report was published alongside SR2020.

4.1 The last funding settlement agreed with the Government expired at the end of the 2019-20 financial year. The government previously stated its intention to hold a new Spending Review in 2019, covering the period 2020-24. However, due to the government's focus on Brexit, a one year 2020-21 Spending Round was announced in September 2019. On 25 November 2020 the Chancellor announced the Spending Review 2020, again for only one year (2021-22), this time due to the Covid-19 pandemic.

4.2 The impact of the Covid-19 pandemic has inevitably impacted on the level of resources available and shaped the government's own short-term funding priorities. This means both the relative priority of local government against other government departments such as the NHS as well as the relative resource allocations between local government services.

4.3 Previously the direction of travel for Local Authority funding has reflected a move away from direct general government support such as through Revenue Support Grant towards more targeted grant support coupled with an increased reliance on locally generated sources of income such as the Council Tax and retained Business Rate receipts.

4.4 On 2nd July 2020, the Secretary of State for Housing, Communities and Local Government, announced a support package to help councils respond to Covid-19 and to help ensure councils' financial sustainability for the future. This included allowing councils to repay Council Tax and Business Rates deficits over a three-year period instead of in one year. The Spending Review 2020 announced on 25th November went further and announced that the government would provide funding to Local Authorities for 75% of the 2020-21 deficits (with the 25% remaining to still be repaid over three years by local authorities).

4.5 The Council's MTFP will be affected by deferral of the Fair Funding Review from April 2021 until 2022-23 at the earliest and the expected associated changes to the national Business Rates retention scheme alongside the Fair Funding Review.

4.6 The Secretary of State for Housing, Communities and Local Government published the provisional local government finance settlement on 17th December. The settlement is important as it provides details of the allocations of the departmental budgets to individual councils of the amounts announced in SR2020. The settlement together with the provisional tax base estimates for districts are a vital component of the Council's budget as they determine significant amounts of the funding for the net budget. The provisional settlement is subject to a short consultation with a response deadline of 16th January. The allocations in the settlement were largely as anticipated and included the additional Covid-19 funding provided in SR2020.

4.7 The provisional settlement includes the government's calculation of Core Spending Power (CSP). The CSP is a measure of the financial resources available to local authorities to fund service delivery. It comprises council tax and the main government grants, including the baseline for business rate retention. The calculation shows an increase in CSP of £57.7m (5.5%) over 2020-21 as set out in Table 1 below.

Table 1 – KCC’s Core Spending Power

Kent County Council	2020-21 £m	2021-22 £m	Difference £m
Council Tax	749.4	801.9	52.5
Settlement Funding Assessment	197.5	197.6	-
Improved Better Care Fund	48.5	48.5	-
Social Care Support Grants	34.4	39.1	4.7
Business Rate Compensation	7.5	9.8	2.3
New Homes Bonus	6.4	4.6	-1.8
Total	1,043.9	1,101.6	+57.7

4.8 The CSP should be treated with some caution. In particular, it assumes a 7% increase in council tax precept from a combination of the 5% referendum/adult social care precept and an assumed 2% increase in the tax base. The county council’s precept must be based on the estimated tax base notified by Kent districts. The estimate for the draft budget proposals assumes a 1.04% reduction in the tax base. This results in an assumed precept of £779m, which is around £23m (3%) less than that assumed by government in CSP.

4.9 The provisional settlement also includes confirmation of the proposed Council Tax Referendum principles for 2021-22. These allow all councils to increase council tax rates by up to but not exceeding 2% without the need for a referendum (up to £5 for districts and boroughs where this is more than 2%). Councils with social care responsibilities can agree a further increase of up to 3% for the Adult Social Care Precept, taking total increase up to but not exceeding 5%. The regulations also allow some or all of the Adult Social Care Precept element to be deferred until 2022-23. However, as stated in 4.8 above, the government assumes the Council will increase Council Tax to the maximum allowed levels. If the Council did not implement the maximum allowable increase, then its spending power to provide services would be reduced going forward with no funding from government to mitigate this (and therefore requiring a higher level of savings).

4.10 The draft budget includes the same amount for settlement funding assessment (SFA) and the MHCLG grants as assumed by the government as set out in Table 1 above. The grants for New Homes Bonus (NHB) and Social Care Grant are subject to consultation on the allocations set out in the provisional settlement. The SFA shows the baseline for business rates retention and does not include any growth (or decline) in the local share, or the proceeds from pooling arrangements.

4.11 The provisional settlement confirmed that information about applying to the £4bn “levelling up” fund (UK Shared Prosperity Fund) will be published early next year. Any local area can apply directly, with the focus on town centre regeneration and culture. The provisional settlement confirmed that £165m will continue to be available in 2021-22 to support the Troubled Families Programme. The provisional settlement also included £15m to implement the Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities although included no details how this money is to be accessed.

4.12 Other aspects of the provisional settlement including increases in Rural Services Delivery Grant by £4m (from £81m to £85m, a 4.9% increase), a new lower-tier services grant (£111m), and further funding to support rough sleepers are not relevant for county councils.

Core Grants

4.13 The Council is in receipt of a mix of general un-ringfenced grants which can be used in any way the Council decides to discharge its functions (core grants) and specific grants which must be spent according to government priorities. Given the uncertainty of the Fair Funding review, assumptions have needed to be made in respect of most grants after the announced 2021-22 level. There are risks associated with this approach as the government may decide to change its priorities and reduce or cease funding through a grant or reallocate service specific grants into more general funding with a changed distribution.

Revenue Support Grant

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

4.15 The Council's Revenue Support Grant (RSG) decreased from circa £161m in 2015-16 to circa £9.6m in 2020-21.

New Homes Bonus

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

4.17 The Council is intending to remove its reliance on NHB as a funding source in support of its general revenue budget. In the light of the current financial situation the proposed approach is to place the NHB into an earmarked reserve to be used to support time limited activity related to the council's strategic priorities.

4.18 The Spending Review 2020 announced one further year of NHB for 2021-22 and the provisional LGFS estimates the Council's allocation as £4.6m. The NHB (including all legacy payments) is expected to come to an end in 2023-24 and although it is expected that decreases in NHB will be re-allocated nationally into other funding streams such as the Revenue Support Grant or other core grants, this will clearly need to be kept under review.

Improved Better Care Fund

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

4.20 In addition to this, an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities to deal with the growing health and social care pressures during the period 2017-20. The Spending Rounds for 2019 and 2020 have extended this grant for one year at a time at the same level (£48.5m for 2020-21 and 2021-22).

Social Care Grant

4.21 In the Chancellor's 2019-20 budget, £410m of additional funding was announced for use for adult and children's social services. The Spending Round 2019 announced that there would be additional Social Care funding of £1bn, taking the total for 2020-21 to £1.41bn. This additional grant combined with the extension of the Adult Social Care Precept for another year provided up to £1.5bn additional resource for social care services compared to 2019-20. The government believes there is not a single bespoke needs formula that can be used to model relative needs for both adult and children's social care, therefore the existing Adult Social Care Relative Needs Formula was used to distribute this Social Care Support Grant funding.

4.22 The final 2020-21 LGFS confirmed that the previous Social Care Support Grant allocations will be rolled into a new Social Care Grant for 2020-21. The Spending Review 2020 announced a further one-off increase to the Social Care Support Grant for 2021-22 and the provisional LGFS allocation for the Council is an increase of £4.7m, increasing the total grant value for 2021-22 to £ 39.1m.

Covid-19 Support Grants

4.23 In response to the Covid-19 pandemic, the government announced circa £6.4bn in grants to councils in the current year towards the additional expenditure and reduced income, as well as funding for passported business rates (NNDR) relief and passported grants to businesses. KCC has received a total of £131m. These grants have been allocated to local authorities via a formula and do not include those where actual costs can be claimed e.g. loss of sales fees and charges income, NHS discharges, community testing). The national and local shares are shown in table 2 below.

Table 2 – Covid 19 Support Grants

Grant	National Total £m	KCC Share £m
2019-20		
Covid 19 Emergency Grant	1,600	39.0
2020-21		
Covid 19 Emergency Grant	3,100	55.9
Infection Control Fund	1,146	35.5
Contain Outbreak Management Fund	1,385	19.0
Test and Trace Grant	300	6.3
Covid Winter Grant Scheme	170	4.5
Emergency Assistance Grant	63	1.7
Clinically Extremely Vulnerable Grant	32	0.9
Home to School Transport Grant	99	4.5
Bus Services Support Grant	67	2.9
Total	6,362	131.3

4.24 The majority of this funding is intended for 2020-21 and the latest estimates indicate that this funding should be sufficient to cover Covid-19 related spending and income losses. These estimates do not include the impact of the latest national lockdown, the second wave of infections or the new tier 4 restrictions.

4.25 The Covid-19 related funding for KCC in 2021-22 includes £32.9m un-ringfenced emergency grant, Covid-19 Local Council Tax Support grant of £14.3m, Covid-19 Local tax income guarantee to cover 75% of irrecoverable tax losses and grant that is claimed by the council to cover 75% of losses of irrecoverable Sales Fees and Charges income.

5.1 The largest single grant received by the Council is the Dedicated Schools Grant (DSG), which is ring-fenced to fund school budgets and services that directly support the education of pupils. The Local Authority receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for Academies to pay them directly, based on the same formula as the funding allocations made to maintained schools.

5.2 The DSG is allocated through four blocks: The Schools Block, Central School Services Block, High Needs Block and Early Years Block. All elements of the DSG are calculated based on a national funding formula, however these are calculated using historic funding as a baseline.

5.3 Whilst the Schools Block allocation for 2021-22 is based on allocating a school level budget calculation, the method of distribution to schools is still through a local formula methodology.

5.4 In July 2020 the ESFA published provisional allocations for 2021-22 for the Schools Block, Central Services Block and the High Needs Block. The allocations have been updated on the 17th December with the October 2020 pupil data.

5.5 The early years block is currently only an indicative allocation as this is updated post year end based on the census of January 2021 pupil numbers, with the current indicative allocation based on January 2020 numbers. The hourly rate which is the basis of the allocation was confirmed on the 17th December as £4.62 per hour for 3 and 4 year olds and £5.44 per hour for 2 year olds. The 2 year old rate has increased by 8p for all authorities, whilst the 3 and 4 year old rate has increased by 6p for most authorities except those which fall below the £4.44 minimum or those with higher protected rates in 2020-21.

5.6 The primary pupil funding rate in the Schools Block has increased by 9%. The secondary pupil funding rate by 8.3% including the transfer of teachers pay and pension grants. The per pupil rates in the main calculation vary for individual authorities. The Schools Block also includes a non-pupil element for premises factors in the National Funding Formula. The Schools Block also includes a growth element based on changes in pupil numbers at a fixed national amount weighted for area costs. The amounts notified are indicative based on existing pupil number information and will be updated from subsequent census data. A pupil number modelling tool will be published in January. The amounts are before deductions for academies. The total schools block for Kent has increased by £93.7m (9.5%) to £1.080bn on the comparable figure for 2020-21, of which £47.1m is the protected element for teachers pay and pension grants leaving a net increase of 4.7%.

5.7 The High Needs Block is funding to support costs of pupils with additional education needs, across mainstream and special schools as well as the associated support costs. The allocation of the high needs block for 2021-22 has increased by £25.4m (11.4%) on the comparable figure for 2020-21, of which £4.0m is the protected element for teachers pay and pension grants, leaving a net increase of 9.6%. However, this is insufficient to ease the pressure on current spend and will not bring us to a position of managing the high needs block spend within the financial year.

5.8 The most significant risk at the start of 2020-21 was the continuing underlying deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG). Since the introduction of the Children and Families Act 2014, the Council has seen an unprecedented rise in the number of children and young people assessed for Education Health and Care Plans (EHCPs). The high needs funding within the DSG has not kept pace resulting in in-year overspends and an accumulated deficit on the unallocated DSG reserve. This is a national problem but has been particularly acute in Kent and a number of other councils. To date the government has not provided councils with sufficient funding and has not introduced structural reforms to eliminate the overspends or repay the deficits. Whilst the government has confirmed that DSG deficits do not have to be covered from the General Fund, the level of debt remains unsustainable posing a considerable risk in the absence of funding and structural reforms.

5.9 Significant work is being undertaken to identify efficiencies in high needs provision, including

- Reviewing our commissioning strategy for SEN provision across the county including supporting the development of new special schools and SRPs to reduce our increasing reliance on independent schools
- Reviewing commissioning arrangements with independent providers.
- Improving parental confidence through supporting inclusive practice and capacity building in mainstream schools
- Further collaborative working with Health and Social Care partners

The Council is updating its DSG deficit recovery plan in light of further projected overspends during 2020-21.

5.10 The Schools' Funding Forum were requested to consider a 1% transfer from Schools Block to the High Needs Block to support inclusive practices in mainstream schools. This was considered by the Forum in early December and the Forum agreed this transfer to support the delivery of 4 key areas:

1. A comprehensive programme of training to support inclusive practice
2. Development of wider school and community practices to promote inclusion
3. Supporting transition for children and young people with SEND
4. Providing individual case support

This transfer is subject to Secretary of State approval and the outcome is expected before the end of February. The Schools Block calculation outlined in paragraph 5.6 is the basis for this transfer before academy deductions and additional pay and pension grants.

5.11 The Central Schools Services Block (CSSB) was introduced in 2018-19 to fund councils for their statutory duties relating to maintained schools and academies. The CSSB brings together funding previously allocated through the retained duties element of the Education Services Grant (ESG) funding for ongoing central functions e.g. admissions and funding for historic commitments including items previously agreed locally such as combined budgets.

5.12 As part of the national funding formula the DfE are reducing the allocation within the CSSB of historic commitments and therefore the CSSB will be decreased by £1.1m in relation to historic commitment for 2021-22. The element of the CSSB that funds ongoing services has increased by 3% and also includes an additional £1.50 per pupil for the pension increases for centrally employed teachers and does not represent a real terms increase as the same amount was paid as a central grant in 2020-21. The overall CSSB has reduced by £0.5m (4.3%) on the comparable figure for 2020-21. £0.3m of the increase is the protected element for teachers' pay and pension grants leaving a net reduction of 6.9%.

5.13 The table below sets out the latest DSG allocation over the funding blocks for 2021-22.

Table 3 - Dedicated Schools Grant 2021-22 and Final DSG 2020-21

Block	2021-22 £m	2020-21 £m	Gross Change £m
Schools Block	1,079.5	985.8	+93.7
CSSB	11.8	12.4	-0.5
High Needs Block	248.4	222.9	+25.4
Early Years Block	88.4	87.2	+1.2
Total	1,428.1	1,308.3	119.8

Note: 2021-22 Schools Block includes the previously separately funded teacher's pay and pensions grants of £47.1m. The CSSB and High Needs Block includes an allocation of £0.3m and £4.0m respectively, for the same grants

5.15 In addition, the Council receives, and passports fully to schools, funding for the pupil premium (£60.3m in 2020-21) and 6th form funding (£18.7m in 2020-21). Final allocations for the pupil premium will be confirmed in July 2021 and 6th form funding in March 2021.

6.1 Council Tax income is a key source of funding for 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 rate of charge per property and the collection rate.

6.2 A significant proportion of the funding towards the revenue budget is derived 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 households in the county (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 these councils.

6.3 The Council currently can, subject to legislative constraints, increase its Council Tax rate through two mechanisms; the Adult Social Care precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £7.4m per annum, which equates to approximately 26 pence per week for a Band D property

6.4 The Spending Review 2020 confirmed the referendum level of 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 at the maximum level, then its spending power to provide services would be reduced going forward with no funding from government to mitigate this.

6.5 The County Council's council tax level is currently 12th of the 25 counties and 4th of the 7 south east counties. It is likely that even after implementing the proposed increases, the Council's relative position will be unchanged.

6.6 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; 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 have been affected by Covid-19 on their income levels.

6.7 The Council Tax Collection Fund deficit in 2020-21 can now be repaid over the three-year period 2021-24. The level of this deficit (currently estimated in the region of £14.2m) 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 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.

6.8 The council tax charge for 2021-22 must be agreed by County Council. Council tax is raised through a precept from each district based on the band D charge for the year multiplied by the estimated band D equivalent taxbase for each district. The tax base estimate is calculated by each district and the County Council has no discretion to vary this amount. County Council must agree the precept as part of the budget approval. District councils are responsible for collection and must pay the amount of the precept in monthly instalments. Any surpluses or losses on collection must be taken into account in the following year's budget and council tax setting considerations.

6.9 For 2021-22 it is proposed that the County Council be asked to approve an increase up to but not exceeding the 2% referendum limit as supported in the budget consultation. It is also proposed that the County Council be asked to approve taking up the Adult Social Care levy in full. These increases would take the annual total band D charge for 2021-22 to £1,418.76 of which £159.12 would be for the Adult Social Care levy. The proposed increases are the equivalent of £1.30 per week for a band D household.

7.1 The draft budget proposals in appendices A and B of this report set out the proposed capital spending plans for 2021-24 together with an outline of longer-term considerations over a ten-year horizon. Appendix A provides a high-level summary of the proposed capital programme and financing requirements. The spending plans in appendix B set out proposed spending on individual projects and rolling programmes by directorate. The financing is a combination of government departmental capital grants and forecast developer contributions, external funding, capital receipts and borrowing. In some instances the programme includes preliminary figures where grants have yet to be confirmed. Approval to plan and spend from the capital programme will only be granted once adequate funding has been secured to fund forecast spending.

7.2 The presentation of the 2021-22 revenue budget has been simplified to focus attention on the key policy and strategic implications of the proposals. The revenue proposals are set out in appendices C to F. Appendix C provides a high-level summary of the proposed revenue budget and financing requirements. Appendix D provides a high-level summary of the proposed budget for each directorate. Appendix E provides details of the additional spending and investment included in the proposed revenue budget. Appendix F provides details of savings and income generation.

7.3 A key part of the annual budget setting process is the review of growth pressures across the MTFP period arising from demographic changes, new requirements or responsibilities or inflationary pressures.

7.4 Additional spending included in appendix E includes the impact of decisions and activities already being delivered in the current year not included in the current base budget and known future contractual obligations. It also includes forecasts for future cost or activity changes for the forthcoming year, or changes in Council policy, and sets out fuller details of these including the reasons for the change and implications. Proposals designed to strengthen the Council's financial resilience through changes in contributions to reserves have also been identified separately and linked to identified risks.

7.5 The presentation of proposed savings and income in appendix F follows a similar pattern with proposed savings amounts identified separately for full year effect of 2020-21 agreed plans; savings/income from the application of existing policies; savings/income that do not require any changes in policy; and those that require policy changes.

7.6 The original MTFP for 2020-23 had previously identified savings and additional income totalling £9.7m for 2021-22. These plans have been revised and updated as part of 2021-22 budget setting to £8.8m (a reprofiling of £0.9m) largely due to updated income assumptions linked to welfare benefits and inflation indices. £33.7m of the total £42.5m savings and income proposals are new in addition to the £22.2m draw down from reserves.

7.7 The latest estimated budget gaps for both 2022-23 and 2023-24 mean there is a need to identify significant additional savings for these years and to ensure all approved savings remain deliverable. Detailed consultation and impact assessments will be undertaken as the proposals are developed and taken through to implementation.

7.8 It should be noted that some of the new proposed savings identified for consideration for 2021-22 include different options for consideration and have inter-dependencies with other existing and new savings proposals which will need to be reviewed to ensure no double counting as the proposals are developed further.

7.9 The high-level equation for changes in planned revenue spending for 2021-22 (growth and savings), income and net budget, together with the balancing changes in funding is shown in table 4 below. This summarises how the requirement to set a balanced budget has been met.

Table 4 – Net Change in Spending and Funding

Change in Net Spending		Change in Net Funding	
Proposed additional spending	+£98.0m	Changes in un-ringfenced government grants	+£54.5m
Proposed savings from spending reductions	-£37.4m	Change in council tax base	-£7.8m
Proposed changes in income	-£2.5m	Proposed increase in council tax charge	+£37.0m
Changes in specific government grants	-£2.6m	Change in retained business rates	-£7.2m
Proposed net change in reserves	+£9.2m	Change in collection fund balances	-£11.8m
Total Change in Net Spending	+£64.7m	Total Change in Net Funding	+£64.7m

Income generation through fees and charges

7.10 The majority of discretionary fees and charges are raised annually by a minimum of inflation (CPI or RPI). Both of these inflation measures have been depressed recently due to the economic impact of Covid-19. For example, CPI inflation is around 0.7% compared to 1.7% in August 2019 and RPI inflation is around 1.3% compared to 2.6% in August 2019. The current fees and charges income generation assumption for 2021-22 has therefore been reviewed and a consolidated summary of Fees and Charges will be included in the budget report to County council in February for approval.

Proposed 2021-24 Capital Programme – key numbers

£1,056m	Total planned capital spending over the three years 2021-22 to 2023-24. This represents a £48m decrease on the £1,104m planned in the 2020-23.
£19m	New schemes added to the programme. The programme does not include additional spending in the last year of three-year rolling programmes pending announcement of multi-year revenue settlement.
£54m	Schemes removed since last year.
£168m	Spending rephased from 2020-21 into proposed programme for 2021-24.
£567m	Confirmed or indicative government grants to fund capital expenditure.
£218m	Proposed borrowing to fund the programme. The rephasing and removal of schemes has reduced cost of borrowing (Minimum Revenue Provision and interest) by £7.7m for 2021-22 but will increase in later years as the spend is reinstated.
£271m	Funding from other sources (capital receipts, developer contributions, external funding).

8.1 The three year Capital Programme 2020-23 was approved by County Council in February 2020. This took into account the need to set a realistic and deliverable programme and avoid the significant over-programming and subsequent underspending against capital that has been a feature for several years.

8.2 The three year Capital Programme 2021-24 and the longer term 10 year programme provides an updated assessment of the capital financing requirements and the consequent impact on the revenue budget and borrowing strategy.

Capital spending: a reminder of what it is

Capital spending is expenditure on the purchase or enhancement of physical assets where the benefit will last longer than the year in which it is incurred e.g. school buildings, roads, economic development schemes, IT systems, etc. It includes the cost of purchasing land, construction costs, professional fees, plant and equipment and grants for capital expenditure to third parties. Capital spending plans are determined according to the Council's statutory responsibilities and local priorities as set out in the MTFP, with the aim of delivering the vision set out in the Strategic Statement.

Capital spending is funded via a variety of sources including government grants, capital receipts, external contributions and borrowing. Borrowing has to be affordable as the cost of interest and setting aside sufficient provision to cover the initial investment funded by loans, are borne as revenue budget each year based on the life of the asset.

8.3 Appendix A of this report sets out a summary of the proposed 2021-24 programme and associated financing requirements for each year. The analysis also includes projections for the subsequent 7 years as an overall amount. The summary provides a high-level overview for the whole council. The individual directorate pages in appendix B provides more detail of rolling programmes and individual projects.

8.4 A significant proportion of the capital programme is funded by grants from government departments, particularly Department for Education (DfE) and Department for Transport (DfT). In many cases future year's grant allocation notifications have not been received and the capital programme is therefore based on estimates. Some schemes also require external funding e.g. Heritage Lottery Fund (HLF) or Developer Contributions, which may not yet have been secured. Schemes that include significant elements of unsecured funding are shown in italics in the capital programme and will only go ahead if the funding is secured.

8.5 There are a number of risks to capital projects which could either affect the viability of schemes or could require the Council to take out additional short-term borrowing (temporary borrowing until alternative sources of funding are secured) or long-term borrowing (permanent alternative funding). These risks include:

- Higher than anticipated inflation on projects
- Lower than forecast developer contributions
- Lower capital receipt proceeds
- Unforeseen additional costs due to delays or scheme design

We will look to minimise the impact of risks through value engineering of schemes and at this stage no additional capital risks have been factored into the revenue budget plan.

Proposed 2021-22 Revenue – key numbers

£1,128.4m	Net revenue budget proposed for 2021-22. This represents a £64.7m increase on the £1,063.7m original approved budget for 2020-21 and £28.5m on the amended budget of £1,099.9m agreed by Council in September 2020.
£98.0m	Additional proposed spending. This includes both business as usual costs and the impact of recurring additional spending associated with the response to Covid-19. £32.8m relates to recurring base budget changes as per 2020-21 budget amendment, and £65.2m of new spending growth in 2021-22 (excluding changes in reserves). Of the new spending growth £43.9m is routine and relates to decisions and activities already being delivered, or contractual obligations. £17.4m relates to recurring additional spending as a result of Covid-19.
£21.3m	The remaining growth in spending is for forecast future demand and cost increases, or relates to policy. Detail in appendix E.
£42.5m	Proposed savings and income. Of this £37.4m relates to proposed savings, £2.5m additional income generation (mainly fees and charges), and £2.6m anticipated increases in public health grants (yet to be confirmed). Detail in appendix F.
£9.2m	Net change in reserves. This comprises £31.4m additional contributions to general and specific earmarked reserves, and £22.2m drawdown from 2020-21 forecast underspends and public health reserves.
£778.7m	Proposed to be raised from Council Tax precept. An increase of £29.3m on 2020-21. -£7.8m is due to 1.04%% reduction in the tax base due to increased low income discounts and lower collection rates and +£37.0m is raised from increase the in household charge up to but not exceeding 5% (including the additional adult social care levy).
£54.5m	Confirmed or indicative government grants. An increase of £4.3m in core grants for 2021-22 and £50.2m additional one-off Covid-19 grants supporting spending and council tax/business rates losses.

Revenue spending: a reminder of what it is

Revenue spending is spent on the provision of day to day services, either directly through KCC staff and operational buildings, or commissioned from third parties. Revenue spending is identified as gross spend and net spend after taking account of service income and specific government grants. The net revenue budget requirement is funded by a combination of council tax, locally retained business rates and un-ring-fenced grants from the Ministry of Housing Communities and Local Government (MHCLG) included in the local government finance settlement. Grants from other government departments are ring-fenced to specific activities and are shown as income to offset the related spending.

9.1 The new additional spending growth of £65.2m is summarised in appendix C and detailed in appendix E. It has been subdivided into the following categories:

Service Strategies and Improvements £12.3m	Various changes to address non-inflationary or demand pressures on services and includes the additional revenue cost of borrowing to support the capital programme and the impact of contract tenders.
Pay £4.6m	Net additional cost of proposed 2% award for most Kent scheme staff subject to discussions with trade unions or subject to pay bargaining, the cost of maintaining the current differential between the lowest pay range (KR2/3) and Foundation Living Wage, and the increased cost of employer pension contributions following the 2019 actuarial review of the Pension Fund.
Price inflation £12.4m	Contractual and negotiated price increases.
Increased demand and cost drivers £11.0m	Full year effect of changes in client numbers and care packages/usage in the current year. Includes estimates for future demand-led increases across a range of services including integrated children's services, home to school transport and concessionary bus travel.
Government & Legislative £3.6m	Changes in spending to ensure the Council complies with latest legislative updates and requirements.
Reduction in specific grants £1.5m	Loss of income due to previously announced reductions in specific grants. The consequential reductions in spending are shown as savings.
Base budget changes £8.0m	Changes to reflect known variations from the current year's approved budget. These adjustments are necessary to ensure the budget continues to be on a sustainable basis.
Replace use of one-offs £11.9m	Replacement of draw down from reserves or other one-off sources of funding to increase financial resilience and provide a sustainable basis for recurring expenditure supported in the current budget. This is not a replenishment of the reserves used to support previous budgets.

9.2 The proposed savings and income have been sub-divided between transformation savings (achieving improved outcomes for less money), efficiency savings (same outcomes for less money), income generation, increases in specific government grants, savings from policy changes, and financing savings (changes in debt repayments and draw down from reserves) in appendix C. Proposed savings and income generation are set out in detail in appendix F.

10.1 Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its financial standing and resilience.

10.2 The Council's key sources of funding face an uncertain future and the Council, therefore, holds earmarked reserves and a working balance in order to mitigate future financial risks.

10.3 There are two main types of reserves:

- Earmarked Reserves – held for identified purposes and are used to maintain a resource in order to provide for expenditure in a future year/s.
- General Reserves – these are held for 'unforeseen' events.

10.4 The Council maintains reserves both for its General Fund activities and it accounts for the reserves of schools. The amount of reserves held is a matter of judgment which takes into account the reasons why reserves are maintained and the Council's potential financial exposure to risks. A draft Reserves Policy will be included as an Appendix to the budget report to County Council in February 2020

10.5 The Council holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to resource policy developments and initiatives without a disruptive impact on Council Tax. Capital reserves play a similar role in funding the Council's capital investment strategy.

10.6 The Council also relies on interest earned through holding cash and investment balances to support its general spending plans.

10.7 Reserves are one-off monies and, therefore, the Council generally aims to avoid using reserves to meet on-going financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

10.8 Reserves are therefore held for the following purposes:

- Providing a working balance
- Smoothing the impact of uneven expenditure profiles between years e.g. collection fund surpluses or deficits, local elections, structural building maintenance and carrying forward expenditure between years.
- Holding funds for future spending plans e.g. capital expenditure plans, and for the renewal of operational assets e.g. information technology renewal.
- Meeting future costs and liabilities where an accounting 'provision' cannot be justified.

- Meeting future costs and liabilities so as to cushion the effect on services e.g. the Insurance Reserve for self-funded liabilities arising from insurance claims.
- To provide resilience against future risks.
- To create policy capacity in a context of forecast declining future external resources.

10.9 All earmarked reserves are held for a specific purpose. A summary of the movement on each reserve is published annually, to accompany the annual Statement of Accounts.

10.10 Following the review of existing reserves we have established two new reserves; to meet the cost of ICT investments required to deliver the council's Strategic Reset Programme objectives, and to cover feasibility work undertaken to support capital programme planning and delivery. Within the budget proposals we are also proposing that insecure and variable funding sources should not be used to fund base budget core activities (e.g. New Homes Bonus, company dividends, proceeds from Kings Hill) and should instead be held in a new reserve to fund time limited key strategic projects and activities.

10.11 Appendix H sets out in more detail the risks and opportunities facing the council and an assessment of the key factors to take into account to determine the adequacy of reserves.

Appendix

Summary of Proposed Capital Programme and Financing	A
Capital Programme Proposals by Directorate	B
Summary of Proposed Revenue Budget and Financing	C
Summary of Proposed Directorate Revenue Budgets	D
Proposed Spending Growth in Revenue Budget	E
Proposed Savings and Income in Revenue Budget	F
National Fiscal and Economic Context	G
Budget Risks and Adequacy of Reserves	H

Background documents

Below are click-throughs to reports, more information, etc.
Click on the item number to be taken to the relevant webpage.

KCC's Budget webpage	1
KCC's Corporate Risk Register and Risk Management Policy & Strategy	2
KCC's approved 2020-21 Budget	3
KCC's Budget Consultation, launched on 14 th October 2020	4
KCC's report on 2021 Budget Consultation	5

APPENDIX A - 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	6,917	5,785	4,000	4,800
2	Children, Young People & Education	CYPE	836,178	538,621	181,842	84,539	31,176	0
3	Growth, Environment & Transport	GET	992,330	215,888	213,316	195,287	250,377	117,462
4	Strategic & Corporate Services	S&CS	97,363	18,860	21,297	29,206	28,000	0
5	Feasibility Fund		4,000		1,000	1,000	2,000	
6	Total Cash Limit		1,955,021	777,017	424,372	315,817	315,553	122,262

Funded By:

7	Borrowing	360,955	140,484	152,559	63,197	1,715	3,000
8	Property Enterprise Fund (PEF) 2	369	369				
9	Grants	1,062,004	456,763	192,479	154,514	219,970	38,278
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	16,356	12,092	4,127	39,800
12	Revenue Contributions to Capital	21,491	5,142	6,896	8,851	602	
13	Capital Receipts	62,275	42,475	10,930	7,120	1,750	
14	Recycled Loan Repayments	86,690	39,707	16,405	18,716	8,051	3,811
15	Total Finance	1,955,021	777,017	424,372	315,817	315,553	122,262

APPENDIX B - 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	4,000	4,000	4,000	4,800
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	6,667	5,535	4,000	4,800
8	Total - Adult Social Care & Health		25,150	3,648	6,917	5,785	4,000	4,800

** 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.

APPENDIX B - 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 £000s	Cash Limits		
				2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s
				1	<i>Annual Planned Enhancement Programme*</i>	<i>Planned and reactive capital projects to keep schools open and operational</i>
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	<i>Schools' Modernisation Programme*</i>	<i>Improving and upgrading school buildings including removal of temporary classrooms</i>	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 £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
					Basic Need Schemes - to provide additional pupil places:			
7	<i>Basic Need Kent Commissioning Plan (KCP) 2016 & previous years</i>	<i>Increasing the capacity of Kent's schools</i>	326,577	316,052	10,525	0	0	0
8	<i>Basic Need KCP 2017</i>	<i>Increasing the capacity of Kent's schools</i>	154,790	88,118	48,053	18,619	0	0
9	<i>Basic Need KCP 2018</i>	<i>Increasing the capacity of Kent's schools</i>	45,079	10,661	30,918	3,500	0	0
10	<i>Basic Need KCP 2019</i>	<i>Increasing the capacity of Kent's schools</i>	65,165	6,629	31,560	26,976	0	0
11	<i>Basic Need KCP 2020</i>	<i>Increasing the capacity of Kent's schools</i>	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	25,846	8,546	15,800	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	<i>Nest 2</i>	<i>Provision of a residential facility for children and young people in Kent and Medway with Autistic Spectrum Conditions (ASC)</i>	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 Individual Projects		795,262	538,621	161,149	64,316	31,176	0

APPENDIX B - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2021-22 TO 2023-24

19	Total - Children, Young People & Education		836,178	538,621	181,842	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

APPENDIX B - 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	2022-23	2023-24
				Year 1 £000s	Year 2 £000s	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	<i>Highways Asset Management/Annual Maintenance and programme of Significant and Urgent Safety Critical Works*</i>	<i>Maintaining Kent's roads</i>	163,202	88,576	74,626	0
6	<i>Integrated Transport Schemes*</i>	<i>Improvements to road safety</i>	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 £000s	Prior Years Spend £000s	Cash Limits			
					2021-22	2022-23	2023-24	Later Years
					Year 1 £000s	Year 2 £000s	Year 3 £000s	Years 4-10 £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

APPENDIX B - 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	
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	12,973	12,923	50	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 accommodation 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

APPENDIX B - 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
Highways, Transportion & 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	4,592	0	4,592	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	1,217	600	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 Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	11,309	5,649	5,660	0	0	0
43	Kent Thameside LSTF - Integrated door-to-door journeys	Package of measures to reduce congestion	7,518	5,008	2,510	0	0	0
44	Kent Thameside Strategic Transport Programme	Strategic highway improvement in Dartford & Gravesham	38,205	1,327	8,280	21,500	7,098	0
45	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
46	Live Labs	Research project into use of digital technology and intelligent analytics within Highways Asset Management	1,975	1,775	200	0	0	0
47	Maidstone Integrated Transport	Improving transport links with various schemes in Maidstone	10,850	6,584	2,316	1,950	0	0
48	Manston Green	Project to deliver a junction improvement scheme	6,290	0	1,213	4,215	834	28
49	Market Square Dover	Project to improve access and public realm at Market Square in Dover	2,940	570	2,360	5	5	0
50	M20 Junction 4 Eastern over bridge	Carriageway widening	6,196	6,153	22	13	8	0

APPENDIX B - 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	
51	<i>Newingreen A20 Junction Improvement</i>	<i>Junction improvement scheme</i>	3,038	2	120	2,500	416	0
52	New Transfer Station - Folkestone & Hythe	To provide a new waste transfer station in Folkestone & Hythe	9,585	201	1,000	8,384	0	0
53	Rathmore Road Link	Road improvement scheme	8,008	7,873	69	66	0	0
54	Street Lighting Concrete Column - Replacement Scheme	Replacement of concrete columns	2,629	2,543	86	0	0	0
55	<i>Sturry Link Road, Canterbury</i>	<i>Construction of bypass</i>	29,600	2,030	6,061	11,440	7,627	2,442
56	Tunbridge Wells Junction Improvements	Junction improvements to ease congestion	1,957	1,226	731	0	0	0
57	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
58	West Kent local sustainable transport - tackling congestion	Package of measures to reduce congestion and carbon footprint	6,050	5,300	750	0	0	0
59	<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
60	<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
61	<i>Thanet Way</i>	<i>Structural improvement to the Thanet Way A299</i>	50,000	0	0	0	50,000	0
62	<i>A228 Colts Hill Strategic Link - Road Scheme</i>	<i>Construction of bypass</i>	45,000	0	0	0	0	45,000
63	<i>Orchard Way Railway bridge, Ashford</i>	<i>Strategic highway improvement</i>	15,000	0	0	0	0	15,000
64	<i>South East Maidstone Strategic Link - Road Scheme</i>	<i>Construction of bypass</i>	35,000	0	0	0	0	35,000
65	Total Individual Projects		818,673	215,888	119,414	115,534	250,375	117,462
66	Total - Growth, Environment & Transport		992,330	215,888	213,316	195,287	250,377	117,462

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

APPENDIX B - 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	6,746	684	3,062	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		85,367	18,860	15,147	23,360	28,000	0

14	Total - Strategic & Corporate Services		97,363	18,860	21,297	29,206	28,000	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

Appendix C - High Level 2021-22 Revenue Budget

2020-21			2021-22	
£000s	£000s		£000s	£000s
		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
	986,374.4	Revised 2020-21 Base Budget		1,096,476.1
		Growth Proposals		
10,153.4		Net Base Budget Changes	7,983.7	
21,115.2		Replacement of Use of Reserves and Other One-off Budget Solutions	11,892.5	
1,400.0		Reduction in Grant Funding	1,463.3	
7,893.0		Pay	4,609.6	
23,806.5		Prices	12,356.0	
21,229.0		Demand & Cost Drivers	11,007.5	
9.5		Government & Legislative	3,638.6	
		<u>Service Strategies and Improvements</u>		
		Contributions to reserves	31,425.2	
21,867.3		Other	12,274.3	
	107,473.9	Total Growth Proposals		96,650.7
		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	-2,481.9	
-110.0		Premises	-108.0	
-4,245.2		Contracts & Procurement	-5,450.6	
-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	-11,995.9	
	-30,194.0	Total Savings & Income		-64,750.2
	1,063,654.3	Net Budget Requirement		1,128,376.6
		<u>Funded by</u>		
9,641.7		Revenue Support Grant	9,695.0	
10,530.9		Social Care Support Grant	34,366.8	
23,835.9		New Social Care Grant for 2021-22	4,776.5	
		Covid 19 grant	32,357.0	
		Compensation for irrecoverable local taxation losses due to Covid 19 *	3,553.9	
		Local Council Tax Support grant *	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 *	20,293.8	
55,938.0		Local Share of Retained Business Rates *	48,700.6	
2,562.9		Business Rate Collection Fund *	-586.5	
683,653.7		Council Tax Yield (including increase up to referendum limit but excluding social care levy) *	690,684.7	
65,789.7		Council Tax Adult Social Care Levy *	88,018.6	
3,898.3		Council Tax Collection Fund *	-4,738.5	
	1,063,654.3	Total Funding		1,128,376.6
		* These figures are estimates and are still subject to change		

APPENDIX D

2021-22 PROPOSED BUDGET BY DIRECTORATE

	ASCH	CYPE	GET	PH	S&CS	Non Apportionable	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
2020-21 Base Budget approved by County Council on 13th February 2020	410,401.9	274,420.6	182,571.0	0.0	84,240.2	112,020.6	1,063,654.3
Growth Proposals <i>(including recurring changes to budgets included in the Budget Amendment approved at County Council 10th September 2020)</i>	31,699.2	34,484.3	2,474.4	7,912.6	11,495.6	41,406.4	129,472.5
Savings & Income Proposals	-13,003.5	-6,411.3	-11,511.6	-7,912.6	-1,444.8	-24,466.4	-64,750.2
TOTAL 2021-22 PROPOSED BUDGET	429,097.6	302,493.6	173,533.8	0.0	94,291.0	128,960.6	1,128,376.6

Appendix E - Detailed 2021-22 Revenue Growth Proposals

Directo rate	Heading	Description	TOTAL £000s
	Base Adjustments (internal) 2020-21 Budget Amendment	Recurring changes to budgets included in the Budget Amendment approved at County Council 10th September 2020	32,821.8
	Growth Proposals	Details provided of growth proposals where there is an element of choice	
	<i>Net Base Budget Changes</i>	<i>Growth proposals based on current and forecast activity levels</i>	7,983.7
	Various	Total changes for current known levels of activity	-200.4
	Various	Total known unavoidable changes	3,608.0
	Covid related provision	Revisions to estimated Covid related provisions approved in the September 2020 budget amendment	-9,000.0
CYPE	Special Educational Needs & Disability (SEND)	Impact of Covid 19 pandemic on referrals for Education, Health and Care Plan assessments	500.0
NA	Investment Income	Impact of Covid on the financial markets resulting in a reduced return on our investments	2,150.0
	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
CYPE	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
ASCH	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 always been occupied free of charge.	200.0
S&CS	Corporate Landlord	Provision for potential loss of rental income from tenants who deferred rent from 2020-21 and have subsequently gone out of business	200.0
S&CS	Corporate Landlord	Potential savings on utilities and facilities management costs from buildings remaining closed	-133.0
GET	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
NA	Return from our companies	Remove the dividends from our companies from the base budget due to their insecure and variable nature. Future returns to be used to fund time limited activities to support Strategic Priorities	6,500.0
	<i>Replace use of one-offs</i>	<i>Planned removal of one-off use of reserves and underspends in approved base budget for 2020-21</i>	11,892.5
CYPE & PH	<i>Reduction In Grant Income</i>		1,463.3
	<i>Pay and Prices</i>		
	<i>Pay</i>		4,609.6
	Various	Total known unavoidable changes	293.0
All	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	4,100.0
PH	Public Health Pay & Pensions	Estimated impact of increases in NHS Pension costs and KCC pay award for KCC Public Health staff	216.6
	<u>Inflation</u>		12,356.0
	Various	Total changes for current known levels of activity	-853.1

Appendix E - Detailed 2021-22 Revenue Growth Proposals

Directo rate	Heading	Description	TOTAL £000s
	Various	Total known unavoidable changes	3,692.1
ASCH & CYPE	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	5,512.2
CYPE	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
NA	Levies	Estimated increase in Environment Agency Levy together with impact of estimated change in taxbase	24.3
PH	Public Health contracts	Estimated increase in contract prices due to uplift in NHS Pension costs	2,357.0
PH	Public Health - Sexual Health & Healthy Lifestyles	Increased costs of prescription drugs due to impact of Brexit	506.5
<i>Demand & Cost Drivers</i>			11,007.5
<i>Additional spending associated with change in demand, population growth and other cost drivers</i>			
	Various	Total known unavoidable changes	2,594.1
ASCH & CYPE	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	2,354.7
CYPE	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
CYPE	Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport	2,798.0
CYPE	Home to School transport - Mainstream	Estimated impact of rising pupil population on Mainstream Home to School transport	339.0
GET	English National Concessionary Travel Scheme	Temporary reduction in journeys travelled due to the Covid 19 pandemic	-2,000.0
PH	Public Health - Sexual Health	Increase in online contract for sexual health services based on anticipated service trends	150.0
PH	Public Health - Healthy Lifestyles	Increase in number of people eligible for health checks based on predicted population growth for 40-70 year olds	124.0
CYPE	Special Educational Needs & Disability (SEND)	Increasing number of Education Health & Care Plan assessments	200.0
GET	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
PH	Public Health	Other minor demographic pressures	68.7
<i>Government & Legislative</i>			3,638.6
	Various	Total known unavoidable changes	1,201.0
GET	Coroners Service	A reduction in the additional budget provided in 2019-20 for the new burdens impact of the Medical Examiner Service, and new responsibilities and services as a result of legislative reform including increased responsibilities in relation to Duty Officer Scheme	-80.0
PH	Public Health - Sexual Health	Additional premises costs as a result of Covid-19	75.0
PH	Public Health - Children's	Additional premises costs for Children's Centres	100.0
S&CS	Corporate Landlord	Increase in cleaning costs of buildings to ensure they are Covid secure	200.0
S&CS	Infrastructure	Additional ICT equipment and peripherals to enable more flexible working required as a result of Covid	250.0

Appendix E - Detailed 2021-22 Revenue Growth Proposals

Directo rate	Heading	Description	TOTAL £000s
S&CS	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
S&CS	Personal Protective Equipment	Warehousing and distribution costs of PPE	360.0
CYPE	Community Learning & Skills	Continued loss of income as a result of the Covid pandemic	150.0
GET	Regeneration	Continuation of the Covid Business Help Line	200.0
GET	Coroners	Increased referrals, a backlog of cases due to delays and additional measures required social distancing as a result of the Covid pandemic	320.0
GET	Library Service	Continued loss of income as a result of the Covid pandemic	146.3
GET	Registration Service	Continued loss of income as a result of the Covid pandemic	506.3
GET	Loss of Service income	Continued loss of income 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
Service Strategies & Improvements			43,699.5
	Various	Total changes for current known levels of activity	146.1
	Various	Total known unavoidable changes including additional debt charges relating to prior year capital programme decisions	9,013.7
CYPE	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
NA	Capital Programme	Impact on debt charges of review of 2021-24 capital programme	-1,830.0
GET	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
GET	Economic Development Recovery Plan	Re-design of the service to accommodate the Economic Recovery Plan following the Covid pandemic	150.0
GET	Economic Development Straits Committee	Support for the new Straits Committee, an initiative for cross border relations with local authorities of Nord Pas de Calais, East Flanders, West Flanders and Zeeland following the UK departure from the EU.	100.0
GET	Highways Drainage	Increase base budget provision for clearing highways drains	1,250.0
S&CS	Member Allowances	Uplift to Member Allowances in line with the staff pay pot	44.2
PH	Public Health - Children's Programme	Investment in Bereavement Counselling Service	175.0
PH	Public Health - Mental Health	Investment in Suicide Bereavement Counselling Service	125.0
ASCH	Loneliness & Social Isolation Select Committee	Removal of one-off additional costs in 2020-21 of implementing initiatives to tackle loneliness and social isolation as recommended by the Select Committee, including an awareness raising campaign; expanding community transport schemes and implementing a social prescribing model which enables organisations to refer people to a range of services that offer support for social, emotional and practical needs.	-50.0
GET	Waste enforcement	Removal of temporary funding provided in 2019-20 and 2020-21 to strengthen waste enforcement activity to work in conjunction with the District Councils to combat fly tipping	-125.0
GET	Business Case/bid writing development	To increase capacity to bid for external funding to support future capital projects for enhancing infrastructure in Kent	150.0
S&CS	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
CYPE	Mobile Classrooms	Provision of mobile classrooms to meet demand following delays in school building works due to Covid pandemic	1,121.0

Appendix E - Detailed 2021-22 Revenue Growth Proposals

Directo rate	Heading	Description	TOTAL £000s
S&CS	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
PH	Public Health - Children's Programme	New online platform aimed at parents	100.0
PH	Public Health - Substance Misuse	Outreach service for homeless and change resistance drinkers	100.0
PH	Public Health - Children's Programme	Maintain resilience hub for children's services	100.0
PH	Public Health - Sexual Health	Integrated Sexual Health Electronic Patient Record system	50.0
PH	Public Health - Healthy Lifestyles	Investment in Kent Sports Unit	100.0
PH	Public Health - Healthy Lifestyles	Additional investment in voluntary sector	100.0
PH	Public Health - Children's Programme	Investment in Children's Centres	1,000.0
GET	Planning Applications	Provide enforcement resource to address significant increase in unauthorised development and breaches of planning control across the county	75.0
GET	Public Rights of Way	Increase the number of surveyors in order to better identify risk and enable more effective asset management together with an increase in minor works and maintenance	150.0
	Other	Other minor service improvements	24.0
NA	Contribution to reserves - emerging pressures	Contribution to reserves for recognised emerging pressures to improve financial resilience and manage the uncertainty of the future impact on services of the Covid pandemic	10,000.0
NA	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
NA	Contribution to Reserves - New Homes Bonus	Contribution to reserves of the New Homes Bonus grant to fund Strategic Priorities	4,629.4
NA	Contribution to Reserves	Contribution to General Reserves to improve financial resilience	13,795.8
Total Additional Growth Proposals			96,650.7
Total Additional Growth Proposals and Recurring base adjustments included in the 2020-21 budget amendment			129,472.5

DIRECTORATE BREAKDOWN

ASCH	Adult Social Care & Health	31,699.2
CYPE	Children, Young People & Education	34,484.3
GET	Growth, Environment & Transport	2,474.4
PH	Public Health	7,912.6
S&CS	Strategic & Corporate Services	11,495.6
NA	Non Apportionable	41,406.4
		129,472.5

Appendix F - Detailed 2021-22 Revenue Savings and Income

Direct orate	Heading	Description	TOTAL £000s
<u>Savings and Income</u>			
<u>Transformation Savings</u>			-8,724.0
	Various	Full year effect of existing savings	-197.8
ASCH	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
CYPE	Foster Care	Savings in Independent Foster Agency placement costs resulting from recruitment of additional in house foster carers	-726.2
GET	Sport and Physical Activity	Fund from Public Health Grant	-100.0
<u>Income</u>			-2,459.1
	Various	Full year effect of existing savings	-93.0
	Various	Routine savings in line with existing policy	-1,754.5
GET	Economic Development	Increase in profit share from East Kent Opportunities joint venture with Thanet District Council	-100.0
PH	Public Health Pay & Pensions	Additional income from Kent Community Health Foundation Trust to cover staff costs	-126.6
PH	Public Health - Children's Programme	Additional income from CCG for Bereavement Counselling Service	-175.0
PH	Public Health - Mental Health	Additional income from CCG for Suicide Bereavement Counselling Service	-125.0
GET	Trading Standards	New income stream from safeguarding against rogue traders	-85.0
<u>Increases in Grants & Contributions</u>			-2,642.0
PH	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
<u>Efficiency Savings</u>			
<u>Staffing</u>			-2,481.9
GET	Staffing Restructures	Service re-design, integration of services and more efficient ways of working resulting in a reduction of staff and staff related costs	-30.0
GET	Highways	One-off use of grant funding to offset cost of works and operating fees	-2,000.0
PH	Public Health - Mental Health	Reduction in suicide prevention costs due to loss of income	-345.9
PH	Public Health	Realignment of staffing related budgets	-106.0
<u>Infrastructure</u>			-108.0
PH	Public Health - Sexual Health	Maintain virtual delivery of Psychosexual Health Counselling post Covid 19	-8.0
PH	Public Health - Sexual Health	Rationalisation of properties used for providing Sexual Health services	-100.0
<u>Contracts & Procurement</u>			-5,450.6
	Various	Full year effect of existing savings	-1,920.8
	Various	Routine savings in line with existing policy	-242.0
PH	Public Health - Sexual Health	Increased take-up of online sexual health services	-87.8

Appendix F - Detailed 2021-22 Revenue Savings and Income

Direct orate	Heading	Description	TOTAL £000s
ASCH	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
GET	Reduction of cost to process residual waste	Renegotiation of gate fee at offtakers dealing with residual waste	-200.0
CYPE	Home to School Transport - Procurement	Restructure and Retender the SEN transport network to achieve efficiencies	-2,000.0
	<u>Other</u>		-2,748.4
	Various	Routine savings in line with existing policy	-290.0
GET	Libraries, Registration & Archives (LRA)	Release of Libraries, Registration & Archives Ambition delivery budget	-75.0
CYPE	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
CYPE	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
S&CS	Early retirements	Review of early retirement budget	-500.0
GET	Sustainable Business & Communities	Reduce external support for delivery of environment and climate change evidence-bases, analysis/ engagement/ partnership activity, and on renewable energy projects	-66.0
	Financing Savings		-28,140.3
NA	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
CYPE	Public Health	One off release of Public Health reserve for funding Children's Centres	-500.0
PH	Public Health Reserves	Use of Public Health reserves to fund invest to save initiatives and one-off costs	-2,957.7
PH	Test & Trace grant reserve	Use of 2020-21 Test and Trace grant held in reserves to fund the test and trace programme	-216.2
NA	Drawdown corporate reserves	Drawdown of reserves related to underspending in 2020-21	-18,553.4
	Policy Savings		-11,995.9
	Various	Full year effect of existing savings	-193.5
GET	Prevention of queuing at Household Waste Recycling Centres (HWRCs)	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
GET	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
GET	Household Waste Recycling Centre - charging	Introduce charging for the use of Kent HWRCs for all non-Kent residents	-100.0
S&CS	Member Community Grants	Reduction in Member Community Grants budget from £20k to £10k per Member	-810.0
GET	Economic Development	Review of core services	-100.0

Appendix F - Detailed 2021-22 Revenue Savings and Income

Direct orate	Heading	Description	TOTAL £000s
ASCH	Adult Social Care - Non Framework Placements	Maximising the use of negotiated framework providers to improve quality and efficiency	-1,000.0
GET	Highways Fees and Charges	Review of Highways Asset Management and Transportation Team Fees & Charges and increase above usual rate of inflation uplift	-50.0
GET	Capitalisation of Highways Inspectors time	Capitalisation of staff time involved in statutory inspections which result in highway repair works	-100.0
GET	Libraries, Registration & Archives fees and income	Increase in fees and charges for library and registration services	-50.0
GET	Highways development agreement & pre-application charges	Increase Highways, Transport & Waste development agreement fees and pre-application charges by 10%	-120.0
GET	Strategic Planning & Infrastructure	Digitise only existing or immediately available data in 2021-22 to inform a refreshed Growth and Infrastructure Framework	-75.0
GET	Regeneration	Review of grants to and contracts with Kent's Regeneration Organisations	-250.0
GET	Review of Economic Development spend	Capitalisation of project management, staff time and legal costs and other savings related to Economic Development activity	-200.0
CYPE	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
GET	Arts	Review of grants to and contracts with Kent's Arts & Creative Organisations	-50.0
ASCH	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
CYPE	Home to School Transport (HTST) - Hubs	Introduction of standard pick up points for HTST for SEN children, for whom it is appropriate	-100.0
GET	Turner Contemporary	Reduction of revenue investment to Turner Contemporary	-80.0
GET	Cease £3m revenue contribution to capital for Pothole Blitz	Fund the annual pothole blitz from the Pothole Action Fund within capital until 2024-25 when the grant ceases, releasing the £3m revenue budget	-3,000.0
GET	Review of Community Wardens	Freeze current vacant posts	-220.0
PH	Public Health - Healthy Lifestyles	Retain virtual delivery of the Postural Stability Service post covid	-100.0
PH	Public Health - Healthy Lifestyles	Reduce the contribution to voluntary sector provided during lockdown	-70.0
PH	Public Health - Children's Programme	Remove the additional investment in childhood obesity	-400.0
PH	Public Health - Sexual Health	Reduce spend on Sexual Health activity	-26.8
PH	Public Health - Children's Programme	Reduce spend on Canterbury Early Years project	-9.6
PH	Public Health - Children's Programme	Reduce spend on Oral Health promotion	-30.0
PH	Public Health - Children's Programme	Remove Hearing Screening for school age children	-256.0
PH	Public Health - Children's Programme	Reduce spend on Targeted Relationships	-100.0
PH	Public Health - Healthy Lifestyles	Reduce spend on the Healthy Walks programme	-30.0
Total savings and Income			-64,750.2

Appendix F - Detailed 2021-22 Revenue Savings and Income

Direct orate	Heading	Description	TOTAL £000s
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DIRECTORATE BREAKDOWN

ASCH	Adult Social Care & Health		-13,003.5
CYPE	Children, Young People & Education		-6,411.3
GET	Growth, Environment & Transport		-11,511.6
PH	Public Health		-7,912.6
S&CS	Strategic & Corporate Services		-1,444.8
NA	Non Apportionable		-24,466.4
			-64,750.2