

A large, stylized blue horse logo is positioned in the background, facing left. The horse is depicted in a dynamic, galloping pose with its front legs extended forward and its tail flowing. The entire background of the cover is a solid dark blue color.

# Budget Book 2022-23

Approved by County Council  
10 February 2022

Including:

Ten Year Capital Programme 2022-32

Revenue Medium Term Financial Plan 2022-25

*[kent.gov.uk/budget](https://kent.gov.uk/budget)*





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# SECTION 1

[10<sup>th</sup> February 2022 County Council Budget Report](#)

Details of hyperlink:

<https://democracy.kent.gov.uk/mgChooseDocPack.aspx?ID=8754>



# SECTION 2

31<sup>st</sup> March 2022 Cabinet Report on KCC Share of Retained Business Rates and Final Local Government Settlement 2022-23

[Summary Report](#)

[Detailed Report](#)

Details of hyperlinks:

Summary Report:

<https://democracy.kent.gov.uk/documents/s110189/Cabinet%20Report%2031-3%20Business%20rates%20and%20final%20settlement.pdf>

Detailed Report:

<https://democracy.kent.gov.uk/documents/s110190/Cabinet%20Report%20on%20Retained%20Business%20Rates%20and%20Final%20Local%20Government%20Finance%20Settlement.pdf>





# **SECTION 3**

## **Report to Political Group Leaders on Minor technical Changes**



## NOTE

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

From: Zena Cooke, Director of Finance

Date: 4<sup>th</sup> March 2022

Subject: **Consultation on proposed minor technical changes to the  
2022-23 Revenue Budget**

### Introduction

The 2022-23 revenue budget of £1,182.7m was approved by County Council on 10<sup>th</sup> February 2022 including two amendments. County Council also approved to delegate authority to the Corporate Director of Finance (after consultation with the Leader, the Deputy Leader and Cabinet Member for Finance, Corporate & Traded Services and the political Group Leaders) to resolve any minor technical issues for the final budget ahead of the start of the new financial year. This note sets out the detail of these minor technical changes which we are proposing to make before finalising the budget ahead of the start of the new financial year. These changes arise from new information which has been received since the County Council budget meeting papers were published.

There are other changes to the 2022-23 revenue budget relating to retained business rates and the final Local Government Finance Settlement. In accordance with the agreed recommendation, these specific changes will be reported to Cabinet on 31<sup>st</sup> March.

### Minor Technical Changes post County Council

1. The Public Health grant for 2022-23 was confirmed on the 07/02/2022 as £71,692.7k. This represents a cash increase of £1,959.0k from 2021-22. We had estimated the increase in grant at £2,161.8k (as reflected in appendix F to

the County Council budget report), so this announcement represents a reduced increase of £202.8k. Public Health will manage this lower increase in the short term by an additional draw down from the Public Health reserve.

2. Member Allowances – the County Council agreed the Members Allowances Scheme 2021-2025 on 4<sup>th</sup> November 2021. This included agreement to an annual indexation formula. The formula calculation for 2022-23 uplift has recently been completed and confirmed the increase at 1.875%. This was rounded to 2% in the appendix to the County Council budget papers. This increase will apply to the Basic Allowance, Special Responsibility Allowances, and Dependents' Carers' Allowance. This is a lower percentage than assumed and therefore the budget will be adjusted to reflect this agreed increase.
3. Council Tax Collection Fund – Tonbridge and Malling district council has amended their surplus collection fund balance which provides the Council with an additional one-off £40k.
4. The government have provided confirmation of an improved final Taxation Income Guarantee (TIG) grant which provides compensation for loss of taxation income in 2020-21 due to Covid-19. This provides the Council with an additional net £9.9k of grant funding in 2022-23.
5. The allocation of pay based on moderated Total Contribution Pay assessments has now been completed and individual directorate budgets have received their proportionate share of the pay pot. It was held corporately for the County Council papers pending the assessment information.

The changes itemised above result in a small net improvement to the budget of £85.6k (£49.9k relates to changes in funding and £35.7k relates to changes in spending plans). We are proposing to reduce the drawdown from the smoothing reserve by this net amount.

We need to finalise these changes by Friday 18<sup>th</sup> March so if you have any comments on the proposed changes above, please contact me before this date.

Regards



Zena Cooke  
Director of Finance

# **SECTION 4**

## **Appendix A: Summary of Capital Programme & Financing 2022-23 to 2031-32**



## APPENDIX A - Summary of Capital Programme & Financing 2022-32

### Capital Investment Plans:

ROW REF	Directorate		Total Cost  £000s	Prior Years Spend  £000s	Cash Limits			
					2022-23 Year 1 £000s	2023-24 Year 2 £000s	2024-25 Year 3 £000s	2025-26 Year 4 £000s
1	Adult Social Care & Health	ASCH	9,880	3,304	650	3,926	250	250
2	Children, Young People & Education	CYPE	871,041	514,567	114,766	82,008	23,025	19,525
3	Growth, Environment & Transport	GET	1,459,566	244,937	187,766	172,058	187,320	98,598
4	Strategic & Corporate Services	S&CS	143,059	18,546	36,112	39,201	6,150	6,150
5	<b>Total Cash Limit</b>		<b>2,483,546</b>	<b>781,354</b>	<b>339,294</b>	<b>297,193</b>	<b>216,745</b>	<b>124,523</b>

### Funded By:

6	Borrowing	543,980	120,040	109,622	74,791	45,385	28,685
7	Property Enterprise Fund (PEF) 2	369	369				
8	Grants	1,467,271	470,493	165,157	140,098	128,756	70,305
9	Developer Contributions	205,636	100,290	14,986	43,944	24,285	15,030
10	Other External Funding e.g. Arts Council, District Contributions etc.	32,172	15,179	13,977	3,016	0	0
11	Revenue Contributions to Capital	103,699	10,763	9,600	9,336	9,250	9,250
12	Capital Receipts	42,929	17,093	12,439	7,073	1,154	1,253
13	Recycled Loan Repayments	87,490	47,127	13,513	18,935	7,915	0
14	<b>Total Finance</b>	<b>2,483,546</b>	<b>781,354</b>	<b>339,294</b>	<b>297,193</b>	<b>216,745</b>	<b>124,523</b>

## APPENDIX A - Summary of Capital Programme & Financing 2022-32

### Capital Investment Plans:

ROW REF	Directorate		Cash Limits					
			2026-27 Year 5 £000s	2027-28 Year 6 £000s	2028-29 Year 7 £000s	2029-30 Year 8 £000s	2030-31 Year 9 £000s	2031-32 Year 10 £000s
1	Adult Social Care & Health	ASCH	250	250	250	250	250	250
2	Children, Young People & Education	CYPE	19,525	19,525	19,525	19,525	19,525	19,525
3	Growth, Environment & Transport	GET	153,636	149,125	69,896	65,410	65,410	65,410
4	Strategic & Corporate Services	S&CS	6,150	6,150	6,150	6,150	6,150	6,150
5	<b>Total Cash Limit</b>		<b>179,561</b>	<b>175,050</b>	<b>95,821</b>	<b>91,335</b>	<b>91,335</b>	<b>91,335</b>

### Funded By:

6	Borrowing	25,682	26,835	28,235	28,235	28,235	28,235
7	Property Enterprise Fund (PEF) 2						
8	Grants	138,361	136,815	57,686	53,200	53,200	53,200
9	Developer Contributions	5,601	1,500	0	0	0	0
10	Other External Funding e.g. Arts Council, District Contributions etc.	0	0	0	0	0	0
11	Revenue Contributions to Capital	9,250	9,250	9,250	9,250	9,250	9,250
12	Capital Receipts	667	650	650	650	650	650
13	Recycled Loan Repayments	0	0	0	0	0	0
14	<b>Total Finance</b>	<b>179,561</b>	<b>175,050</b>	<b>95,821</b>	<b>91,335</b>	<b>91,335</b>	<b>91,335</b>



# **SECTION 5**

## **Appendix B: Capital Programme by Directorate 2022-23 to 2031-32**



## Adult Social Care & Health (ASCH)

ROW REF	Rolling Programmes [3]	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [1]	Provision of equipment and/or alterations to individuals' homes	2,500		250	250	250	250
2	<b>Total Rolling Programmes</b>		<b>2,500</b>		<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>

ROW REF	Individual Programmes	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
Kent Strategy for Services for Learning Disability (LD):								
3	Learning Disability Good Day Programme [1]	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	4,735	2,209	0	2,526	0	0
Other Individual Projects:								
4	Community Sexual Health Services [1]	Development of premises for delivery of community sexual health services	1,345	945	400	0	0	0
5	Hedgerows [1]	A new purpose-built facility for people with complex needs and also for adult in-house service provision	1,300	150	0	1,150	0	0
6	Total Invididual Projects		7,380	3,304	400	3,676	0	0
7	Total - Adult Social Care & Health		9,880	3,304	650	3,926	250	250

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

[2] Estimated allocations have been included for 2022-23 and 2031-32

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

## APPENDIX B - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2022-23 TO 2031-32

### Adult Social Care & Health (ASCH)

ROW REF	Rolling Programmes [3]	Description of Project	Cash Limits					
			2026-27 Year 5	2027-28 Year 6	2028-29 Year 7	2029-30 Year 8	2030-31 Year 9	2031-32 Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [1]	Provision of equipment and/or alterations to individuals' homes	250	250	250	250	250	250
2	<b>Total Rolling Programmes</b>		<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>

ROW REF	Individual Programmes	Description of Project	Cash Limits					
			2026-27 Year 5	2027-28 Year 6	2028-29 Year 7	2029-30 Year 8	2030-31 Year 9	2031-32 Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
Kent Strategy for Services for Learning Disability (LD):								
3	Learning Disability Good Day Programme [1]	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	0	0	0	0	0	0
Other Individual Projects:								
4	Community Sexual Health Services [1]	Development of premises for delivery of community sexual health services	0	0	0	0	0	0
5	Hedgerows [1]	A new purpose-built facility for people with complex needs and also for adult in-house service provision	0	0	0	0	0	0
6	Total Invididual Projects		0	0	0	0	0	0
7	Total - Adult Social Care & Health		250	250	250	250	250	250

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

[2] Estimated allocations have been included for 2022-23 and 2031-32

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

## APPENDIX B - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2022-23 TO 2031-32

### Children, Young People & Education (CYPE)

ROW REF	Rolling Programmes [3]	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Annual Planned Enhancement Programme [1] [2]	Planned and reactive capital projects to keep schools open and operational	83,227		8,227	9,500	9,500	8,000
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	45,000		4,500	4,500	4,500	4,500
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	50,000		5,000	5,000	5,000	5,000
4	Youth - Modernisation of Assets	To purchase vehicles and equipment for youth services	347		122	25	25	25
5	Schools' Modernisation Programme [1] [2]	Improving and upgrading school buildings including removal of temporary classrooms	24,000		2,000	4,000	4,000	2,000
6	Total Rolling Programmes		202,574		19,849	23,025	23,025	19,525

ROW REF	Individual Programmes	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
Basic Need Schemes - to provide additional pupil places:								
7	Basic Need Kent Comissioning Plan (KCP) 2016 & previous years	Increasing the capacity of Kent's schools	328,701	328,701	0	0	0	0
8	Basic Need KCP 2017 [1]	Increasing the capacity of Kent's schools	136,189	110,251	19,938	6,000	0	0
9	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	47,959	24,268	23,691	0	0	0
10	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	92,691	17,414	38,642	36,635	0	0
11	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	18,678	630	3,250	14,798	0	0
Other Projects								
12	Nest 2 [1]	Provision of a residential facility for children and young people in Kent and Medway with Autistic Spectrum Conditions (ASC)	1,550	0	0	1,550	0	0
13	John Wallis Academy [1]	Provision of a new primary school building and relocation of children's centre	5,311	5,011	300	0	0	0
14	Priority School Build Programme (PSBP) 1 & 2	Additional works under the PSBP programme not funded by the Education and Skills Funding Agency (ESFA)	24,372	24,372	0	0	0	0
15	High Needs Provision	Specific projects relating to high needs provision	6,389	1,495	4,894	0	0	0
16	School Roofs	Structural repairs to school roofs	6,627	2,425	4,202	0	0	0
17	Total Invididual Projects		668,467	514,567	94,917	58,983	0	0
18	Total - Children, Young People & Education		871,041	514,567	114,766	82,008	23,025	19,525

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

[2] Estimated allocations have been included for 2022-23 and 2031-32

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

**APPENDIX B - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2022-23 TO 2031-32**
**Children, Young People & Education (CYPE)**

ROW REF	Rolling Programmes [3]	Description of Project	Cash Limits					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Annual Planned Enhancement Programme [1] [2]	Planned and reactive capital projects to keep schools open and operational	8,000	8,000	8,000	8,000	8,000	8,000
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	4,500	4,500	4,500	4,500	4,500	4,500
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	5,000	5,000	5,000	5,000	5,000	5,000
4	Youth - Modernisation of Assets	To purchase vehicles and equipment for youth services	25	25	25	25	25	25
5	Schools' Modernisation Programme [1] [2]	Improving and upgrading school buildings including removal of temporary classrooms	2,000	2,000	2,000	2,000	2,000	2,000
6	<b>Total Rolling Programmes</b>		<b>19,525</b>	<b>19,525</b>	<b>19,525</b>	<b>19,525</b>	<b>19,525</b>	<b>19,525</b>

ROW REF	Individual Programmes	Description of Project	Cash Limits					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
<b>Basic Need Schemes - to provide additional pupil places:</b>								
7	Basic Need Kent Comissioning Plan (KCP) 2016 & previous years	Increasing the capacity of Kent's schools	0	0	0	0	0	0
8	Basic Need KCP 2017 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
9	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
10	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
11	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
<b>Other Projects</b>								
12	Nest 2 [1]	Provision of a residential facility for children and young people in Kent and Medway with Autistic Spectrum Conditions (ASC)	0	0	0	0	0	0
13	John Wallis Academy [1]	Provision of a new primary school building and relocation of children's centre	0	0	0	0	0	0
14	Priority School Build Programme (PSBP) 1 & 2	Additional works under the PSBP programme not funded by the Education and Skills Funding Agency (ESFA)	0	0	0	0	0	0
15	High Needs Provision	Specific projects relating to high needs provision	0	0	0	0	0	0
16	School Roofs	Structural repairs to school roofs	0	0	0	0	0	0
17	<b>Total Invididual Projects</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
18	<b>Total - Children, Young People &amp; Education</b>		<b>19,525</b>	<b>19,525</b>	<b>19,525</b>	<b>19,525</b>	<b>19,525</b>	<b>19,525</b>

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

[2] Estimated allocations have been included for 2022-23 and 2031-32

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

## Growth, Environment & Transport (GET)

ROW REF	Rolling Programmes [3]	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
Growth & Communities								
1	Country Parks Access and Development	Improvements and adaptations to country parks	619		79	60	60	60
2	Public Rights of Way	Structural improvements of public rights of way	9,196		1,096	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	750		75	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	750		75	75	75	75
Highways & Transportation								
5	Highways Asset Management/Annual Maintenance and programme of Significant and Urgent Safety Critical Works [1] [2]	Maintaining Kent's roads	609,125		73,125	64,000	59,000	59,000
6	Integrated Transport Schemes [1] [2]	Improvements to road safety	44,925		4,425	4,500	4,500	4,500
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	327		30	50	50	50
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	190		178	12	0	0
9	Total Rolling Programmes		665,882		79,083	69,672	64,660	64,660

ROW REF	Individual Programmes	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
	Growth & Communities							
10	Digital Autopsy	To provide a body storage and digital autopsy facility	3,158	344	2,814	0	0	0
11	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	300	92	208	0	0	0
12	Public Mortuary	To consider options for the provision of a public mortuary	3,000	0	0	0	0	3,000
13	Herne Bay Library Plus	Project to refurbish the library and address long-term building issues	516	216	300	0	0	0
14	Tunbridge Wells Cultural Hub (Amelia)	Contribution to the development of a cultural and learning hub in partnership with Tunbridge Wells Borough Council, including library, registration and adult education	1,586	886	350	350	0	0
15	Broadband Contract 2	To extend the reach of superfast broadband so that 95% of homes and businesses can access superfast broadband	10,465	10,465	0	0	0	0
16	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	10,374	6,182	2,096	2,096	0	0
17	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	11,312	10,493	782	10	4	6

## Growth, Environment & Transport (GET)

ROW REF	Rolling Programmes [3]	Description of Project	Cash Limits					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
<b>Growth &amp; Communities</b>								
1	Country Parks Access and Development	Improvements and adaptations to country parks	60	60	60	60	60	60
2	Public Rights of Way	Structural improvements of public rights of way	900	900	900	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	75	75	75	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	75	75	75	75	75	75
<b>Highways &amp; Transportation</b>								
5	Highways Asset Management/Annual Maintenance and programme of Significant and Urgent Safety Critical Works [1] [2]	Maintaining Kent's roads	59,000	59,000	59,000	59,000	59,000	59,000
6	Integrated Transport Schemes [1] [2]	Improvements to road safety	4,500	4,500	4,500	4,500	4,500	4,500
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	47	100	0	0	0	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	0	0	0	0	0	0
9	<b>Total Rolling Programmes</b>		<b>64,657</b>	<b>64,710</b>	<b>64,610</b>	<b>64,610</b>	<b>64,610</b>	<b>64,610</b>

ROW REF	Individual Programmes	Description of Project	Cash Limits					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
<b>Growth &amp; Communities</b>								
10	Digital Autopsy	To provide a body storage and digital autopsy facility	0	0	0	0	0	0
11	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	0	0	0	0	0	0
12	Public Mortuary	To consider options for the provision of a public mortuary	0	0	0	0	0	0
13	Herne Bay Library Plus	Project to refurbish the library and address long-term building issues	0	0	0	0	0	0
14	Tunbridge Wells Cultural Hub (Amelia)	Contribution to the development of a cultural and learning hub in partnership with Tunbridge Wells Borough Council, including library, registration and adult education	0	0	0	0	0	0
15	Broadband Contract 2	To extend the reach of superfast broadband so that 95% of homes and businesses can access superfast broadband	0	0	0	0	0	0
16	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	0	0	0	0	0	0
17	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	17	0	0	0	0	0



ROW REF	Individual Programmes	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
18	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	40,206	18,930	6,861	6,500	7,915	0
19	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	49,945	40,879	5,307	3,759	0	0
20	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	800	1,062	1,000	0	0
<b>Environment &amp; Waste</b>								
21	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	3,068	2,597	100	371	0	0
22	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	2,423	2,129	78	216	0	0
23	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	4,000	0	1,500	2,500	0	0
24	Kings Hill Solar Farm	Construction of a solar farm	4,167	3,595	572		0	0
25	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	9,585	9	4,788	4,788	0	0
26	Surface Water Flood Risk Management	Surface Water Flood Risk Management	4,000				500	500
27	Waste Compactor Replacement	To replace waste compactors at Household Waste Recycle Centres to ensure efficient waste site operation	1,070	796	274	0	0	0
28	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	3,872	667	380	425	300	300
<b>Highways &amp; Transportation</b>								
29	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	4,400	0	0	0	1,500	2,199
30	A226 St Clements Way	Road improvement scheme	6,807	6,691	60	32	24	0
31	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	3,695	242	400	2,853	200	0
32	A2500 Lower Road Improvements	Junction improvements to increase capacity	5,435	5,337	73	25	0	0
33	A28 Chart Road, Ashford	Strategic highway improvement	26,246	3,820	1,234	10,060	11,132	0
34	Bath Street, Gravesend [1]	Bus Lane project - Fastrack programme extension	5,520	212	2,850	2,458	0	0
35	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	12,000	11,498	502	0	0	0
36	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	23,019	4,358	12,467	6,100	94	0
37	Fastrack Full Network - Bean Road Tunnels	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	13,906	2,827	8,320	2,759	0	0
38	Faversham Swing Bridge [1]	Restoration of an opening bridge	2,550	1,950	600	0	0	0
39	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	7,400	1,602	5,798	0	0	0
40	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	8,976	1,067	4,577	1,239	2,093	0

ROW REF	Individual Programmes	Description of Project	Cash Limits					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
18	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	0	0	0	0	0	0
19	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	0	0	0	0	0	0
20	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	0	0	0	0	0	0
<b>Environment &amp; Waste</b>								
21	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	0	0	0	0	0	0
22	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	0	0	0	0	0	0
23	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	0	0	0	0	0	0
24	Kings Hill Solar Farm	Construction of a solar farm	0	0	0	0	0	0
25	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	0	0	0	0	0	0
26	Surface Water Flood Risk Management	Surface Water Flood Risk Management	500	500	500	500	500	500
27	Waste Compactor Replacement	To replace waste compactors at Household Waste Recycle Centres to ensure efficient waste site operation	0	0	0	0	0	0
28	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	300	300	300	300	300	300
<b>Highways &amp; Transportation</b>								
29	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	701	0	0	0	0	0
30	A226 St Clements Way	Road improvement scheme	0	0	0	0	0	0
31	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	0	0	0	0	0	0
32	A2500 Lower Road Improvements	Junction improvements to increase capacity	0	0	0	0	0	0
33	A28 Chart Road, Ashford	Strategic highway improvement	0	0	0	0	0	0
34	Bath Street, Gravesend [1]	Bus Lane project - Fastrack programme extension	0	0	0	0	0	0
35	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	0	0	0	0	0	0
36	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	0	0	0	0	0	0
37	Fastrack Full Network - Bean Road Tunnels	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	0	0	0	0	0	0
38	Faversham Swing Bridge [1]	Restoration of an opening bridge	0	0	0	0	0	0
39	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	0	0	0	0	0	0
40	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	0	0	0	0	0	0

ROW REF	Individual Programmes	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
41	Housing Infrastructure Fund - Swale Infrastructure Projects [1]	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	38,631	2,340	8,236	21,934	6,121	0
42	Kent Active Travel Fund Phase 2 [1]	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	4,878	3,150	1,728	0	0	0
43	Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	11,520	5,222	6,218	60	20	0
44	Kent Thameside Strategic Transport Programme [1]	Strategic highway improvement in Dartford & Gravesham	9,975	990	512	8,473	0	0
45	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	40,754	38,004	2,000	750	0	0
46	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	10,850	5,553	1,490	3,682	125	0
47	Market Square Dover	Project to improve access and public realm at Market Square in Dover	3,640	2,048	1,582	10	0	0
48	M20 Junction 4 Eastern Over Bridge	Carriageway widening	6,195	6,155	28	12	0	0
49	Rathmore Road Link	Road improvement scheme	8,008	7,828	165	15	0	0
50	Sturry Link Road, Canterbury [1]	Construction of bypass	29,601	2,040	3,964	6,161	12,255	2,881
51	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	37,212	30,777	6,435	0	0	0
52	Urban Traffic Management [1]	Upgrades to the existing urban traffic management system within the Ebbsfleet area.	5,476	1,946	3,530	0	0	0
53	A229 Bluebell Hill M2 & M20 Interchange Upgrades [1]	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	202,081	0	4,442	3,748	6,377	14,252
54	A28 Birchington, Acol and Westgate-on-Sea Relief Road [1]	Creation of a relief road	49,000	200	4,000	10,000	24,000	10,800
55	Thanet Way [1]	Structural improvement to the Thanet Way A299	50,000	0	0	0	50,000	0
<b>56</b>	<b>Total Individual Projects</b>		<b>793,684</b>	<b>244,937</b>	<b>108,683</b>	<b>102,386</b>	<b>122,660</b>	<b>33,938</b>
<b>57</b>	<b>Total - Growth, Environment &amp; Transport</b>		<b>1,459,566</b>	<b>244,937</b>	<b>187,766</b>	<b>172,058</b>	<b>187,320</b>	<b>98,598</b>

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

[2] Estimated allocations have been included for 2022-23 and 2031-32

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

ROW REF	Individual Programmes	Description of Project	Cash Limits					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
41	Housing Infrastructure Fund - Swale Infrastructure Projects [1]	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	0	0	0	0	0	0
42	Kent Active Travel Fund Phase 2 [1]	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0
43	Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	0	0	0	0	0	0
44	Kent Thameside Strategic Transport Programme [1]	Strategic highway improvement in Dartford & Gravesham	0	0	0	0	0	0
45	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	0	0	0	0	0	0
46	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	0	0	0	0	0	0
47	Market Square Dover	Project to improve access and public realm at Market Square in Dover	0	0	0	0	0	0
48	M20 Junction 4 Eastern Over Bridge	Carriageway widening	0	0	0	0	0	0
49	Rathmore Road Link	Road improvement scheme	0	0	0	0	0	0
50	Sturry Link Road, Canterbury [1]	Construction of bypass	2,300	0	0	0	0	0
51	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	0	0	0	0	0	0
52	Urban Traffic Management [1]	Upgrades to the existing urban traffic management system within the Ebbsfleet area.	0	0	0	0	0	0
53	A229 Bluebell Hill M2 & M20 Interchange Upgrades [1]	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	85,161	83,615	4,486	0	0	0
54	A28 Birchington, Acol and Westgate-on-Sea Relief Road [1]	Creation of a relief road	0	0	0	0	0	0
55	Thanet Way [1]	Structural improvement to the Thanet Way A299	0	0	0	0	0	0
56	<b>Total Individual Projects</b>		<b>88,979</b>	<b>84,415</b>	<b>5,286</b>	<b>800</b>	<b>800</b>	<b>800</b>
57	<b>Total - Growth, Environment &amp; Transport</b>		<b>153,636</b>	<b>149,125</b>	<b>69,896</b>	<b>65,410</b>	<b>65,410</b>	<b>65,410</b>

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

[2] Estimated allocations have been included for 2022-23 and 2031-32

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

## APPENDIX B - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2022-23 TO 2031-32

### Strategic & Corporate Services (S&CS)

ROW REF	Rolling Programmes [3]	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	25,000		2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	6,500		650	650	650	650
3	Modernisation of Assets (MOA)	Maintaining KCC estates	37,574		8,423	5,151	3,000	3,000
4	<b>Total Rolling Programmes</b>		<b>69,074</b>		<b>11,573</b>	<b>8,301</b>	<b>6,150</b>	<b>6,150</b>

ROW REF	Individual Programmes	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	1,443	229	1,214	0	0	0
6	Asset Utilisation - Oakwood House Transformation	Reconfiguration of Oakwood House to relocate other KCC services and release assets	7,600	4,258	3,342	0	0	0
7	Strategic Reset Programme [1]	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	8,000	1,000	2,000	5,000	0	0
8	Dover Discovery Centre [1]	Refurbishment to make the building fit for purpose	7,734	354	6,480	900	0	0
9	LIVE Margate [1]	Replace empty and poorly managed housing in Margate with high quality and well managed family housing to regenerate the area	10,208	7,040	3,168	0	0	0
10	Strategic Estate Programme [1]	Options for the council's future strategic estate	35,000	3,800	8,200	23,000	0	0
11	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	4,000	1,865	135	2,000	0	0
12	<b>Total Individual Projects</b>		<b>73,985</b>	<b>18,546</b>	<b>24,539</b>	<b>30,900</b>	<b>0</b>	<b>0</b>

13	<b>Total - Strategic &amp; Corporate Services</b>		<b>143,059</b>	<b>18,546</b>	<b>36,112</b>	<b>39,201</b>	<b>6,150</b>	<b>6,150</b>
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[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2022-23 and 2031-32

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

## APPENDIX B - CAPITAL INVESTMENT PLANS BY DIRECTORATE 2022-23 TO 2031-32

### Strategic & Corporate Services (S&CS)

ROW REF	Rolling Programmes [3]	Description of Project	Cash Limits					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5 £000s	Year 6 £000s	Year 7 £000s	Year 8 £000s	Year 9 £000s	Year 10 £000s
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	2,500	2,500	2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	650	650	650	650	650	650
3	Modernisation of Assets (MOA)	Maintaining KCC estates	3,000	3,000	3,000	3,000	3,000	3,000
4	<b>Total Rolling Programmes</b>		<b>6,150</b>	<b>6,150</b>	<b>6,150</b>	<b>6,150</b>	<b>6,150</b>	<b>6,150</b>

ROW REF	Individual Programmes	Description of Project	Cash Limits					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5 £000s	Year 6 £000s	Year 7 £000s	Year 8 £000s	Year 9 £000s	Year 10 £000s
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	0	0	0	0	0	0
6	Asset Utilisation - Oakwood House Transformation	Reconfiguration of Oakwood House to relocate other KCC services and release assets	0	0	0	0	0	0
7	Strategic Reset Programme [1]	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	0	0	0	0	0	0
8	Dover Discovery Centre [1]	Refurbishment to make the building fit for purpose	0	0	0	0	0	0
9	LIVE Margate [1]	Replace empty and poorly managed housing in Margate with high quality and well managed family housing to regenerate the area	0	0	0	0	0	0
10	Strategic Estate Programme [1]	Options for the council's future strategic estate	0	0	0	0	0	0
11	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	0	0	0	0	0	0
12	<b>Total Individual Projects</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

13	<b>Total - Strategic &amp; Corporate Services</b>		<b>6,150</b>	<b>6,150</b>	<b>6,150</b>	<b>6,150</b>	<b>6,150</b>	<b>6,150</b>
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[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2022-23 and 2031-32

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

# **SECTION 6**

## **Appendix C: Potential New Capital Projects 2022-23 to 2031-32**





## APPENDIX C - POTENTIAL CAPITAL PROJECTS 2022-23 TO 2031-32 BY YEAR

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

Directorate	Potential Forthcoming Projects	Description of Project	Total Cost of Scheme £000s		Indicative Costs			
					2022-23	2023-24	2024-25	2025-26
					Year 1	Year 2	Year 3	Year 4
					£000s	£000s	£000s	£000s
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation	16,800			4,000	4,000	8,800
GET	Household Waste Recycle Centres and Transfer Stations	Provision/alternative sites for Household Waste Recycle Centres to support local growth plans and redevelopments of waste transfer stations.	32,000			8,000	10,000	4,000
GET	North Farm Solar Farm	Solar farm at closed landfill site.	4,500		250	2,750	1,500	
GET	Maidstone District Heat Network	Renewable energy heat options for the Maidstone area	9,000			9,000		
GET	A228 Colts Hill Strategic Link - Road Scheme	Construction of bypass	45,000				45,000	
GET	South East Maidstone Strategic Route - Road Scheme	Construction of bypass	35,000				35,000	
GET	Orchard Way Railway Bridge	Strategic Highway Improvement	15,000				15,000	
S&CS	Nutrient Neutrality Mitigation Measures	Options to manage nutrient effects from housing developments	0			1,000	5,000	4,000
S&CS	Community Hubs	Strategically located assets to deliver community services on a needs-based approach.	120,000			1,000	2,000	17,000
<b>Total Potential Forthcoming Projects</b>			<b>277,300</b>		<b>250</b>	<b>25,750</b>	<b>117,500</b>	<b>33,800</b>

## APPENDIX C - POTENTIAL CAPITAL PROJECTS 2022-23 TO 2031-32 BY YEAR

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

Directorate	Potential Forthcoming Projects	Description of Project	Indicative Costs					
			2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation						
GET	Household Waste Recycle Centres and Transfer Stations	Provision/alternative sites for Household Waste Recycle Centres to support local growth plans and redevelopments of waste transfer stations.	10,000					
GET	North Farm Solar Farm	Solar farm at closed landfill site.						
GET	Maidstone District Heat Network	Renewable energy heat options for the Maidstone area						
GET	A228 Colts Hill Strategic Link - Road Scheme	Construction of bypass						
GET	South East Maidstone Strategic Route - Road Scheme	Construction of bypass						
GET	Orchard Way Railway Bridge	Strategic Highway Improvement						
S&CS	Nutrient Neutrality Mitigation Measures	Options to manage nutrient effects from housing developments		-1,000	-5,000	-4,000		
S&CS	Community Hubs	Strategically located assets to deliver community services on a needs-based approach.	17,000	17,000	17,000	17,000	16,000	16,000
	<b>Total Potential Forthcoming Projects</b>		<b>27,000</b>	<b>16,000</b>	<b>12,000</b>	<b>13,000</b>	<b>16,000</b>	<b>16,000</b>

# **SECTION 7**

## **Appendix D: High Level 3 Year Revenue Plan & Financing**



## Appendix D - High Level 2022-25 Final Revenue Plan and Financing

2021-22 £000s      £000s		2022-23 £000s      £000s		2023-24 £000s      £000s		2024-25 £000s      £000s	
1,096,476.1	<b>Revised Base Budget</b>	1,132,426.0		1,191,493.8		1,233,158.3	
	<b>Growth</b>						
8,512.3	Net Base Budget Changes	11,175.3		-2,214.0		-255.4	
1,463.3	Reduction in Grant Funding	1,157.9		-318.6			
4,609.6	Pay	9,241.3		7,300.0		7,300.0	
17,316.8	Prices	28,554.9		28,570.0		27,823.4	
16,007.5	Demand & Cost Drivers	20,748.2		19,282.3		18,002.1	
	Government & Legislative						
	Social Care Reform	4,161.0		24,966.0		12,482.9	
3,638.6	Other	-669.6		-260.0			
13,865.4	Service Strategies and Improvements	9,234.6		2,954.1		2,559.5	
65,413.5	<b>Growth</b>	83,603.6		80,279.8		67,912.5	
	<b>Savings &amp; Income</b>						
	Transformation Savings						
-7,700.0	Adults Transformation Programmes	-8,407.7		-11,410.3		-6,622.5	
-1,024.0	Other Transformation Programmes	-451.4		-1,169.6			
	Income Generation	-8,676.6		-3,822.1		-2,741.3	
-2,459.1	Increases in Grants & Contributions	-3,419.0					
-2,642.0							
	Efficiency Savings						
-481.9	Staffing	-380.0		-1,790.0		-1,000.0	
-108.0	Premises						
-7,450.6	Contracts & Procurement	-3,316.0		-5,150.0			
-2,748.4	Other	-1,304.6		-402.8			
-5,913.0	Financing Savings	-2,094.0		-1,000.0		-1,000.0	
-8,995.9	Policy Savings	-9,252.5		-11,700.0		-14,845.0	
-39,522.9	<b>Total Savings &amp; Income</b>	-37,301.8		-36,444.8		-26,208.8	
	<b>Reserves</b>						
20,394.1	Contributions to Reserves	22,458.7		14,249.4		9,763.0	
-1,384.6	Removal of prior year contributions	-20,474.1		-22,298.7		-15,472.7	
-22,227.3	Drawdowns from Reserves	-8,772.0		-2,893.2			
13,277.1	Removal of prior year drawdowns	19,553.4		8,772.0		2,893.2	
10,059.3	<b>Net Impact on MTFP</b>	12,766.0		-2,170.5		-2,816.5	
0.0	<b>Headroom (+ve)</b>	0.0		0.0		16,372.1	
1,132,426.0	<b>Net Budget Requirement</b>	1,191,493.8		1,233,158.3		1,288,417.6	
<b>Funding per the Final Local Government Finance Settlement &amp; Local Taxation</b>							
9,695.0	Revenue Support Grant	10,018.1		10,399.6		10,640.5	
39,143.3	Social Care Support Grant	54,478.4		54,478.4		54,478.4	
	Social Care Reform grant (funded from new Health & Social Care Levy)	4,161.0		29,127.0		41,609.9	
32,357.0	Covid-19 emergency grant						
	Spending Review 2021: Services Grant	12,953.2		6,476.6		6,476.6	
14,281.5	Local Council Tax Support grant						
138,429.0	Business Rate Top-Up Grant	138,429.0		143,699.9		147,028.8	
48,544.2	Improved Better Care Fund	50,014.7		50,014.7		50,014.7	
20,515.1	Other un-ringfenced grants	35,613.4		25,564.4		25,564.4	
51,845.3	Local Share of Retained Business Rates	52,809.5		60,589.3		61,923.4	
-26,122.4	Business Rate Collection Fund	-10,793.6					
-1,127.6	Business Rate Collection Fund 2020-21 3-Year Deficit Write-off	-1,127.6		-1,127.6			
26,691.6	Drawdown from reserves of S31 grant for Covid-19 business rate reliefs	11,886.6					
2,511.6	Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19	2,347.5		2,347.5			
691,369.1	Council Tax Income (including increase up to referendum limit but excluding social care levy)	725,505.3		749,350.0		774,116.2	
87,335.0	Council Tax Adult Social Care Levy	97,589.1		106,859.8		116,564.7	
1,579.9	Council Tax Collection Fund	12,230.5					
-4,621.6	Council Tax Collection Fund 2020-21 3-Year Deficit Write-off	-4,621.3		-4,621.3			
1,132,426.0	<b>Total Funding</b>	1,191,493.8		1,233,158.3		1,288,417.6	



# **SECTION 8**

## **Appendix E: Directorate Revenue Budget 2022-23 Key Service Analysis**





## SECTION 8 - Directorate Revenue Budget 2022-23 Key Service Analysis

### Revenue Spending:

	2021-22		2022-23 Approved Budget (including earmarked budgets held corporately for each Directorate)						
Row Ref	Revised Base Budget*	Directorate	Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	+/- from 2021-22 Revised Budget
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s
1	434,192.7	Adult Social Care & Health ASCH	89,611.5	618,977.1	708,588.6	-157,330.2	-86,889.0	464,369.4	30,176.7
2	304,482.7	Children, Young People & Education (excluding Schools' Delegated Budgets)	139,382.0	467,785.4	607,167.4	-53,408.9	-235,080.8	318,677.7	14,195.0
3	0.0	Schools' Delegated Budgets	541,092.1	170,418.5	711,510.6	-31,757.0	-679,753.6	0.0	0.0
4	177,464.5	Growth, Environment & Transport GET	60,039.2	166,865.0	226,904.2	-44,291.3	-6,754.5	175,858.4	-1,606.1
5	98,204.0	Strategic & Corporate Services S&CS	47,937.0	85,321.8	133,258.8	-24,473.5	-4,709.9	104,075.4	5,871.4
6	118,082.1	Non Attributable Costs NAC	970.9	143,354.7	144,325.6	-15,803.7	-9.0	128,512.9	10,430.8
7	1,132,426.0	Budget Requirement	879,032.7	1,652,722.5	2,531,755.2	-327,064.6	-1,013,196.8	1,191,493.8	59,067.8
8	1,132,426.0	Budget Requirement (excluding Schools' Delegated Budgets)	337,940.6	1,482,304.0	1,820,244.6	-295,307.6	-333,443.2	1,191,493.8	59,067.8
Funded By:									
9	-775,662.4	Council Tax income including Collection Fund					-830,703.6	-830,703.6	-55,041.2
10	-24,595.3	Local Share of Business Rates & Business Rate Collection Fund					-40,888.3	-40,888.3	-16,293.0
11	-26,691.6	Drawdown from reserves of S31 grant for Covid-19 Business Rate reliefs					-11,886.6	-11,886.6	14,805.0
12	-2,511.6	Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19					-2,347.5	-2,347.5	164.1
Unringfenced Grants:									
13	-9,695.0	Revenue Support Grant (RSG)					-10,018.1	-10,018.1	-323.1
14	-14,281.5	Local Council Tax Support Grant					0.0	0.0	14,281.5
15	-138,429.0	Business Rate Top-Up Grant					-138,429.0	-138,429.0	0.0
16	-13,916.7	Business Rate Compensation Grant					-29,262.9	-29,262.9	-15,346.2
17	-39,143.3	Social Care Grant					-54,478.4	-54,478.4	-15,335.1
18	0.0	Social Care Reform grant (funded from new Health & Social Care Levy)					-4,161.0	-4,161.0	-4,161.0
19	0.0	Spending Review 2021: Services Grant					-12,953.2	-12,953.2	-12,953.2
20	-48,544.2	Improved Better Care Fund (iBCF)					-50,014.7	-50,014.7	-1,470.5
21	-32,357.0	Covid-19 Emergency Grant					0.0	0.0	32,357.0
22	-4,629.4	New Homes Bonus					-4,381.5	-4,381.5	247.9
23	-1,969.0	Other Unringfenced Grants					-1,969.0	-1,969.0	0.0
24	0.0	Total	879,032.7	1,652,722.5	2,531,755.2	-327,064.6	-2,204,690.6	0.0	0.0

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

## SECTION 8 - Directorate Revenue Budget 2022-23 Key Service Analysis

The hierarchy below illustrates the Council's structure, and which Divisions sit in each Directorate, along with the approved net budget for 2022-23 in £000s. Earmarked budgets held corporately for each Directorate are also shown.

Division

Budget (£000s)

Kent County Council				<b>1,191,493.8</b>
Adult Social Care & Health (ASCH)	Strategic Management & Directorate Budgets	SMDBA	39,845.4	
	Adult Social Care & Health Operations	ASCHO	411,555.1	
	Public Health	PH	0.0	
	Business Delivery Unit	BDU	8,807.9	
	<b>Controllable Net Budget</b>		<b>460,208.4</b>	
	Earmarked budgets held corporately for ASCH		4,161.0	
	<b>Net Budget including provisional share of corporately held budgets</b>			<b>464,369.4</b>
Children Young People & Education (CYPE)	Strategic Management & Directorate Budgets	SMDBC	2,257.8	
	Education	EDU	60,055.8	
	Integrated Children's Services (East & West)	ICS	164,528.3	
	Special Educational Needs & Disabilities	SEND	91,835.8	
	Schools' Delegated Budgets	SDB	0.0	
	<b>Controllable Net Budget</b>		<b>318,677.7</b>	
	Earmarked budgets held corporately for CYPE		0.0	
	<b>Net Budget including provisional share of corporately held budgets</b>			<b>318,677.7</b>
Growth, Environment & Transport (GET)	Strategic Management & Directorate Budgets	SMDBG	1,386.9	
	Growth and Communities	GC	27,670.1	
	Highways and Transportation	HT	65,783.4	
	Environment and Waste	EW	80,783.1	
	<b>Controllable Net Budget</b>		<b>175,623.5</b>	
	Earmarked budgets held corporately for GET		234.9	
	<b>Net Budget including provisional share of corporately held budgets</b>			<b>175,858.4</b>
Strategic & Corporate Services (S&CS)	Strategic Management & Directorate Budgets	SMDBS	27.5	
	People & Communications	P&C	14,428.3	
	Finance	FIN	12,735.6	
	Governance, Law & Democracy	GLD	7,667.5	
	Property	PR	5,910.0	
	Technology	TEC	24,307.7	
	Corporate Landlord	CL	27,069.9	
	Strategic Commissioning	SC	7,635.1	
	Strategy, Policy, Relationships & Corporate Assurance	SPRCA	4,293.8	
	<b>Controllable Net Budget</b>		<b>104,075.4</b>	
	Earmarked budgets held corporately for S&CS		0.0	
	<b>Net Budget including provisional share of corporately held budgets</b>			<b>104,075.4</b>
Non Attributable Costs (NAC)	<b>Non Attributable Costs</b>	NAC	<b>128,762.9</b>	
	Earmarked budgets held corporately for Non Attributable Costs		-250.0	
	<b>Net Budget including provisional share of corporately held budgets</b>			<b>128,512.9</b>

# Adult Social Care & Health (ASCH)



Corporate Director: **Richard Smith**

Controllable Net Budget for 2022-23	<b>£460.2m</b>
Net Budget incl. provisional share of corporately held budgets	<b>£464.4m</b>
Gross Capital Budget over 10 year period:	<b>£6.6m</b>
Full Time Equivalent (FTE) Staff at February 2022:	<b>2,244.8</b>

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

We want to work together with people we support, our workforce and our partners to drive the best possible outcomes for people in Kent and keep high quality social care at the heart of everything we do.

Through our Care Act duties, we focus on the strengths of people, families and carers to promote independence and empower communities. We provide access to person-centred support through our in-house and commissioned providers.

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

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

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

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

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

The **Operations Division (ASCHO)** includes the social care staff providing the assessment of community care needs and safeguarding work required to support older people, working age adults with both physical and learning disabilities and with those with mental health issues, to help them improve or maintain their wellbeing and to live

independently in their own homes and the community. Individually commissioned care and support budgets are managed within this division.

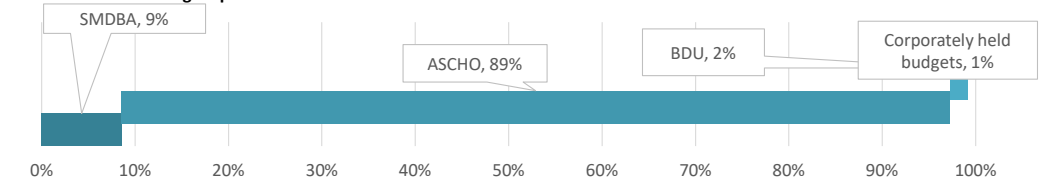
There are also some in-house services such as short term residential services for both older people and people with learning disabilities, community services and enablement services within this division.

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

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

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

**How is the ASCH budget split between Services?**



The Graph above indicates ASCH budget split. SMDBA is 9%, ASCHO is 89%, BDU is 2% and Corporately held budgets are 1%.

## SECTION 9 - REVENUE BUDGET - KEY SERVICES

Row	2021-22	Division & Key Service	2022-23 Approved Budget						Key Service Description
Ref	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	

\*The 2021-22 Revised Budget column includes changes to budgets as a result of structural changes

## Adult Social Care & Health (ASCH)

**£464.4m**

Corporate Director: Richard Smith

### Strategic Management & Directorate Budgets (SMDBA)

Corporate Director: Richard Smith

1	13,766.1	Community Based Preventative Services	0.0	19,051.5	<b>19,051.5</b>	-4,509.4	-751.1	<b>13,791.0</b>	Social Support Services provided by the voluntary sector to prevent social isolation and provide information and early intervention / preventative services to enable Service Users to remain independent. Including services for residents with immediate need and who are in crisis, to live independently by signposting to alternative appropriate services and helping with the purchase of equipment and supplies to ensure the safety and comfort of the most vulnerable in our society. This service line also includes Local Healthwatch which is a statutory service commissioned by KCC to ensure that patients, users of social care services and their carers, and the public, have a say in how these services are commissioned and delivered on their behalf
2	6,925.7	Housing Related Support	0.0	6,073.7	<b>6,073.7</b>	-1,266.3	-181.7	<b>4,625.7</b>	Housing related support vulnerable households via supported housing, Home Improvement Agencies, women's refuges and community based support to enable them to gain the skills they need to live independently in their own home including emergency welfare assistance and advice to households in an emergency or crisis
3	0.0	Partnership Support Services	0.0	10,425.6	<b>10,425.6</b>	-10,425.6	0.0	<b>0.0</b>	Manages a number of operational support services, which enable the Directorate to achieve its partnership agenda. Includes pooled budgets with health which fund community infrastructure to facilitate discharges from specialist hospitals and prevent new admissions for people with Learning disabilities (LD) or (Autism spectrum conditions (ASC)
4	3,059.1	Social Support for Carers	0.0	4,951.5	<b>4,951.5</b>	-1,746.7	0.0	<b>3,204.8</b>	Services supporting carers provided by the voluntary sector
5	527.7	Strategic Safeguarding	894.1	56.8	<b>950.9</b>	0.0	-404.1	<b>546.8</b>	Strategic resource management to ensure a coherent policy and direction for the protection of vulnerable adults
6	1,115.6	Statutory and Policy Support	548.5	584.3	<b>1,132.8</b>	0.0	0.0	<b>1,132.8</b>	Manages the Statutory and Policy support function for the Directorate to achieve the operational business outcomes. This includes Policy and Quality Assurance, Technical Support for Business Operations and Practice Development
7	0.0	Provision for Demographic Growth - Community Based Services	0.0	11,806.1	<b>11,806.1</b>	-1,634.2	0.0	<b>10,171.9</b>	Provision for demographic growth within community-based services across all client groups this may include direct payments, including micro -providers to support the development of resilient communities alongside some being required for the more traditional services such as homecare, day services and supported living. This provision is to be held centrally in the first instance for allocation to Operations Division to fund demographic demands during the year in a manner that is consistent with the Directorate's Transformation Programme (MADE)
8	6,853.0	Strategic Management & Directorate Support (ASCH)	1,382.7	5,272.0	<b>6,654.7</b>	-229.0	-53.3	<b>6,372.4</b>	Central Directorate costs including the costs of the Corporate Director, Directors, and associated Officers
<b>9</b>	<b>32,247.2</b>	<b>Total - Strategic Management &amp; Directorate Budgets (SMDBA)</b>	<b>2,825.3</b>	<b>58,221.5</b>	<b>61,046.8</b>	<b>-19,811.2</b>	<b>-1,390.2</b>	<b>39,845.4</b>	

Row	2021-22	Division & Key Service	2022-23 Approved Budget					Key Service Description
Ref	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants	
	£000s		£000s	£000s	£000s	£000s	£000s	

## Adult Social Care & Health Operations (ASCHO)

Directors: Chris McKenzie (West) and Jennifer Anderton (East)

10	6,516.9	ASCH Operations - Divisional Management & Support	6,497.1	359.7	<b>6,856.8</b>	-213.1	-22.7	<b>6,621.0</b>	Divisional management costs enabling the business to achieve its strategic aims
11	92,458.1	Adult Learning Disability - Community Based Services & Support for Carers	0.0	108,946.9	<b>108,946.9</b>	-8,842.0	-852.6	<b>99,252.3</b>	Commissioned Community-Based Services for Learning Disability Service Users (aged 26+) including homework, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
12	66,006.0	Adult Learning Disability - Residential Care Services & Support for Carers	0.0	78,022.6	<b>78,022.6</b>	-5,600.5	0.0	<b>72,422.1</b>	Commissioned Residential Care Services (and Short Breaks) for Learning Disability Service Users (aged 26+)
13	5,117.4	Adult Learning Disability - Case Management & Assessment Service	5,072.1	189.1	<b>5,261.2</b>	-264.9	-11.1	<b>4,985.2</b>	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
14	8,544.0	Adult Mental Health - Community Based Services	0.0	11,969.3	<b>11,969.3</b>	-899.9	-13.9	<b>11,055.5</b>	Commissioned Community-Based Services for Mental Health Service Users (aged 18+) including homework, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
15	16,486.0	Adult Mental Health - Residential Care Services	0.0	16,688.9	<b>16,688.9</b>	-1,062.8	0.0	<b>15,626.1</b>	Commissioned Residential Care Services for Mental Health Service Users (aged 18+)
16	8,684.4	Adult Mental Health - Case Management & Assessment Services	8,449.3	261.2	<b>8,710.5</b>	-283.7	-11.1	<b>8,415.7</b>	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Mental Health professionals
17	18,534.6	Adult Physical Disability - Community Based Services	0.0	24,921.9	<b>24,921.9</b>	-3,246.9	-999.0	<b>20,676.0</b>	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25) including domiciliary care, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
18	17,524.8	Adult Physical Disability - Residential Care Services	0.0	19,091.5	<b>19,091.5</b>	-1,342.3	0.0	<b>17,749.2</b>	Residential Care Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25)
19	51,257.3	Older People - Community Based Services	0.0	66,558.5	<b>66,558.5</b>	-28,232.5	-243.7	<b>38,082.3</b>	Commissioned Community-Based Services for Older People (aged 65+) including homework, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
20	32,554.2	Older People - Residential Care Services	0.0	112,578.8	<b>112,578.8</b>	-64,403.9	-120.2	<b>48,054.7</b>	Commissioned Residential and Nursing Care Services for Older People (aged 65+)
21	24,325.4	Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	24,517.0	1,613.4	<b>26,130.4</b>	-2,164.5	-410.6	<b>23,555.3</b>	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
22	779.5	Older People & Physical Disability Carer Support - Commissioned	0.0	2,140.7	<b>2,140.7</b>	-922.4	-11.3	<b>1,207.0</b>	Commissioned services to support carers

Row Ref	2021-22 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2022-23 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	
23	7,239.7	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	0.0	6,548.1	<b>6,548.1</b>	-604.2	0.0	<b>5,943.9</b>	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+) with long-term conditions from birth or early childhood, Autism and Sensory Service Users (aged 18+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities.
24	1,379.1	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	0.0	1,132.2	<b>1,132.2</b>	-45.3	0.0	<b>1,086.9</b>	Commissioned Residential Care Services (and Short Breaks) for Physical Disability Service Users (aged 26+) with long-term conditions from birth or early childhood, Autism and Sensory Service Users (aged 18+)
25	1,774.3	Sensory & Autism - Assessment Service	1,717.7	111.4	<b>1,829.1</b>	0.0	0.0	<b>1,829.1</b>	Social care staff providing assessment of community care needs and safeguarding investigation undertaken by Case Managers
26	2,062.9	Adaptive & Assistive Technology	0.0	12,226.7	<b>12,226.7</b>	-6,916.6	0.0	<b>5,310.1</b>	Technology enabled care that supports innovative use of technology to improve outcomes and empower people to manager their care in a way that is right for them. Occupational Therapy Services working in partnership with Health to provide equipment to support people to lead a full life
27	2,551.6	Adult In House Carer Services	2,239.4	154.1	<b>2,393.5</b>	-2.2	0.0	<b>2,391.3</b>	In-House residential respite services to support carers
28	6,934.1	Adult In House Community Services	5,098.8	824.4	<b>5,923.2</b>	-70.7	0.0	<b>5,852.5</b>	In-House Community-Based Services for Learning Disability Service Users (aged 18+) and Physical Disability (aged 18-25) including In-house Day opporunties both virtual and in person to enable Service Users to remain independent
29	7,131.2	Adult In House Enablement Services	12,494.4	6,371.7	<b>18,866.1</b>	-6,023.2	-5,584.9	<b>7,258.0</b>	In-House Community-Based Enablement Services to maximise individuals indpendance and support people to return to living more independently in their community
30	15,175.5	Older People - In House Provision	8,639.8	12,979.1	<b>21,618.9</b>	-2,030.1	-5,407.9	<b>14,180.9</b>	In-House provision for Older People, including in-house residential and day care centres, and integrated care centres
<b>31</b>	<b>393,037.0</b>	<b>Total - Adult Social Care &amp; Health Operations (ASCHO)</b>	<b>74,725.6</b>	<b>483,690.2</b>	<b>558,415.8</b>	<b>-133,171.7</b>	<b>-13,689.0</b>	<b>411,555.1</b>	
Business Delivery Unit (BDU)									
Head of Service: Helen Gillivan									
32	8,251.6	Business Delivery	7,729.1	991.0	<b>8,720.1</b>	-591.0	0.0	<b>8,129.1</b>	Manages the operational business support function for the directorate to achieve our operational business outcomes and making a difference everyday vision, and includes areas such as innovation and project management, stakeholder engagement and communications, systems and performance, direct payments and purchasing
33	656.9	Independent Living Support	770.8	139.8	<b>910.6</b>	-231.8	0.0	<b>678.8</b>	The Independent Living Support Service (ILSS) offers a wide range of support to help service users live as independently as possible via the use of equipment and technology solutions. Included on this line are the ILSS Technicians Service, ILSS Independent Mobility Assessors, the Blue Badge Service and ILSS Management
<b>34</b>	<b>8,908.5</b>	<b>Total - Business Delivery Unit (BDU)</b>	<b>8,499.9</b>	<b>1,130.8</b>	<b>9,630.7</b>	<b>-822.8</b>	<b>0.0</b>	<b>8,807.9</b>	

Row Ref	2021-22 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2022-23 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	

Public Health (PH)									
Dr. Anjan Ghosh									
35	0.0	Public Health - Children's Programme	0.0	32,762.2	<b>32,762.2</b>	0.0	-32,762.2	<b>0.0</b>	Includes provision for 0-19 year olds and their families including: Health Visiting, School Public Health, Oral Health, services delivered through Children's Centres and Adolescent services
36	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	83.3	13,178.0	<b>13,261.3</b>	-1,051.0	-12,210.3	<b>0.0</b>	Includes the provision of drug and alcohol services, domestic abuse services and Mental Health early intervention
37	0.0	Public Health - Sexual Health	0.0	14,990.6	<b>14,990.6</b>	-1,600.0	-13,390.6	<b>0.0</b>	Commissioning of mandated contraception and sexually transmitted infection advice and treatment services
38	0.0	Public Health - Healthy Lifestyles	0.0	9,748.6	<b>9,748.6</b>	-750.0	-8,998.6	<b>0.0</b>	Improving health and lifestyles through provision of Integrated Lifestyle services and NHS Health Checks to support the following outcomes; reduction in smoking, improved exercise and healthy eating to tackle obesity levels
39	0.0	Public Health - Advice and Other Staffing	3,477.4	1,094.2	<b>4,571.6</b>	-123.5	-4,448.1	<b>0.0</b>	Includes cost of management, commissioning, and operational staff to deliver statutory Public Health advice
40	<b>0</b>	<b>Total -Public Health (PH)</b>	<b>3,560.7</b>	<b>71,773.6</b>	<b>75,334.3</b>	<b>-3,524.5</b>	<b>-71,809.8</b>	<b>0.0</b>	
41	<b>434,192.7</b>	<b>Total - Adult Social Care &amp; Health (ASCH) Controllable Budget</b>	<b>89,611.5</b>	<b>614,816.1</b>	<b>704,427.6</b>	<b>-157,330.2</b>	<b>-86,889.0</b>	<b>460,208.4</b>	

<b>Corporately held budgets</b>									
Corporate Director: Zena Cooke									
42	0.0	Corporately held budgets	0.0	4,161.0	<b>4,161.0</b>	0.0	0.0	<b>4,161.0</b>	Corporately held budgets earmarked for ASCH directorate, to be allocated once spend has been incurred. Details are provided in Appendix E.

<b>43</b>	<b>434,192.7</b>	<b>Total Adult Social Care &amp; Health (ASCH) Budget including provisional share of Corporately held budgets</b>	<b>89,611.5</b>	<b>618,977.1</b>	<b>708,588.6</b>	<b>-157,330.2</b>	<b>-86,889.0</b>	<b>464,369.4</b>	
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# Children, Young People & Education (CYPE)



Corporate Director: **Matt Dunkley CBE**

Controllable Net Budget for 2022-23	<b>£318.7m</b>
Net Budget incl. provisional share of corporately held budgets	<b>£318.7m</b>
Gross Capital Budget over 10 year period:	<b>£356.5m</b>
Full Time Equivalent (FTE) Staff at February 2022:	<b>3,000.5</b>

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

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

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

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

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

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

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

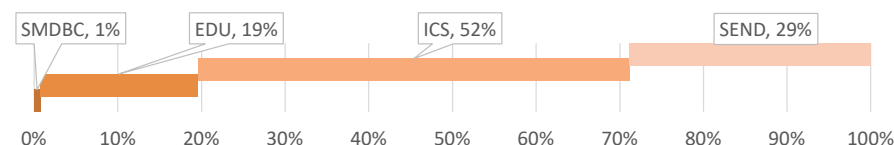
**Special Educational Needs and Disabilities (SEND):** The Division is responsible for the delivery of all services to disabled children and young people and those with SEND (0–25-year-olds), ensuring that services match needs, are developed in partnership with parents and young people and continually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

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

**Integrated Children's Services (East & West) (ICS):** These two Divisions have a statutory duty to safeguard and promote the welfare of some of Kent's most vulnerable children and young people. The Divisions focusses on providing an effective and consistent integrated children's service across Kent, supporting staff to prevent the escalation of need and deliver services that provide timely and appropriate support for children and families earlier, when they are most in need.

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

**How is the CYPE budget split between Services?**



The Graph above indicates CYPE budget split. SMDBC is 1%, EDU is 19%, ICS is 51%, SEDN is 29%



Row Ref	2021-22 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2022-23 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s

## Children, Young People & Education (CYPE)

**£318.7m**

**Corporate Director: Matt Dunkley CBE**

### Strategic Management & Directorate Budgets (SMDBC)

Corporate Director: Matt Dunkley CBE

44	3,990.4	Strategic Management & Directorate Budgets (CYPE)	1,241.2	4,810.2	<b>6,051.4</b>	-684.0	-3,109.6	<b>2,257.8</b>	Central Directorate costs including the Strategic Director and Directorate pension costs
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### Education (EDU)

Director: Christine McInnes

45	-459.0	Community Learning & Skills (CLS)	9,818.9	3,724.3	<b>13,543.2</b>	-3,218.8	-10,772.7	<b>-448.3</b>	Provision of adult education courses and family and responsive learning, together with the delivery of English and Maths learning, to help people improve their employability skills
46	0.0	Early Years Education	0.0	75,072.2	<b>75,072.2</b>	0.0	-75,072.2	<b>0.0</b>	Parents' statutory entitlement to free Early Years education provision, most commonly from private, voluntary and independent providers for which KCC provides reimbursement from the Dedicated Schools Grant. There is a universal entitlement of 15 hours per week for all 3 and 4 year olds, increasing to 30 hours for children of working parents. This budget also provides entitlement to eligible 2 year olds for up to 15 hours per week
47	4,170.3	Education Services provided by The Education People	0.0	8,960.8	<b>8,960.8</b>	0.0	-4,487.0	<b>4,473.8</b>	A range of statutory education services provided by The Education People, including School Improvement, Education Safeguarding, Skills & Employability, Schools Financial Services, and Outdoor Education
48	252.7	Fair Access & Planning Services	2,214.8	690.7	<b>2,905.5</b>	-58.0	-2,578.4	<b>269.1</b>	Planning the provision of school places and managing the schools admissions and eligibility for school transport services
49	44,485.9	Home to School & College Transport	204.7	53,204.5	<b>53,409.2</b>	-3,712.4	0.0	<b>49,696.8</b>	Transport to education establishments for all entitled pupils including specialist transport to school and college for children and young people with Special Educational Needs & Disabilities, together with free mainstream school transport, and the partly subsidised Kent 16+ Travel Saver (which includes an individual contribution). A small team support specific pupils with their travel arrangements to schools to enable them to become independent as they transition to secondary school
50	4,648.5	Other School Services	0.0	40,451.2	<b>40,451.2</b>	-18,200.3	-17,554.0	<b>4,696.9</b>	Provision of a wide range of support services to schools
51	1,353.6	Education Management & Division Support	1,228.1	1,105.0	<b>2,333.1</b>	-50.0	-915.6	<b>1,367.5</b>	Includes Area Education Officers and their direct support, costs associated with Academy conversions, and other Divisional management and support costs
<b>52</b>	<b>54,452.0</b>	<b>Total - Education (EDU)</b>	<b>13,466.5</b>	<b>183,208.7</b>	<b>196,675.2</b>	<b>-25,239.5</b>	<b>-111,379.9</b>	<b>60,055.8</b>	

Row	2021-22	Division & Key Service	2022-23 Approved Budget						Key Service Description
Ref	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	

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

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

53	7,197.0	Early Help & Preventative Services	11,264.2	4,079.3	<b>15,343.5</b>	-1,669.7	-6,752.5	<b>6,921.3</b>	Early intervention and prevention services for families, children and young people, including services provided under the Tackling Troubled Families Scheme and Headstart project to improve the mental health and emotional wellbeing of 10-16 year olds
54	3,996.3	Children's Centres	6,958.4	1,194.2	<b>8,152.6</b>	-3,512.2	0.0	<b>4,640.4</b>	Provides integrated early childhood services to young children and their families (many of whom are disadvantaged), in order to improve their development and life chances so that children are school ready and parents have support and opportunity to gain parenting skills
55	4,557.0	Youth Services	4,927.9	2,264.9	<b>7,192.8</b>	-1,214.0	-1,310.4	<b>4,668.4</b>	Youth Services enable young people to access positive educational and recreational leisure time activities to improve their wellbeing and personal and social development. The Youth Justice Service assesses, plans and intervenes with 10-17 year olds who have come to the attention of the Police or judicial system, to prevent them offending
56	78.6	Pupil Referral Units & Inclusion	1,623.4	6,865.1	<b>8,488.5</b>	-383.7	-8,022.6	<b>82.2</b>	Pupil Referral Units (PRU's) are short-stay centres which provide education for children who are excluded, sick, or otherwise unable to attend a mainstream school, until they are reintegrated. Inclusion Advisers work with pupils, families, and schools to improve pupil behaviour and attendance, which reduces the need for permanent or fixed-term exclusion
57	66,200.9	Looked After Children - Care & Support	4,425.2	66,489.5	<b>70,914.7</b>	-1,029.8	-3,102.5	<b>66,782.4</b>	Looked After Children Services including residential, fostering, and supported accommodation for under 18s, and Virtual Schools Kent
58	3,277.5	Children in Need - Care & Support	0.0	3,327.9	<b>3,327.9</b>	-45.4	0.0	<b>3,282.5</b>	Service for Children in Need (aged 0-18) including day care, direct payments, payments to voluntary organisations, and short breaks for carers
59	47,184.0	Children's Social Work Services - Assessment & Safeguarding Service	52,081.9	2,354.4	<b>54,436.3</b>	-2,888.6	-377.0	<b>51,170.7</b>	Social care staffing providing assessment of children and families' needs, ongoing support to looked after children, and Safeguarding Service
60	14,927.4	Adoption & Special Guardianship Arrangements & Service	3,469.9	13,152.1	<b>16,622.0</b>	-1,310.4	0.0	<b>15,311.6</b>	The Adoption Service works to achieve and support permanent care arrangements for Looked after Children within a family setting. This is delivered by The Adoption Partnership ,a partnership between Kent, Medway and Bexley (a Regional Adoption Agency). This also includes payments associated with special guardianship arrangements and adoption payments.
61	6,957.3	Care Leavers Service	4,504.2	4,951.4	<b>9,455.6</b>	-2,192.1	-1,218.9	<b>6,044.6</b>	Enables and assists care leavers (post 18) to develop their skills and enhance their life opportunities as they progress into adulthood
62	-60.0	Asylum	638.9	16,371.8	<b>17,010.7</b>	-476.7	-16,594.0	<b>-60.0</b>	Supporting unaccompanied asylum seekers under the age of 18 and those aged 18 or over (who were previously in care when aged under 18) as Care Leavers
63	5,522.4	Integrated Services (Children's) Management & Directorate Support	6,785.7	1,383.9	<b>8,169.6</b>	-323.5	-2,161.9	<b>5,684.2</b>	Directorate support costs including practice development for both early help and children social work functions along with the provision of management information for the whole Directorate
<b>64</b>	<b>159,838.4</b>	<b>Total - Integrated Children's Services (East &amp; West) (ICS)</b>	<b>96,679.7</b>	<b>122,434.5</b>	<b>219,114.2</b>	<b>-15,046.1</b>	<b>-39,539.8</b>	<b>164,528.3</b>	

Row Ref	2021-22 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2022-23 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	

Special Educational Needs and Disabilities (SEND)

Director: Mark Walker

65	30,632.1	Adult Learning & Physical Disability Pathway - Community Based Services	0.0	33,824.5	<b>33,824.5</b>	-1,528.0	-17.2	<b>32,279.3</b>	Commissioned Community Based Services for Physical Disability Service Users and Learning Disability Service Users (aged 18+) including domiciliary care, direct payments, day care, and supported living to enable Service Users to remain independent
66	9,106.1	Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	0.0	10,203.6	<b>10,203.6</b>	-408.9	0.0	<b>9,794.7</b>	Residential Care Services (and Short Breaks) for Learning Disability Service Users and Physical Disability Service Users (aged 18+) and services to support carers
67	5,140.6	Children in Need (Disability) - Care & Support	0.0	5,537.9	<b>5,537.9</b>	-2.8	0.0	<b>5,535.1</b>	Service for Children in Need (aged 0-18) with a Disability including day care, direct payments, payments to voluntary organisations, and short breaks for carers
68	1,691.6	Childrens Disability 0-18 Commissioning	600.0	2,055.8	<b>2,655.8</b>	-964.2	0.0	<b>1,691.6</b>	Commissioned Community Based Services (aged 0-18) including short breaks, direct payments and group day care services
69	8,250.5	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	8,486.8	536.6	<b>9,023.4</b>	0.0	0.0	<b>9,023.4</b>	Social care staff providing assessment and support services for Service Users (aged 0-25) with Learning Disability, Complex Physical Disabilities and Sensory Impairment
70	14,230.6	Looked After Children (with Disability) - Care & Support	0.0	18,189.8	<b>18,189.8</b>	-1,765.3	0.0	<b>16,424.5</b>	Commissioned services for Looked After Children (aged 0-18) with a Disability including both short and long term residential care and fostering services
71	3,517.4	Looked After Children (with Disability) - In House Provision	4,701.2	691.2	<b>5,392.4</b>	-1,781.2	0.0	<b>3,611.2</b>	In-House Residential Respite and Enablement Services to support Looked After Children and families
72	11,939.6	Special Educational Needs & Psychology Services	14,040.2	86,228.4	<b>100,268.6</b>	-5,988.9	-81,034.3	<b>13,245.4</b>	Assessment and placement of children and young people with Special Educational Needs including those with Education Health Care Plans (EHCPs)
73	222.4	Special Educational Needs & Disability Management & Divisional Support	166.4	64.2	<b>230.6</b>	0.0	0.0	<b>230.6</b>	Directorate support costs including those relating our response to the SEN Written Statement of Action
<b>74</b>	<b>84,730.9</b>	<b>Total - Special Educational Needs and Disabilities (SEND)</b>	<b>27,994.6</b>	<b>157,332.0</b>	<b>185,326.6</b>	<b>-12,439.3</b>	<b>-81,051.5</b>	<b>91,835.8</b>	

<b>75</b>	<b>303,011.7</b>	<b>Total - Children, Young People &amp; Education (CYPE) Controllable Budget (excluding Schools' Delegated Budgets)</b>	<b>139,382.0</b>	<b>467,785.4</b>	<b>607,167.4</b>	<b>-53,408.9</b>	<b>-235,080.8</b>	<b>318,677.7</b>	
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Schools' Delegated Budgets (SDB)

Corporate Director: Matt Dunkley CBE

76	0.0	Schools' Delegated Budgets	541,092.1	170,418.5	<b>711,510.6</b>	-31,757.0	-679,753.6	<b>0.0</b>	Holds the Dedicated Schools Grant (DSG) for Kent schools
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<b>77</b>	<b>303,011.7</b>	<b>Total - Children, Young People &amp; Education (CYPE) Controllable Budget (including Schools' Delegated Budgets)</b>	<b>680,474.1</b>	<b>638,203.9</b>	<b>1,318,678.0</b>	<b>-85,165.9</b>	<b>-914,834.4</b>	<b>318,677.7</b>	
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Row	2021-22	Division & Key Service	2022-23 Approved Budget						Key Service Description
Ref	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	

Corporately held budgets									
Corporate Director: Zena Cooke									
78	1,471.0	Corporately held budgets	0.0	0.0	0.0	0.0	0.0	0.0	Corporately held budgets earmarked for CYPE directorate, to be allocated once spend has been incurred. Details are provided in Appendix E.

79	304,482.7	Total Children, Young People & Education (CYPE) Budget including provisional share of Corporately held budgets (including Schools' Delegated Budgets)	680,474.1	638,203.9	1,318,678.0	-85,165.9	-914,834.4	318,677.7	
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80	304,482.7	Total Children, Young People & Education (CYPE) Budget including provisional share of Corporately held budgets (excluding Schools' Delegated Budgets) (Row 79 less Row 76)	139,382.0	467,785.4	607,167.4	-53,408.9	-235,080.8	318,677.7	
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# Growth, Environment & Transport (GET)



Corporate Director: **Simon Jones**

Controllable Net Budget for 2022-23	<b>£175.6m</b>
Net Budget incl. provisional share of corporately held budgets	<b>£175.9m</b>
Gross Capital Budget over 10 year period:	<b>£1,214.6m</b>
Full Time Equivalent (FTE) Staff at February 2022:	<b>1,411.7</b>

Growth, Environment & Transport (GET) has recently restructured to better reflect Council priorities. As of 1 April, the Directorate will comprise 3 Divisions; Highways and Transportation (HT), Environment and Waste (EW) and Growth and Communities (GC) as well as Strategic Management & Directorate Budgets (SMDBG).

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

GET is responsible for many visible services that help shape our local communities, such as maintaining and improving Kent's roads, protecting communities against flooding, disposing of and recycling our waste as well as fostering a lifelong love of reading through our libraries. We also provide loans to help local businesses thrive or convert empty properties into much needed residences, encourage physical activity through our Country Parks and Public Rights of Way, protect vulnerable residents against rogue traders, and actively promoting and delivering an energy and low emissions strategy for Kent and Medway. By delivering good services we can improve the everyday lives of the people and businesses of Kent and make the County a better place to live, work, and do business.

**Growth and Communities (GC)** - responsible for the development of a range of growth and community related strategies including the Renewal and Resilience Strategy, Growth and Infrastructure Framework, the Housing Strategy, Library Ambition, Cultural Strategy, Digital Strategy and the Community Safety Agreement.

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

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

The service also directly delivers Country Parks, Public Rights of Way, and Explore Kent and hosts Countryside Partnerships, the Kent Downs AONB, and is a partner of the High Weald AONB.

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

The division comprises Sustainable Business and Communities, which leads on the Council's commitment to Net Zero across its own estate as well as in partnership with others for the County; and Waste Services including Waste infrastructure planning and development, Waste Services and Waste Compliance.

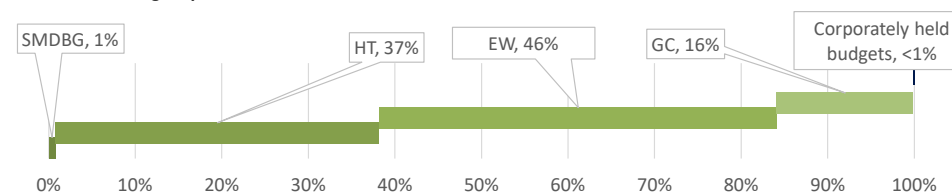
The division is responsible for the conservation, management and promotion of all aspects of the natural, historic and coastal environment in Kent.

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

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

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

**How is the GET budget split between Services?**



HT: Highways & Transportation (37%), EW: Environment & Waste (46%), GC: Growth & Communities (16%) and SMDBG (1%) are presented in the chart above.

Row Ref	2021-22	Division & Key Service	2022-23 Approved Budget						Key Service Description
	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	

## Growth, Environment & Transport (GET)

**£175.9m**

Corporate Director: Simon Jones

### Strategic Management & Directorate Budgets (SMDBG)

Corporate Director: Simon Jones

81	1,409.0	Strategic Management & Directorate Budgets (GET)	645.4	809.5	<b>1,454.9</b>	-68.0	0.0	<b>1,386.9</b>	Centrally held Directorate costs, as well as the Corporate Director, Portfolio Management Office, and Directorate legacy pension and early retirement costs
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### Growth and Communities (GC)

Director: Stephanie Holt-Castle

82	5,088.9	Growth and Support to Businesses	4,837.1	3,814.0	<b>8,651.1</b>	-2,988.4	-1,167.1	<b>4,495.6</b>	A group of services working to ensure sustainable growth in Kent including Planning Applications, Strategic Planning, Developer contributions, Levelling Up, Broadband, and No Use Empty. Working with public, private, and voluntary sectors to support Kent's economic growth covering business and enterprise. In addition to this providing support to and the delivery of capital programmes with a value in excess of £100m which includes Kent & Medway Business Loan Fund (KMBF). Supporting the growth of the Creative and Cultural Economy to deliver economic and social outcomes across Kent, including Turner Contemporary
83	2,972.8	Community (Assets & Services)	4,269.4	3,752.6	<b>8,022.0</b>	-5,507.9	-101.8	<b>2,412.3</b>	A wide range of services including Country Parks, Public Rights of Way, 8 Gypsy and Traveller sites, Explore Kent, Countryside Partnerships, and hosting Active Kent as well as co-ordinating Village Halls and Sports facilities grants
84	10,622.9	Public Protection	9,852.0	4,742.7	<b>14,594.7</b>	-2,895.3	-579.0	<b>11,120.4</b>	Public Protection services including Trading Standards, Community Wardens, Coroners, Kent Scientific Services (KSS), and Community Safety
85	8,588.5	Libraries, Registration & Archives	11,944.2	4,084.3	<b>16,028.5</b>	-6,479.8	-81.0	<b>9,467.7</b>	The Libraries, Registration & Archives (LRA) service is delivered through a network of 99 libraries, 5 Register Offices, 5 mobile libraries, an archive centre, the stock distribution and support function building at Quarry Wood, the information service which includes the public 'Ask a Kent Librarian' service, and the 24 hour accessible online services. The LRA service also delivers the records management service on behalf of KCC, is contracted to deliver 5 prison libraries in Kent and the registration service on behalf of the London Borough of Bexley
86	169.5	Growth and Communities Divisional management costs	174.0	0.1	<b>174.1</b>	0.0	0.0	<b>174.1</b>	Divisional management and support costs
<b>87</b>	<b>27,442.6</b>	<b>Total -Growth and Communities(GC)</b>	<b>31,076.7</b>	<b>16,393.7</b>	<b>47,470.4</b>	<b>-17,871.4</b>	<b>-1,928.9</b>	<b>27,670.1</b>	

Row	2021-22	Division & Key Service	2022-23 Approved Budget					Key Service Description
Ref	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants	
	£000s		£000s	£000s	£000s	£000s	£000s	

## Highways and Transportation (HT)

Director: Philip Lightowler

88	29,251.9	Highway Assets Management	11,418.1	25,781.9	<b>37,200.0</b>	-4,621.5	0.0	<b>32,578.5</b>	Road and footway reconstruction, renewal and preservation. Safety inspections, emergency and routine maintenance, customer enquiries. Cycle way maintenance. Signs, lines and barrier maintenance, Highway drainage cleansing, repairs and capital improvements. Soakaway maintenance and construction. Highway trees inspection and maintenance, urban shrubs and grass cutting, rural swathe cutting, weed spraying, emergency tree contract. Bridges, structures and tunnels management and capital renewals. Street Works permitting, coordination and inspection of works undertaken by utility companies, developers and KCC contractors. Temporary Road Closures, highway licences and Vehicle Crossovers. Winter service, gritting and salt bins. Out of hours 24/7/365 Highways Emergency and adverse weather response. Street lighting, LED conversion and CMS management, lit signs and bollards maintenance and energy costs of street lighting. Kent lane rental scheme, Third Party damage repair, fly tip removal, High Speed Road Maintenance Programme
89	5,776.9	Transportation	8,719.7	2,246.4	<b>10,966.1</b>	-4,362.9	-143.1	<b>6,460.1</b>	Reducing casualties and traffic congestion on Kent's roads by enabling the delivery of a £300m+ capital programme of engineering schemes by managing traffic and through road safety improvements, education and campaigns. Assisting developers in identifying and delivering solutions to protect our network from the negative impacts of development traffic
90	6,469.4	Supported Bus Services	89.0	7,992.4	<b>8,081.4</b>	-2,499.0	-1,087.8	<b>4,494.6</b>	Financial support for otherwise uneconomic bus routes (including the Kent Karrier service), as well as community transport schemes
91	17,224.6	English National Concessionary Travel Scheme (ENCTS)	0.0	13,887.6	<b>13,887.6</b>	-47.0	0.0	<b>13,840.6</b>	A statutory concessionary travel scheme, providing free bus travel for the elderly, disabled and disabled user companions
92	7,597.5	Kent Travel Saver (KTS)	0.0	11,351.4	<b>11,351.4</b>	-6,563.9	0.0	<b>4,787.5</b>	Provides discounted travel on the Kent bus network for young people aged 11-16
93	3,515.0	Highways & Transportation Divisional management costs	3,310.6	930.0	<b>4,240.6</b>	-618.5	0.0	<b>3,622.1</b>	Management, planning, procurement and monitoring of transport services, contract management, business services and business support for Highways & Transportation
<b>94</b>	<b>69,835.3</b>	<b>Total -Highways &amp; Transportation (HT)</b>	<b>23,537.4</b>	<b>62,189.7</b>	<b>85,727.1</b>	<b>-18,712.8</b>	<b>-1,230.9</b>	<b>65,783.4</b>	

Row Ref	2021-22 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2022-23 Approved Budget						Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s	

Environment and Waste (EW)									
Director: Matt Smyth									
95	1,917.3	Environment	2,781.2	4,935.5	<b>7,716.7</b>	-2,046.1	-3,594.7	<b>2,075.9</b>	Covers Net Zero, Climate Change, Natural Environment and Heritage Conservation, Flood and Water Management, hosting Kent Downs Area of Outstanding Natural Beauty (AONB), and partnering High Weald AONB
96	40,420.7	Residual Waste	118.0	45,494.6	<b>45,612.6</b>	-458.3	0.0	<b>45,154.3</b>	Statutory waste services for Kent residents including treatment and disposal of residual household waste, including management of closed landfill sites
97	33,948.7	Waste Facilities & Recycling Centres	0.0	36,544.0	<b>36,544.0</b>	-5,129.7	0.0	<b>31,414.3</b>	Statutory waste services for Kent residents including Household recycling centres, cost of recycling, and composting household waste
98	2,213.0	Environment and Waste Divisional management costs	1,880.5	263.1	<b>2,143.6</b>	-5.0	0.0	<b>2,138.6</b>	Work with Environment Agency to reduce waste, commissioning and contract management of care waste management service. Also includes business services and business support for Environment & Waste functions
<b>99</b>	<b>78,499.7</b>	<b>Total - Environment and Waste (EW)</b>	<b>4,779.7</b>	<b>87,237.2</b>	<b>92,016.9</b>	<b>-7,639.1</b>	<b>-3,594.7</b>	<b>80,783.1</b>	

<b>100</b>	<b>177,186.6</b>	<b>Total - Growth, Environment &amp; Transport (GET) Controllable Budget</b>	<b>60,039.2</b>	<b>166,630.1</b>	<b>226,669.3</b>	<b>-44,291.3</b>	<b>-6,754.5</b>	<b>175,623.5</b>	
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<b>Corporately held budgets</b>									
Corporate Director: Zena Cooke									
101	277.9	Corporately held budgets	0.0	234.9	<b>234.9</b>	0.0	0.0	<b>234.9</b>	Corporately held budgets earmarked for GET directorate, to be allocated once spend has been incurred. Details are provided in Appendix E.

<b>102</b>	<b>177,464.5</b>	<b>Total Growth, Environment &amp; Transport (GET) Budget including provisional share of Corporately held budgets</b>	<b>60,039.2</b>	<b>166,865.0</b>	<b>226,904.2</b>	<b>-44,291.3</b>	<b>-6,754.5</b>	<b>175,858.4</b>	
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# Strategic & Corporate Services (S&CS)



Corporate Director: **David Cockburn**

Controllable Net Budget for 2022-23	<b>£104.1m</b>
Net Budget incl. provisional share of corporately held budgets	<b>£104.1m</b>
Gross Capital Budget over 10 year period:	<b>£124.5m</b>
Full Time Equivalent (FTE) Staff at February 2022:	<b>932.4</b>

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

Strategic & Corporate Services also supports the organisation to deliver and respond to changes in our operating environment. Priorities include leading the revenue and capital budget process for the Council, ensuring effective governance and assurance processes, and providing support for extensive business change across the Council as we continue on our Strategic Reset Programme. Our Directorate also plays a significant role in ensuring the Council is well placed to meet its statutory and regulatory duties.

Strategic & Corporate Services has the following roles and responsibilities:

**People and Communication (P&C):** The Division is responsible for employment practice and policy, organisation design and development, health and safety, and the communications, marketing, media relations, public consultation, resident, customer and engagement functions for the authority. The Division holds the client-side responsibility for the Contact Point and Digital Services provided by Agilisys.

**Finance (FIN):** The Division comprises four key functions that together provide strategic financial and audit support to the Council. These functions are; Operations, Internal Audit, Policy, Planning & Strategy and Pensions & Treasury. The Division holds the client side responsibility for transactional finance activities provided by Cantium Business Solutions Ltd.

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

**Technology (TEC):** The Division is responsible for the provision and implementation of the Technology Strategy and overall direction for the Authority's technological and digital priorities ensuring they reflect KCC's wider priorities.

The Division holds the client-side responsibility for Cantium Business Solutions Ltd.

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

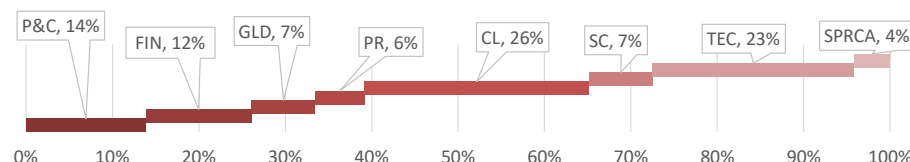
**Corporate Landlord (CL):** The Division is responsible for day to day costs relating to the running of the Council's complex estate of operational front line buildings; the office estate and holding costs of non-operational buildings.

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

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

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

How is the S&CS budget split between Services?



The graph indicates S&CS budget split. P&C is 14%, FIN is 12%, GLD is 7%, PR is 6%, CL is 26%, SC is 7%, TEC is 23% and SPRCA is 4%.

Row Ref	2021-22 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2022-23 Approved Budget					Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s	Net Cost £000s

## Strategic & Corporate Services (S&CS)

**£104.1m**

**Corporate Director: David Cockburn**

### Strategic Management & Directorate Budgets (SMDBS)

Corporate Director: David Cockburn

103	259.2	Strategic Management & Directorate Budgets (S&CS)	549.3	2,154.0	<b>2,703.3</b>	-625.8	-2,050.0	<b>27.5</b>	Central Directorate costs and grant contributions to Corporate Services' overheads
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### People & Communications (P&C)

Corporate Director: Amanda Beer

104	7,971.7	Human Resources Related Services	4,766.9	4,135.0	<b>8,901.9</b>	-721.0	-1.0	<b>8,179.9</b>	Strategic and operational Human Resource (HR) services to KCC. Advisory role to ensure that KCC meets its statutory responsibility in terms of Health & Safety, Employment Law, and Equality Legislation in relation to employment. Transactional HR services commissioned from Cantium Business Solutions Ltd
105	5,756.5	Customer Contact, Communications & Consultations	2,920.3	3,942.7	<b>6,863.0</b>	-525.6	-89.0	<b>6,248.4</b>	Responsible for communicating with the public, marketing, media relations, customer contact services, effective public consultation, resident, customer and engagement functions
<b>106</b>	<b>13,728.2</b>	<b>Total - People &amp; Communications (P&amp;C)</b>	<b>7,687.2</b>	<b>8,077.7</b>	<b>15,764.9</b>	<b>-1,246.6</b>	<b>-90.0</b>	<b>14,428.3</b>	

### Finance (FIN)

Corporate Director: Zena Cooke

107	12,360.6	Finance	12,785.9	6,781.3	<b>19,567.2</b>	-5,926.8	-904.8	<b>12,735.6</b>	Provision of Internal Audit and Counter Fraud Services and finance advice and support for all budget holders and Members in planning, managing, and reporting on the Council's financial resources. Pensions & Treasury functions. Transactional financial services commissioned from Cantium Business Solutions Ltd
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Row Ref	2021-22 Revised Base Budget (Net Cost)* £000s	Division & Key Service	2022-23 Approved Budget					Net Cost £000s	Key Service Description
			Staffing £000s	Non Staffing £000s	Gross Expenditure £000s	Income £000s	Grants £000s		

Governance, Law & Democracy (GLD)									
Director: Ben Watts									
108	6,080.9	Governance & Law	3,600.5	3,601.8	<b>7,202.3</b>	-309.8	-35.0	<b>6,857.5</b>	Includes the cost of supporting the 81 elected Members of the County Council and their responsibilities, together with the management of the contract with Invicta Law Ltd for legal advice and services to KCC, public bodies, and other local authorities. Co-ordination of responses to Freedom of Information (FOI) requests
109	810.0	Local Member Grants	0.0	810.0	<b>810.0</b>	0.0	0.0	<b>810.0</b>	Member Grants made to a wide range of community based groups, individuals and organisations
<b>110</b>	<b>6,890.9</b>	<b>Total - Governance, Law &amp; Democracy (GLD)</b>	<b>3,600.5</b>	<b>4,411.8</b>	<b>8,012.3</b>	<b>-309.8</b>	<b>-35.0</b>	<b>7,667.5</b>	

Property (PR)									
Director: Rebecca Spore									
111	5,756.0	Property related services	6,681.5	768.5	<b>7,450.0</b>	-1,540.0	0.0	<b>5,910.0</b>	Strategic management of KCC's estate. Leads on delivery of the Council's Property Asset Management Strategy together with the delivery of day to day management of the KCC estate. Provision of the Council's Emergency Planning function.

Corporate Landlord (CL)									
Director: Rebecca Spore									
112	25,747.5	Corporate Landlord	0.0	35,906.8	<b>35,906.8</b>	-8,649.9	-187.0	<b>27,069.9</b>	Day to day costs relating to the running of the Council's complex estate of operational front line buildings; the office estate and holding costs of non-operational buildings

Row	2021-22	Division & Key Service	2022-23 Approved Budget						Key Service Description
Ref	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	

Technology (TEC)									
Director: Vacant									
113	21,430.6	Technology	3,871.4	24,698.6	<b>28,570.0</b>	-4,113.3	-149.0	<b>24,307.7</b>	Leads on defining future provision and strategy for Technology, ensuring the best use of available technology to support the needs of the Council. ICT services commissioned from Cantium Business Solutions Ltd

Strategic Commissioning (SC)									
Director: Clare Maynard									
114	7,348.9	Strategic Commissioning	8,710.2	218.7	<b>8,928.9</b>	-1,249.7	-44.1	<b>7,635.1</b>	Responsible for delivering a commissioning and procurement strategy for the Authority. Includes commissioning, contract management, and procurement functions

Strategy, Policy, Relationships & Corporate Assurance (SPRCA)									
Director: David Whittle									
115	3,766.5	Strategy, Policy, Relationships & Corporate Assurance	4,051.0	2,304.4	<b>6,355.4</b>	-811.6	-1,250.0	<b>4,293.8</b>	Supports the political and managerial leadership of KCC through corporate strategy, policy development, safeguarding and strategic partnerships, corporate risk management and the Kent analytics service. Administration of the council's grant scheme in support of the civil society strategy

<b>116</b>	<b>97,288.4</b>	<b>Total - Strategic &amp; Corporate Services (S&amp;CS) Controllable Budget</b>	<b>47,937.0</b>	<b>85,321.8</b>	<b>133,258.8</b>	<b>-24,473.5</b>	<b>-4,709.9</b>	<b>104,075.4</b>	
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<b>Corporately held budgets</b>									
Corporate Director: Zena Cooke									
117	915.6	Corporately held budgets	0.0	0.0	<b>0.0</b>	0.0	0.0	<b>0.0</b>	Corporately held budgets earmarked for S&CS directorate, to be allocated once spend has been incurred. Details are provided in Appendix E.

<b>118</b>	<b>98,204.0</b>	<b>Total Strategic &amp; Corporate Services (S&amp;CS) Budget including provisional share of Corporately held budgets</b>	<b>47,937.0</b>	<b>85,321.8</b>	<b>133,258.8</b>	<b>-24,473.5</b>	<b>-4,709.9</b>	<b>104,075.4</b>	
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Row	2021-22	Division & Key Service	2022-23 Approved Budget						Key Service Description
Ref	Revised Base Budget (Net Cost)*		Staffing	Non Staffing	Gross Expenditure	Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	

Non Attributable Costs (NAC)

£128.5m

Corporate Director: Zena Cooke

119	117,761.4	Non Attributable Costs	1,220.9	143,354.7	144,575.6	-15,803.7	-9.0	128,762.9	Includes net debt costs (including investment income), transfers to and from reserves, and others including Insurance Fund, audit fees and Apprenticeship Levy
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Corporately held budgets

Corporate Director: Zena Cooke

120	320.7	Corporately held budgets	-250.0	0.0	-250.0	0.0	0.0	-250.0	Corporately held budgets earmarked for Non Attributable Costs, to be allocated once spend has been incurred. Details are provided in Appendix E.
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121	118,082.1	Total Non Attributable Costs (NAC) Budget including provisional share of Corporately held budgets	970.9	143,354.7	144,325.6	-15,803.7	-9.0	128,512.9	
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122	1,132,426.0	Total Budget	879,032.7	1,652,722.5	2,531,755.2	-327,064.6	-1,013,196.8	1,191,493.8	
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123	1,132,426.0	Total Budget (excluding Schools' Delegated Budgets on Row 75)	337,940.6	1,482,304.0	1,820,244.6	-295,307.6	-333,443.2	1,191,493.8	
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# **SECTION 9**

## **Appendix F: Directorate Revenue Budget Changes 2022-23**





## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>2021-22 Base Budget</b>	Approved budget by County Council on 11th February 2021	422,692.0	290,774.2	177,516.0	0.0	93,220.3	115,970.5	32,253.0	1,132,426.0	
<b>Base Adjustments (internal)</b>	Changes to budgets which have nil overall affect on net budget requirement	11,500.7	12,237.5	-329.4	0.0	4,068.1	1,790.9	-29,267.8		
<b>Revised 2021-22 Base Budget</b>		<b>434,192.7</b>	<b>303,011.7</b>	<b>177,186.6</b>	<b>0.0</b>	<b>97,288.4</b>	<b>117,761.4</b>	<b>2,985.2</b>	<b>1,132,426.0</b>	<b>1,132,426.0</b>
<b>Growth</b>										
<b>Net Base Budget Changes</b>	Growth based on current and forecast activity levels									11,175.3
Covid related provision	Reductions in Covid related provisions included in 2021-22 budget	-2,000.0	-2,000.0					-288.6	-4,288.6	
Adult Social Care	Underlying budget pressure from 2021-22 due to increased costs and activity across all Adult social care services	19,258.9							19,258.9	
Highways soft landscaping	Additional rural swathe cut to meet environmental standards and following recommendations within Plan Bee strategy			300.0					300.0	
Waste	Realignment of rent and rates for the East Kent contract			412.0					412.0	
Waste prices/income	Realignment of prices and income levels for a variety of waste streams, with increases in current recycling income and lower costs of disposal/recycling forecast to continue into the coming year			-4,000.0					-4,000.0	
Adult Social Care - Care & Support in the Home retender	Release of residual provision for the retender of Care & Support in the Home services following completion of phase 2	-603.7							-603.7	
Adult Social Care - Disability Residential Care retender	Realignment of budget to cover the full year effect of phase 2 of the retender of residential services for learning disability, physical disability and mental health clients	300.0							300.0	
Technology contracts	Realignment of base budget for third party contracts to include the new Adult Social Care Performance System (Mosaic) costs					233.7			233.7	
Care Leavers	Removal of funding approved in 2020-21 budget for providing Care Leavers with a full exemption from paying Council Tax until the age of 21, due to fewer than expected young people requiring support with their council tax		-600.0						-600.0	
Home to School Transport	Realignment to reflect increased costs and demand in 2021-22		2,500.0						2,500.0	
Disabled Children's & Young People Services (0 - 25 year olds)	Realignment to reflect increased costs and demand for placements in 2021-22 and the consequential impact on staffing levels		1,500.0						1,500.0	
Streetlight Energy	Realignment of the streetlight energy budget reflecting the net impact of lower than budgeted rates continuing into the coming year			-360.0					-360.0	

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Surplus Property	Removal of 2020-21 provision for property holding costs for a site in East Kent pending a decision regarding provision of Basic Need School places in the area							-200.0	-200.0	
Waste - HWRC/Transfer station	Removal of budget for one-off remedial works at HWRC/Transfer Station in 2021-22 prior to new contractor taking over maintenance responsibilities			-408.0					-408.0	
Investment Income	Reduction in impact of Covid on the financial markets which resulted in a temporary reduced return on our investments						-1,800.0		-1,800.0	
Dedicated Schools Grant (DSG)	Reduction in the 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		-1,000.0						-1,000.0	
Pay, Employers superannuation increase & Non Specific Prices Provisions	Removal of residual unallocated pay, employers superannuation increase and non specific prices provisions included in prior year budgets							-260.7	-260.7	
Other	Other minor growth based on current activity levels less than £200k			151.3	135.0	74.6	-20.9	-148.3	191.7	
<b>Reduction In Grant Income</b>										
Dedicated Schools Grant	20% reduction to the historic commitments element of the Dedicated Schools Grant: Central Services for Schools Block		839.3						839.3	1,157.9
Public Health - Contain Outbreak Management Fund (COMF)	Completion of Public Health Drug and Alcohol project funded by COMF grant up to 31st March 2022, with the residual costs being met from the Public Health reserve in 2022-23.				318.6				318.6	
<b>Pay and Prices</b>										
Pay:										
Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme. This contribution together with the savings from staff turnover will provide a pay pot capable of providing a 3% uplift for successful awards and maintain the differentials for outstanding and excellent awards, and allow minimum pay point for Kent Scheme to increase to £10 per hour (increasing the differential between the lowest pay range (KR3) and Foundation Living Wage). This is the subject of pay bargaining with Trade Unions	2,332.1	2,751.4	1,222.0		994.2	0.3		7,300.0	9,241.3

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employer National Insurance contributions	Impact of 7th September 2021 Government announcement to increase employer and employee national insurance contributions by 1.25% from April 2022 to fund social care reforms and NHS backlog	575.2	678.5	301.1		245.1	0.1		1,800.0	
Other	Other changes to pay and pensions less than £200k			25.0	116.3				141.3	
Inflation:										28,554.9
KCC Estate Energy	Anticipated price increases on energy contracts for the KCC estate as estimated by Commercial Services					453.5			453.5	
Streetlight Energy	Provision for price inflation related to Streetlight energy as estimated by Commercial Services			667.6					667.6	
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. The amount provides for an average increase of 3% although within this there is scope to provide more or less on individual contracts subject to contractual provisions	14,492.3	1,223.0						15,715.3	
Children's Social Care	Provision for price negotiations with external providers based on an average increase of 3% although within this there is scope to provide more or less on individual contracts subject to contractual provisions, and uplift to in-house foster carers in line with DFE guidance		2,384.5						2,384.5	
Home to School Transport	Provision for inflation on contracted services and season tickets for mainstream & SEN Home to School and College Transport and the 16+ Kent Travel Saver. The amount provides for an average increase of 3% although within this there is scope to provide more or less on individual contracts subject to contractual provisions.		1,556.1						1,556.1	
Kent Travel Saver	Provision for price inflation related to the Kent Travel Saver which is recovered through uplifting the charge for the pass			115.6					115.6	
Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices)			4,111.3					4,111.3	
Software Licences	Negotiated annual price uplift for three year contract (July 2020 to July 2023) for E5 software licences					385.8			385.8	
Facilities Management	Estimated future price uplift to existing providers for the extended Facilities Management contract					544.5			544.5	
Cantium Business Solutions	Inflationary uplift on the Cantium Business Solutions contract					269.3			269.3	

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services where the amount provides for an average increase of 3% although within this there is scope to provide more or less on individual contracts subject to contractual provisions.			236.5				234.9	471.4	
Corporate Landlord	Provision for price inflation for rent and rates for the office estate					164.4			164.4	
Public Health contracts	Estimated increase in contract prices				1,425.9				1,425.9	
Other	Other price increases of less than £200k		87.7		8.0	136.6	57.4		289.7	
<b>Demand &amp; Cost Drivers</b>	Additional spending associated with change in demand, population growth and other cost drivers									
Adult Social Care	Provision for impact of an increase in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, including the transition of known clients at age 26 from Lifespan Pathway age 18-25	13,000.0	1,200.0						14,200.0	20,748.2
Children's Social Care	Estimated impact of an increase in the population of children in Kent, leading to increased demand for children's social work and disabled children's services		3,700.0						3,700.0	
Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport		1,500.0						1,500.0	
Kent Travel Saver	Estimated impact of the Covid pandemic on take up and usage of the Kent Travel Saver pass			-1,900.0					-1,900.0	
Waste tonnage	Estimated impact of changes in waste tonnage as a result of population and housing growth			711.5					711.5	
Waste tonnage	Increase in kerbside waste tonnage due to more homeworking both during the Covid pandemic, as well as following easing of lockdowns, the cost of which is higher to process than recycled waste. These waste tonnes would usually have been disposed of commercially.			2,873.0				-1,144.0	1,729.0	
English National Concessionary Travel Scheme (ENCTS)	Estimated impact of the Covid pandemic on usage of the ENCTS pass			-3,384.0				2,000.0	-1,384.0	
Planning Applications	Increase in staffing and legal capacity to deliver statutory planning service due to significant increase in the number of applications			200.0					200.0	

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Facilities Management	Mobilisation costs of new Facilities Management contracts where we will incur costs such as legal, pensions, TUPE and set up costs and potentially some dual running costs. The impact of these costs on the budget is being spread over the life of the contract via the temporary use of reserves.					800.0			800.0	
Client Financial Services	Additional resources required for financial assessments of social care clients due to increasing number of new clients					235.0			235.0	
Public Health - Sexual Health	Increase in online contract for sexual health services based on anticipated service levels				300.0				300.0	
Other	Other minor demographic pressures of less than £200k			288.5	368.2				656.7	
<b>Government &amp; Legislative</b>										
Adult Social Care Reform: Market Sustainability and Fair Cost of Care Fund	Provision for our share of the £0.2bn national allocation for social care reform, funded from the 1.25% increase in national insurance from 1 April 2022, pending further detail from government on what costs this funding is expected to cover and decisions on how this will be applied							4,161.0	4,161.0	4,161.0
Trading Standards	Additional staffing required to undertake extra duties imposed as a result of the end of EU Exit transition such as Border Ports, Animal Health and Feed Officers. This is a new burden and permanent funding is required (this is offset by additional forecast grant funding)			579.0					579.0	-669.6
Public Health - Health Visiting	Additional contact for Universal Plus/Universal Partnership Plus families due to change in Health & Care Profession Guidance				380.0				380.0	
Technology	Removal of temporary provision for additional ICT equipment and peripherals to enable more flexible working required as a result of Covid							-250.0	-250.0	
Personal Protective Equipment	Removal of temporary warehousing and distribution costs of PPE							-360.0	-360.0	
Regeneration	Removal of temporary Covid Business Help Line							-200.0	-200.0	
Registration Service	Removal of temporary loss of income as a result of the Covid pandemic							-506.3	-506.3	
Other	Other Government & Legislative pressures of less than £200k	120.0		74.0				-506.3	-312.3	
<b>Service Strategies &amp; Improvements</b>										
Capital Programme	The impact on debt charges of both the review of the 2021-24 capital programme, and prior year capital programme						2,656.9		2,656.9	9,234.6



## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Transportation	Funding to support the Active Travel agenda, including coordination and management of the Tranche 2 and pending multi-year Tranche 3 allocations from Government, plus delivery of the Vision Zero ongoing strategy			500.0					500.0	
Technology contracts	Increased costs of moving to Cloud storage for increased cyber security					400.0			400.0	
Highway Maintenance Contract	Removal of one-off set up costs in 2020-21 associated with the recommissioning of the highways term maintenance contract, including procurement and pre-commencement costs			-100.0					-100.0	
Economic Development Recovery Plan	Re-design of the service and additional staffing and consultancy capacity to draft and deliver the Economic Recovery Plan/Economic Strategy following the Covid pandemic			250.0					250.0	
Asset Management	Revenue contributions to capital required to maintain and deliver asset management for Kent's Windmills and Surface Water Flood Risk Management			200.0					200.0	
Public Health	Additional temporary Public Health posts				373.1				373.1	
People & Communications	Additional staffing to balance capacity with service demand and to meet and enhance the organisation's strategic objective to improve the engagement and experience of residents					382.5			382.5	
Infrastructure - Property	Creation of a budget to commission third party estates work to meet increased demand for change across the Corporate Landlord estate					246.5			246.5	
Technology	Re-design of the Technology Function staffing structure to ensure the correct level of expertise is available to provide and commission a safe and secure ICT function, including appointment to the new Director of Technology role					1,458.9			1,458.9	
Strategy & Partnerships	Increased resources in the Analytics Team to design and assess evaluation frameworks for major change activity and project delivery					225.0			225.0	
Governance, Law & Democracy	Additional legal resource to support lawful operation of the Council and to ensure Monitoring Officer has minimum capacity to discharge statutory duties					500.0			500.0	
Special Educational Needs staffing	Restructure of SEN service and additional staffing required to process and support the growing number of Education & Health Care Plans		1,000.0						1,000.0	
Education Basic Need Programme	Removal of provision for COVID specific expenses in relation to the basic need programme (provision of sufficient school places)							-1,121.0	-1,121.0	

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Public Health - Children's Programme	Increased one-off investment in additional counselling services for children, Healthy child programme and Children's Weight Management				947.5				947.5	
Public Health - Sexual Health	Rephasing of contribution to capital for completion of works to Flete Unit				400.0				400.0	
Public Health - Health Visiting	Increased one-off investment in speech and language therapy, peri-natal mental health, Family Partnership Programme, text messaging service for parents and Health Visiting services				538.6				538.6	
Public Health - Healthy Lifestyles	Further investment in Kent Sports Unit				200.0				200.0	
Public Health - Healthy Lifestyles	Investment in Public Health services to promote and support Healthy Lifestyles				281.1				281.1	
Gypsy & Traveller Service	Removal of one-off investment at Barnfield site to remove illegally dumped waste and install preventative measures			-500.0					-500.0	
Other	Other minor service improvements of less than £200k			45.0	208.3	142.2			395.5	
	<b>Total Additional Growth</b>	<b>47,474.8</b>	<b>17,320.5</b>	<b>2,611.4</b>	<b>6,000.6</b>	<b>7,891.8</b>	<b>893.8</b>	<b>1,410.7</b>	<b>83,603.6</b>	<b>83,603.6</b>
<b>Savings and Income</b>										
<b>Transformation Savings</b>										
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. This may also include efficiencies in our future ways of working resulting in a reduction in staffing spend.	-8,407.7							-8,407.7	-8,407.7
Coroners	Part year impact of the introduction of the use of Digital Autopsy techniques in the Coroners' service			-100.0					-100.0	-451.4
Sport and Physical Activity	Service has re-focussed to deliver Public Health outcomes within the Sports & Physical activity unit, with grant funding allocated accordingly			-200.0					-200.0	
Other	Other minor savings to be achieved through transformation of less than £200k		-3.0	-29.0		-119.4			-151.4	
<b>Income</b>										
Review of Charges for Service Users - existing service income streams & inflationary increases	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts for 2022-23, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams	-2,492.9	-50.6	-51.9					-2,595.4	-8,676.6
Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases			-115.6					-115.6	

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Income return from our companies	Estimated income contribution from our limited companies, to be transferred to reserves and used to fund time limited activities to support Strategic Priorities						-4,000.0		-4,000.0	
Economic Recovery	Re-prioritise external income to support the wider economic recovery within Kent			-1,500.0					-1,500.0	
Highways	Increase in net income budgets for streetworks and permit scheme			-400.0					-400.0	
Other	Other minor changes in income of less than £200k			10.0	-75.6				-65.6	
<b>Increases in Grants &amp; Contributions</b>										
Public Health Grant	Anticipated increase in Public Health Grant pending announcement from Department of Health and Social Care				-1,959.0				-1,959.0	-3,419.0
New Burdens	Assumed New Burdens grant to fund ongoing EU Exit costs including Border Ports and Animal Health and Feed Officers and responsibilities under the new Marriage Schedule Act 2021.			-660.0					-660.0	
Supporting Families	Estimated grant allocation from the new Supporting Families grant announced in the Chancellor's autumn 2021 budget to fund Early Help & Preventative services and Local Children's Partnership		-800.0						-800.0	
<b>Efficiency Savings</b>										
Staffing:										
Workforce Management	Staffing savings across the organisation to be achieved through a range of measures including business process review; automation; rationalisation and digitalisation to be delivered and monitored by the Strategic Reset Programme Board							-250.0	-250.0	-380.0
Other	Other Direct & Indirect Staffing Efficiencies of less than £200k			-106.0		-24.0			-130.0	
Contracts & Procurement:										
Highways	Removal of one-off use of grant funding to offset cost of works and operating fees			2,000.0					2,000.0	-3,316.0
Adult Social Care Commissioning	Review existing contracts for commissioned services to ensure the market is supported and developed to meet the needs of individuals, which will require costs to be reduced on some contracts.	-5,000.0							-5,000.0	
Other	Other minor contracts & procurement savings of less than £200k			-316.0					-316.0	



## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Other:										
Libraries, Registration & Archives (LRA)	Removal of one-off saving in 2021-22 from review of LRA non staffing spend enabled by the closure of libraries during the early part of the pandemic			260.0					260.0	-1,304.6
Central Services for Schools	Efficiency savings to offset the anticipated 20% annual reduction in Dedicated Schools Grant: Central Services for Schools Block		-839.3						-839.3	
Early retirements	Review of early retirement budget			-30.0		-250.0			-280.0	
Community Learning & Skills	Development of income earning activities within the CLS service and engage in efficiency measures to reduce costs		-200.0						-200.0	
Other	Other minor efficiency savings of less than £200k			-75.0	-170.3				-245.3	
<b>Financing Savings</b>										
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 & review amounts set aside for debt repayment (MRP) based on review of asset life						-2,094.0		-2,094.0	-2,094.0
<b>Policy Savings</b>										
Library Material Fund	Replacement of the temporary reduction in the Libraries materials budget in 2021-22. This budget is used to purchase all books, physical and e-books, magazines and newspapers as well as all our online resources and study resources.			300.0					300.0	-9,252.5
Adult Social Care - Non Framework Placements	Removal of undelivered prior year saving from maximising the use of negotiated framework providers to improve quality and efficiency	700.0							700.0	
Care Leavers Placement Cost Reductions	Review the Care Leavers offer where appropriate including maximising use of housing benefit where possible		-375.0						-375.0	
Strategic Review of In House Adult Social Care Services	The review is on-going and fits within the strategic direction of the Adult Social Care strategy and Making a Difference Every Day. Management action and outcomes of the review will deliver the required savings in 2022-23.	-3,400.0							-3,400.0	
Community Wardens	Replace saving from not recruiting to vacant wardens posts and funding from one-off Covid grant in 2021-22			220.0					220.0	
Proposed Review of and Reduction in Subsidised Bus contracts	Review KCC supported bus services using agreed value for money criteria and also taking account where possible of school journeys. Identify contracts that could potentially be terminated, allowing a saving to budget. Terminations to be consulted upon.			-2,210.0					-2,210.0	

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Increase price of Kent Travel Saver	Increase the price of the Kent Travel Saver pass by more than the operator inflation uplift, reducing the amount of subsidy provided by KCC to the scheme. Pass price to increase to £450 from when the application window for 2022 academic year opens in May 2022 & increase price of pass for those on lower incomes or in receipt of Free School Meals to £150			-910.0					-910.0	
Home to School Transport - Kent 16+ Travel Saver	Increase the price of the Kent 16+ Travel Saver pass to £500 to maintain distinction between 16+ and KTS as 16+ is a 24/7 scheme		-350.0						-350.0	
Housing Related Support - Homelessness	Expiry of Homelessness contract from September 2022. Review services currently provided and develop suitable transitional arrangements which will be funded from reserves to mitigate the adverse impacts	-2,300.0							-2,300.0	
Adult Social Care Commissioning	Review existing contracts and grants with voluntary sector providers, to ensure the needs of individuals can continue to be met through appropriate recommissioning of existing arrangements	-550.0							-550.0	
Other	Other smaller policy savings of less than £200k	-8.5	-36.6	-261.0		-71.4			-377.5	
<b>Total savings and Income</b>		<b>-21,459.1</b>	<b>-2,654.5</b>	<b>-4,174.5</b>	<b>-2,204.9</b>	<b>-464.8</b>	<b>-6,094.0</b>	<b>-250.0</b>	<b>-37,301.8</b>	<b>-37,301.8</b>
<b>Reserves</b>										
<b>Contributions To Reserves (incl removal of prior year contributions)</b>										
New Homes Bonus	Contribution of New Homes Bonus funding to Strategic Priorities reserve						4,381.5		4,381.5	1,984.6
Return from our limited companies	Contribution of the anticipated return from our limited companies to the Strategic Priorities Reserve						4,000.0		4,000.0	
Retained Business Rates Levy	Contribution of the retained business rates levy, the proceeds from the business rates pool, to Regeneration reserve						3,000.0		3,000.0	
General Reserves	Contribution to reserves in order to maintain general reserve at 5% of net revenue budget						2,950.9		2,950.9	
Risk Reserve	Contribution to reserves to reflect the heightened risks to the budget, including higher inflation and the potential impacts of the Russian invasion of Ukraine						7,966.3		7,966.3	
Facilities Management	Contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)					160.0			160.0	
Workforce Reduction	Removal of one-off contribution to Workforce Reduction reserve in 2021-22 to manage the impact on staffing of the policy savings required over the medium term						-3,000.0		-3,000.0	

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
General Reserves	Removal of one-off contribution to General Reserves in 2021-22 to improve financial resilience						-14,000.0		-14,000.0	
Local Taxation Equalisation	Removal of contribution in 2021-22 relating to the late changes in estimated local share of business rates, collection fund balance and compensation grant for additional reliefs in 2020-21						-3,394.1		-3,394.1	
Removal of contribution related to repayment of previous "borrowing" from reserves	Reduction & full removal of the annual repayment of the "borrowing" from reserves to support the budget in 2011-12, reflecting when the reserves will be fully repaid						-80.0		-80.0	
<b>Drawdowns from Reserves (incl removal of prior year drawdowns)</b>										10,781.4
Children's Centres	Removal of use of Public Health reserves for Children's Centres in 2019-20 to 2021-22		500.0						500.0	
Children's Centres	Removal of additional one-off use of Public Health reserves for Children's Centres in 2021-22		500.0						500.0	
2020-21 Underspending	Removal of drawdown of reserves in 2021-22 related to underspending in 2020-21						18,553.4		18,553.4	
Public Health Reserves	Use of Public Health reserves to fund one-off costs and invest to save initiatives in 2022-23				-3,795.7				-3,795.7	
Drawdown corporate reserves	Drawdown from corporate smoothing reserves					-800.0	-4,176.3		-4,976.3	
<b>Net Change in Use of Reserves</b>		<b>0.0</b>	<b>1,000.0</b>	<b>0.0</b>	<b>-3,795.7</b>	<b>-640.0</b>	<b>16,201.7</b>	<b>0.0</b>	<b>12,766.0</b>	<b>12,766.0</b>
<b>Approved Controllable Budget</b>		<b>460,208.4</b>	<b>318,677.7</b>	<b>175,623.5</b>	<b>0.0</b>	<b>104,075.4</b>	<b>128,762.9</b>	<b>4,145.9</b>	<b>1,191,493.8</b>	<b>1,191,493.8</b>
<b>Memorandum - Provisional allocation of corporately held budgets:</b>										
- Corporately held budgets for Social Care Reform, to be allocated once further detail is provided from Government		4,161.0						-4,161.0	0.0	0.0
- Corporately held budgets to be allocated to directorates if & when spend is fully incurred				234.9				-234.9	0.0	0.0
- Estimated apportionment of centrally held budgets (pay, employers NI & superannuation, workforce saving)		0.0	0.0	0.0		0.0	-250.0	250.0	0.0	0.0
<b>Total Net Budget including provisional share of corporately held budgets</b>		<b>464,369.4</b>	<b>318,677.7</b>	<b>175,858.4</b>	<b>0.0</b>	<b>104,075.4</b>	<b>128,512.9</b>	<b>0.0</b>	<b>1,191,493.8</b>	<b>1,191,493.8</b>

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Heading	Description	ASCH	CYPE (incl DCS Age 0-25)	GET	Public Health	S&CS	Non Attributable Costs	Corporately held budgets	Total	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Funding</b>										
<b>Final Settlement</b>	Notification of funding from central government via the Final Local Government Finance Settlement for 2022-23									
Revenue Support Grant	Comprises share of previous Formula Grant, Early Intervention Grant, Learning Disability Grant, Council Tax Freeze Grant, Care Act Grant etc. allocated as revenue support grant, including impact of settlement announced in Spending Review 2021 on 27th October 2021.								10,018.1	10,018.1
Social Care Support Grant	Further one-off extension of the Adult Social Care Support Grant per the settlement announced in Spending Review 2021 on 27th October 2021								54,478.4	54,478.4
Social Care Reform Grant	Grant funding towards the cost of implementing Social Care reforms funded by the new Health & Social Care Levy (1.25% increase in national insurance contributions)								4,161.0	4,161.0
Spending Review 2021: Services grant	Grant funding announced in the Spending Review 2021								12,953.2	12,953.2
Business Rate Top-up	Top-up derived by comparing local share of business rates according to historical average and business rate baseline share of previous grants and reflects a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2021								138,429.0	138,429.0
Improved Better Care Fund (iBCF)	DLUHC un-ring-fenced grant allocated towards improved integration between social care and health, including the additional adult social care funding announced in the Chancellor's Spring Budget on 8th March 2017, and the winter pressures funding provided in 2018-19 and 2019-20 which rolled into iBCF in 2020-21								50,014.7	50,014.7
New Homes Bonus Grant	DLUHC un-ring-fenced grant allocated according to increase in tax base, as per the settlement announced in the Spending Review 2021								4,381.5	35,613.4
Business Rate Compensation	Compensation for additional reliefs on business rates for small businesses, retail premises and reduction in multiplier paid as un-ringfenced grant by DLUHC								29,262.9	
Un-ringfenced grants	Un-ringfenced grants from other Government Departments								1,969.0	
Drawdown from reserves of S31 grant for Compensation for irrecoverable local taxation losses due to Covid-19	Drawdown from reserves of S31 grant for irrecoverable local taxation losses resulting from the Covid-19 pandemic accounted for in the 2020-21 accounts in accordance with CIPFA guidance								2,347.5	2,347.5

## Appendix F - Final Directorate Revenue Budget Changes 2022-23

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		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Business Rates</b>										
Business Rate Baseline	Local share of business rates baseline in the Local Government Finance Settlement reflecting a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2021								49,468.9	52,809.5
Business Rate Local Share	KCC 9% share of local tax base growth as notified by district councils less baseline share identified above								3,340.6	
Business Rate Collection Fund	KCC share of surpluses and deficits on business rate collection in prior years net of compensation for Covid-19 business rate reliefs								-10,793.6	-34.6
2020-21 Business Rate Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Business Rate collection spread over 3 years								-1,127.6	
Drawdown from reserves of S31 Grant for Covid-19 Business Rate Reliefs	Drawdown from reserves of S31 grant for Covid-19 business rate reliefs offered in 2020-21 and accounted for in 2020-21 accounts in accordance with CIPFA guidance								11,886.6	
<b>Local Taxation</b>										
Council Tax Base	KCC band D equivalent tax base notified by district councils								709,536.2	725,505.3
Council Tax Increase	Impact of increase in Council Tax up to the 2% referendum limit								15,969.1	
Adult Social Care Levy	Impact of 1% increase in Council Tax for Adult Social Care Levy (total shown relates to 2016-17 to 2022-23 increases combined)								97,589.1	97,589.1
Council Tax Collection Fund	KCC share of 2021-22 surpluses and deficits on Council Tax collection								12,230.5	12,230.5
2020-21 Council Tax Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Council Tax collection spread over 3 years								-4,621.3	-4,621.3
<b>Total Funding</b>									<b>1,191,493.8</b>	<b>1,191,493.8</b>
<b>Key:</b>										
ASCH	Adult Social Care and Health									
CYPE	Children, Young People and Education									
DCS	Disabled Children's Services									
GET	Growth, Environment & Transport									
PH	Public Health									
S&CS	Strategic & Corporate Services									
NAC	Non Attributable Costs which includes corporate costs such as debt charges, interest, contributions to/from reserves & levies									
CHB	Corporately Held Budgets									
DLUHC	Department for Levelling Up, Housing and Communities									



# **SECTION 10**

## **Appendix G: County Level 3 Year Revenue Changes**





## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
<b>Revised 2021-22 Base Budget</b>		<b>1,132,426.0</b>	<b>1,191,493.8</b>	<b>1,233,158.3</b>	<b>1,132,426.0</b>	<b>1,191,493.8</b>	<b>1,233,158.3</b>
<b>Growth</b>							
<b>Net Base Budget Changes</b>	Growth based on current and forecast activity levels				11,175.3	-2,214.0	-255.4
Covid related provision	Reductions in Covid related provisions included in 2021-22 budget	-4,288.6	-1,500.0				
Adult Social Care	Underlying budget pressure from 2021-22 due to increased costs and activity across all Adult social care services	19,258.9					
Highways soft landscaping	Additional rural swathe cut to meet environmental standards and following recommendations within Plan Bee strategy	300.0					
Waste	Realignment of rent and rates for the East Kent contract	412.0					
Waste prices/income	Realignment of prices and income levels for a variety of waste streams, with increases in current recycling income and lower costs of disposal/recycling forecast to continue into the coming year	-4,000.0					
Adult Social Care - Care & Support in the Home retender	Release of residual provision for the retender of Care & Support in the Home services following completion of phase 2	-603.7					
Adult Social Care - Disability Residential Care retender	Realignment of budget to cover the full year effect of phase 2 of the retender of residential services for learning disability, physical disability and mental health clients	300.0					
Technology contracts	Realignment of base budget for third party contracts to include the new Adult Social Care Performance System (Mosaic) costs	233.7					
Special Educational Needs & Disability (SEND)	Impact of Covid 19 pandemic on referrals for Education, Health and Care Plan assessments		-500.0				
Care Leavers	Removal of funding approved in 2020-21 budget for providing Care Leavers with a full exemption from paying Council Tax until the age of 21, due to fewer than expected young people requiring support with their council tax	-600.0					
Home to School Transport	Realignment to reflect increased costs and demand in 2021-22	2,500.0					
Disabled Children's & Young People Services (0 - 25 year olds)	Realignment to reflect increased costs and demand for placements in 2021-22 and the consequential impact on staffing levels	1,500.0					

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Streetlight Energy	Realignment of the streetlight energy budget reflecting the net impact of lower than budgeted rates continuing into the coming year	-360.0					
Surplus Property	Removal of 2020-21 provision for property holding costs for a site in East Kent pending a decision regarding provision of Basic Need School places in the area	-200.0					
Impact of Cap on Capitalisation of Property Disposal costs	Short term impact on the revenue budget of 4% cap on capitalisation of asset disposal costs pending improvement in market conditions and implementation of changes to asset disposal strategy			-200.0			
Waste - HWRC/Transfer station	Removal of budget for one-off remedial works at HWRC/Transfer Station in 2021-22 prior to new contractor taking over maintenance responsibilities	-408.0					
Investment Income	Reduction in impact of Covid on the financial markets which resulted in a temporary reduced return on our investments	-1,800.0					
Dedicated Schools Grant (DSG)	Reduction in the 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	-1,000.0					
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				
Pay, Employers superannuation increase & Non Specific Prices Provisions	Removal of residual unallocated pay, employers superannuation increase and non specific prices provisions included in prior year budgets	-260.7					
Other	Other minor growth based on current activity levels less than £200k	191.7	-14.0	-55.4			
<b>Reduction In Grant Income</b>							
Dedicated Schools Grant	20% reduction to the historic commitments element of the Dedicated Schools Grant: Central Services for Schools Block	839.3			1,157.9	-318.6	0.0
Public Health - Contain Outbreak Management Fund (COMF)	Completion of Public Health Drug and Alcohol project funded by COMF grant up to 31st March 2022, with the residual costs being met from the Public Health reserve in 2022-23.	318.6	-318.6				

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
<b>Pay and Prices</b>							
Pay:							
Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme. This contribution together with the savings from staff turnover will provide a pay pot capable of providing a 3% uplift for successful awards and maintain the differentials for outstanding and excellent awards, and allow minimum pay point for Kent Scheme to increase to £10 per hour (increasing the differential between the lowest pay range (KR3) and Foundation Living Wage). This is the subject of pay bargaining with Trade Unions	7,300.0	7,300.0	7,300.0	9,241.3	7,300.0	7,300.0
Employer National Insurance contributions	Impact of 7th September 2021 Government announcement to increase employer and employee national insurance contributions by 1.25% from April 2022 to fund social care reforms and NHS backlog	1,800.0					
Other	Other changes to pay and pensions less than £200k	141.3					
Inflation:					28,554.9	28,570.0	27,823.4
KCC Estate Energy	Anticipated price increases on energy contracts for the KCC estate as estimated by Commercial Services	453.5	-326.9				
Streetlight Energy	Provision for price inflation related to Streetlight energy as estimated by Commercial Services	667.6	-333.2				
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. The amount provides for an average increase of 3% although within this there is scope to provide more or less on individual contracts subject to contractual provisions	15,715.3	16,648.7	17,148.2			
Children's Social Care	Provision for price negotiations with external providers based on an average increase of 3% although within this there is scope to provide more or less on individual contracts subject to contractual provisions, and uplift to in-house foster carers in line with DFE guidance	2,384.5	2,768.9	2,459.2			

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Home to School Transport	Provision for inflation on contracted services and season tickets for mainstream & SEN Home to School and College Transport and the 16+ Kent Travel Saver. The amount provides for an average increase of 3% although within this there is scope to provide more or less on individual contracts subject to contractual provisions.	1,556.1	1,713.2	1,762.7			
Kent Travel Saver	Provision for price inflation related to the Kent Travel Saver which is recovered through uplifting the charge for the pass	115.6	517.8	563.8			
Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices)	4,111.3	4,525.9	3,344.7			
Software Licences	Negotiated annual price uplift for three year contract (July 2020 to July 2023) for E5 software licences	385.8	385.8	385.8			
Facilities Management	Estimated future price uplift to existing providers for the extended Facilities Management contract	544.5	658.5	485.5			
Cantium Business Solutions	Inflationary uplift on the Cantium Business Solutions contract	269.3	347.5	220.1			
Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services where the amount provides for an average increase of 3% although within this there is scope to provide more or less on individual contracts subject to contractual provisions.	471.4	857.6	914.3			
Corporate Landlord	Provision for price inflation for rent and rates for the office estate	164.4	500.4	317.1			
Public Health contracts	Estimated increase in contract prices	1,425.9					
Other	Other price increases of less than £200k	289.7	305.8	222.0			
<b>Demand &amp; Cost Drivers</b>	Additional spending associated with change in demand, population growth and other cost drivers						
Adult Social Care	Provision for impact of an increase in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, including the transition of known clients at age 26 from Lifespan Pathway age 18-25	14,200.0	14,200.0	14,200.0	20,748.2	19,282.3	18,002.1
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	3,700.0	2,200.0	2,200.0			

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport	1,500.0	1,000.0	500.0			
Kent Travel Saver	Estimated impact of the Covid pandemic on take up and usage of the Kent Travel Saver pass	-1,900.0	2,075.0	51.0			
Waste tonnage	Estimated impact of changes in waste tonnage as a result of population and housing growth	711.5	790.0	865.6			
Waste tonnage	Increase in kerbside waste tonnage due to more homeworking both during the Covid pandemic, as well as following easing of lockdowns, the cost of which is higher to process than recycled waste. These waste tonnes would usually have been disposed of commercially.	1,729.0					
English National Concessionary Travel Scheme (ENCTS)	Estimated impact of the Covid pandemic on usage of the ENCTS pass	-1,384.0					
Planning Applications	Increase in staffing and legal capacity to deliver statutory planning service due to significant increase in the number of applications	200.0					
Facilities Management	Mobilisation costs of new Facilities Management contracts where we will incur costs such as legal, pensions, TUPE and set up costs and potentially some dual running costs. The impact of these costs on the budget is being spread over the life of the contract via the temporary use of reserves.	800.0	-800.0				
Client Financial Services	Additional resources required for financial assessments of social care clients due to increasing number of new clients	235.0					
Public Health - Sexual Health	Increase in online contract for sexual health services based on anticipated service levels	300.0					
Other	Other minor demographic pressures of less than £200k	656.7	-182.7	185.5			
<b>Government &amp; Legislative</b>							
Adult Social Care Reform: Market Sustainability and Fair Cost of Care Fund	Provision for our share of the £0.2bn national allocation for social care reform, funded from the 1.25% increase in national insurance from 1 April 2022, pending further detail from government on what costs this funding is expected to cover and decisions on how this will be applied	4,161.0	24,966.0	12,482.9	4,161.0	24,966.0	12,482.9
Coroners	Revisions to staffing structure to adhere with Government guidance on caseload and complexity		250.0		-669.6	-260.0	0.0

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Trading Standards	Additional staffing required to undertake extra duties imposed as a result of the end of EU Exit transition such as Border Ports, Animal Health and Feed Officers. This is a new burden and permanent funding is required (this is offset by additional forecast grant funding)	579.0					
Public Health - Health Visiting	Additional contact for Universal Plus/Universal Partnership Plus families due to change in Health & Care Profession Guidance	380.0	-380.0				
Technology	Removal of temporary provision for additional ICT equipment and peripherals to enable more flexible working required as a result of Covid	-250.0					
Personal Protective Equipment	Removal of temporary warehousing and distribution costs of PPE	-360.0					
Regeneration	Removal of temporary Covid Business Help Line	-200.0					
Registration Service	Removal of temporary loss of income as a result of the Covid pandemic	-506.3					
Other	Other Government & Legislative pressures of less than £200k	-312.3	-130.0				
<b>Service Strategies &amp; Improvements</b>							
Capital Programme	The impact on debt charges of both the review of the 2021-24 capital programme, and prior year capital programme decisions	2,656.9	4,632.3	-290.0	9,234.6	2,954.1	2,559.5
Waste	Operating costs of a new waste transfer facility in the Folkestone & Hythe area which is required as existing facility approaches capacity		300.0				
Dilapidations	Provision for dilapidation costs associated with terminating leases		381.2	627.2			
Transportation	Funding to support the Active Travel agenda, including coordination and management of the Tranche 2 and pending multi-year Tranche 3 allocations from Government, plus delivery of the Vision Zero ongoing strategy	500.0					
Technology contracts	Increased costs of moving to Cloud storage for increased cyber security	400.0					
Highway Maintenance Contract	Removal of one-off set up costs in 2020-21 associated with the recommissioning of the highways term maintenance contract, including procurement and pre-commencement costs	-100.0	325.0	-350.0			

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Highway Maintenance Contract	Estimated market uplift in core cost of the highways term maintenance contract			2,976.0			
Economic Development Recovery Plan	Re-design of the service and additional staffing and consultancy capacity to draft and deliver the Economic Recovery Plan/Economic Strategy following the Covid pandemic	250.0	-270.0	-80.0			
Asset Management	Revenue contributions to capital required to maintain and deliver asset management for Kent's Windmills and Surface Water Flood Risk Management	200.0	100.0	500.0			
Oakwood House Development	Holding costs and loss of income in the short term once Oakwood House is no longer operational, offset by savings in the longer term following change of use		-250.0	-320.0			
Public Health	Additional temporary Public Health posts	373.1	-200.6				
People & Communications	Additional staffing to balance capacity with service demand and to meet and enhance the organisation's strategic objective to improve the engagement and experience of residents	382.5					
Infrastructure - Property	Creation of a budget to commission third party estates work to meet increased demand for change across the Corporate Landlord estate	246.5					
Technology	Re-design of the Technology Function staffing structure to ensure the correct level of expertise is available to provide and commission a safe and secure ICT function, including appointment to the new Director of Technology role	1,458.9	229.2				
Strategy & Partnerships	Increased resources in the Analytics Team to design and assess evaluation frameworks for major change activity and project delivery	225.0					
Governance, Law & Democracy	Additional legal resource to support lawful operation of the Council and to ensure Monitoring Officer has minimum capacity to discharge statutory duties	500.0					
Special Educational Needs staffing	Restructure of SEN service and additional staffing required to process and support the growing number of Education & Health Care Plans	1,000.0	-500.0	-500.0			
Education Basic Need Programme	Removal of provision for COVID specific expenses in relation to the basic need programme (provision of sufficient school places)	-1,121.0					

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Public Health - Children's Programme	Increased one-off investment in additional counselling services for children, Healthy child programme and Children's Weight Management	947.5	-947.5				
Public Health - Sexual Health	Rephasing of contribution to capital for completion of works to Flete Unit	400.0	-400.0				
Public Health - Health Visiting	Increased one-off investment in speech and language therapy, peri-natal mental health, Family Partnership Programme, text messaging service for parents and Health Visiting services	538.6	-538.6				
Public Health - Healthy Lifestyles	Further investment in Kent Sports Unit	200.0					
Public Health - Healthy Lifestyles	Investment in Public Health services to promote and support Healthy Lifestyles	281.1	-281.1				
Gypsy & Traveller Service	Removal of one-off investment at Barnfield site to remove illegally dumped waste and install preventative measures	-500.0					
Other	Other minor service improvements of less than £200k	395.5	374.2	-3.7			
<b>Total Additional Growth</b>		<b>83,603.6</b>	<b>80,279.8</b>	<b>67,912.5</b>	<b>83,603.6</b>	<b>80,279.8</b>	<b>67,912.5</b>

### Savings and Income Transformation Savings

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. This may also include efficiencies in our future ways of working resulting in a reduction in staffing spend.	-8,407.7	-11,410.3	-6,622.5	-8,407.7	-11,410.3	-6,622.5
Foster Care	Savings in Independent Foster Agency placement costs resulting from recruitment of additional in house foster carers		-769.6		-451.4	-1,169.6	0.0
Coroners	Part year impact of the introduction of the use of Digital Autopsy techniques in the Coroners' service	-100.0	-400.0				
Subsidised buses	Further roll out of Feeder Bus model to allow certain subsidised routes to be taken back into commercial operation						
Sport and Physical Activity	Service has re-focussed to deliver Public Health outcomes within the Sports & Physical activity unit, with grant funding allocated accordingly	-200.0					
Other	Other minor savings to be achieved through transformation of less than £200k	-151.4					



## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
<b>Income</b>	uplifts from applying existing policy						
Review of Charges for Service Users - existing service income streams & inflationary increases	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts for 2022-23, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams	-2,595.4	-3,259.3	-2,177.5	-8,676.6	-3,822.1	-2,741.3
Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases	-115.6	-517.8	-563.8			
Income return from our companies	Estimated income contribution from our limited companies, to be transferred to reserves and used to fund time limited activities to support Strategic Priorities	-4,000.0					
Economic Recovery	Re-prioritise external income to support the wider economic recovery within Kent	-1,500.0					
Highways	Increase in net income budgets for streetworks and permit scheme	-400.0					
Other	Other minor changes in income of less than £200k	-65.6	-45.0				
<b>Increases in Grants &amp; Contributions</b>							
Public Health Grant	Anticipated increase in Public Health Grant pending announcement from Department of Health and Social Care	-1,959.0			-3,419.0	0.0	0.0
New Burdens	Assumed New Burdens grant to fund ongoing EU Exit costs including Border Ports and Animal Health and Feed Officers and responsibilities under the new Marriage Schedule Act 2021.	-660.0					
Supporting Families	Estimated grant allocation from the new Supporting Families grant announced in the Chancellor's autumn 2021 budget to fund Early Help & Preventative services and Local Children's Partnership	-800.0					

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
<b>Efficiency Savings</b>							
Staffing:							
Workforce Management	Staffing savings across the organisation to be achieved through a range of measures including business process review; automation; rationalisation and digitalisation to be delivered and monitored by the Strategic Reset Programme Board	-250.0	-1,750.0	-1,000.0	-380.0	-1,790.0	-1,000.0
Other	Other Direct & Indirect Staffing Efficiencies of less than £200k	-130.0	-40.0				
Contracts & Procurement:							
Highways	Removal of one-off use of grant funding to offset cost of works and operating fees	2,000.0			-3,316.0	-5,150.0	0.0
Adult Social Care Commissioning	Review existing contracts for commissioned services to ensure the market is supported and developed to meet the needs of individuals, which will require costs to be reduced on some contracts.	-5,000.0	-5,000.0				
Other	Other minor contracts & procurement savings of less than £200k	-316.0	-150.0				
Other:							
Libraries, Registration & Archives (LRA)	Removal of one-off saving in 2021-22 from review of LRA non staffing spend enabled by the closure of libraries during the early part of the pandemic	260.0			-1,304.6	-402.8	0.0
Central Services for Schools	Efficiency savings to offset the anticipated 20% annual reduction in Dedicated Schools Grant: Central Services for Schools Block	-839.3					
Early retirements	Review of early retirement budget	-280.0					
Community Learning & Skills	Development of income earning activities within the CLS service and engage in efficiency measures to reduce costs	-200.0	-200.0				
Other	Other minor efficiency savings of less than £200k	-245.3	-202.8				
<b>Financing Savings</b>							
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 & review amounts set aside for debt repayment (MRP) based on review of asset life	-2,094.0	-1,000.0	-1,000.0	-2,094.0	-1,000.0	-1,000.0

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
<b>Policy Savings</b>							
Library Material Fund	Replacement of the temporary reduction in the Libraries materials budget in 2021-22. This budget 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			-9,252.5	-11,700.0	-14,845.0
Adult Social Care - Non Framework Placements	Removal of undelivered prior year saving from maximising the use of negotiated framework providers to improve quality and efficiency	700.0					
Care Leavers Placement Cost Reductions	Review the Care Leavers offer where appropriate including maximising use of housing benefit where possible	-375.0					
Strategic Review of In House Adult Social Care Services	The review is on-going and fits within the strategic direction of the Adult Social Care strategy and Making a Difference Every Day. Management action and outcomes of the review will deliver the required savings in 2022-23.	-3,400.0	-3,550.0				
Home to School Transport (HTST) - Hubs	Introduction of standard pick up points for HTST for SEN children, for whom it is appropriate		-300.0	-400.0			
Community Wardens	Replace saving from not recruiting to vacant wardens posts and funding from one-off Covid grant in 2021-22	220.0					
Proposed Review of and Reduction in Subsidised Bus contracts	Review KCC supported bus services using agreed value for money criteria and also taking account where possible of school journeys. Identify contracts that could potentially be terminated, allowing a saving to budget. Terminations to be consulted upon.	-2,210.0					
Increase price of Kent Travel Saver	Increase the price of the Kent Travel Saver pass by more than the operator inflation uplift, reducing the amount of subsidy provided by KCC to the scheme. Pass price to increase to £450 from when the application window for 2022 academic year opens in May 2022 & increase price of pass for those on lower incomes or in receipt of Free School Meals to £150	-910.0					
Home to School Transport - Kent 16+ Travel Saver	Increase the price of the Kent 16+ Travel Saver pass to £500 to maintain distinction between 16+ and KTS as 16+ is a 24/7 scheme	-350.0					

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Housing Related Support - Homelessness	Expiry of Homelessness contract from September 2022. Review services currently provided and develop suitable transitional arrangements which will be funded from reserves to mitigate the adverse impacts	-2,300.0	-2,300.0				
Adult Social Care Commissioning	Review existing contracts and grants with voluntary sector providers, to ensure the needs of individuals can continue to be met through appropriate recommissioning of existing arrangements	-550.0	-550.0				
Other	Other smaller policy savings of less than £200k	-377.5		55.0			
<b>NEW SERVICE REMODELLING SAVINGS OPTIONS FOR YEARS 2 &amp; 3</b>			-5,000.0	-14,500.0			
Review of Community Wardens	Further review of the Community Warden Service						
Review of Library building Network	Data and evidence led review of the comprehensive and efficient library network						
Charging for post 16 SEN Transport	Introduction of charging for post 16 SEN transport in line with Kent 16+ Travel Saver						
Review of Open Access Estate - Youth Provision & Children's Centres	Review Open Access services to examine options for modified 0-19 service delivery models, including property footprint and outreach services						
Corporate Landlord	Review of Community Delivery including Assets						
Corporate Landlord	Review of Office Assets						
Corporate Landlord	Review of Specialist Assets						
Arts	Review Support to the Arts						
Commissioning	Review of services provided through KCC companies						
Multi-agency collaboration (including on-street parking)	Review of delivery models for a range of services (including on-street parking) where synergies may exist and savings deliverable for both KCC and its partners						
Review of Subsidised Bus contract	Further review of subsidised bus services						
Kent Travel Saver	Review the Kent Travel Saver scheme						
Home to School Transport - Kent 16+ Travel Saver	Review the Kent 16+ Travel Saver scheme						
Adult Social Care Charging	Potential further changes to the charging policy for Adult Social Care in a person's own home or in the community						
<b>Total savings and Income</b>		<b>-37,301.8</b>	<b>-36,444.8</b>	<b>-26,208.8</b>	<b>-37,301.8</b>	<b>-36,444.8</b>	<b>-26,208.8</b>

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
<b>Reserves</b>							
<b>Contributions To Reserves (incl removal of prior year contributions)</b>							
New Homes Bonus	Contribution of New Homes Bonus funding to Strategic Priorities reserve	4,381.5			1,984.6	-8,049.3	-5,709.7
New Homes Bonus	Removal of prior year contribution of New Homes Bonus to reserves		-4,381.5				
Return from our limited companies	Contribution of the anticipated return from our limited companies to the Strategic Priorities Reserve	4,000.0	4,000.0	4,000.0			
Return from our limited companies	Removal of prior year contribution of return from our limited companies to the Strategic Priorities Reserve		-4,000.0	-4,000.0			
Retained Business Rates Levy	Contribution of the retained business rates levy, the proceeds from the business rates pool, to Regeneration reserve	3,000.0	3,000.0	3,000.0			
Retained Business Rates Levy	Removal of prior year contribution of retained business rates levy to the Regeneration reserve		-3,000.0	-3,000.0			
General Reserves	Contribution to reserves in order to maintain general reserve at 5% of net revenue budget	2,950.9	2,083.2	2,763.0			
General Reserves	Removal of prior year one-off contribution to general reserve		-2,950.9	-2,083.2			
Risk Reserve	Contribution to reserves to reflect the heightened risks to the budget, including higher inflation and the potential impacts of the Russian invasion of Ukraine	7,966.3	5,166.2				
Risk Reserve	Removal of prior year one-off contribution to risk reserve		-7,966.3	-5,166.2			
Facilities Management	Contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)	160.0					
Workforce Reduction	Removal of one-off contribution to Workforce Reduction reserve in 2021-22 to manage the impact on staffing of the policy savings required over the medium term	-3,000.0					
General Reserves	Removal of one-off contribution to General Reserves in 2021-22 to improve financial resilience	-14,000.0					
Local Taxation Equalisation	Removal of contribution in 2021-22 relating to the late changes in estimated local share of business rates, collection fund balance and compensation grant for additional reliefs in 2020-21	-3,394.1					
Removal of contribution related to repayment of previous "borrowing" from reserves	Reduction & full removal of the annual repayment of the "borrowing" from reserves to support the budget in 2011-12, reflecting when the reserves will be fully repaid	-80.0		-1,223.3			

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
<b>Drawdowns from Reserves (incl removal of prior year drawdowns)</b>					10,781.4	5,878.8	2,893.2
Children's Centres	Removal of use of Public Health reserves for Children's Centres in 2019-20 to 2021-22	500.0					
Children's Centres	Removal of additional one-off use of Public Health reserves for Children's Centres in 2021-22	500.0					
2020-21 Underspending	Removal of drawdown of reserves in 2021-22 related to underspending in 2020-21	18,553.4					
Public Health Reserves	Use of Public Health reserves to fund one-off costs and invest to save initiatives in 2022-23	-3,795.7					
Public Health Reserves	Removal of use of Public Health reserves to fund one-off costs in 2022-23		3,795.7				
Drawdown corporate reserves	Drawdown from corporate smoothing reserves	-4,976.3	-2,893.2				
Drawdown corporate reserves	Removal of use of Corporate Smoothing Reserves in 2022-23		4,976.3	2,893.2			
<b>Net Change in Use of Reserves</b>					<b>12,766.0</b>	<b>-2,170.5</b>	<b>-2,816.5</b>
<b>Unidentified</b>	<b>Headroom (+ve)</b>	<b>0.0</b>	<b>0.0</b>	<b>16,372.1</b>	<b>0.0</b>	<b>0.0</b>	<b>16,372.1</b>
<b>Approved Controllable Budget</b>		<b>1,191,493.8</b>	<b>1,233,158.3</b>	<b>1,288,417.6</b>	<b>1,191,493.8</b>	<b>1,233,158.3</b>	<b>1,288,417.6</b>
<b>Funding</b>							
<b>Final Settlement</b>	Notification of funding from central government via the Final Local Government Finance Settlement for 2022-23						
Revenue Support Grant	Comprises share of previous Formula Grant, Early Intervention Grant, Learning Disability Grant, Council Tax Freeze Grant, Care Act Grant etc. allocated as revenue support grant, including impact of settlement announced in Spending Review 2021 on 27th October 2021.	10,018.1	10,399.6	10,640.5	10,018.1	10,399.6	10,640.5
Social Care Support Grant	Further one-off extension of the Adult Social Care Support Grant per the settlement announced in Spending Review 2021 on 27th October 2021	54,478.4	54,478.4	54,478.4	54,478.4	54,478.4	54,478.4
Social Care Reform Grant	Grant funding towards the cost of implementing Social Care reforms funded by the new Health & Social Care Levy (1.25% increase in national insurance contributions)	4,161.0	29,127.0	41,609.9	4,161.0	29,127.0	41,609.9
Spending Review 2021: Services grant	Grant funding announced in the Spending Review 2021	12,953.2	6,476.6	6,476.6	12,953.2	6,476.6	6,476.6

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Business Rate Top-up	Top-up derived by comparing local share of business rates according to historical average and business rate baseline share of previous grants and reflects a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2021	138,429.0	143,699.9	147,028.8	138,429.0	143,699.9	147,028.8
Improved Better Care Fund (iBCF)	DLUHC un-ring-fenced grant allocated towards improved integration between social care and health, including the additional adult social care funding announced in the Chancellor's Spring Budget on 8th March 2017, and the winter pressures funding provided in 2018-19 and 2019-20 which rolled into iBCF in 2020-21	50,014.7	50,014.7	50,014.7	50,014.7	50,014.7	50,014.7
New Homes Bonus Grant	DLUHC un-ring-fenced grant allocated according to increase in tax base, as per the settlement announced in the Spending Review 2021	4,381.5			35,613.4	25,564.4	25,564.4
Business Rate Compensation	Compensation for additional reliefs on business rates for small businesses, retail premises and reduction in multiplier paid as un-ringfenced grant by DLUHC	29,262.9	23,595.4	23,595.4			
Un-ringfenced grants	Un-ringfenced grants from other Government Departments	1,969.0	1,969.0	1,969.0			
Drawdown from reserves of S31 grant for Compensation for irrecoverable local taxation losses due to Covid-19	Drawdown from reserves of S31 grant for irrecoverable local taxation losses resulting from the Covid-19 pandemic accounted for in the 2020-21 accounts in accordance with CIPFA guidance	2,347.5	2,347.5		2,347.5	2,347.5	
<b>Business Rates</b>							
Business Rate Baseline	Local share of business rates baseline in the Local Government Finance Settlement reflecting a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2021	49,468.9	51,352.5	52,542.1	52,809.5	60,589.3	61,923.4
Business Rate Local Share	KCC 9% share of local tax base growth as notified by district councils less baseline share identified above	3,340.6	9,236.8	9,381.3			

## Appendix G - Final County Level 2022-25 Revenue Changes

Heading	Description	2022-23 £000s	2023-24 £000s	2024-25 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
Business Rate Collection Fund	KCC share of surpluses and deficits on business rate collection in prior years net of compensation for Covid-19 business rate reliefs	-10,793.6			-34.6	-1,127.6	
2020-21 Business Rate Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Business Rate collection spread over 3 years	-1,127.6	-1,127.6				
Drawdown from reserves of S31 Grant for Covid-19 Business Rate Reliefs	Drawdown from reserves of S31 grant for Covid-19 business rate reliefs offered in 2020-21 and accounted for in 2020-21 accounts in accordance with CIPFA guidance	11,886.6					
<b>Local Taxation</b>							
Council Tax Base	KCC band D equivalent tax base notified by district councils	709,536.2	732,760.4	756,843.5	725,505.3	749,350.0	774,116.2
Council Tax Increase	Impact of increase in Council Tax up to the 2% referendum limit	15,969.1	16,589.6	17,272.7			
Adult Social Care Levy	Impact of 1% increase in Council Tax for Adult Social Care Levy (total shown relates to 2016-17 to 2022-23 increases combined)	97,589.1	106,859.8	116,564.7	97,589.1	106,859.8	116,564.7
Council Tax Collection Fund	KCC share of 2021-22 surpluses and deficits on Council Tax collection	12,230.5			12,230.5		
2020-21 Council Tax Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Council Tax collection spread over 3 years	-4,621.3	-4,621.3		-4,621.3	-4,621.3	
<b>Total Funding</b>		<b>1,191,493.8</b>	<b>1,233,158.3</b>	<b>1,288,417.6</b>	<b>1,191,493.8</b>	<b>1,233,158.3</b>	<b>1,288,417.6</b>

**Key:**

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



# **SECTION 11**

## **Appendix H: Core Grants in Local Government Finance Settlement**



### Details of Core Grants within Local Government Finance Settlement

The Council is in receipt of a mix of general un-ringfenced grants which can be used in any way the Council decides to discharge its functions (core grants) and specific grants which must be spent according to government priorities. Given the uncertainty of future settlements beyond 2022-23 assumptions will have to be included in the Medium Term Financial Plan for future years. There are risks associated with this approach as the government may decide to change its priorities and reduce or cease funding through a grant or reallocate service specific grants into more general funding with a changed distribution.

#### A) Revenue Support Grant

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

KCC's RSG has decreased from circa £161m in 2015-16 to circa £9.6m in 2020-21 with only small inflationary uplifts since then.

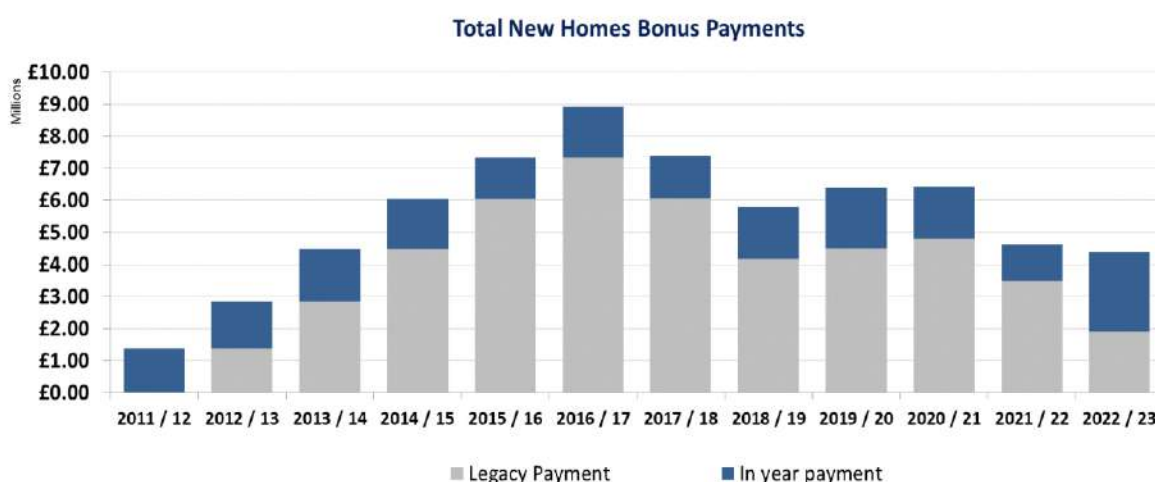
#### B) New Homes Bonus

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

Initially the NHB grant increased each year as the grant provided an incentive for six years by adding an additional in year growth to the previous year's legacy amount. This saw the grant peak in value in 2016-17. In 2012-13 and 2013-14 the incentive was reduced to five years (including the in year growth) and from 2014-15 to 2019-20 the incentive reduced to four years (including the in year growth).

A further reform was introduced in 2020-21 which saw the additional in year growth added as a one-off (i.e. not included in the subsequent year's legacy) with oldest year's legacy removed. This meant three years' worth of legacy payments in that year and one in year's growth. The same system was used in 2021-22 with one-off allocation of in year growth and two years' worth of legacy payment. For 2022-23 the grant represents the one year's remaining legacy and one further year of additional in year growth. For 2023-24 it is assumed the grant ceases as the last legacy year is removed.

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



### C) Improved Better Care Fund

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

In addition to this, an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities to deal with the growing health and social care pressures during the period 2017-20. The grant is allocated according to relative needs formula for social care with an equalisation adjustment to reflect the adult social care council tax precept. The allocations increased each year between 2017-18 to 2020-21. The subsequent spending reviews and local government settlements have seen the grant rolled forward at the same value in cash terms as 2020-21 (£48.5m). The grant for 2022-23 includes a 3% inflationary uplift as part of the additional resources for adult social care within the settlement.

### D) Social Care Grant

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

An additional £1bn was added to the 2020-21 settlement taking the total for social care support grant to £1.41bn. The same formula as 2019-20 was used based on using the adult social care relative needs formula with an equalisation adjustment to reflect the adult social care council tax precept. KCC's allocation was £34.4m. The government believes there is not a single bespoke needs formula that can be used to model relative needs for both adult and children's social care, therefore the existing Adult Social Care Relative Needs Formula was used to distribute this Social Care Support Grant funding.

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

The 2021-22 grant has been rolled forward into the 2022-23 final settlement. An additional £556.4m has been added to the grant and allocated to individual authorities using the existing Adults RNF (KCC share £14.3m). A further £80m added has been allocated to reflect the 1% adult social care council tax precept (KCC share £1.0m). Combined with the rollover from 2021-22 KCC's total social care support grant for 2022-23 is £54.5m, an increase of £15.3m on 2021-22.

The total increase in the Social Care Support Grant (£636.4m) together with the uplift in the IBCF (£62.8m) is part of £700m increase in social care funding within the settlement plus the additional adult social care council tax precept.

### **E) Services Grant**

This is a new one-off grant for 2022-23. The Services Grant amounts to £822 million within the 2022-23 final settlement. This grant is distributed through the existing formula for assessed relative need across the sector, using 2013-14 shares of Settlement Funding Assessment (SFA). The government says that the new grant will provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government. It includes funding for local government costs for the increase in employer National Insurance Contributions.

The grant is not ring-fenced. The Government intends this to be a one-off grant for 2022-23 and to work closely with local government on how to best use this funding from 2023-24 onwards. This funding would be excluded from any proposed baseline for transitional support as a result of any potential future system changes.

KCC's share of this grant for 2022-23 is £13.0m.

### **F) Market Sustainability and Fair Cost of Care Fund**

This is a new grant for 2022-23. In total £162m out of the £3.6bn over 3 years has been made available in 2022-23. The grant is allocated using the existing the Adults RNF and will be subject to separate conditions set by government. KCC's share of this grant for 2022-23 is £4.2m.



# **SECTION 12**

## **Appendix I: Reserves Policy**





# Reserves Policy

## 1. Background and Context

- 1.1. Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.2. CIPFA issued Local Authority Accounting Panel (LAAP) Bulletin No.99, Guidance Note on Local Authority Reserves and Balances in July 2014, which updated previous Bulletins to reflect the new requirements of the International Financial Reporting Standards (IFRS) Code of Practice. In addition, during the period of financial austerity for the public sector, the Local Authority Accounting Panel considered it necessary to update the guidance on local authority reserves and balances. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.
- 1.3. All reserves are categorised as per the Local Authority Accounting Practice guidance, into the following groups:
  - **Smoothing** – These are reserves which are used to manage large fluctuations in spend or income across years e.g., PFI equalisation reserves. These reserves recognise the differences over time between the unitary charge and PFI credits received.
  - **Trading** – this reserve relates to the non-company trading entities of Laser and Commercial Services to cover potential trading losses and investment in business development.
  - **Renewals for Vehicles Plant & Equipment** – these reserves should be supported by an asset management plan, showing projected replacement profile and cost. These reserves help to reduce fluctuations in spend.
  - **Major projects** – set aside for future spending on projects.
  - **Insurance** - To fund the potential cost of insurance claims in excess of the amount provided for in the Insurance Fund provision, (potential or contingent liabilities)
  - **Unspent grant/external funding** – these are for unspent grants which the Council is not required to repay, but which have restrictions on what they may be used for e.g., the Public Health grant must be used on public health services. This category also consists of time limited projects funded from ringfenced external sources.
  - **Special Funds** – these are mainly held for economic development, tourism and regeneration initiatives.
  - **Partnerships** – these are reserves resulting from Council partnerships and are usually ringfenced for the benefit of the partnership or are held for investing in Strategic Priorities.
  - **Departmental underspends** – these reserves relate to re-phasing of projects/initiatives and bids for use of year end underspending which are requested to roll forward into the following year..
- 1.4. Within the Statement of Accounts, individual reserves with a balance of £500k or over are reported on. By categorising the reserves into the headings above, this is limited to the nine groups, plus Public Health, Schools and General. Operationally, each will be divided into the relevant sub reserves to ensure that ownership and effective management is maintained.

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

## **2. Overview**

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

## **3. Strategic context**

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

## **4. Management and governance**

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

A questionnaire is completed by the relevant budget holder and reviewed by Finance to ensure all reserves comply with legislative and accounting requirements.

A de-minimus has been set to avoid small funds being set up which could be managed within existing budgets or declared as an overspend and then managed collectively. This has been set at £250k.

- 4.2 Reserves protocols and questionnaires must be sent to the Chief Accountant's Team for review and will be approved by the Corporate Director of Finance, CMT and then by the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services.

Protocols should clearly identify contributions to and drawdowns from reserves, and these will be built into the MTFP and monitored on a quarterly basis.

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

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

The current Financial Regulations state:

### **Maintenance of reserves and provisions**

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

- i. advising the Leader and the Council on prudent levels of reserves for the Authority when the annual budget is being considered having regard to assessment of the financial risks facing the Authority;
- ii. ensuring that reserves are not only adequate but also necessary;
- iii. ensuring that there are clear protocols for establishment and use of each earmarked reserve. Reserves should not be held without a clear purpose or without a planned profile of spend and contributions, procedures for the reserves managements and controls, and a process and a timescale for review of the reserve to ensure continuing relevance and adequacy;
- iv. ensuring that all renewals reserves are supported by a plan of budgeted contributions, based on an asset renewal plan that links to the fixed asset register;
- v. ensuring that no money is transferred into reserves after 31st December each financial year without prior agreement.

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

# **SECTION 13**

## **Appendix J: Budget Risks and Adequacy of Reserves**



## **Budget risks and adequacy of reserves (Updated Post County Council meeting)**

When setting the budget and MTFP, Corporate Directors have provided their best estimate of their service costs and income based on the information currently available to them. Within these estimates we have set challenging targets to bear down on future demand and price increases in order to set an affordable and balanced budget. This approach of setting challenging targets for holding down prices and demands is part of a planned strategy to revise the way in which the budget and medium-term plan are developed so that alternative actions including policy choices are considered as part of the response to growth demands using an outcomes based approach. It is acknowledged that this does not come without risks particularly as we transition to the new budgeting approach. In addition, there will always be factors outside of the Council's direct control which have the potential to vary the key planning assumptions that underpin those estimates.

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

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

### **Risks**

#### **Covid-19 Pandemic**

- Ongoing measures for public health and wellbeing – both residents and staff
- Latent service demand and increased complexity of needs – especially mental health, social care, drug and alcohol misuse and domestic abuse
- Government's response to the level of national debt

#### **Impact of decision to leave European Union (Brexit)**

- Increased border controls impacting on council responsibilities and the wider local community
- Supply chains could be affected by any changes in procurement legislation, and there are potential cost implications associated with currency fluctuations.
- The implications for pension funds are mixed as global investment vehicles have already priced in much of the uncertainty, but

valuations on balance sheets and the cost of borrowing may lead to greater vulnerability.

- Commercial strategies may need to take into account the potential for any downturn in demand for properties in their investment portfolios which impact rental income and profitability.

## **Regulatory Risk**

- **Statutory overrides** – currently there are a number of statutory overrides in place which reduce short term risks e.g. high needs deficit, investment losses, etc. These are time limited and pose significant risk if not extended
- **One-off funding settlement for 2022-23** - adequacy of the overall settlement and reliance on council tax over the medium term
- **Reforms to Social Care Charging** - uncertainty over future funding and insufficient information on full cost of the reforms
- **Departmental Specific Grants** - Unanticipated changes in specific departmental grants and ability to adjust spending in line with changes
- **New Burdens** – Adequacy of funding commensurate with additional responsibilities
- **Local Government Funding Review** - The government has committed to updating and reforming the way local authority funding is distributed to individual authorities. The Fair Funding Review of the distribution methodology for the core grants was first announced as part of the final local government settlement for 2016-17. The data used to assess funding distributions has not been updated for a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. The renewed commitment in the 2022-23 local government settlement announcement to update the distribution methodology together with the introduction of a new one-off Services Grant in 2022-23 which will not be included in the baseline for future allocations adds further uncertainty whether funding from the non-council tax elements of the Council's budget will be more, flat, or less than 2022-23.

## **General Economic Factors**

- Inflation continues to be well above the government target for a sustained period with consequential impacts on contracted services (see below) and household incomes (including incomes of KCC staff)
- Economic growth slows down or disappears
- A general reduction in debt recovery levels
- Reductions in grant and third party funding
- Reductions in the level of income generated through sales, fees and charges
- Increase in fraud



**Increases in Service Demand**

- Adult Social Care homecare and residential care services
- Children's Social Care including an increase in the number of looked after children, unaccompanied asylum seekers or those with no recourse to public funds
- Education and Health Care Plans with consequential impact on both Dedicated Schools Grant High Needs placements/services and General Fund services for assessment and home to school transport
- Waste tonnage
- Public health services
- General demographic trends (including a rising and ageing population)
- Impact of unemployment and changes to Welfare Benefits

**Contractual Price Increases**

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

**Efficiencies and Savings Programme**




- Slippage in the expected delivery of the savings programme
- Non-delivery of savings remains a risk to the Council and will be monitored during the year
- Shortfalls in income from fees and charges

**Opportunities**

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

## Adequacy of Reserves

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

Assumptions for inflation		The annual rate of inflation (using CPIH) has been on an upward trend since being consistently under 1% between April 2020 and March 2021. Since March the rate of inflation has been rising to 2.4% in June (with an unexpected fall to 2.1% in July) but rising thereafter each month to 2.9% in September, 3.8% in October, 4.6% in November and 4.8% in December. Increases in CPI and RPI have been even greater. The latest Bank of England forecasts are for the rate of inflation to continue to rise during Spring 2022 before the rate of increase starts to decline but is not anticipated to reduce to the 2% target until 2024.
Estimates of the level and timing of capital receipts		The Council uses receipts as part of the funding for the capital programme. The Council has not applied the flexible use of capital receipts to fund revenue costs since the 2018-19 budget and does not propose to use the extension to 2022-23. Delivery of receipts against the target has fallen behind in recent years necessitating additional short-term borrowing/use of reserves. Performance in the current year has been sluggish due to the economic turbulence and although there is a reasonable pipeline of assets for disposal the risk profile for potential delays remains high.
Capacity to manage in-year budget pressures and strategy for dealing with demand and service delivery in the longer term		2021-22 has been a highly volatile year due to the ongoing Covid-19 pandemic and unpredictable recovery. A number of council services have faced significant increases in demand and costs coupled with under delivery of savings plans. The forecast overspend has increased during the year counter to previous trends which have seen early forecast overspends decline during the year. The pandemic has continued to place substantial additional spending pressures and income losses on the Council although to date additional grants from central government have been largely sufficient to cover these in the short-term. The longer-term consequences remain uncertain.

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Although the local government finance settlement for 2022-23 is within the range forecast following the October Spending Review it is still insufficient to fully fund additional spending growth and still relies on council tax increases.

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



There continues to be a reasonable degree of confidence in the validity of financial reporting despite the uncertainties and volatility caused by the pandemic and recovery. Reporting continues to include separate analysis of budget variances for business as usual activities and the impact of Covid-19 although the ability to separate these causes is becoming increasingly more difficult. Reporting has also been enhanced to include separate analysis of delivery of savings plans, treasury management and council tax collection. Improvements are planned in terms of the timeliness of financial monitoring and reporting to ensure corrective action is taken as early as possible. Some areas of spending can still be changed at short notice if required as a contingency response if planned savings cannot be achieved (or there are unexpected changes in spending). However, the scale and timing of overspends and under delivery of savings in 2021-22 is such that it is still uncertain what the final outturn for the year will be and whether further draw down from reserves will be needed at year end over and above the £18m already incorporated in the 2021-22 budget.

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



Partnership working with NHS and districts has improved. However, further sustained improvements are still needed to change the direction of travel. Trading conditions for Council owned companies have been incredibly challenging. A number of outsourced contracts are due for retender and although provision for revised tender costs have been made in the budget the Council is still vulnerable to price changes due to market conditions. The ability to sustain the capital programme remains a significant challenge. Slippage within the programme has also remained at unacceptable levels. The capital planning horizon has been extended to 10 years, up to 2022-32 for rolling programmes. This together with a new reserve to fund feasibility costs will help to reduce the slippage by creating a more realistic programme. The introduction of a new capital monitoring and reporting solution in the new financial year, will provide more detail and transparency on the capital

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programme. The capital programme focuses on securing the Council's statutory responsibilities although there are still shortfalls in funding for some elements of the programme. The Council has recognised that increasing borrowing to unsustainable levels to fund infrastructure is not an option.

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



The Council included additional contributions to general reserves in the 2021-22 budget, increasing them to the target of 5% of the net revenue budget in response to increased risks and to improve resilience. The 2022-23 budget maintains general reserves at this 5% level, requiring a further contribution of £3.0m. The Council has also undertaken a comprehensive review of its existing reserves and established 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. KCC (like many councils) had significant underspends in 2020-21. These arose from a combination of the impact of lockdowns on council services as well as timing differences between the receipt of Covid-19 grants and spending. Reserves at the end of the year were consequently higher even after allowing for the rollover of committed spending. The Council agreed a Covid-19 earmarked reserve be established to deal with the smoothing of grant funding and spending between financial years. It is likely this reserve will need to persist into 2022-23. However, this does not in itself strengthen the financial standing of the authority as the reserve is likely to be needed to cover further impacts arising from the pandemic.

The 2022-23 budget includes the transfer of insecure funding (time-limited grants and dividends) to a Strategic Priorities reserve and the County Council's share of the proceeds from the business rate pool to Economic Development reserve rather than to support core spending. The 2022-25 medium term financial plan shows an overall balanced position although the individual years for 2022-23 and 2023-24 rely on the use of one-off funding from a smoothing reserve. The 2022-23 budget also relies on one-off surplus from Council Tax Collection Fund from 2021-22 (as well as accounting for 2020-21 deficit over three years).

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The levels of legacy borrowing remain relatively high with 85% of debt not due to mature within the next 10 years. The debt includes loans taken out under the previous supported borrowing regime and more recent loans taken out under the prudential regime. Over 10% of debt is in long term Lender Option Borrower Option Loans which can only be redeemed without significant penalties at the lender's discretion.

In recent years the Council has adopted a policy of funding additional borrowing requirements from reserves rather than additional external borrowing. Whilst this remains sustainable for the next 2 to 3 years without impacting on long term investments it needs to be kept under review.

All of these measures are necessary to improve the financial sustainability of the Council in response to current challenges. However, in spite of these measures the overall financial standing of the Council remains constant rather than improving.

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



The Council has a sound record of effective financial management delivering the outturn within budget and with a small underspend in each of the 20 years up to 2019-20.

The unique circumstances of the Covid-19 pandemic and subsequent recovery resulted in a more significant underspend in 2020-21 and a persistent level of forecast overspend for 2021-22. Since many of the reasons are due to external and uncontrollable factors this has not led to a worsening of the rating for financial management at this juncture but there will need to be robust financial management in 2022-23.

Due to uncertainty over future government settlements the Council did not formally publish a medium-term financial plan for 2020-23 or 2021-24. The 2021-22 budget included a medium-term outlook based on a number of potential scenarios. A balanced medium-term plan for 2022-25 has been presented as part of the 2022-23 budget based on prudent assumptions for future spending, council tax and government funding although the balanced position can only be achieved with £100m of savings/income over the three years. Plans for some of these savings are still under development especially for later years.

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Virement and year-end procedures in relation to under and overspends		<p>The Council continues to adhere to sound financial governance and virement procedures set out in its financial regulations. The Council's ability to close the year-end accounts early is becoming increasingly difficult. For reasons outside the Council's control audit certificates for 2019-20 and 2020-21 have still not been issued. The draft outturn for 2020-21 was reported to Cabinet on 24<sup>th</sup> June outlining the main overspends and underspends together with roll-forward requests. This was presented alongside an update to the medium-term financial outlook. A net underspend of £27.5m was reported after roll forwards of £42.5m. The draft accounts were approved in November 2021 and signed off in December 2021.</p>
The availability of reserves and government grants/other funds to deal with major unforeseen events		<p>The Council continues to have adequate reserves although a number of significant risks remain unresolved which could impact on reserves if a solution is not found.</p> <p>The most significant risk is the continuing and growing deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG). This relates to spending to support children and young people with Special Educational Needs and Disabilities (SEND). 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 and Health 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 up to at least March 2023, the level of debt remains unsustainable posing a considerable risk in the absence of funding and structural reforms. The Council has updated its DSG deficit recovery plan with the aim of initially reducing the rate of growth and ultimately starting to repay the accumulated debt. However, this will take several years. It is critical that the deficit recovery plan is delivered to reduce the level of deficit as soon as possible.</p>

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The Council has set services challenging targets to bear down on future price increases and service demands. This is not without considerable additional risk even though this is part of a planned strategy to revise the way in which the budget and medium-term plan are developed so that alternative actions including policy choices are considered as part of the response to growth demands using an outcomes based approach.

A comprehensive risk register is published as part of the 2022-23 revenue budget, 2022-25 medium term plan and 2022-32 capital programme.

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The general financial climate including future expected levels of funding



Spending Review 2021 included departmental spending plans for three years 2022-23 to 2024-25. However, the final local government finance settlement only included grant allocations, council tax referendum levels and core spending power calculations for 2022-23 with no indicative amounts for 2023-24 and 2024-25. Departmental specific grants were not included in the settlement and are announced later. Furthermore, the announcement of the government's intention to update and reform the funding arrangements for local government adds further uncertainty over future funding.

Added to the lack of indicative funding settlement is a worsening of the ability to forecast additional spending demands and council tax/business rates funding following the pandemic and recovery.

The combination of these makes medium term financial planning highly uncertain. Plans can only be prepared based on prudent assumptions and forecasts for later years remain highly speculative.

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The adequacy of insurance arrangements



The Council's insurance policies were reviewed for January 2022. A hardening market along with changing levels of risk has resulted in a rise in premiums, with some deductibles being increased to mitigate this. A fund audit confirms the levels of insurance reserve are adequate.

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Of the eleven factors used to assess risk and the adequacy of reserves, none have shown an improvement from twelve months ago, five are relatively unchanged, and six have deteriorated. No weighting has been applied to the individual factors, but the general financial risk to the Council should now be regarded as increased compared with a year ago, which in turn, was increased from the year before.

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

The 2022-23 budget also includes a £12.8m net impact from changes in the use of reserves. This includes additional contributions to reserves of £22.5m, (including £8.4m to strategic priorities and £3.0m to economic development/regeneration reserves from variable funding sources, a one-off £8.0m contribution to a risk reserve and a one-off additional contribution of £3.0m to general reserves to maintain these at 5% of the 2022-23 net revenue budget). The strategic priorities reserve will be used to fund non-recurring/time limited projects and initiatives to support delivery of the Council's key priorities as set out in the Strategic Statement which will be considered by County Council in May. The risk reserve is being increased to reflect the heightened risks to the budget, including higher inflation and the potential impacts of the Russian invasion of Ukraine. These additional contributions are offset by £8.8m additional drawdown from public health and smoothing reserves. The budget also reflects a net £0.9m removal of one-off contributions and drawdowns in 2021-22. The use of the smoothing reserve in 2022-23 is to take account of timing differences between spending requirements, funding and income sources, and delivery of savings.



# **SECTION 14**

## **Appendix K: Budget Risk Register**



## Appendix K: Budget Risks Register 2022-23

<b>TOTAL</b>	<b>43,050</b>	<b>300,000</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
CYPE	High Needs Demand	The Dedicated Schools Grant (DSG) High Needs Block does not meet the cost of demand for placements in schools, academies, colleges and independent providers.	There is an unacceptable deficit on the unallocated Schools Budget (DSG) Reserve. Whilst this has been partially mitigated by agreeing with the Schools' Forum a 1% transfer of the Schools Block into the High Needs Block over the past three years, and has been agreed to be continued in 2022-23 by the Secretary of State, this still leaves a material forecast overspend on the high needs budget in 2022-23 and further increases the accumulated deficit on the unallocated Schools Budget (DSG) Reserve, as any changes will take time to embed and reduce costs going forward. The main drivers of this deficit are the increase in demand for Education Health & Care Plans and requests for more specialist placements/support for children with SEN, many of which are then educated further away from their local school. A deficit recovery plan is being developed and monitored with the Schools Funding Forum on how the council intends to address this issue. The Government review of SEN is due to be published in Spring 2022 and it is unclear what impact this might have on our ability to manage this deficit moving forward.	The government now requires the total deficit on the schools budget to be carried forward each year and not allow local authorities to offset with general funds without express approval from the Secretary of State. In addition, the DSG deficit should also be held separately from the main council accounts until March 2023. This approach does not resolve how the deficit will be eliminated and therefore still poses a substantial risk to the Council. Without legislative change it is unlikely that local policy changes will reduce the deficit sufficiently. Any reductions to existing funding rates could have an adverse impact on schools, academies, colleges and independent providers. (Continuation of policy of not using general KCC reserves to top up DSG).	5	40,000	50,000
ALL	Revenue Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending demands.	Price pressures rise above the current MTFP assumptions and we are unsuccessful at suppressing these increases.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	5	0	30,000
ALL	Demand	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending demands.	Demand for services exceeds the budget assumptions and we are unsuccessful at suppressing these increases e.g. children's social care, adult social care, school transport, waste, coroners etc.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	5	0	20,000

## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
ALL	2021-22 overspend impact on reserves	Inability to manage the pressures against the 2021-22 revenue budget in order to deliver a balanced position by 31-3-22.	Overspend against the revenue budget in 2021-22 required to be met from reserves leading to a reduction in our financial resilience	Insufficient reserves available to manage risks in 2022-23 and future years	5	0	10,000
ASCH	Market Sustainability	The long term impact of Covid-19 and long term concerns about the sustainability of the adult social care market is still uncertain. At the moment all areas of the social care sector are under pressure in particular around workforce capacity including both recruitment and retention of staff, meaning that sourcing appropriate packages for all those who need it is becoming difficult. This is likely to worsen over the next few months with the pressures of winter and also the vaccination requirements for staff working in care home settings. Although care home numbers have started increasing they are still not at pre-covid levels, meaning that providers are likely to need to increase costs to local authorities to compensate for their shortfall in income from self funding clients. We are already seeing requests for further fee increases in year over and above the inflationary uplift we have applied to all commissioned services. This pressure is likely to continue.	If occupancy levels fall below an affordable level, providers will look to the council to potentially pay more for beds to compensate for loss of self funders. Significant market reshaping will require funding to make changes in the type and range of care provided	Although the government has provided short term funding in 2021-22 for infection control, testing and workforce development, there is no indication that any such funding will be available beyond March 22. Although there is £3m base budget available for market sustainability, it is likely that this will be required to offset the current market pressure, which we must assume will grow further and will not be available for the original purpose to reshape the market. This means that there is the risk of additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	5	0	?
GET	Capital - highways grant allocation	DfT capital grant funding has reduced by £9m resulting in insufficient capital funding available to continue at previous budgeted and approved service/investment levels, leading to a further managed decline in the state of our highways network. 2022-23 local authority grant allocations are still unknown so there is potential for the Kent share to reduce further.	The requirement to manage safety concerns may lead to increased unbudgeted revenue spend on reactive works. The service was already operating a managed decline in the state of the network due to increasing traffic volumes, increasing inflation without compensating increases in funding etc so this will further exacerbate that position. 2022-23 capital grant allocation announcement confirms a further reduction in Kent funding levels.	An overspend on the revenue budget, requiring alternative offsetting savings or temporary funding from reserves. A re-prioritisation of the KCC capital programme would be required or service levels would need to be reduced. Asset management backlog (currently in excess of £700m) would continue to grow at an even quicker rate.	5	0	5,000

## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
GET / S&CS	Capital – asset management and rolling programmes including: Highways, Country Parks, PROW (GET) and Modernisation of Assets, Schools (S&CS)	The asset management/rolling programmes for KCC are annual budgets and are not increased for inflation each year, meaning that the purchasing power reduces year on year as inflation is compounded yet the budget remains fixed.	Inflation pressures of 3% plus are incurred annually on these budget areas but the funding sources (KCC borrowing, DfT grant) remain fixed and therefore this contributes to the ‘manage decline’ notion in that these budgets do not even maintain steady state as often the level of investment is below (risk accepted) the required level of spend, plus year-on-year inflation is not budgeted for so the level of works commissioned reduces year-on-year also.	A funding gap therefore exists annually, so steady state cannot be achieved, so unless budget provision is made, the level of capital/asset management preventative works commissioned each year will reduce. This will present a revenue pressure, as more reactive works are likely to be required, plus the respective backlogs for Highways Asset Management (c£650m) and Modernisation of Assets (c£100m over 10 years) will increase exponentially. The risk represents the level of annual inflation required to mitigate this risk.	5	3,000	5,000
ALL	Capital - additional Covid 19 and Brexit/ EU Transition Costs	Additional costs arising from the Covid 19 pandemic, as well as Brexit/EU Transition exceed the capital estimates and are not fully reimbursed by Government.	Project costs increase due to additional Covid and Brexit measures that contractors have to put in place, impact on fuel/supplies/driver pressures and therefore higher costs passed on by contractors.	Overspend on the capital budget, impacting on future years and borrowing. It is impossible to separate whether the pressures passed on from contractors is due to the impact of Brexit/Transition or the Covid-19 pandemic.	5	0	?
ALL	Non Delivery of Savings	Changes in circumstances due to covid or other factors, result in delays in the delivery of agreed savings	Inability to progress with savings plans as scheduled due to changing circumstances	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	0	31,500
ALL	Capital projects - Building Inflation	Capital project costs are subject to higher than budgeted building inflation.	Increase in building inflation above that built into business cases.	Capital projects cost more than budgeted resulting in an overspend on the capital budget.	4	0	25,000
ALL	Capital - Developer Contributions	Developer contributions built into funding assumptions for capital projects are not all banked.	Developer contributions are delayed or insufficient to fund projects at the assumed budget level.	Additional unbudgeted forward funding requirement and potential unfunded gaps in the capital programme	4	0	15,000
S&CS	Capital Investment in Modernisation of Assets	Insufficient funding to adequately address the backlog maintenance of the Corporate Landlord estate and address statutory responsibilities such as Health & Safety requirements	Condition of the Corporate Landlord estate suffering from under-investment. Recent conditions surveys estimate an annual spend requirement of £12.7m per annum required for each of the next 10 years. Statutory Health & Safety responsibilities not met.	The estate will continue to deteriorate; buildings may have to close due to becoming unsafe; the future value of any capital receipts will be diminished. Potential for increased revenue costs for patch up repairs. Risk of legal challenge.	4	0	10,000

## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
GET	Waste income prices	The current market has seen a considerably increase in the income received for certain waste streams (potentially due to other supply shortages) and this upturn of £4m has been reflected in the MTFP for 2022-23. This is an incredibly volatile market, with some costs moving to income and vice versa in recent years, so this could lead to in-year pressures if the current projections/prices drop.	Projected levels of income fall and leave a financial unfunded pressure.	This will result in an unfunded pressure that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	-500	4,000
GET	Investment in the Public Rights of Way (PROW) network	Insufficient funding to adequately maintain the PROW network	Condition of the PROW network suffering from under-investment. A modest £150k allocation was included in the 2021-22 but additional one-off and base funding is likely to be needed for a service that is already operating at funding levels below recommended asset management levels. This has been further exacerbated by the increased usage arising from the covid related restrictions and national lockdown	The potential for claims against the council due to injury and from landowners and the need to undertake urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4	250	2,000
GET	Revenue - drainage and adverse weather	Persistent heavy rainfall and more frequent storm events mean insufficient revenue and capital budget to cope with the reactive and proactive demands on the service	An additional £1m was put into the drainage budget in 21/22 but this was below the level of overspends achieved in the two prior years and the risk is therefore the budget is not being funded at the level of demand/activity. More erratic weather patterns also cause financial pressures on the winter service and many other budgets. The risk is that this weather pattern continues and additional unbudgeted funding required.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	4	0	2,000
S&CS	Reduced support for Corporate Centre from DSG grant	DSG grant under pressure and amount supporting Corporate Centre is being challenged and likely to be reduced	As part of the 22/23 budget setting, CYPE have to reduce the amount allocated to Central Support services	The Directorate holds this income centrally and is unable to directly relate it to specific teams, hence requiring compensation savings to be identified or there will be an overspend	4	0	2,000

## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
<b>CYPE</b>	Recruitment, retention & cover for social workers	Higher use of agency staff to meet demand and ensure caseloads remain at a safe level in children social work. The Service has relied on recruitment of newly qualified staff however this is being expanded to include a more focused campaign on attracting experienced social workers. There are higher levels of sickness and maternity leave across children's social work	Inability to recruit and retain sufficient newly qualified and experienced social workers resulting in continued reliance on agency staff, at additional cost. Higher levels of sickness and maternity leave resulting in need for further use of agency staff.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	0	1,500
<b>GET</b>	Loss of European Union (EU) funding to support the Net Zero/Carbon Reduction green agenda	The Sustainable Business and Communities team with Net Zero within its remit currently enjoys significant EU/Interreg funding which has helped plan and deliver the plan for Net Zero by 2030/2050. If such funding is removed following Brexit, KCC would otherwise need to invest its own funds to provide a suitably sufficient team to achieve Government requirements	The risk is that KCC has to fund any reduction or cessation of funding.	The consequence is an overspend against the revenue budget, requiring compensating savings or funding from reserves, as simply not delivering Net Zero by 2050 is not an option due to Government legislation being implemented.	4	300	800
<b>GET</b>	Trading Standards and Border Team	The impact of Transition/Brexit meant that Border Control in the UK required a new service/arrangements to be implemented at a current cost of £580k. This ongoing cost is reflected in the 22-25 MTFP, with the expectation that this "new burden" will be accompanied with direct Government funding allocated to Local Authorities from the savings generated from no longer being part of the European Union. The risk is whether the new burdens money is forthcoming from Government and/or whether demand increases resulting in increased costs.	The risk is that Government consider this simply an addition to existing regulatory and enforcement activity, rather than being a new service/ obligation and no new burdens funding is forthcoming, so KCC is left with gross costs of delivering the service but without additional compensating funding and/or whether demand for the service increases resulting in additional costs.	This would cause an immediate unfunded pressure as both the gross costs and the assumed grant income have been built into the MTFP/Budget.	4	0	579
<b>S&amp;CS</b>	Increasing costs within Corporate Landlord which used to be funded by Directorate budgets	The Hybrid working requires centralised costs for replacement chairs/equipment which used to be funded from individual budgets. Also provision of tea, coffee, milk and the added cost of fridge cleaning etc.	If budget not top-sliced across Directorates then pressure will fall to Corporate Landlord.	Increased cost of new TFM contracts due to change in central requirements which will appear as an overspend if we can't identify where/how to collect budgets.	4	0	500



## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
GET	Marriage Schedule Act 2021	The Marriage Schedule Act 2021 will place increased demand and capacity on the Registration Service requiring the addition of three new full time posts. The risk is whether new burdens money is forthcoming from Government to compensate for the increased workload.	The risk is that that no new burdens funding is forthcoming, so KCC is left with the additional gross costs of delivering these changes but without additional compensating funding.	This would cause an immediate unfunded pressure as both the gross costs and the assumed grant income have been built into the MTFP/Budget.	4	0	81
ALL	Covid 19 additional revenue costs/ loss of income	<p>Additional costs arising from the impact of and recovery from the Covid 19 pandemic and the consequential loss of income for services exceed the estimates included in the budget. Additional costs could arise from:</p> <ul style="list-style-type: none"> <li>* needing to make further continuity payments to support the market in key service areas such as transport , early years and social care especially as specific funding for infection control and support for the workforce is unlikely to continue</li> <li>* increased demand to address unmet and more complex need in adults and children's social care, domestic abuse, mental health and drug and alcohol services as a consequence of the national lockdown and related restrictions</li> <li>* the impact of changes to the way people access our services such as waste recycling</li> <li>* provision of emergency response services</li> <li>* support for vulnerable residents, local communities and businesses</li> </ul> <p>Loss of income could arise from reduced take up of services or council decisions to waive fees to support residents and businesses.</p>	Financial impact of Covid 19 pandemic continues and is not fully compensated by Government. Increased costs and income losses become the new normal if footfall for services does not recover due to reduced consumer confidence. The situation is still too uncertain and unpredictable to quantify at this stage.	Additional unfunded pressures that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	0	?



## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
ASCH	Underlying cost pressure in operational care budgets in 2021-22	There is a significant forecast pressure in 2021-22 across most activity driven lines. The main areas with increased pressures are: Older People, both long and short term residential and nursing placements; mental health and learning disability supported living. These pressures are in the main to do with increased hours of care or increased costs, although there has been an increase in both short term beds for older people and numbers of people with mental health needs receiving supported living.	There is a risk that cost pressures will continue to rise into 2022-23 with an even greater full year cost than has been included in the 2022-23 budget	This means that there is the risk of additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	0	?
ALL	Capital - Capital Receipts	Capital receipts not yet banked are built into the budget to fund projects.	Capital receipts are not achieved as expected in terms of timing and/or quantum.	Funding gap on capital projects requiring additional forward funding.	3	0	12,400
GET	English National Concessionary Travel Scheme (ENCTS) and Kent Travel Saver (KTS) journey levels	ENCTS journeys have reduced over time, more so during the pandemic, so a £3.4m reduction in budget has been reflected in the MTFP based on this downturn. For KTS, reduced activity in terms of the number of full paying passes has been reflected as a saving of £1.9m.	Activity levels return to a level of journeys in excess of the revised budget, therefore causing a financial pressure.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years if current activity levels are not indicative of the new normal.	3	0	5,300
ALL	BREXIT and EU Transition	The Council requires full reimbursement from Central Government for the additional ongoing costs of BREXIT and transition.	Full cost reimbursement not received from government.  The grants received to date have not been sufficient to cover the council's additional spending on BREXIT and transition costs (estimated £2.1m shortfall over the period 2018-19 to 2021-22)	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	3	0	3,000

## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
<b>Non Apportionable</b>	Loss of Investment Income	For 2022-23 and future years it is anticipated that income from cash investments will continue to reflect low interest rates. Rates are forecast to rise but are unlikely to return to pre-pandemic levels. Given the uncertainty caused by the affect on companies of the Covid virus dividend income from pooled funds may also be lower than previously. The extent and timeframe of impact of Covid on financial markets uncertain.	Performance of our investments falls below predicted levels as a result of external factors such as impact of Covid on the economy	Reduction in investment income leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	3,000
<b>CYPE</b>	Changes to OFSTED regulation for 16 & 17 year olds	Ofsted have indicated that they are looking to introduce regulations for current un-regulated accommodation (for 16 and 17 year olds) from April 2023, with a 6-month implementation timescale. The two main contracts affected by this decision are due to expire in Autumn 2022. The future of commissioning of these services needs to be reviewed in light of this decision.	Further detail is yet be published on the regulation requirements and the implementation timescale, however the cost of regulated accommodation is more expensive and could add a further pressure on placement costs ahead of formal implementation. Government have indicated they will provide additional funding to compensate however this may not be sufficient or provided in a timely way.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years. Further discussions with Home Office if the additional costs cannot be managed within existing grant rates.	3	0	2,200
<b>CYPE</b>	SEN Reprocurement	Restructure and retender the SEN network and development of hub pick up points	Total savings are not in line with initial estimates and timescale.	Additional unfunded cost due to delay or non-delivery of saving that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	2,100
<b>CYPE / S&amp;CS</b>	Reduction in DFE grants for central services for schools and review of school services provided by the Local Authority	The government has reaffirmed its intention for all schools to become part of the multi-academy Trust. Local Authority grant funding to support schools continues to be reduced, equating to a cumulative total reduction of nearly £4m for KCC since 2019-20. Consequently the Local Authority needs to review its relationship with schools and the services it provides free of charge.	Long term solutions cannot be implemented within timescales and may require schools agreement (which may not be achieved). There is also a risk that by passing greater responsibilities to schools could have a possible negative impact on other areas of Local Authority responsibility if schools do not comply (for example: school maintenance). There is also the risk of further cuts to the Local Authority Central Services for School Grants in the future.	If this remains unresolved there is a risk that this will also have to either be met from reserves in future years or result in an overspend until a longer term solution is identified	3	0	1,800

## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
<b>Non Apportionable</b>	Insufficient cash balances	Higher than expected payments for example related to the response to Covid or lower than forecast receipts	Insufficient cash to cover council's outflows	Borrowing required that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	3	0	1,000
<b>GET</b>	Waste Volumes	A £2.9m pressure is included in the MTFP for 2022-23 for increased kerbside (black sack) tonnage due to continued home-working as a result of the pandemic representing a shift from commercial waste to residential waste.	Continued home-working could mean that this estimate is exceeded if more companies choose to home-work (some currently partially office based but this could increase) so increased tonnages could ensue which the authority has a statutory duty to dispose of and/or recycle.	Additional tonnes collected by the districts and brought into the Waste Transfer stations for disposal/recycling at KCC's expense meaning an unfunded pressure.	3	0	1,000
<b>CYPE</b>	Community Learning & Skills (CLS) achievement of surplus	Ongoing impact of the COVID pandemic on the recovery of CLS adult education service	Recovery affects ability to generate sufficient income to meet surplus targets	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	3	0	500
<b>S&amp;CS</b>	Highways unadopted land	Maintenance costs for residual pieces of land bought by Highways for schemes and subsequently tiny pieces not required or adopted.	Work becomes necessary on these pieces of land and neither Highways or Corporate Landlord have budget to pay for it.	Work needs to be completed whilst estates work to return the land to the original landowner	3	0	50
ALL	Income	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust income estimates.	Income is less than that assumed in the MTFP.	Loss of income or reduced collection of income that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	0	?
<b>ASCH (PH)</b>	Uplift in Public Health Grant	The anticipated 'real' increase in the Public Health grant is insufficient to meet increase in costs and costs of new responsibilities.	The increase in the Public Health grant is less than the increases in costs to Public Health.	(i) Public Health reserves would be exhausted (ii) Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	3	0	?
<b>CYPE</b>	Capital - Basic Need Allocations	Estimates of future basic need allocations are included in the capital programme.	Basic need allocations are less than expected.	Funding gap for basic need projects which will need to be funded either by reprioritising the capital programme or by additional borrowing with a consequential unbudgeted impact on the revenue position of the costs of borrowing.	2	0	12,700

## Appendix K: Budget Risks Register 2022-23

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Financial Impact (range if known) £000's	
						from	to
ALL	VAT Partial Exemption	KCC VAT Partial Exemption Limit is almost exceeded.	Additional capital schemes which are hosted by KCC result in partial exemption limit being exceeded.	Loss of ability to recovery VAT that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	0	8,700
CYPE	Supporting Families (previously Troubled Families)	The Government has confirmed the Troubled Families Grant will be replaced with a new Supporting Families Grant. Grant allocations and conditions of grant have not yet been confirmed. Commitments total £3.8m.	There is a risk that the service are unable to achieve the Government's expected outcomes within existing services and do not have sufficient time to reconfigure without incurring additional costs.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	0	3,800
S&CS	Backlog of maintenance for properties transferring to Corporate Landlord	Maintenance backlog historically funded by services from reserves or time limited resources which have been exhausted. Properties that have been transferred to the corporate landlord require investment.	Urgent repairs required which cannot be met from the Modernisation of Assets planned programme within the capital budget	Unavoidable urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	0	400
ASCH	New Social Care Legislation	Increased costs of implementing the Adult Social Care Reform white paper and paying providers a fair rate of care. In addition, the Deprivation of Liberty Safeguards (DoLS) is being replaced with new legislation Liberty Protection Safeguards (LPS) in 2022	Additional costs over the next three years as a result of these changes in legislation over and above the government funding provided	Overspend on the revenue budget or alternative offsetting savings required or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2	0	?
ALL	Capital Costs	Pre-Capital Works Expenditure.	Capital project doesn't proceed as planned and capital costs are transferred to revenue.	Aborted capital cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	2	0	?
ALL	Capital - Climate Change	Additional costs are incurred to comply with climate change policy	Project costs increase beyond budget	Overspend on the capital programme resulting in additional borrowing	2	0	?

### Likelihood Rating

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

# **SECTION 15**

## **Appendix L: Capital Strategy**



# Capital Strategy

## INTRODUCTION

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

## Capital Expenditure and Financing

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

## Capital Strategy Principles

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

The Capital Strategy will:

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

- Exclude property investments where loans are provided to third parties, such as No Use Empty – these will be considered as part of the Treasury Management Strategy,
- View borrowing as a last resort – affordability across the medium to long term will be key.

### **The Council's Strategic Outcomes**

- 1.6 Work is progressing on the new Strategic Statement and it is due to be adopted in May 2022. The Interim Strategic Plan is currently in place and sets out the organisation's priorities in the short to medium-term to lead KCC through the Covid pandemic and recovery. The Capital Strategy will be refreshed annually to incorporate the organisation's strategic direction. Business planning across the organisation is currently under review, and the capital programme will continue to be aligned with any revised business planning process.
- 1.7 Capital investment should also evidence how it will support the priorities and principles set out in significant strategies. The following are examples of the Council's key strategies:
  - Kent and Medway Growth and Infrastructure Framework – this sets out the future strategic infrastructure requirements for the county.
  - Local Transport Plan 4 – this plan sets out strategic transport priorities. Local Transport Plan 5 is currently in development.
  - Commissioning Plan for Education Provision – this sets out changes to existing schools and commissioning of new schools.
  - Kent's environment strategies – including the Energy and Low Emissions Strategy and Net Zero Action Plan.
  - Technology Strategy – provides direction and strategic priorities to shape KCC's technology environment.
  - Asset Management Strategy – this sets the framework for managing the Council's property portfolio effectively.
  - Making a difference every day - Our strategy for Adult Social Care 2022 to 2027 (to be approved later in 2022).

### **Affordability**

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



- 1.9 In assessing affordability, indicators set by the Prudential Code and the Council's own internal set of fiscal indicators are considered. The fiscal indicator "net debt costs should not exceed 10% of net revenue spending" is considered a suitable indicator to help ensure long-term affordability of the capital programme. In line with regulations, the Council has deferred introducing the revised reporting requirements of the revised Prudential Code until the 2023-24 financial year.
- 1.10 In 2022-23, the Council is planning capital expenditure of £339.3m as shown in the following table:

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

	<b>2020-21 actual</b>	<b>2021-22 forecast</b>	<b>2022-23 budget</b>	<b>2023-24 budget</b>	<b>2024-25 budget</b>
General Fund services	355.0	369.6	339.3	297.2	216.7
Capital investments	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	355.0	369.6	339.3	297.2	216.7

- 1.11 The main General Fund capital projects include: investments in additional school places to increase capacity (£86m), highways, structures & waste enhancement (£73m), highways and other transport improvements (£92m), modernisation and improved utilisation of council premises (£37m), other school projects (£29m), economic development initiatives (£17m), community projects (£5m).
- 1.12 **Governance:** Service managers bid to include projects in the Council's capital programme. Capital finance colleagues provide advice during this process. Projects must come forward with alternative options for delivering outcomes, and with a variety of funding options. All projects must be supported by a business case, using the agreed template which captures this information. The business case must also show realistic phasing of the proposed project, with project plans to support this. If a project slips, funding assigned to that project could have been attributed to other worthy projects that were ready to proceed. A critical element of the business case is to identify revenue costs and revenue savings as these will be integral to the budget setting process. Bids are collated by the Capital Team in Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). These are then discussed as part of the budget process, and the final capital programme is presented to Cabinet in January and to County Council in February each year for approval.

## **Statutory Requirements**

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

## **Invest/Spend to save bids**

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

## **Enhancement of Existing Estate and Roads**

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

## **FUNDING**

- 1.16 All capital expenditure must be financed, either from external sources (government grants, developer contributions and other external funding), the Council's own resources (revenue, reserves and capital receipts from sale of assets) or borrowing. The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £millions

	<b>2020-21 actual</b>	<b>2021-22 forecast</b>	<b>2022-23 budget</b>	<b>2023-24 budget</b>	<b>2024-25 budget</b>
External sources*	293.8	237.3	207.7	206.0	160.9
Own resources	17.9	29.4	22.0	16.4	10.4
Borrowing	43.3	102.9	109.6	74.8	45.4
<b>TOTAL</b>	<b>355.0</b>	<b>369.6</b>	<b>339.3</b>	<b>297.2</b>	<b>216.7</b>

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

## Grants

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

## Developer Contributions: Community Infrastructure Levy (CIL)/S106

- 1.18 Developer contributions continue to be a challenging issue and need careful consideration when they are put forward to fund major projects. The nature of s106 agreements means that once the total funding figure has been secured with a s106 contract, the funding is received by the County Council in staged payments as the development is built out, with the full funding potentially not received until the development has been fully completed. Depending on size, a development can take several years to be fully completed. Developer contributions will be built into the programme at the point they are secured within s106 agreements, but it must also be recognised that at this point there are still risks around housing development and realisation of the funding. Careful monitoring of expenditure against this funding is critical.
- 1.19 Any forward funding arrangements of developer contributions must be approved to ensure appropriate debt costs of forward funding are built into the repayments. The repayment schedule must be formalised by being built into

the s106 agreement. Delays in housebuilding due to Covid-19 and additional costs to builders to ensure covid-safe workplaces means there is likely to be even greater requirements for forward funding, and renegotiation of agreements.

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

### **Borrowing**

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

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

	<b>2020-21 actual</b>	<b>2021-22 forecast</b>	<b>2022-23 budget</b>	<b>2023-24 budget</b>	<b>2024-25 budget</b>
MRP	59.1	57.4	60.3	61.8	62.5

- The Council’s full minimum revenue provision statement is at Appendix O.

- 1.24 The level of borrowing to fund the capital programme considers the revenue implications and the requirements of the prudential code. In line with the Code, borrowing is not undertaken in advance of need. The 10-year capital programme planning period will assist in more effective management of borrowing levels over the longer-term.
- 1.25 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with repayments from MRP and capital receipts used to replace debt. The CFR is expected to increase by £49.4m during 2022-23 to £1.36bn. Based on the above figures for expenditure and financing, the Council's estimated CFR is shown in table 4:

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

	<b>31.3.2021 actual</b>	<b>31.3.2022 forecast</b>	<b>31.3.2023 budget</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>
TOTAL CFR	1,269.2	1,314.6	1,364.0	1,377.0	1,359.9

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

### **Asset Management and Capital Receipts**

- 1.26 To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. This sets the framework for managing the property portfolio effectively over the next 3 to 5 years. It will guide future strategic property decisions to make sure the property portfolio is managed sustainably and efficiently so that it can adapt to remain fit for the future and support frontline delivery. Property assets are an important part of supporting and enabling the Council to transform the way public services are delivered with partners and it is therefore essential that an innovative and forward-thinking strategy is in place.
- Refer to the [Council's Asset management Strategy Plan](#) for further information.
- 1.27 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council has had a rigorous disposal programme over the past few years which has helped to minimise the level of borrowing. Going forward the same level of receipts will not be achievable as many surplus assets have already been sold. Increasingly capital receipts will need to be generated from underutilised assets rather than surplus assets. In some cases this may require additional capital investment to develop these assets which would need to be included and approved on an individual scheme basis as part of refreshing future capital programmes. The Council's Infrastructure division will continue to work with service directorates and public sector partners to

explore options to release property and maximise capital receipts, with a view to creating a sustainable pipeline of funds in the future.

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

Table 5: Capital receipts to be applied in £millions

	<b>Prior years</b>	<b>2022-23 budget</b>	<b>2023-24 budget</b>	<b>2024-25 budget</b>
Application of asset sales	17.1	12.4	7.1	1.2
Loan repayments	47.1	13.5	18.9	7.9

### **Treasury Management**

- 1.29 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 1.30 As at 31 December 2021 the Council had £828.5m of external borrowing, at an average interest rate of 4.46% and £510.4m treasury investments at an average rate of 1.72%. Where possible internal borrowing is used before borrowing externally. However, this is under constant review, to ensure it is still an appropriate funding source.
- 1.31 **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future.
- 1.32 Projected levels of the Council's total outstanding debt comprising external borrowing and other long-term liabilities identified in the balance sheet (including PFI liabilities, leases, etc) are shown below, compared with the capital financing requirement (see above) and the resulting balance funded from internal borrowing (cash balances).

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

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Other Long-term Liabilities	235.8	235.8	235.8	235.8	235.8
External Borrowing	853.7	826.0	802.5	777.0	752.7
Total Debt	1,089.5	1,061.8	1,038.3	1,012.8	988.5
Capital Financing Requirement	1,269.2	1,314.6	1,364.0	1,377.0	1,359.9
Internal Borrowing (cash balances)	179.7	252.8	325.7	364.2	371.4

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

1.34 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. Both limits are set with reference to the Council’s plans for capital expenditure and financing. The authorised limit provides headroom over and above the operational boundary sufficient for unusual cash movements.

Table 7: Prudential Indicator 4: Authorised limit and operational boundary for external debt in £millions

	2021-22 limit	2022-23 limit	2023-24 limit	2024-25 limit
Authorised limit – borrowing	1,016	876	853	827
Authorised limit – PFI and leases	245	245	245	245
Authorised limit – total external debt	1,261	1,121	1,098	1,072
Operational boundary – borrowing	991	851	828	802
Operational boundary – PFI and leases	245	245	245	245
Operational boundary – total external debt	1,236	1,096	1,073	1,047

It is likely that the lease liability figure on the balance sheet will increase as a result of IRFS16, however the implementation of this has been deferred until the 2022-23 financial reporting year. Under this new standard the treatment of leases will change from the current distinction between operating and finance leases, leading to more leases being recognised on the balance sheet. Work is ongoing to determine the implications of this.

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

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

1.36 The Council's policy on treasury investments is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Cash that is likely to be spent in the near term is invested securely, in particular in Money Market Funds, with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, equity and property funds, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Near-term investments	240	185	106	107	110
Longer-term investments	262	294	300	260	250
<b>TOTAL</b>	<b>502</b>	<b>479</b>	<b>406</b>	<b>367</b>	<b>360</b>

- Further details on treasury investments are in the Treasury Management Strategy at Appendix M.
- 1.37 **Risk management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to



constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

- 1.38 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director of Finance and finance staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury management activity are presented to Governance and Audit Committee with half-yearly and annual reports going to County Council. The Treasury Management Advisory Group (TMAG) is responsible for scrutinising treasury management decisions. This is a Member group supported by officers and chaired by the Cabinet Member for Finance, Traded and Corporate Services.

### **Investments for Service Purposes**

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

### **Commercial Activities**

- 1.41 With central government financial support for local public services declining, the Council has, in the past, strategically invested in commercial property purely or mainly for financial gain. A number of purchases, some of which are still held, were made through the Property Investment and Acquisition Funds (PIF1 and PIF2) and the Acquisition of Strategic Assets.
- 1.42 With financial return being the main objective, the Council accepted higher risk on commercial investment than with treasury investments. The principal risk exposures include void periods when properties are empty and reductions in market value. These risks were managed by a rigorous appraisal process prior to any acquisition decision. Total commercial investments as at 31<sup>st</sup> March 2021 were valued at £32.3m with the largest being the two office buildings at Kings Hill.

- 1.43 In line with Government expectations, the Authority will not be pursuing commercial investments going forward.
- 1.44 **Governance:** Decisions on commercial investments and disposals have been made by the Director of Infrastructure in accordance with the Councils constitution, and more relevantly the Property Management Protocol, and following consultation with and approval of the Corporate Director of Finance. Property and most other commercial investments are also capital expenditure and purchases have also been approved as part of the capital programme.
- Further details on commercial investments and limits on their use are included in the investment strategy – Appendix N.
  - The Council also has commercial activities in several trading companies, details of which are included in the investment strategy – Appendix N.

## Liabilities

- 1.45 In addition to debt of £826.0m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £1,634.9m). It has also set aside 5% of the net revenue budget in general reserves to cover unforeseen risks as identified in the Reserves Policy – Appendix I to this document. The Council has identified a number of budget risks but has not put aside any money because the Council has sufficient reserves to cover these eventualities should they arise. These risks are identified in the Budget Risks Register at Appendix K to this document.
- 1.46 **Governance:** Decisions on incurring new discretionary liabilities are taken by service managers after consultation with and approval of the Corporate Director of Finance. The risk of liabilities crystallising and requiring payment is monitored by Corporate Finance and included in monitoring reports.

## Revenue Budget Implications

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

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

	2020-21 actual	2021-22 forecast	2022-23 budget	2023-24 budget	2024-25 budget
Proportion of net revenue stream (%)	9.57	9.20	8.99	8.74	8.28

- 1.48 In light of the one-year revenue spending round for 2021, the future year net revenue budgets are likely to change significantly, which will impact on future year's indicators.
- 1.49 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Corporate Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the rigour which has been applied to the appraisal of schemes and the application of an affordable future borrowing strategy based on an absolute fiscal limit that the costs of borrowing cannot exceed 10% of the annual revenue budget. The Capital Programme will be reviewed and revised to ensure it is affordable in the medium term.

### **Knowledge and Skills**

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

### **Governance Arrangements**

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



# **SECTION 16**

## **Appendix M: Treasury Management Strategy**



# Treasury Management Strategy

## Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
3. Investments held for service purposes or for commercial profit are considered in the separate Appendix N - Investment Strategy.

## External Context

### Economic background

4. The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, are likely to be major influences on the Authority's treasury management strategy for 2022-23.
5. The Monetary Policy Committee of the Bank of England (BoE) voted to increase the Bank Rate to 0.25% in December 2021 and to maintain its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted unanimously for both changes.
6. First estimates for Q3 2021 suggest that GDP increased 1.3% on the previous quarter and is up 6.6% on the previous year. However it remains 2.1% below its pre pandemic level. Estimates for growth in Q4 2021 have been revised down as the pace of the global recovery has shown signs of slowing and there are concerns inflationary pressures may be more persistent.
7. The headline rate of UK Consumer Price Inflation (CPI) rose to 5.1% in November and the BoE expects it to remain at this level throughout the winter, rising further in April 2022, largely reflecting the pass-through of current rises in wholesale gas and electricity prices.

8. Government initiatives supporting the economy came to an end on 30 September 2021 with the end of the furlough scheme. The most recent labour market data for the three months to October 2021 showed a quarterly increase in the employment rate to 75.5%, while the unemployment rate decreased to 4.2%.
9. In October, the headline 3-month average annual growth rates for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.7% while regular pay was up 1.0%. These figures should be interpreted with caution, however, as pay growth is now being impacted by base effects compared to 12 months ago when earnings were first affected by the coronavirus pandemic. The change in pay growth has been affected by a changing composition of employee jobs, where we have seen a fall in the number and proportion of lower-paid employee jobs.

### **Credit outlook**

10. Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks remaining low and have steadily edged down throughout the year to almost pre-pandemic levels. The improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.
11. The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable.
12. Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign.

### **Interest rate forecast**

13. The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.
14. Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.
15. Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10- and 20-year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside.



However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

16. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.

## Local Context

17. On 31 December 2021 the Council held £828.5m of external borrowing and £510.4m of treasury investments. This is set out in further detail in Annex B. Forecast changes in these sums are shown in the balance sheet analysis in the table below.

Table 1: Balance sheet summary and forecast

	31.3.21	31.3.22	31.3.23	31.3.24	31.3.25
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
<b>Total CFR</b>	1,269.2	1,314.6	1,364.0	1,377.0	1,359.9
<b>Other long term liabilities</b>	235.8	235.8	235.8	235.8	235.8
<b>Loans CFR</b>	<b>1,033.4</b>	<b>1,078.8</b>	<b>1,128.2</b>	<b>1,141.2</b>	<b>1,124.1</b>
External borrowing	-853.7	-826.0	-802.5	-777.0	-752.7
<b>Internal borrowing</b>	<b>179.7</b>	<b>252.8</b>	<b>325.7</b>	<b>364.2</b>	<b>371.4</b>
Less balance sheet resources	-681.7	-731.8	-732.0	-732.0	-732.0
<b>Treasury investments</b>	<b>502.0</b>	<b>479.0</b>	<b>406.3</b>	<b>367.8</b>	<b>360.6</b>

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

## Borrowing Strategy

20. On 31 December 2021, the Council had £828.5m external debt, including £30.4m attributable to Medway Council, as part of its strategy for funding previous years' capital programmes. This represents a decrease of £25.2m on 31 March 2021 and reflects the Council's strategy of maintaining borrowing below the underlying levels.
21. The balance sheet forecast in table 1 shows that the Council does not expect to need to borrow in 2022-23. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £1,121m.

## Objective

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

## Strategy

23. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability or sustainability of the debt portfolio.
24. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
25. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Using cash available on the Council's balance sheet is also known as internal borrowing and at the end of March 2021 the Council had supplemented external debt with £179.7m of internal borrowing. Internal borrowing is not cost free as it is at the expense of investment returns and does not remove the need for Minimum Revenue Provision (MRP) to be made.
26. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The Council will use the services of its treasury advisor to develop this 'cost of carry' and breakeven analysis and based on the results the Council will determine whether to borrow additional sums at long-term fixed rates in 2022-23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
27. The Council has previously raised the majority of its long-term borrowing from the PWLB and is likely to continue with this practice but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.
28. PWLB lending arrangements have changed and loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Council does not intend to borrow to invest primarily for financial return and will retain its access to PWLB loans.
29. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition the Council may borrow short-term loans to cover unplanned cash flow shortages.

30. **Prudential Indicators:** The Council's capital strategy prudential indicator 3 indicates that the Council does not expect to increase its external borrowing in 2022-23 but it retains the flexibility to consider borrowing either long term or short term as well as using its cash balances.
31. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK
  - any other UK public sector body
  - UK public and private sector pension funds (except the Kent County Council Superannuation Fund)
  - capital market bond investors
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
32. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback
33. **LOBO (Lender's Option Borrower's Option) loans:** The Council holds £90m of LOBO loans (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. LOBOs totalling £40m have option dates during 2022-23, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if the opportunity arises.
34. **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.
35. **Debt rescheduling:** The PWLB allows councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

## Treasury Investment Strategy

36. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the beginning of April 2021 the Council's cash balance has ranged between £483m and £657m. The balances are expected to remain at their current level due to timing differences of cashflows offsetting the repayment of maturing loans.

37. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
38. **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
39. **Strategy:** The Council's strategy for 2022-23 is essentially the same as that for 2021-22. Given the continuing risk and very low returns from short-term unsecured bank investments the Council will continue to invest a significant proportion of the cash available for longer term investment in secure and / or higher yielding asset classes. It will continue to invest in money market funds and Government including local authority deposits to meet its liquidity requirements.
40. **Business models:** Under IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost. The IFRS 9 statutory override ends in 2024 so the Council is exploring options for mitigating the risks related to the fluctuation in the value of its investments in pooled funds including the transfer of a percentage of pooled fund dividend income to reserves.

### Approved counterparties

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

	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	unlimited	
UK Local Authorities	10 years	£25m	
Kent local authorities for cashflow purposes only	1 year		£70m
Other Government entities	25 years	£20m	£30m
UK banks and building societies (unsecured) *	13 months	£20m	
Council's banking services provider *	Overnight	£20m	

	Time limit	Counterparty limit	Sector limit
Overseas banks (unsecured) *	13 months	£20m	£30m country limit
Money Market Funds *	n/a	£20m per fund or 0.5% of the fund size if lower	
Cashplus / short bond funds		£20m per fund	
Secured investments *	25 years	£20m	£150m
Corporates (non-financials)	5 years	£2m per issuer	£20m
Registered Providers (unsecured) *	5 years	£10m	£50m
Loans incl. to developers in the No Use Empty programme			£40m
<b>Strategic pooled funds and real estate investment trusts</b>	n/a		£250m
- Absolute Return funds		£25m per fund	
- Multi Asset Income funds		£25m per fund	
- Property funds		£75m or 5% of total fund value if greater	
- Bond funds		£25m per fund	
- Equity Income Funds		£25m per fund	
- Real Estate Investment Trusts		£25m per fund	

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

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

43. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

44. Loans to all local authorities are subject to due diligence checks and assessed in terms of the Council's cashflow requirements and its effective lending policies and procedures. To mitigate risks this lending will be diversified across many local authorities. The loans to other Kent authorities will be interest free because of the financial benefits other than earning an interest rate return.

45. **Banks and building societies unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investments with banks rated below the agreed minimum rating of A- are restricted to overnight deposits with the Council's current banking services provider.
46. **Money Market Funds:** Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to Money Market Funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
47. **Cash plus / Short Bond Funds:** Pooled investment funds whose values change with market prices and have a notice period, will be used as alternatives to unsecured bank deposits for longer investment periods.
48. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used.
49. **Corporates:** Bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.
50. **Registered providers:** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.
51. **Loans:** Loans to entities set up on an arms-length basis from the Council, and other suitable opportunities, on which the Council will take advice from Arlingclose with regard to the appropriate structure of the loans and applicable rate of interest. Included are interest bearing loans to developers under the No Use Empty Development Programme.
52. **Pooled investment funds:** Bond, equity, multi-asset and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

53. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
54. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £50,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

### **Risk assessment and credit ratings**

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

### **Other information on the security of investments**

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

## Investment limits

59. The Council may invest its surplus funds with any of the counterparty types listed above subject to the cash limits per counterparty and the durations shown in the table at paragraph 39.
60. The Council's revenue reserves available to cover investment losses are forecast to be £479m on 31 March 2022. In order to minimise the percentage of available reserves that will be put at risk in the case of a single default, the maximum that will be lent to any one counterparty (other than the UK Government and the CCLA LAMIT property fund) will be £25m.

## Liquidity management

61. The Council forecasts its cash flow requirements to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.
62. The Council will spread its liquid cash over several bank accounts and money market funds to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

## Treasury Management Indicators

63. The Council measures and manages its exposures to treasury management risks using the following indicators.
64. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	AA

65. **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£100m



66. **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£10m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	-£10m

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

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

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

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

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

Price risk indicator	2022-23	2023-24	2024-25
Limit on principal invested beyond year end	£300m	£300m	£300m

## Related Matters

69. The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.
70. **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

71. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
72. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
73. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
74. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance believes this to be the most appropriate status.

## Financial Implications

75. The budget for net investment income in 2022-23 is £7.8m, based on an average investment portfolio of £420m at an average interest rate of 1.86%. The budget for debt interest payable in 2022-23 is £37.4m, based on an average debt portfolio of £815.2m at an average interest rate of 4.46%. If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different.

## Other Options Considered

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

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

## **Annex A – Arlingclose Economic & Interest Rate Forecast – December 2021**

### **Underlying assumptions:**

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

### **Forecast:**

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.

- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month money market rate</b>													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
<b>5yr gilt yield</b>													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
<b>10yr gilt yield</b>													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
<b>20yr gilt yield</b>													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
<b>50yr gilt yield</b>													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

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

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

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

## Annex B – Existing Investment & Debt Portfolio Position

	31-Dec-21	31-Dec-21
	Actual Portfolio	Average Rate
	£m	%
<b>External borrowing</b>		
Public Works Loan Board	428.3	4.69
LOBO loans from banks	90.0	4.15
Banks and other lenders (Fixed term)	291.8	4.40
Streetlighting Project	18.4	1.51
<b>Total external borrowing</b>	<b>828.5</b>	<b>4.46</b>
<b>Treasury investments</b>		
Bank Call Accounts	47.2	0.14
Covered bonds (secured)	96.0	0.45
Government (incl. local authorities)	87.0	0.06
Money Market Funds	77.7	0.03
Equity	2.1	
No Use Empty Loans	13.2	1.50
<b>Total internally managed investments</b>	<b>323.2</b>	<b>0.24</b>
<b>Pooled investments funds</b>		
- Property	64.6	3.97
- Multi Asset	60.8	4.19
- Absolute Return	5.1	1.35
- Equity UK	31.5	6.32
- Equity Global	25.2	2.68
<b>Total pooled investments</b>	<b>187.2</b>	<b>4.17</b>
<b>Total treasury investments</b>	<b>510.4</b>	<b>1.72</b>
<b>Net debt</b>	<b>318.1</b>	

## GLOSSARY

### Local Authority Treasury Management Terms

Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owed and bonds issued.
CFR	Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Collective investment scheme	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Cost of carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. Covered bonds are exempt from bail-in.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Diversified income fund	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMADF	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Equity	An investment which usually confers ownership and voting rights
Floating rate note (FRN)	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two

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



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



# **SECTION 17**

## **Appendix N: Investment Strategy**



# INVESTMENT STRATEGY

## Introduction

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

## Service Investments: Loans

- 1.5 As at 31.03.21 the Council had the following amounts outstanding in relation to loans distributed by its own funding:

<b>Loans in relation to:</b>	<b>Investment Value £m</b>
Kent Empty Property Initiative - No Use Empty	8.741
Marsh Millions	0.223
Kent PFI Company 1 Ltd	2.365
Marlowe Theatre	2.000
EDSECo (Trading as The Education People)	2.200
Kent Holdco Ltd	0.500
Invicta Law	0.800
Visit Kent	0.100
<b>Total service investments - loans</b>	<b>16.929</b>

### **Kent Empty Property Initiative - No Use Empty**

- 1.6 The Council runs a “No Use Empty” initiative, which was set up in 2005 with the aim of returning long term empty properties back into use. This operates as a revolving loan fund and is open to those who currently own or have acquired a long-term empty property which needs financial assistance to bring the property back into use for rental or sale. As at 31 March 2021 the debt due to KCC under the scheme totalled £11.5m. The scheme has been running since 2005 and since then has awarded £45.8m in loans, of which only £143k has been written off as a bad debt. This represents a mere 0.3% of the total loans awarded. The extremely low value of bad debts is aided by the scheme operating a robust application and assessment process, which includes ID checks and proof of additional funds. The applicant must provide at their cost an independent valuation undertaken by a Chartered Surveyor (RICS) to establish current and future values. This is also used within the assessment process as any loan awarded is secured as a charge and registered with Land Registry or Companies House if applicable. Loans are typically offered over 2 or 3 years. A supplementary scheme began in 2020-21 which has allowed an additional £19m of loans to be approved for new builds. These loans provide a 1.5% return to the Council and there are currently no bad debts associated with these loans.

### **Marsh Millions**

- 1.7 KCC contributed to the Marsh Millions loan scheme. This was set up to aid small businesses in the Romney Marsh area. As at 31.03.21 the balance outstanding to KCC was £0.223m.

### **Kent PFI Company 1 Ltd**

- 1.8 In 2013-14 KCC purchased loan notes in Kent PFI Company 1 Ltd, which is the holding company to the contractor who runs six schools for KCC under a Private Finance Initiative (PFI) arrangement. As at 31.03.21 the balance outstanding to KCC was £2.365m.

### **Marlowe Loan**

- 1.9 In 2010-11 KCC loaned £2m to Canterbury City Council to aid the refurbishment of the Marlowe Theatre in Canterbury. The balance as at 31<sup>st</sup> March 2021 was £2m, however this was repaid in full in April 2021.

### **Invicta Law Ltd**

- 1.10 Invicta Law Ltd is a law firm, wholly owned by KCC. It commenced trading on 1 June 2017. KCC provided a £1.8m working capital loan to aid the start-up of this company. The balance of this loan as at 31.03.21 was £0.8m.

## Other Loans

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

### 1.12 Visit Kent

During 2020-21 KCC gave a loan to Visit Kent and the balance as at 31.03.21 was £0.1m

## Service Investments: Shares

- 1.13 As at 31.03.21 the Council had the following equity investments:

Company	Amount Invested £m	Value in Accounts (Fair Value) £m
Invicta Law Ltd	0	0
Kent PFI Company 1 Ltd (Note 1)	1.902	1.312
Kent Holdco	7.890	15.719
<b>Total service investments - shares</b>	<b>9.792</b>	<b>17.031</b>

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

- 1.14 During 2019-20 Kent Holdco Ltd was established and the shares that the Council held in Gen2, Cantium Business Solutions and Kent County Trading were all transferred to Kent Holdco Ltd. During 2020-21 the shares in Invicta Law were also transferred to Holdco.
- 1.15 The Council considers each investment on a case-by-case basis and uses several criteria to obtain a risk/benefit analysis for the Council. Overall, the value of loans outstanding and equity investments as at 31.03.21 are immaterial in relation to the Council's balance sheet as a whole. The service benefits derived from these investments are deemed to outweigh the risks. The Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue payments.

## Commercial Investments: Property

- 1.16 The following table provides details of the individual properties that meet the definition of investment (as per the Statutory Guidance on Local Government Investments), that were owned by KCC as of 31 March 2021:

Property	Purchase cost (including fees)	Value in accounts as at 31.03.21
	£m	£m
Sheehan House	0.723	1.080
Royal Mail Site	3.309	2.413
Eurogate	2.275	4.229
1 & 42 Kings Hill Avenue	23.000	24.591
<b>Total commercial investments - property</b>	<b>29.307</b>	<b>32.313</b>

- 1.17 The Royal Mail site is being held for future regeneration purposes. For this reason, the value in the accounts is based on existing use value, rather than fair value, in accordance with CIPFA guidance.
- 1.18 Towards the end of 2019-20, the Council purchased 2 office buildings at Kings Hill, totalling £23m, which was intended to provide an income stream over the short to medium term. Both buildings have retained their existing tenants during the covid-19 pandemic. One of the buildings is fully let whilst the other is 62% let.
- 1.19 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs, which the table above shows is the case for all such properties.
- A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2021-22 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments including any revenue consequences. However, the Council is not specifically relying on the sale of these assets to fund future expenditure, therefore the risk relating to fluctuations in the property market is minimal.



## Investment Indicators

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

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

<b>Total investment exposure</b>	<b>31.03.21 Actual £m</b>
Service investments: Loans	16.929
Service investments: Shares	9.792
Commercial investments: Property	29.307

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

<b>Investments net rate of return</b>	<b>2020-21</b>
Service investments: Loans*	12.0%
Service investments: Shares:	
- Kent PFI Co 1 Ltd	6.5%
- Kent Holdco Ltd**	19.6%
Commercial investments: Property:	
- Eurogate	7.7%
- Royal Mail Site**	See note below
- Kings Hill ***	5.3%

\*Kent PFI Company 1 Ltd only.

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

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

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

3) Other investment indicators:

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

# **SECTION 18**

## **Appendix O: Annual Minimum Revenue Provision Statement**



### Annual Minimum Revenue Provision (MRP) Statement

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

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

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

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

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

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

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

Each year an updated MRP statement will be presented.



# **SECTION 19**

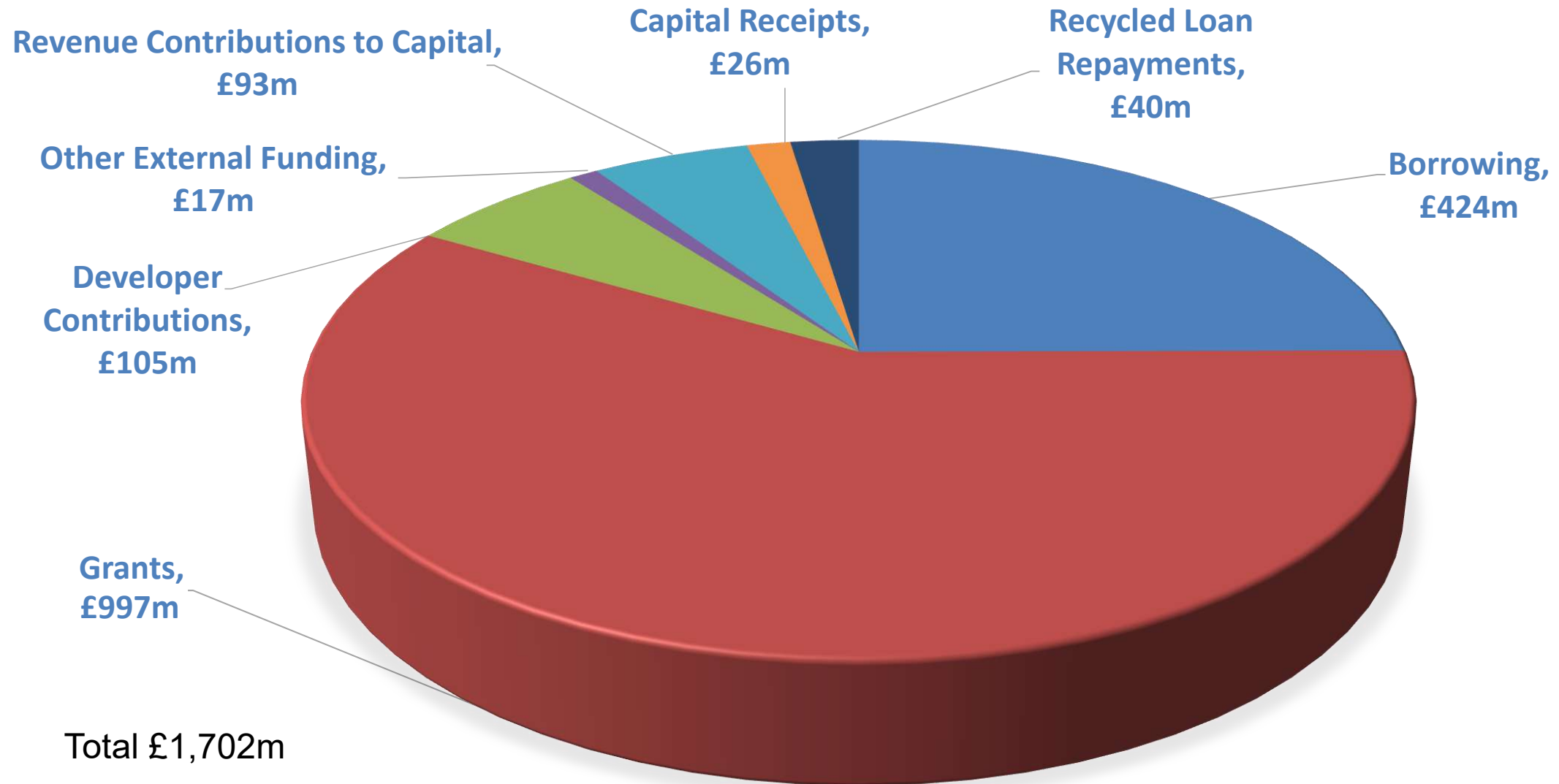
## **10 Year Capital Programme by Funding (excl Potential Projects)**





# SECTION 19

## 10 Year Capital Programme by Funding (excluding Potential Projects)





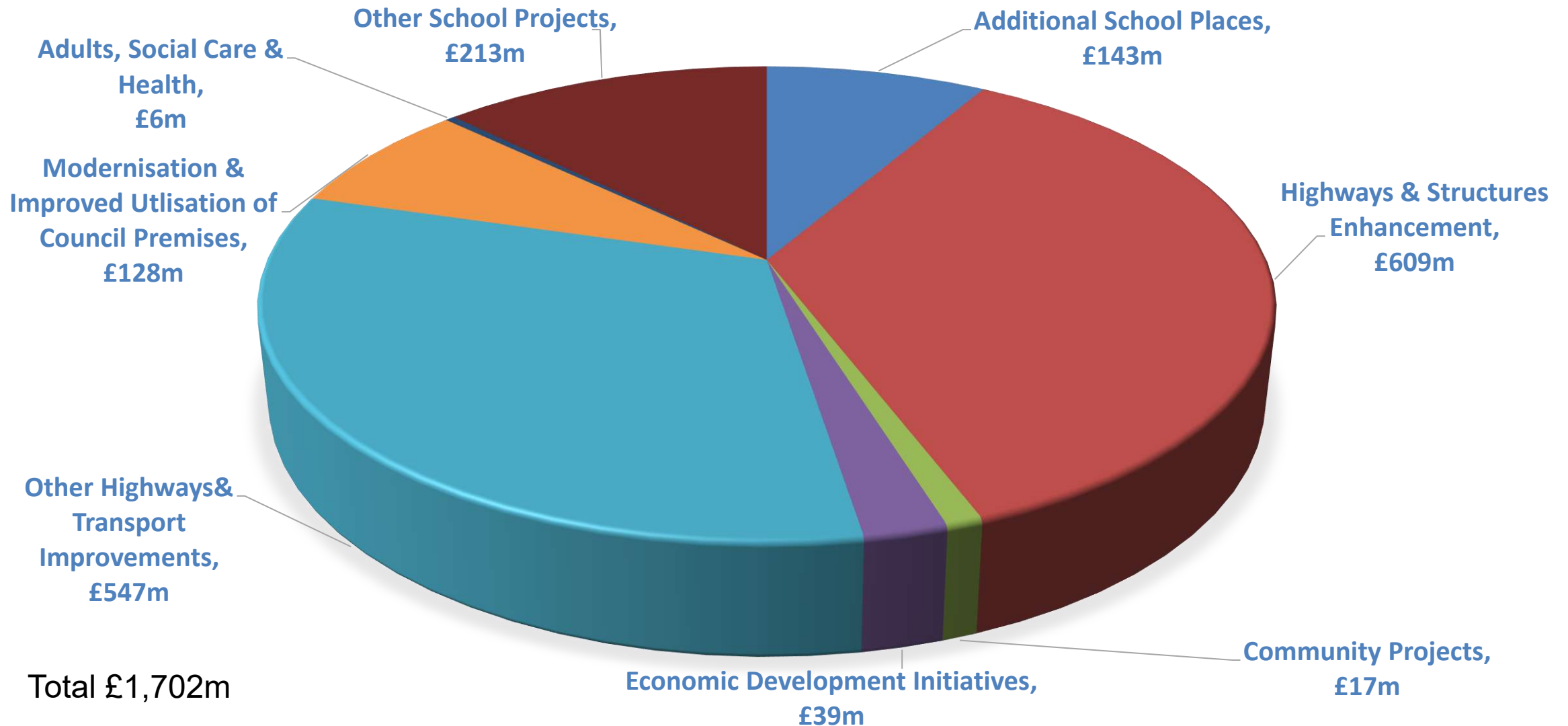
# **SECTION 20**

## **10 Year Capital Programme by Type (excl Potential Projects)**



# SECTION 20

## 10 Year Capital Programme by Type (excluding Potential Projects)





# **SECTION 21**

## **2022-23 Revenue Budget by Core Service**





		2022-23 FINAL APPROVED BUDGET						
	2022-23 REVENUE BUDGET BY CORE SERVICE	staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	ADULTS & OLDER PEOPLE							
1	Direct Payments - Learning Disability (aged 18+)	0.0	31,406.2	31,406.2	0.0	-30.5	-758.3	30,617.4
2	Direct Payments - Mental Health (aged 18+)	0.0	1,828.6	1,828.6	0.0	-84.3	0.0	1,744.3
3	Direct Payments - Older People (aged 65+)	0.0	20,329.6	20,329.6	0.0	-2,659.0	-161.5	17,509.1
4	Direct Payments - Physical Disability (aged 18-64)	0.0	15,201.2	15,201.2	0.0	-0.1	-851.2	14,349.9
	TOTAL DIRECT PAYMENTS	0.0	68,765.6	68,765.6	0.0	-2,773.9	-1,771.0	64,220.7
5	Discharge to Assess - Older People (aged 65+) - Commissioned service	0.0	4,931.0	4,931.0	0.0	-246.0	0.0	4,685.0
6	Discharge to Assess - Physical Disability (aged 18-64) - Commissioned service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL DISCHARGE TO ASSESS	0.0	4,931.0	4,931.0	0.0	-246.0	0.0	4,685.0
7	Domiciliary Care - Learning Disability (aged 18+)	0.0	1,122.2	1,122.2	0.0	0.0	-14.0	1,108.2
8	Domiciliary Care - Older People (aged 65+) - In house service (Kent Enablement at Home service)	9,340.1	-62.7	9,277.4	-51.3	-5,705.4	0.0	3,520.7
9	Domiciliary Care - Older People (aged 65+) - Commissioned service	0.0	44,096.6	44,096.6	0.0	-5,548.2	-13.2	38,535.2
10	Domiciliary Care - Physical Disability (aged 18-64) - In house service	0.0	684.4	684.4	0.0	0.0	0.0	684.4
11	Domiciliary Care - Physical Disability (aged 18-64) - Commissioned service	0.0	7,645.6	7,645.6	0.0	0.0	-24.6	7,621.0
	TOTAL DOMICILIARY CARE	9,340.1	53,486.1	62,826.2	-51.3	-11,253.6	-51.8	51,469.5
12	Non Residential Charging Income - Learning Disability (aged 18+)	0.0	17.0	17.0	0.0	-9,429.0	0.0	-9,412.0
13	Non Residential Charging Income - Older People (aged 65+)	0.0	220.6	220.6	0.0	-20,790.5	-69.0	-20,638.9
14	Non Residential Charging Income - Physical Disability (aged 18-64)	0.0	0.0	0.0	0.0	-3,725.5	-109.7	-3,835.2
15	Non Residential Charging Income - Mental Health (aged 18+)	0.0	9.4	9.4	0.0	-649.1	0.0	-639.7
	TOTAL NON RESIDENTIAL CHARGING INCOME	0.0	247.0	247.0	0.0	-34,594.1	-178.7	-34,525.8
16	Nursing & Residential Care - Learning Disability (aged 18+)	0.0	88,078.8	88,078.8	-45.0	-5,894.8	0.0	82,139.0
17	Nursing & Residential Care - Mental Health (aged 18+)	0.0	16,688.9	16,688.9	0.0	-1,062.8	0.0	15,626.1
18	Nursing & Residential Care - Older People (aged 65+) - Nursing	0.0	42,005.1	42,005.1	0.0	-21,214.0	-43.8	20,747.3
19	Nursing & Residential Care - Older People (aged 65+) - Residential - In house service	8,165.3	9,418.0	17,583.3	0.0	-2,006.8	-1,922.2	13,654.3
20	Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service	0.0	71,131.1	71,131.1	0.0	-43,190.0	-76.4	27,864.7
21	Nursing & Residential Care - Physical Disability (aged 18-64)	0.0	20,159.3	20,159.3	0.0	-1,418.7	0.0	18,740.6
	TOTAL NURSING & RESIDENTIAL CARE	8,165.3	247,481.2	255,646.5	-45.0	-74,787.1	-2,042.4	178,772.0
22	Supported Living/Accommodation - Learning Disability (aged 18+) - In house service	2,060.4	1,020.6	3,081.0	0.0	-211.9	-912.9	1,956.2
23	Supported Living/Accommodation - Learning Disability (aged 18+) - Shared Lives Scheme	0.0	4,010.4	4,010.4	0.0	0.0	0.0	4,010.4
24	Supported Living/Accommodation - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements	0.0	100,482.5	100,482.5	0.0	-1,244.5	-81.4	99,156.6
25	Supported Living/Accommodation - Mental Health (aged 18+) - Commissioned service	0.0	10,930.6	10,930.6	0.0	-199.2	-13.9	10,717.5
26	Supported Living/Accommodation - Mental Health (aged 18+) - In house service	0.0	256.0	256.0	0.0	0.0	-256.0	0.0
27	Supported Living/Accommodation - Older People (aged 65+) - In house service	0.0	7,860.1	7,860.1	0.0	0.0	-7,836.2	23.9
28	Supported Living/Accommodation - Older People (aged 65+) - Commissioned service	0.0	517.4	517.4	0.0	0.0	0.0	517.4
29	Supported Living/Accommodation - Physical Disability (aged 18-64) - Commissioned service	0.0	10,914.3	10,914.3	0.0	-359.6	-13.5	10,541.2
	TOTAL SUPPORTED LIVING/ACCOMMODATION	2,060.4	135,991.9	138,052.3	0.0	-2,015.2	-9,113.9	126,923.2
	Other Services for Adults & Older People							
30	Adaptive & Assistive Technology	461.0	13,064.5	13,525.5	0.0	-7,053.9	0.0	6,471.6
31	Community Support Services for Mental Health (aged 18+) - in house service	1,093.9	57.4	1,151.3	0.0	-54.6	0.0	1,096.7
32	Community Support Services for Mental Health (aged 18+) - Commissioned service	0.0	-69.7	-69.7	0.0	0.0	0.0	-69.7
33	Day Care - Learning Disability (aged 18+) - In house service	5,098.8	824.4	5,923.2	0.0	-70.7	0.0	5,852.5
34	Day Care - Learning Disability (aged 18+) - Commissioned service	0.0	10,410.1	10,410.1	0.0	0.0	-16.1	10,394.0
35	Day Care - Older People (aged 65+) - In house service	474.5	51.5	526.0	0.0	-23.3	0.0	502.7

		2022-23 FINAL APPROVED BUDGET						
	2022-23 REVENUE BUDGET BY CORE SERVICE	staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
36	Day Care - Older People (aged 65+) - Commissioned service	0.0	528.5	528.5	0.0	0.0	0.0	528.5
37	Day Care - Physical Disability (aged 18-64)	0.0	1,156.1	1,156.1	0.0	0.0	0.0	1,156.1
	<b>TOTAL DAY CARE</b>	<b>5,573.3</b>	<b>12,970.6</b>	<b>18,543.9</b>	<b>0.0</b>	<b>-94.0</b>	<b>-16.1</b>	<b>18,433.8</b>
38	Housing Related Support for Vulnerable People (Supporting People)	0.0	6,073.7	6,073.7	-688.2	-578.1	-181.7	4,625.7
39	Other Services for Adults & Older People - Legal Charges	0.0	550.0	550.0	0.0	0.0	0.0	550.0
40	Other Adult Services	0.0	141.0	141.0	0.0	-16.7	0.0	124.3
41	Other Services for Adults & Older People - Safeguarding	4,760.1	1,133.8	5,893.9	0.0	-164.0	-536.3	5,193.6
42	Other Services for Adults & Older People - Covid 19 payments to Adult Social Care Providers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
43	Social Support - Carers - In house service	2,239.4	154.1	2,393.5	0.0	-2.2	0.0	2,391.3
44	Social Support - Carers - Commissioned service	0.0	10,388.2	10,388.2	0.0	-3,487.2	-11.3	6,889.7
45	Social Support - Information & Early Intervention	0.0	1,532.8	1,532.8	0.0	-726.0	-387.9	418.9
46	Social Support - Social Isolation	0.0	12,969.7	12,969.7	-1,907.1	-1,018.5	0.0	10,044.1
	<b>TOTAL SOCIAL SUPPORT</b>	<b>2,239.4</b>	<b>25,044.8</b>	<b>27,284.2</b>	<b>-1,907.1</b>	<b>-5,233.9</b>	<b>-399.2</b>	<b>19,744.0</b>
	<b>TOTAL OTHER SERVICES FOR ADULTS &amp; OLDER PEOPLE</b>	<b>14,127.7</b>	<b>58,966.1</b>	<b>73,093.8</b>	<b>-2,595.3</b>	<b>-13,195.2</b>	<b>-1,133.3</b>	<b>56,170.0</b>
	<b>CHILDREN'S SERVICES</b>							
47	Children in Care (Looked After) - Fostering - Disabled Children - In house service	0.0	1,472.2	1,472.2	0.0	0.0	0.0	1,472.2
48	Children in Care (Looked After) - Fostering - Non-Disabled Children - In house service	2,757.4	22,315.6	25,073.0	-43.9	0.0	0.0	25,029.1
49	Children in Care (Looked After) - Fostering - Disabled Children - Commissioned from Independent Fostering Agencies	0.0	969.2	969.2	0.0	0.0	0.0	969.2
50	Children in Care (Looked After) - Fostering - Non-Disabled Children - Commissioned from Independent Fostering Agencies	0.0	8,425.3	8,425.3	0.0	0.0	0.0	8,425.3
51	Children in Care (Looked After) - Legal Charges - Disabled Children	0.0	167.3	167.3	0.0	0.0	0.0	167.3
52	Children in Care (Looked After) - Legal Charges - Non-Disabled Children	0.0	7,922.7	7,922.7	0.0	0.0	0.0	7,922.7
53	Children in Care (Looked After) - Residential Children's Services - Disabled Children - In house service (Short Breaks Units)	4,701.2	691.2	5,392.4	-1,039.5	-741.7	0.0	3,611.2
54	Children in Care (Looked After) - Residential Children's Services - Disabled Children - Commissioned from Independent Sector	0.0	13,674.8	13,674.8	-812.2	-949.6	0.0	11,913.0
55	Children in Care (Looked After) - Residential Children's Services - Non-Disabled Children - Commissioned from Independent Sector	0.0	19,331.0	19,331.0	-409.9	-376.2	0.0	18,544.9
56	Children in Care (Looked After) - Supported Accommodation - Disabled Children - Commissioned from Independent Sector	0.0	2,073.6	2,073.6	0.0	-3.5	0.0	2,070.1
57	Children in Care (Looked After) - Supported Accommodation - Non-Disabled Children - Commissioned from Independent Sector	0.0	6,376.3	6,376.3	0.0	0.0	0.0	6,376.3
58	Children in Care (Looked After) - Virtual School Kent	2,238.3	3,040.3	5,278.6	-197.0	-2.8	-3,102.5	1,976.3
	<b>TOTAL CHILDREN IN CARE (LOOKED AFTER)</b>	<b>9,696.9</b>	<b>86,459.5</b>	<b>96,156.4</b>	<b>-2,502.5</b>	<b>-2,073.8</b>	<b>-3,102.5</b>	<b>88,477.6</b>
59	Children in Need - Family Support Services - Disabled Children	600.0	7,593.7	8,193.7	-52.2	-914.8	0.0	7,226.7
60	Children in Need - Family Support Services - Non-Disabled Children	0.0	2,406.2	2,406.2	-45.2	-0.2	0.0	2,360.8
	<b>TOTAL CHILDREN IN NEED</b>	<b>600.0</b>	<b>9,999.9</b>	<b>10,599.9</b>	<b>-97.4</b>	<b>-915.0</b>	<b>0.0</b>	<b>9,587.5</b>
61	Early Help - Children's Centres	6,958.4	1,194.2	8,152.6	-3,497.7	-14.5	0.0	4,640.4
62	Early Help - Early Intervention & Prevention	11,480.2	4,087.6	15,567.8	-88.8	-1,580.9	-6,781.8	7,116.3
	<b>TOTAL EARLY HELP</b>	<b>18,438.6</b>	<b>5,281.8</b>	<b>23,720.4</b>	<b>-3,586.5</b>	<b>-1,595.4</b>	<b>-6,781.8</b>	<b>11,756.7</b>
63	Education & Personal - Attendance & Behaviour	1,623.4	214.5	1,837.9	-116.7	-267.0	-1,372.0	82.2
64	Education & Personal - Early Years Education	0.0	75,072.2	75,072.2	0.0	0.0	-75,072.2	0.0
65	Education & Personal - Education Psychology Service	3,478.5	785.9	4,264.4	0.0	0.0	0.0	4,264.4
66	Education & Personal - Individual Learner Support	1,463.2	177.6	1,640.8	-30.1	-265.4	-849.0	496.3
67	Education & Personal - Support for Pupils with SEN	488.5	30,279.8	30,768.3	0.0	-287.2	-30,399.6	81.5
68	Education & Personal - Youth Service	3,226.9	1,669.4	4,896.3	-235.2	-272.3	-245.0	4,143.8
69	Education & Personal - Youth Offending Service	1,701.0	595.5	2,296.5	-323.6	-382.9	-1,065.4	524.6
70	Education & Personal - Education Services provided by The Education People	0.0	8,960.8	8,960.8	0.0	0.0	-4,487.0	4,473.8
	<b>TOTAL EDUCATION &amp; PERSONAL</b>	<b>11,981.5</b>	<b>117,755.7</b>	<b>129,737.2</b>	<b>-705.6</b>	<b>-1,474.8</b>	<b>-113,490.2</b>	<b>14,066.6</b>

		2022-23 FINAL APPROVED BUDGET						
	2022-23 REVENUE BUDGET BY CORE SERVICE	staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>OTHER CHILDREN'S SERVICES</b>							
71	Other Children's Services - Adoption & other permanent care arrangements for children	3,675.7	13,152.1	16,827.8	0.0	-1,310.4	0.0	15,517.4
72	Other Children's Services - Asylum Seekers - Aged under 16	0.0	1,551.8	1,551.8	0.0	0.0	-1,727.3	-175.5
73	Other Children's Services - Asylum Seekers - Aged 16 & 17	366.3	6,180.6	6,546.9	0.0	0.0	-7,183.8	-636.9
74	Other Children's Services - Asylum Seekers - Aged 18 and over (care leavers)	0.0	8,615.9	8,615.9	-180.6	0.0	-7,682.9	752.4
75	Other Children's Services - Care Leavers	4,765.2	4,951.4	9,716.6	-2,192.1	0.0	-1,218.9	6,305.6
76	Other Children's Services - Safeguarding	4,551.4	711.0	5,262.4	-562.3	-303.6	0.0	4,396.5
	<b>TOTAL OTHER CHILDREN'S SERVICES</b>	<b>13,358.6</b>	<b>35,162.8</b>	<b>48,521.4</b>	<b>-2,935.0</b>	<b>-1,614.0</b>	<b>-17,812.9</b>	<b>26,159.5</b>
	<b>COMMUNITY SERVICES</b>							
77	Community Services - Arts & Culture Development	325.0	1,235.7	1,560.7	0.0	-94.8	0.0	1,465.9
78	Community Services - Community Learning & Skills (CLS)	9,818.9	3,724.3	13,543.2	-50.0	-3,168.8	-10,772.7	-448.3
79	Community Services - Contact Centre & Digital Web Services	0.0	2,922.3	2,922.3	-30.9	0.0	-89.0	2,802.4
80	Community Services - Gateways	275.8	478.4	754.2	-62.0	-59.0	0.0	633.2
81	Community Services - Gypsies & Travellers	261.2	248.9	510.1	0.0	-480.1	0.0	30.0
82	Community Services - Libraries, Registration & Archives Services	11,944.2	4,084.3	16,028.5	-260.5	-6,219.3	-81.0	9,467.7
83	Community Services - Local Healthwatch & NHS Complaints Advocacy	0.0	752.3	752.3	0.0	-78.1	-363.2	311.0
84	Community Services - Sports & Physical Activity Development	760.5	1,329.4	2,089.9	-351.0	-1,718.5	0.0	20.4
85	Community Services - Support to Individuals & Communities via Local Welfare Assistance Scheme & Civil Society Strategy	235.5	2,217.6	2,453.1	0.0	0.0	-1,250.0	1,203.1
	<b>TOTAL COMMUNITY SERVICES</b>	<b>23,621.1</b>	<b>16,993.2</b>	<b>40,614.3</b>	<b>-754.4</b>	<b>-11,818.6</b>	<b>-12,555.9</b>	<b>15,485.4</b>
	<b>ENVIRONMENT</b>							
86	Environment - Country Parks, Countryside Partnerships & Explore Kent	2,119.1	1,277.7	3,396.8	-194.8	-2,573.5	-9.2	619.3
87	Environment - Environmental Management (incl. Coastal Protection)	2,307.3	4,469.8	6,777.1	-244.0	-1,777.1	-3,534.2	1,221.8
88	Environment - Public Rights of Way	1,514.2	908.8	2,423.0	0.0	-190.0	-92.6	2,140.4
	<b>TOTAL ENVIRONMENT</b>	<b>5,940.6</b>	<b>6,656.3</b>	<b>12,596.9</b>	<b>-438.8</b>	<b>-4,540.6</b>	<b>-3,636.0</b>	<b>3,981.5</b>
	<b>HIGHWAYS</b>							
89	Highways Maintenance - Adverse Weather	0.0	3,641.0	3,641.0	0.0	0.0	0.0	3,641.0
90	Highways Maintenance - Bridges & Other Structures	717.5	2,040.2	2,757.7	0.0	-270.1	0.0	2,487.6
91	Highways Maintenance - General maintenance & emergency response	4,607.9	7,442.7	12,050.6	0.0	0.0	0.0	12,050.6
92	Highways Maintenance - Highways Drainage	817.0	3,983.1	4,800.1	0.0	0.0	0.0	4,800.1
93	Highways Maintenance - Streetlight maintenance	840.6	1,709.4	2,550.0	0.0	-11.3	0.0	2,538.7
	<b>TOTAL HIGHWAY MAINTENANCE</b>	<b>6,983.0</b>	<b>18,816.4</b>	<b>25,799.4</b>	<b>0.0</b>	<b>-281.4</b>	<b>0.0</b>	<b>25,518.0</b>
94	Highways Management - Development Planning	2,143.8	267.4	2,411.2	0.0	-2,771.5	0.0	-360.3
95	Highways Management - Highways Improvements	5,245.6	-2,739.3	2,506.3	0.0	0.0	0.0	2,506.3
96	Highways Management - Road Safety	1,205.9	1,590.6	2,796.5	-110.0	-1,608.6	-143.1	934.8
97	Highways Management - Streetlight Energy	0.0	4,061.0	4,061.0	0.0	0.0	0.0	4,061.0
98	Highways Management - Traffic management	3,032.3	2,140.6	5,172.9	0.0	-4,424.4	0.0	748.5
99	Highways Management - Tree maintenance, grass cutting & weed control	813.7	3,500.0	4,313.7	0.0	0.0	0.0	4,313.7
	<b>TOTAL HIGHWAY MANAGEMENT</b>	<b>12,441.3</b>	<b>8,820.3</b>	<b>21,261.6</b>	<b>-110.0</b>	<b>-8,804.5</b>	<b>-143.1</b>	<b>12,204.0</b>
	<b>LOCAL DEMOCRACY</b>							
100	Local Democracy - County Council Elections	0.0	470.0	470.0	0.0	0.0	0.0	470.0
101	Local Democracy - Local Member Grants	0.0	810.0	810.0	0.0	0.0	0.0	810.0
102	Local Democracy - Partnership arrangements with District Councils	0.0	3,528.4	3,528.4	0.0	-357.1	0.0	3,171.3
	<b>TOTAL LOCAL DEMOCRACY</b>	<b>0.0</b>	<b>4,808.4</b>	<b>4,808.4</b>	<b>0.0</b>	<b>-357.1</b>	<b>0.0</b>	<b>4,451.3</b>

		2022-23 FINAL APPROVED BUDGET						
	2022-23 REVENUE BUDGET BY CORE SERVICE	staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>PLANNING &amp; TRANSPORT STRATEGY</b>							
103	Planning & Transport Strategy - Planning & Transport Policy	855.4	390.5	1,245.9	0.0	0.0	0.0	1,245.9
104	Planning & Transport Strategy - Planning Applications	985.9	155.0	1,140.9	-179.0	-133.0	0.0	828.9
	<b>TOTAL PLANNING &amp; TRANSPORT STRATEGY</b>	<b>1,841.3</b>	<b>545.5</b>	<b>2,386.8</b>	<b>-179.0</b>	<b>-133.0</b>	<b>0.0</b>	<b>2,074.8</b>
	<b>PUBLIC HEALTH</b>							
105	Public Health - Children's Public Health Programmes: 0-5 year olds Health Visiting Service	0.0	23,355.3	23,355.3	0.0	0.0	-23,355.3	0.0
106	Public Health - Other Children's Public Health Programmes	0.0	9,406.9	9,406.9	0.0	0.0	-9,406.9	0.0
107	Public Health - Drug & Alcohol services	0.0	10,255.3	10,255.3	0.0	-394.0	-9,861.3	0.0
108	Public Health - Integrated Health & Lifestyle Service	0.0	9,748.6	9,748.6	0.0	-750.0	-8,998.6	0.0
109	Public Health - Mental Health including Violence Prevention & Support	83.3	2,922.7	3,006.0	0.0	-657.0	-2,349.0	0.0
110	Public Health - Staffing, Advice & Monitoring	3,477.4	1,094.2	4,571.6	0.0	-123.5	-4,448.1	0.0
111	Public Health - Sexual Health Services	0.0	14,990.6	14,990.6	0.0	-1,600.0	-13,390.6	0.0
	<b>TOTAL PUBLIC HEALTH</b>	<b>3,560.7</b>	<b>71,773.6</b>	<b>75,334.3</b>	<b>0.0</b>	<b>-3,524.5</b>	<b>-71,809.8</b>	<b>0.0</b>
	<b>PUBLIC PROTECTION</b>							
112	Public Protection - Community Safety (incl. Community Wardens)	2,703.9	261.7	2,965.6	-56.3	-150.2	0.0	2,759.1
113	Public Protection - Coroners	2,571.3	3,683.0	6,254.3	0.0	-1,079.9	0.0	5,174.4
114	Public Protection - Emergency Response & Resilience (incl Flood Risk Management)	1,049.8	532.3	1,582.1	0.0	-172.2	-60.5	1,349.4
115	Public Protection - Emergency Response & Resilience (Covid 19 Body Storage Costs)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
116	Public Protection - Trading Standards (incl. Kent Scientific Services)	4,191.2	785.8	4,977.0	-453.5	-1,155.4	-579.0	2,789.1
	<b>TOTAL PUBLIC PROTECTION</b>	<b>10,516.2</b>	<b>5,262.8</b>	<b>15,779.0</b>	<b>-509.8</b>	<b>-2,557.7</b>	<b>-639.5</b>	<b>12,072.0</b>
	<b>REGENERATION &amp; ECONOMIC DEVELOPMENT</b>							
117	Regeneration & Economic Development services	2,961.6	2,259.4	5,221.0	-47.0	-2,534.6	-1,167.1	1,472.3
	<b>SCHOOLS &amp; HIGH NEEDS EDUCATION</b>							
118	Schools & High Needs Education Budgets - Exclusion Services	0.0	6,650.6	6,650.6	0.0	0.0	-6,650.6	0.0
119	Schools & High Needs Education Budgets - HN pupils in FE colleges (post 16 year olds)	0.0	4,080.3	4,080.3	0.0	0.0	-4,080.3	0.0
120	Schools & High Needs Education Budgets - HN pupils in Independent Sector providers (post 16 year olds)	0.0	4,653.0	4,653.0	-153.0	0.0	-4,500.0	0.0
121	Schools & High Needs Education Budgets - HN pupils in Independent Special School placements	0.0	38,741.6	38,741.6	-550.0	-422.8	-37,768.8	0.0
122	Schools & High Needs Education Budgets - HN Pupils - Recoupment	0.0	5,711.9	5,711.9	-797.0	-3,246.9	-1,668.0	0.0
123	Schools & High Needs Education Budgets - PFI Schools Scheme	0.0	28,989.3	28,989.3	-12,474.8	-1,716.6	-14,797.9	0.0
124	Schools & High Needs Education Budgets - Schools & Pupil Referral Units delegated budgets	541,092.1	170,418.5	711,510.6	0.0	-31,757.0	-679,753.6	0.0
	<b>TOTAL SCHOOLS &amp; HIGH NEEDS EDUCATION</b>	<b>541,092.1</b>	<b>259,245.2</b>	<b>800,337.3</b>	<b>-13,974.8</b>	<b>-37,143.3</b>	<b>-749,219.2</b>	<b>0.0</b>
	<b>SCHOOLS' SERVICES</b>							
125	Schools' Services - Education Staff Pension costs	0.0	6,423.2	6,423.2	0.0	-684.0	-2,300.0	3,439.2
126	Schools' Services - Other Schools' Services	2,157.4	7,885.7	10,043.1	-2,456.2	-99.2	-4,005.1	3,482.6
127	Schools' Services - Redundancy costs	0.0	888.7	888.7	0.0	0.0	-888.7	0.0
128	Schools' Services - School Improvement (Targeted Intervention Fund)	0.0	1,511.5	1,511.5	-1,511.5	0.0	0.0	0.0
	<b>TOTAL SCHOOLS' SERVICES</b>	<b>2,157.4</b>	<b>16,709.1</b>	<b>18,866.5</b>	<b>-3,967.7</b>	<b>-783.2</b>	<b>-7,193.8</b>	<b>6,921.8</b>



		2022-23 FINAL APPROVED BUDGET						
	2022-23 REVENUE BUDGET BY CORE SERVICE	staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>TRANSPORT SERVICES</b>							
129	Transport Services - English National Concessionary Travel Scheme (ENCTS)	0.0	13,887.6	13,887.6	0.0	-47.0	0.0	13,840.6
130	Transport Services - Home to School / College Transport (Special Education Needs)	204.7	42,856.8	43,061.5	0.0	-801.5	0.0	42,260.0
131	Transport Services - Home to School Transport (Mainstream)	0.0	6,988.2	6,988.2	0.0	-30.0	0.0	6,958.2
132	Transport Services - Kent 16+ Travel Saver	0.0	3,359.5	3,359.5	0.0	-2,880.9	0.0	478.6
133	Transport Services - Supported Bus Services	89.0	7,992.4	8,081.4	-721.8	-1,777.2	-1,087.8	4,494.6
134	Transport Services - Transport Planning & Operations	1,823.6	299.1	2,122.7	-74.9	-207.7	0.0	1,840.1
135	Transport Services - Kent Travel Saver	0.0	11,351.4	11,351.4	0.0	-6,563.9	0.0	4,787.5
	<b>TOTAL TRANSPORT SERVICES</b>	<b>2,117.3</b>	<b>86,735.0</b>	<b>88,852.3</b>	<b>-796.7</b>	<b>-12,308.2</b>	<b>-1,087.8</b>	<b>74,659.6</b>
	<b>WASTE</b>							
136	Waste Management - Waste Compliance, Commissioning & Contract Management	879.9	103.8	983.7	0.0	0.0	0.0	983.7
137	Waste Management - Partnerships & development	271.1	146.1	417.2	0.0	0.0	0.0	417.2
138	Waste Management - Closed Landfill Sites	118.0	322.0	440.0	0.0	-16.0	0.0	424.0
	<b>TOTAL WASTE MANAGEMENT</b>	<b>1,269.0</b>	<b>571.9</b>	<b>1,840.9</b>	<b>0.0</b>	<b>-16.0</b>	<b>0.0</b>	<b>1,824.9</b>
139	Waste Processing - Operation of Waste Facilities	0.0	23,983.6	23,983.6	0.0	-318.7	0.0	23,664.9
140	Waste Processing - Payments to Waste Collection Authorities (District Councils)	0.0	5,297.7	5,297.7	0.0	0.0	0.0	5,297.7
141	Waste Processing - Recycling Contracts & Composting	0.0	7,262.7	7,262.7	0.0	-4,811.0	0.0	2,451.7
142	Waste Processing - Treatment and disposal of residual waste	0.0	45,172.6	45,172.6	0.0	-442.3	0.0	44,730.3
	<b>TOTAL WASTE PROCESSING</b>	<b>0.0</b>	<b>81,716.6</b>	<b>81,716.6</b>	<b>0.0</b>	<b>-5,572.0</b>	<b>0.0</b>	<b>76,144.6</b>
	<b>CORPORATELY HELD BUDGETS (TO BE ALLOCATED)</b>							
143	Corporately Held Budgets (to be allocated) - Adults & Older People	0.0	4,161.0	4,161.0	0.0	0.0	0.0	4,161.0
144	Corporately Held Budgets (to be allocated) - Non Attributable Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
145	Corporately Held Budgets (to be allocated) - Transport Services	0.0	234.9	234.9	0.0	0.0	0.0	234.9
146	Corporately Held Budgets (to be allocated) - General	-250.0	0.0	-250.0	0.0	0.0	0.0	-250.0
	<b>TOTAL CORPORATELY HELD BUDGETS (TO BE ALLOCATED)</b>	<b>-250.0</b>	<b>4,395.9</b>	<b>4,145.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4,145.9</b>
	<b>TOTAL DIRECT SERVICES TO THE PUBLIC</b>	<b>702,020.7</b>	<b>1,409,838.2</b>	<b>2,111,858.9</b>	<b>-33,296.8</b>	<b>-236,912.8</b>	<b>-1,002,930.7</b>	<b>838,718.6</b>
	<b>NON ATTRIBUTABLE COSTS (Financing Items)</b>							
147	Non Attributable Costs - Audit Fees	0.0	200.0	200.0	0.0	0.0	0.0	200.0
148	Non Attributable Costs - Contribution to IT Asset Maintenance Reserve	0.0	2,521.0	2,521.0	0.0	0.0	0.0	2,521.0
149	Non Attributable Costs - Contribution to/from reserves	0.0	34,345.7	34,345.7	0.0	0.0	0.0	34,345.7
150	Non Attributable Costs - Insurance Fund	0.0	5,230.0	5,230.0	0.0	0.0	0.0	5,230.0
151	Non Attributable Costs - Modernisation of the Council	0.0	1,000.0	1,000.0	0.0	0.0	0.0	1,000.0
152	Non Attributable Costs - Net debt costs (incl. investment income)	0.0	99,153.5	99,153.5	0.0	-11,803.7	0.0	87,349.8
153	Non Attributable Costs - Other	1,220.9	904.5	2,125.4	0.0	0.0	-9.0	2,116.4
154	Non Attributable Costs - Contribution from our companies	0.0	0.0	0.0	0.0	-4,000.0	0.0	-4,000.0
	<b>TOTAL NON ATTRIBUTABLE COSTS</b>	<b>1,220.9</b>	<b>143,354.7</b>	<b>144,575.6</b>	<b>0.0</b>	<b>-15,803.7</b>	<b>-9.0</b>	<b>128,762.9</b>
155	<b>SOCIAL CARE - CONTRIBUTIONS TO/FROM RESERVES</b>	<b>0.0</b>	<b>214.5</b>	<b>214.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>214.5</b>
	<b>SOCIAL CARE STAFFING ASSESSMENT &amp; SUPPORT SERVICES</b>							
156	Assessment Services - Adults Social Care staffing	37,331.2	2,279.3	39,610.5	0.0	-2,813.1	-300.6	36,496.8
157	Assessment Services - Assessment & Support of children with SEN	8,845.1	1,708.2	10,553.3	-131.0	-105.5	-2,209.3	8,107.5
158	Assessment Services - Children's Social Care staffing - Disabled Children	8,486.8	-423.4	8,063.4	0.0	0.0	0.0	8,063.4
159	Assessment Services - Children's Social Care staffing - Non-Disabled Children	47,050.8	1,925.7	48,976.5	-2,529.2	-183.6	-377.0	45,886.7
	<b>TOTAL SOCIAL CARE STAFFING ASSESSMENT &amp; SUPPORT SERVICES</b>	<b>101,713.9</b>	<b>5,489.8</b>	<b>107,203.7</b>	<b>-2,660.2</b>	<b>-3,102.2</b>	<b>-2,886.9</b>	<b>98,554.4</b>

		2022-23 FINAL APPROVED BUDGET						
	2022-23 REVENUE BUDGET BY CORE SERVICE	staffing	non staffing	gross	internal income	external income	grants	net
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	MANAGEMENT, SUPPORT SERVICES & OVERHEADS							
160	Directorate Management & Support for ASCH	5,320.3	3,412.4	8,732.7	0.0	-820.0	-118.8	7,793.9
161	Directorate Management & Support for CYPE	6,534.4	2,521.9	9,056.3	-308.5	0.0	-2,267.3	6,480.5
162	Directorate Management & Support for GET	3,076.4	1,604.2	4,680.6	-5.0	-192.4	0.0	4,483.2
163	Directorate Management & Support for S&CS	549.3	2,154.0	2,703.3	-505.8	-120.0	-2,050.0	27.5
164	Support to frontline services - Adult's Social Care Performance Monitoring	1,061.5	150.3	1,211.8	0.0	0.0	0.0	1,211.8
165	Support to frontline services - Adult's Social Care Commissioning & Administration of Care Packages	8,948.0	10,651.4	19,599.4	0.0	-10,638.7	-22.7	8,938.0
166	Support to frontline services - Business Strategy (incl Strategic Policy, Performance & Business Intelligence)	3,412.9	412.6	3,825.5	-141.6	-112.0	0.0	3,571.9
167	Support to frontline services - Children's Services Performance Monitoring	2,875.5	381.2	3,256.7	-48.0	-17.0	-1,590.5	1,601.2
168	Support to frontline services - Communications, Consultation & Engagement	2,644.5	542.0	3,186.5	-373.7	0.0	0.0	2,812.8
169	Support to frontline services - Corporate Landlord	0.0	35,906.8	35,906.8	-2,106.9	-6,543.0	-187.0	27,069.9
170	Support to frontline services - Democratic & Member Services	1,713.8	2,680.2	4,394.0	-43.0	-213.8	-35.0	4,102.2
171	Support to frontline services - Finance (excl services commissioned from CBS Ltd)	12,785.9	1,897.8	14,683.7	-1,167.2	-4,402.5	-904.8	8,209.2
172	Support to frontline services - Finance - services commissioned from CBS Ltd	0.0	1,355.1	1,355.1	0.0	0.0	0.0	1,355.1
173	Support to frontline services - General Counsel & Information Governance	1,886.7	451.6	2,338.3	0.0	-53.0	0.0	2,285.3
174	Support to frontline services - Human Resources (excl services commissioned from CBS Ltd)	4,766.9	2,215.4	6,982.3	-24.0	-637.0	-1.0	6,320.3
175	Support to frontline services - Human Resources - services commissioned from CBS Ltd	0.0	1,919.6	1,919.6	0.0	-60.0	0.0	1,859.6
176	Support to frontline services - Property	6,105.6	701.9	6,807.5	-917.6	-475.2	0.0	5,414.7
177	Support to frontline services - Strategic Commissioning	8,524.1	168.3	8,692.4	-1,178.7	-71.0	-44.1	7,398.6
178	Support to frontline services - Technology commissioned services (incl commissioned from CBS Ltd)	0.0	7,298.5	7,298.5	0.0	-83.7	-147.3	7,067.5
179	Support to frontline services - Technology (excl services commissioned from CBS Ltd)	3,871.4	17,400.1	21,271.5	-18.0	-4,011.6	-1.7	17,240.2
	TOTAL MANAGEMENT, SUPPORT SERVICES & OVERHEADS	74,077.2	93,825.3	167,902.5	-6,838.0	-28,450.9	-7,370.2	125,243.4
	TOTAL	879,032.7	1,652,722.5	2,531,755.2	-42,795.0	-284,269.6	-1,013,196.8	1,191,493.8
	TOTAL excluding Schools Delegated Budgets (row 124 above)	337,940.6	1,482,304.0	1,820,244.6	-42,795.0	-252,512.6	-333,443.2	1,191,493.8

# **SECTION 22**

**2022-23 Revenue Budget subjective  
analysis**





## 2022-23 SUMMARY SUBJECTIVE ANALYSIS (excl Schools Delegated Budgets)

	In-house	Commissioned	Total
	£'000s	/external £'000s	£'000s
0 - Direct employee costs	332,852.5		332,852.5
0 - Agency staff	3,894.1		3,894.1
0 - Other employee related costs	17,174.9		17,174.9
<b>TOTAL EMPLOYEE COSTS</b>	<b>353,921.5</b>	<b>0.0</b>	<b>353,921.5</b>
1 - Premises maintenance related costs	9,820.9		9,820.9
1 - Energy & Water	8,654.2		8,654.2
1 - Rent	9,190.4		9,190.4
1 - Business Rates	8,212.9		8,212.9
1 - Other premises related costs	7,342.1		7,342.1
<b>TOTAL PREMISES COSTS</b>	<b>43,220.5</b>	<b>0.0</b>	<b>43,220.5</b>
2 - Contract hire & operating leases	1,027.0		1,027.0
2 - Home to school/college transport		50,929.1	50,929.1
2 - Staff & Member travel costs	6,216.9		6,216.9
2 - Client Transport costs		3,365.9	3,365.9
2 - other transport costs	822.5		822.5
<b>TOTAL TRANSPORT COSTS</b>	<b>8,066.4</b>	<b>54,295.0</b>	<b>62,361.4</b>
3 - ICT costs	21,550.2		21,550.2
3 - Other Supplies & Services costs	9,864.6		9,864.6
<b>TOTAL SUPPLIES &amp; SERVICES COSTS</b>	<b>31,414.8</b>	<b>0.0</b>	<b>31,414.8</b>
4 - Specialists Fees		24,867.6	24,867.6
4 - Consultants		1,891.1	1,891.1
4 - Legal Fees		10,462.3	10,462.3
4 - Other Professional fees		5,428.8	5,428.8
4 - Member allowances	2,166.4		2,166.4
4 - Grants		11,349.4	11,349.4
4 - PFI Development costs		28,233.3	28,233.3
4 - Miscellaneous & other costs	7,080.9	879.5	7,960.4
<b>TOTAL FEES, GRANTS &amp; SUBSCRIPTIONS</b>	<b>9,247.3</b>	<b>83,112.0</b>	<b>92,359.3</b>
5 - Services commissioned from Local Authorities		18,092.2	18,092.2
5 - Services commissioned from Voluntary Bodies		43,172.8	43,172.8
5 - Services commissioned from Health Authorities		68,046.4	68,046.4
5 - Services commissioned from Private Contractors		213,357.6	213,357.6
5 - Foster Carers		36,290.7	36,290.7
5 - Early Years providers		76,407.2	76,407.2
5 - Other commissioned services		606,973.4	606,973.4
<b>TOTAL COMMISSIONED SERVICES</b>	<b>0.0</b>	<b>1,062,340.3</b>	<b>1,062,340.3</b>

	In-house	Commissioned /external	Total
	£'000s	£'000s	£'000s
6 - Transfers to/from reserves & provns	38,161.5		38,161.5
6 - Revenue Contributions to Capital Outlay (RCCO)	5,350.0		5,350.0
6 - PWLB/Market loan costs etc	39,456.0		39,456.0
6 - Capitalisation (tfr to capital)	-9,624.8		-9,624.8
6 - Minimum Revenue Provision	51,859.0		51,859.0
<b>TOTAL TRANSFERS</b>	<b>125,201.7</b>	<b>0.0</b>	<b>125,201.7</b>
6 - Internal Recharges	24,882.1		24,882.1
6 - Payments to KCC Schools	24,543.0		24,543.0
<b>TOTAL INTERNAL RECHARGES</b>	<b>49,425.1</b>	<b>0.0</b>	<b>49,425.1</b>
<b>GROSS EXPENDITURE</b>	<b>620,497.3</b>	<b>1,199,747.3</b>	<b>1,820,244.6</b>
8 - Dept for Education Grants			-192,415.3
8 - Dept for Health Grants			-73,407.8
8 - Home Office grants (Asylum Seekers)			-16,358.1
8 - Other Grants			-51,262.0
<b>TOTAL GRANTS</b>			<b>-333,443.2</b>
8 - Health Contributions			-62,969.2
8 - Local Authority Contributions			-17,806.9
8 - Other contributions			-11,586.7
<b>TOTAL CONTRIBUTIONS</b>			<b>-92,362.8</b>
9 - Client income			-88,954.2
9 - Other sales, fees & charges			-47,775.2
<b>TOTAL SALES, FEES &amp; CHARGES</b>			<b>-136,729.4</b>
9 - Interest & Dividends			-9,267.0
9 - Other income			-14,153.4
<b>TOTAL OTHER INCOME</b>			<b>-23,420.4</b>
9 - Internal recharges			-24,893.2
9 - Income from schools			-17,901.8
<b>TOTAL INCOME &amp; GRANTS</b>			<b>-628,750.8</b>
<b>NET EXPENDITURE</b>			<b>1,191,493.8</b>

# SECTION 23

## 2022-23 Revenue Budget Variation Statements

Details of hyperlink:

[https://www.kent.gov.uk/\\_data/assets/excel\\_doc/0004/132439/Variation-statement-2022.xlsx](https://www.kent.gov.uk/_data/assets/excel_doc/0004/132439/Variation-statement-2022.xlsx)



# **SECTION 24**

**2022-23 Council Tax**



## 2022-23 Council Tax

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

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

24.3 The Council currently can, subject to legislative constraints (referendum limits), increase its Council Tax rate through two mechanisms: the Adult Social Care (ASC) precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £7.8m per year, which equates to approximately 26 pence per week for a Band D property.

24.4 The Spending Review 2021 confirmed the referendum level of up to but not exceeding 2% for general tax rate increases, and permitted Councils to add an ASC precept of up to 1%. The government assumes in the Core Spending Power calculation that Councils will increase Council Tax to the maximum allowed. If the Council, therefore, did not implement the maximum level, then its spending power to provide services would be reduced going forward with no funding from government to mitigate this. The 2022-23 budget includes a 1.99% increase in the general precept (up to but not exceeding the referendum level) and a further 1% increase in the adult social care precept

24.5 The County Council's council tax level is currently 9th of the 24 counties and 4th of the 7 south east counties. After implementing the increases for 2022-23, the Council's relative position will depend on the extent to which other councils agree increases up to the 2022-23 referendum level/social care precept and deferred increases in the social care precept from 2021-22. We will not know KCC's relative position on Council Tax until all county councils have agreed their precept and Council Tax charge for 2022-23.

24.6 The county has seen increases in the number of new homes over the last few years, however the Covid-19 pandemic had a material impact on the 2021-22 taxbase; 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. Throughout 2021-22 the level of LCTRS has reduced but the collection rate remains below the pre pandemic collection rate.

24.7 The Council Tax Collection Fund deficit in 2020-21 is accounted for over the three-year period 2021-24. A separate compensation grant has been provided by Government equivalent to 75% of irrecoverable losses due to the pandemic over the same three-year period. The Council has previously included estimated collection

fund surpluses as part of the funding towards the budget. This is proposed to continue for 2022-23 final draft budget with the collection fund balance including the second year of the 2020-21 deficit and compensation, plus the 2021-22 collection fund surplus estimates notified by district councils.

24.8 The council tax charge for 2022-23 was agreed by County Council on 10<sup>th</sup> February 2022. Council tax is raised through a precept to each district council based on the band D charge for the year multiplied by the estimated band D equivalent taxbase (number of properties) for each district. The tax base estimate is calculated by each district and the County Council has no discretion to vary this amount. District councils are responsible for council tax collection and must pay the amount of the precept in monthly instalments to KCC. Any surpluses or losses on collection must be taken into account in the following year's budget and council tax setting considerations.

24.9 The County Council approved an increase up to but not exceeding the 2% general council tax referendum limit as supported in the budget consultation. The County Council also approved taking up the 1% increase in ASC precept. These increases take the annual total band D charge for 2022-23 to £1,461.24 of which £173.25 is for the ASC precept. The approved increases are the equivalent of 82 pence per week for a band D household.

24.10 The approved budget includes the estimates of council tax base from all districts. The council tax base estimate shows a 2.63% increase in the band D equivalent tax base providing an additional £20.4m of Council Tax income. This is a larger increase than has been seen in previous years partially due to economic recovery from the pandemic and reduction in LCTRS discounts. The higher tax base means the amount generated from a 1% increase in Council Tax rate rises to £8m in 2022-23. We will provide a fuller analysis of changes in the taxbase once we have the details from districts. The change between 2021-22 and 2022-23 final estimates are shown, by district, in table 1 below. The impact of this increase to individual bands is shown in table 2 below.

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



Table 1 – Council Tax Base changes & 2022-23 Precept

District	2021-22 Band D Equivalent Taxbase	2022-23 Band D Equivalent Taxbase	2022-23 Precept @ £1,461.24 (incl. ASCL) £000s	% change
Ashford	45,173.00	48,664.00	71,109.8	7.7%
Canterbury	49,624.38	51,259.80	74,902.9	3.3%
Dartford	38,792.33	39,544.25	57,783.6	1.9%
Dover	38,993.94	39,763.21	58,103.6	2.0%
Folkestone & Hythe	38,484.69	39,172.25	57,240.1	1.8%
Gravesham	34,425.11	34,829.66	50,894.5	1.2%
Maidstone	63,550.10	65,896.22	96,290.2	3.7%
Sevenoaks	50,876.85	51,514.27	75,274.7	1.3%
Swale	48,040.12	48,939.46	71,512.3	1.9%
Thanet	44,155.70	44,975.20	65,719.6	1.9%
Tonbridge & Malling	51,374.86	52,246.97	76,345.4	1.7%
Tunbridge Wells	45,371.40	46,479.60	67,917.9	2.4%
Total	548,862.48	563,284.89	823,094.4	2.6%

Table 2 – Proposed Council Tax Increases

Band	Proportion of Band D Tax Rate	2021-22 (incl. ASCL)	2022-23 (excl. increase in ASCL)	2022-23 (incl. increase in ASCL)
A	6/9	£945.84	£964.74	£974.16
B	7/9	£1,103.48	£1,125.53	£1,136.52
C	8/9	£1,261.12	£1,286.32	£1,298.88
D	9/9	£1,418.76	£1,447.11	£1,461.24
E	11/9	£1,734.04	£1,768.69	£1,785.96
F	13/9	£2,049.32	£2,090.27	£2,110.68
G	15/9	£2,364.60	£2,411.85	£2,435.40
H	18/9	£2,837.52	£2,894.22	£2,922.48

Note: ASCL – Adults Social Care Levy

Table 3 – Council Tax Demand Notice

Typical Council Tax bill breakdown	% increase on 2021-22 Council Tax bill	Amount for band D
Kent County Council	1.998%	£1,287.99 (The share of Council Tax that Kent County Council will receive in 2022-23. This amount does not include the increase for adult social care funding since 2016-17)
Kent County Council (for Adult Social Care funding)	0.996% (Kent County Council's share of Council Tax will increase by 2.994% in 2022-23, which is this amount and the amount above)	£173.25 (This is the 1% increase for adult social care funding for 2022-23 added to the increases for adult social care which were first introduced on 1 April 2016) The Government requires all local authorities to show the adult social care funding increase in this way on Council Tax bills.
Kent Police and Crime Commissioner	4.58%	£228.15
Kent and Medway Fire and Rescue	1.89%	£82.35
District or Borough Council	These amounts will vary depending on which district council you pay your council tax to	
Parish council	These amounts will vary depending on which district council you pay your council tax to	



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# Budget Book 2022-23

Approved by County Council  
10 February 2022