

Draft Budget 2022-23 and 2022-25 MTFP

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Directorates – abbreviations in this report

ASCH - Adult Social Care and Health

GET - Growth, Environment & Transport

CYPE - Children, Young People and Education

S&CS - Strategic & Corporate Services

NAC - Non Attributable Costs

1.1 This report sets out the proposals in the draft revenue budget 2022-23, medium term plan (MTFP) 2022-25 and ten-year capital programme 2022-32. The report and appendices provide the essential information about the revenue budget, MTFP and capital programme for the scrutiny process in January. A final draft budget will be published by 2nd February for County Council approval on 10th February.

1.2 The draft capital programme sets out planned infrastructure investments and funding over the 10 years 2022-32. The implementation of a 10-year capital programme together with a new reserve to fund feasibility costs and the new capital monitoring and reporting solution, should ensure a more realistic capital programme with significantly less slippage. In the programme we have sought to minimise additional borrowing, especially in 2022-23, and only borrowing where essential to meet statutory obligations. The inclusion of a schedule of potential projects ensures schemes in the initial stages of development and/or where funding has not yet been secured are not included in the programme too early in their development.

1.3 The draft revenue budget and MTFP are prepared on an incremental basis. The starting point is the approved net budget for 2021-22 which is updated for known and forecast changes to derive the draft budget for 2022-23. The changes are set out showing planned spending growth and net spending reductions from savings and income (including specific grants) separately. Planned changes to reserves are also shown separately.

1.4 The draft 2022-23 revenue proposals include £83.6m of spending growth (7% of the net budget). This continues to be higher than we would normally expect from population demographic changes and inflation at the government target level.

1.5 The Covid-19 pandemic has had a lasting impact and we are seeing significant spending pressures associated with latent demand, increasing complexity, and changes in social and working lives. Spending growth pressures have been volatile and increasing since the 2021-22 budget was approved. These growth pressures are reflected in the in-year monitoring report with the revenue budget showing a forecast net overspend of £18.7m as at the end of September 2021. In addition to the forecast overspend, a further £37.9m forecast spend has been funded from the one-off emergency Covid grant.

1.6 Added to these changes in spending patterns, inflation has risen dramatically over the autumn with high rates likely to continue into the new year. At the time the 2021-22 budget was set it was noted that the Office for Budget Responsibility (OBR) forecast for inflation was expected to remain subdued over the next three years, primarily due to relatively weak average earnings growth, returning to the 2% target by the end of 2024. In the March 2021 Budget, the OBR forecast that over the remainder of 2021 and 2022, they expected CPI inflation to remain a little below the 2% target. In July 2021 CPI inflation was 2%, but in the subsequent months has risen sharply to 5.1% by November 2021.

1.7 The Council has a number of contracts which include indexation clauses as well as negotiated uplifts. An example of index linked contracts are those for waste recycling and disposal where uplifts for 2022-23 range between 3.0% to 5.0%. Energy prices (affecting Council buildings and streetlights) are budgeted to increase between 19.7% to 22.5%. Facilities Management contracts have 5.4% indexation clause for 2022-23. The budget assumes that negotiated contract uplifts will be held to an average of 3%.

1.8 The draft 2022-23 budget includes the impact of activity/cost changes in the current year as well as forecasts for the forthcoming year. Within these forecasts we have set challenging targets to bear down on future prices and demand pressures 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. These risks will be closely monitored and reported on during the year, to ensure that appropriate mitigation measures are identified and to minimise the call on reserves, which if needed would weaken the Council's financial resilience.

1.9 We already knew when the 2021-22 budget was agreed that including one-off central government Covid-19 emergency grant funding would present an additional challenge in 2022-23 and subsequent years, especially where this grant supported recurring spending. We were aware of the risks associated with this but at the time we recognised the impact of the pandemic on spending demands and the ability to deliver savings remained highly uncertain. In particular the impact of the Government's tier 3/4 restrictions in December and third national lockdown in January could not be fully assessed in time for the 2021-22 budget.

1.10 Whilst the Local Government Finance Settlement (LGFS) for 2022-23 has prioritised maintaining financial stability in the immediate term (with increased grants for social care and additional one-off grant to support the full range of council services) it is not enough to fund all the spending growth and the loss of one-off grants used in 2021-22.

1.11 The LGFS is only for one year (effectively the 4th consecutive one-year settlement) which makes medium term financial planning highly unpredictable. We know from the Spending Review that any new money (other than funding to implement the reforms to social care charging) is likely to have to come from Council Tax. We also now have the added uncertainty of how the new one-off Services Grant will be distributed in future years as well as the unknown impact of any changes to the current distribution of government grants. Within the MTFP we have included a prudent forecast for future settlements although there is scope for considerable variations once we have a clearer picture.

1.12 The draft budget includes a 2.99% proposed increase in Council Tax charge for 2022-23. This would increase the county council share of the bill for a typical band D household by £0.81 per week. Council Tax is the most significant source of income to fund essential services, and whilst we seek to keep increases to a minimum, the proposed amount is in line with the government's 2% referendum limit and 1% adult social care precept. The estimated taxbase (the number of dwellings liable for council tax after discounts, exemptions and assumed collection rates) is returning to a healthy level of growth after the unprecedented reduction last year.

1.13 The combination of additional grants from central government and increased Council Tax (household charge and taxbase) is not enough to fully fund the increased spending growth and loss of one-off grants from 2021-22. The draft budget for 2022-23 therefore includes £37.9m of savings and other income to reduce net costs and help balance the budget. Delivering a savings programme of this magnitude will be challenging and will require some tough decisions as it comes on top of over £750m of savings that have been made over the last 11 years.

1.14 The draft 2022-23 budget includes a small £0.3m net increase in reserves. This includes additional contributions to reserves of £11.5m (largely contributions to a new Strategic Priorities reserve from insecure funding sources – New Homes Bonus grant, company dividends and business rates' pool). These additional contributions are offset by £10.4m additional drawdown from public health and smoothing reserves and 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.

1.15 The MTFP identifies further savings in 2023-24 and 2024-25 of a similar magnitude to 2022-23 based on assumptions for spending growth returning to more normal expected patterns, prudent assumptions for the local government settlement, and modest Council Tax increases. The forecast savings ensure a balanced 3-year plan with a modest surplus at the end of 2024-25 to allow a little headroom for some variations over the lifetime of the plan. At this early stage it is not considered appropriate to include detailed estimates for all the new savings in later years, but we have identified the areas of spending that will be reviewed taking an outcomes based approach to achieve the target amount. As plans are evolved, we aim to achieve the savings through service remodeling (delivering improved outcomes at reduced costs) rather than service reductions wherever possible. The plan includes a further small amount from smoothing reserves in 2023-24 to ensure each year is balanced for the same reasons as 2022-23.

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

2.2 The overall strategy for the budget is to ensure that the Council continues to plan for revenue and capital budgets which are affordable, reflects the Council's strategic priorities, allows the Council to fulfil its statutory responsibilities and continues to maintain and improve the Council's financial resilience. However, it is also important that spending plans take account of the local priorities of the Council, Kent residents and businesses, and local communities. This is not always an easy combination and involves some difficult decisions about service levels and provision both for the forthcoming year and over the medium term. In reaching this balance it is essential that the Council has regard to bearing down on spending growth (particularly future price and demand increases) while making the necessary investments to support improvement and delivering savings/income generation. The proposed initial draft budget should be assessed against these aims.

2.3 The Council is under a legal duty to set a balanced and sustainable budget and maintain adequate reserves such that it can deliver its statutory responsibilities and priorities. A MTFP covering the entirety of the resources available to the Council is considered to be the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty. However, it must also be acknowledged that despite a 3-year Spending Review announcement in October setting out multi-year departmental plans, the LGFS is only for one year (2022-23). This means that the funding for later years remains highly uncertain and planning has to be sufficiently flexible to respond accordingly.

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

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

2.6 Setting the annual budget is one of the most significant decisions the County Council takes each year. It sets the County Council's share of council tax and the overall resource framework in which the Council operates. The budget is the financial expression of the council's strategic priorities and the 2022-23 budget, capital programme and MTFP have been set in the context of the interim Strategic Plan. It gives delegated authority to manage the budget to Corporate Directors and Directors within the parameters set out in the Council's Constitution and Financial Regulations. Corporate Directors and Directors are accountable for spending decisions within delegated powers, and these are monitored through the council's budget monitoring arrangements regularly reported to Cabinet.

A) Strategic Priorities – Interim Strategic Plan

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

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

2.9 “Setting the Course” is our Interim Strategic Plan for 2021 and the first half of 2022. It was approved by County Council on 10th December 2020, and explains the immediate challenges we face, and the actions the Council will prioritise to lead the county over the first half of 2022.

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

2.11 The budget for 2022-23 and for the MTFP period reflects the challenges and opportunities set out in the Interim Strategic Plan and how the Council plans to respond to them.

The five main challenges are:

Financial – the Council continues to face a highly uncertain medium term financial position. A one-year settlement has been announced for 2022-23, effectively the fourth consecutive one-year settlement. In the settlement the government has set out that the objective is to give priority to “stability in the immediate term”, with a more fundamental review of local government funding starting in 2022. This means the Council cannot make medium term financial plans with certainty but still needs to make some difficult decisions in the short-to medium-term based on likely scenarios, while maintaining a longer-term view of what is best for the county.

Economic – the economic downturn caused by coronavirus (COVID-19) caused widespread economic impacts. The economy has recovered during 2021 close to pre-pandemic levels by September 2021, although the rate of recovery has slowed in recent months. Gross Domestic Product (GDP) is forecast to fully recover to pre-pandemic levels around the turn of the year. However, of more significant economic concern is the rise in inflation over the second half of 2021 which has seen rates of inflation more than double since July. Inflation has a significant impact on the Council's budget especially through commissioned services.

Demand – there is increasing demand for some of our key services, which will be made worse by the impacts of coronavirus (COVID-19) on Kent's residents, particularly those that are vulnerable. In particular we have seen increased spending on social care services mainly due to additional complexity of cases following the pandemic and hospital discharges, and increases in household waste to be recycled/disposed of due to levels of home working.

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

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

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

B) Requirement to set a balanced budget

2.13 The Local Government Finance Act 1992 requires the Council to consult on and ultimately set a legal budget and Council Tax precept for the forthcoming financial year, 2022-23. There is no requirement to set a balanced MTFP, however this is considered good practice and the financial strategy is based on a balanced plan in the medium term (the three-year Spending Review announcement still leaves the overall resource equation uncertain in the absence of confirmation or otherwise of the delayed reforms to local government funding).

2.14 Setting the Council's revenue and capital budgets for the forthcoming year has been incredibly challenging due to the continuing uncertainties arising from the Covid-19 pandemic and subsequent economic recession. This has made current year budgets more volatile due to unpredictable demand for council services with knock-on consequences in our ability to forecast future spending requirements and income levels.

2.15 The three-year Spending Review announcement on 27th October 2021 provided some additional certainty around the resources available to the local government sector as a whole. However, the detail of allocations to individual authorities was not available until the provisional LGFS announcement on 16th December. This announcement confirmed that the core grant allocations and council tax referendum principles for 2022-23 were within the range we had anticipated at the time of the October Spending Review announcement.

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

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

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

2.18 The draft budget does include an increase in risks, particularly where we have had to limit spending growth within the available resources. This means that we will have to adopt a very robust approach to negotiating prices for a range of council services and adopt a more rigorous approach to managing, monitoring and reporting on demand for council services.

2.19 To avoid the risk of an unbalanced budget the Council has to be financially resilient. Good financial management is fundamental in establishing confidence in the budget and ensuring that the finances can withstand unexpected pressures. The Council has recently undertaken a review of each Directorate's financial management arrangements, following the Council wide financial management review undertaken by CIPFA. The Council is also developing Outcomes Based Budgeting which will see a more integrated approach to budget and service planning over the MTFP period focussing on priority outcomes and value for money.

2.20 Setting a clear medium-term financial plan (MTFP) also strengthens the Council's financial resilience by identifying financial issues early and options for potential solutions. Whilst the legislative requirement does not extend to the MTFP, and there is no requirement to balance the later year's plans, it is considered good financial practice.

C) Budget Consultation

2.21 The Council launched a consultation on the 2022-23 budget on 28th July. The consultation was open until 19th September and can still be viewed via the [Council's website](#).

2.22 We received 2,028 responses which is fewer than the 2,985 responses to last year's budget consultation but more than previous years e.g. 1,360 responses to the 2020-21 budget consultation. Responses were received from Kent residents, KCC staff and local businesses. Just under 50% of respondents found out about the consultation via Facebook advertising.

2.23 The consultation focused on the financial challenge the Council potentially faces if sufficient funding was not forthcoming, and we had to consider spending reductions. The consultation sought views on the future of Council services (how comfortable respondents would be to see spending reductions across the range of services), council tax levels (whether modest increases would be acceptable to help to sustain services) and whether the Council should look to do things differently in the future. The feedback from the public consultation has been taken into account in the draft budget proposals. We have also used the feedback from this consultation to shape the new 5 year Strategic Plan and the priorities we focus on.

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

D) Equalities Considerations

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

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

2.27 The amounts for some savings can only be confirmed following consultation and completion of equalities impact. Consequently, amounts are only planned at the time the budget is approved and can change. Any changes will be reported through the in-year budget monitoring reports which will include separate and specific consideration of delivery of savings plans.

E) Treasury Management Strategy

2.28 The Treasury Management Strategy Statement will be revised and presented to County Council in February 2022 in accordance with the CIPFA Treasury Management Code of Practice. The Statement will set out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.

2.29 The proposed prudential indicators set out in the Treasury Management Strategy will be based on the Capital Programme 2022-25.

3.1 The national fiscal and economic context is an important consideration for the Council in setting the budget. This context not only determines the amount received through central government grants, it also sets out how local government spending fits in within the totality of public spending and the wider economy. The Spending Review and LGFS sets the government's expectations of how much local authorities can raise through local taxation. A fuller analysis of the Fiscal and Economic context and provisional LGFS was presented to Cabinet on 6th January and that report can also be accessed as a background document to this report.

3.2 The Covid-19 pandemic has presented an extraordinary and unexpected challenge to the UK economy and economies across the world. The combination of additional public spending both on dealing with the pandemic and the economic fallout from the subsequent recession, and reduced tax yields, has resulted in an unprecedented peacetime budget deficit of £319.9bn in 2020-21.

3.3 The performance of the economy has been particularly volatile following the start of the pandemic. The pace of economic recovery has slowed in recent months and inflation has been rising over late summer and autumn. Unemployment has not been as adversely affected as originally feared although underlying wage growth for those in continuous employment is difficult to measure due to the high level of changes in employment.

4.1 The Secretary of State for Levelling Up, Housing and Communities published a written statement on the provisional local government finance settlement on 16th December. The settlement sets out the core spending power (CSP) including main grant allocations for individual authorities from the Department for Levelling-up, Housing and Communities (DLUHC) and forecast council tax precepts for 2022-23. The announcement is a one-year settlement and does not include indicative allocations for subsequent years (2023-24 and 2024-25) despite the announcement of three-year departmental spending plans in the Spending Review 2021 (SR21) on 27th October.

4.2 The Government's stated objective in the settlement was to give priority to "stability in the immediate term", with a more fundamental review of local government funding starting in 2022. A one-year settlement leaves capacity for the impact of reforms in later years.

4.3 The settlement provides details of the allocations of the departmental budgets to individual councils of the amounts announced in Spending Review (SR21). The settlement together with the provisional tax base estimates from districts are a vital component of the Council's budget as they determine significant amounts of the funding for the net budget. The provisional settlement is subject to a short consultation with a response deadline of 13th January. The allocations in the settlement were largely as anticipated.

4.4 The provisional settlement includes the government's calculation of Core Spending Power (CSP). The CSP is a measure of the financial resources available to local authorities to fund service delivery. It comprises council tax and the main government grants, including the baseline for business rate retention. Comparison of the main elements of CSP for KCC for 2021-22 and 2022-23 are set out in table 1 below (note the 2021-22 CSP has been recalculated from the original 2021-22 settlement to reflect the final council tax precept)

Table 1 – KCC Core Spending Power	2022-23 CSP	2021-22 Revised CSP	Change	<i>Memo Original 2021-22 CSP</i>
Business Rate Baseline	£187.9m	£187.9m	-	£187.9m
Revenue Support Grant	£10.0m	£9.7m	+0.3m	£9.7m
Settlement Funding Assessment	£197.9m	£197.6m	+0.3m	£197.6m
Improved Better Care Fund	£50.0m	£48.5m	+£1.5m	£48.5m
Social Care Support Grant	£54.5m	£39.1m	+£15.3m	£39.1m
Compensation for Business Rates	£15.4m	£9.8m	+£5.6m	+9.8m
New Homes Bonus	£4.4m	£4.6m	-£0.2m	£4.6m
Services Grant (new)	£13.0m		+£13.0m	
Fair Cost of Care Fund (new)	£4.2m		+£4.2m	
Council Tax	£810.6m	£778.7m	+£31.8m	£801.9m
Total	£1,149.9m	£1,078.4m	+£71.5m	£1,101.6m

4.5 As widely anticipated, the 2022-23 announcement includes roll-forward of the main grants including Revenue Support Grant (RSG), Social Care Support Grant (SSG), Improved Better Care Fund (iBCF) and compensation for previous business rates discounts/exceptions/caps on increases. There have been no changes to the methodology for allocating grants and new grants and increased grants have been allocated using existing methodologies. RSG includes a 3.1% inflationary uplift and the transfer of two small new burdens grants from the Electoral Registration grant and the Financial Transparency of Local Authority Maintained Schools grant. Appendix G provides further details on all the core grants within the LGFS.

4.6 The settlement includes the allocation of the new £4.8bn additional grant over 3 years for local government announced as part of SR21. Approximately £1.6bn of this money has been allocated in 2022-23:

- £636m increase in SSG (£15.3m for KCC) using the existing Adult Relative Needs Formula (RNF) and equalisation of the Adult Social Care council tax precept
- £63m increase in iBCF (£1.5m for KCC) which together with the additional Social Care Support Grant represents £700m new grant funding for social care
- £822m for new one-off Services Grant for 2022-23 (£13.0m for KCC) allocated to all authorities using the same formula as the Settlement Funding Assessment (SFA)
- Inflationary increase in RSG (£0.3m for KCC)

4.7 SR21 included £3.6bn for local government over 3 years to implement the social care reforms announced in September. The LGFS allocates £1.4bn of this (£162m in 2022-23, with a further £600m planned in each of 2023-24 and 2024-25 subject to meeting certain conditions) through the "Market Sustainability and Fair Cost of Care Fund". This fund is to support local authorities to prepare markets for reform and move towards paying providers a more equitable cost of care. The funding in 2022-23 has been allocated using the same Adult RNF as SSG. KCC's share in 2022-23 is £4.2m. At this stage we do not have sufficient information about the impact of the reforms to assess whether the grant will be sufficient. This grant will be subject to separate conditions set by government.

4.8 The settlement also confirms the proposed council tax referendum limits of up to but not exceeding 2% for the general precept and 1% for the adult social care precept. The CSP should be treated with some caution as it assumes a 4.1% increase in council tax precept from a combination of the referendum/adult social care increases in full and the Government's assumption of 1.1% increase in the tax base. The County Council's precept must be based on the estimated tax base notified by Kent districts and the council tax agreed by full Council. The estimate for the draft budget proposals assumes a 2.63% increase in the tax base and 2.99% increase in the County Council share of council tax charge for 2022-23. This results in an estimated precept of £823.1m, which is around £12.5m (1.5%) more than that assumed by government in CSP.

4.9 In a written ministerial statement the Secretary of State reaffirmed the Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. As part of this the Government will look at options to support local authorities through transitional protection. The one-off 2022-23 Services Grant provided in the LGFS will be excluded from potential transitional protections.

4.10 The one-year announcement in the provisional settlement leaves scope for changes in the distribution of funding through SFA and other grants in later years to take account of the Fair Funding reforms which have been delayed for several years. The data used to assess both Settlement Funding Assessment (SFA) and Adults Relative Needs Formula (RNF) has not been updated for a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. However, this commitment to update the distribution does add a further degree of uncertainty whether funding from the non-council tax elements of the Council's budget will be more, flat, or less than 2022-23.

4.11 The 2022-23 settlement includes the baseline for business rates retention (including tariffs and top-ups) which together with RSG makes up the SFA within the CSP. The calculation of SFA takes account of the impact of previous business rates revaluations but does not include any additional business rates receipts (or business rates losses) under retention arrangements.

4.12 The New Homes Bonus includes the final year's legacy payment for previous years plus one-year's growth for new housing stock, empty homes brought into use and affordable homes premium. The additional growth is allocated as a one off and we are still assuming this grant will end in 2023-24 when the final legacy element is removed.

4.13 The announcement on 16th December 2021 does not include any of the additional funding for Supporting Families and Cyber Resilience, which will be distributed separately outside of the provisional settlement.

4.14 The settlement includes no information about the national total, or individual council allocations, of the public health grant for 2022-23.

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

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

5.3 Whilst the Schools Block allocation for 2022-23 is based on allocating a school level budget calculation, the method of distribution to schools is still through a local formula methodology.

5.4 In July 2021 the ESFA published provisional allocations for 2022-23 for the Schools Block, Central School Services Block and the High Needs Block. The allocations have been updated on 16th December with the October 2021 pupil data.

5.5 The early years block is currently only an indicative allocation as this is updated post year end based on the census of January 2022 pupil numbers, with the current indicative allocation based on January 2021 numbers. The hourly rate which is the basis of the allocation was confirmed on 25th November as £4.79 per hour for 3 and 4 year olds and £5.65 per hour for 2 year olds. The 2-year old rate has increased by 21p for all authorities, whilst the 3 and 4 year old rate has increased by 17p for most authorities except those which fall below the £4.61 minimum or those with higher protected rates in 2021-22.

5.6 The primary pupil funding rate in the Schools Block has increased by 3.1%. The secondary pupil funding rate has increased by 2.8%. The per pupil rates in the main calculation vary for individual authorities. The Schools Block also includes a non-pupil element for premises factors in the National Funding Formula. The Schools Block also includes a growth element based on changes in pupil numbers at a fixed national amount weighted for area costs. The amounts notified are indicative based on existing pupil number information and will be updated from subsequent census data. A pupil number modelling tool will be published in January. The amounts are before deductions for academies. The total schools block for Kent has increased by £49.7m (4.6%) to £1.129bn on the comparable figure for 2021-22.

5.7 The High Needs Block is funding to support costs of pupils with additional educational needs, across mainstream and special schools as well as the associated support costs. The allocation of the high needs block for 2022-23 has increased by £23.2m (9.3%) on the comparable figure for 2021-22. However, this is insufficient to ease the pressure on current spend and will not bring us to a position of managing the high needs block spend within the financial year.

5.8 The most significant risk at the start of 2021-22 was the continuing underlying deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG). Since the introduction of the Children and Families Act 2014, the Council has seen an unprecedented rise in the number of children and young people assessed for Education Health and Care Plans (EHCPs) and the increasing proportion of children being educated in special and independent schools and a smaller proportion educated in mainstream schools. 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 recognised as a national problem but has been particularly acute in Kent.

5.9 The Government has provided additional high needs funding, but this has been insufficient in addressing the funding gap and the Government's wider review of SEN including options for structural reforms, has been significantly delayed. In the meantime, the government has confirmed that DSG deficits do not have to be covered from the General Fund and has started a process to consider paying off historic debts where local authorities can demonstrate they can balance their future budget. Interim arrangements have also been introduced to avoid the impact on Council accounts whilst a solution is found, however this is currently due to come to an end in March 2023 and the level of debt remains unsustainable posing a considerable risk to the Council in the absence of funding and structural reforms.

5.10 Kent recognises it needs to take further actions to ensure we are able to support children with SEN sustainably within the funding provided, and significant work is being undertaken to identify efficiencies in high needs provision, including:

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

The Council is updating its DSG deficit recovery plan in light of further projected overspends during 2021-22. This will be formally monitored and reported on as part of the Council's budget monitoring reports to Cabinet.

5.11 The Schools' Funding Forum were requested to consider a 1% transfer from Schools Block to the High Needs Block to help to support the system of SEN support in mainstream schools across the county including ensuring sufficient funding for the County Approaches to Inclusive Education. This was considered by the Forum in late November and the Forum agreed this transfer to support the delivery of the 4 key priorities of this approach:

1. Supporting a school led system to deliver the highest quality core inclusive education
2. Providing additional intervention and support with engagement
3. Inclusive Education is part of a broader, holistic, and joined-up offer of support
4. Ensuring smooth transition between education phases

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

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

5.14 As part of the national funding formula the DfE are reducing the allocation within the CSSB of historic commitments and therefore the CSSB will be decreased by £0.9m in relation to historic commitments for 2022-23. The element of the CSSB that funds ongoing services has increased by 7%. The overall CSSB has reduced by £0.3m (2.5%) on the comparable figure for 2021-22.

5.15 The table below sets out the latest DSG allocation over the funding blocks for 2022-23.

Table 2 - Dedicated Schools Grant 2022-23 and Final DSG 2021-22

Block	2022-23 £m	2021-22 £m	Gross Change £m
Schools Block	1,129.2	1,079.5	+49.7
CSSB	11.5	11.8	-0.3
High Needs Block	272.2	249.0	+23.2
Early Years Block	88.0	88.4	-0.4
Total	1,500.9	1,428.7	72.2

5.16 In addition, the Council receives, and passports fully to schools, funding for the pupil premium (£64.5m in 2021-22) and 6th form funding (£20.9m in 2021-22). Final allocations for the pupil premium are expected to be confirmed before July 2022 and 6th form funding in March 2022. A separate Schools Supplementary Grant for 2022-23 has also been announced by Government which is intended to provide support for the costs of the Health and Social Care Levy and wider costs which were not taken account of when the dedicated schools grant settlement was announced in July. This funding will be distributed at standard rates based on pupil numbers and number of children eligible for free school meals.

6.1 Council Tax income is a key source of funding for council services. The amount generated through Council Tax is principally determined by the Council Tax Base (the number of properties adjusted for exemptions and discounts), the rate of charge per property and the collection rate.

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

6.3 The Council currently can, subject to legislative constraints, increase its Council Tax rate through two mechanisms, the Adult Social Care precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £7.8m per annum in 2022-23, which equates to approximately 27 pence per week for a band D property.

6.4 SR21 confirmed the referendum level of 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 at 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 draft budget includes a proposed 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.

6.5 The County Council's council tax level is currently 9th of the 24 counties and 4th of the 7 south east counties. Even after implementing the proposed 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.

6.6 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.

6.7 The provisional taxbase estimate provided by district councils forecasts an overall increase of 2.63% 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 final notification from districts.

6.8 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 proposed budget. This is proposed to continue for 2022-23 draft budget with the collection fund balance including the second year of the 2020-21 deficit and compensation, plus KCC's forecast for the 2021-22 collection fund surplus (we will not be notified of district estimates for collection fund balances until later in January). The district estimates will be included in the final draft budget presented to County Council in February.

6.9 The council tax charge for 2022-23 must be agreed by County Council. Council tax is raised through a precept from each district based on the band D charge for the year multiplied by the estimated band D equivalent taxbase for each district. The tax base estimate is calculated by each district and the County Council has no discretion to vary this amount. County Council must agree the precept as part of the budget approval. District Councils are responsible for collection and must pay the amount of the precept in monthly instalments to the County Council. Any surpluses or losses on collection must be taken into account in the following year's budget and council tax setting considerations.

6.10 For 2022-23 it is proposed that the County Council be asked to approve an increase up to but not exceeding the 2% referendum limit as supported in the budget consultation. It is also proposed that the County Council be asked to approve taking up the Adult Social Care levy in full. These increases would take the annual total band D charge for 2022-23 to £1,461.24 of which £173.25 would be for the Adult Social Care levy. The proposed increases are the equivalent of £0.81 per week for a band D household.

7.1 The initial draft capital and revenue budgets have been prepared to support the budget scrutiny process during January. Following the scrutiny process a final draft budget for approval by County Council will be published by 2nd February. The full Council is responsible for agreeing the Budget at the County Council meeting on 10th February. As required by the Council's Constitution and Financial Regulations, the final draft budget for County Council approval will be proposed by the Leader and published in a format recommended by the Corporate Director of Finance and agreed by the Leader.

7.2 The draft budget proposals in appendices A and B of this report set out the proposed ten-year capital spending plans for 2022-32. Appendix A provides a high-level summary of the proposed capital programme and financing requirements. The spending plans in appendix B set out proposed spending on individual projects and rolling programmes by directorate. The financing is a combination of government departmental capital grants, forecast developer contributions, external funding, capital receipts and borrowing. In developing the capital programme we have sought to minimise additional borrowing, particularly in 2022-23 and only borrow where it is essential to meet statutory obligations. In some instances the programme includes preliminary figures where grants have yet to be confirmed. Approval to plan and spend from the capital programme will only be granted once adequate funding has been secured to fund forecast spending.

7.3 Appendix C in the draft budget report provides an indication of new potential capital projects which could come forward within the next 10 years. These have not been included in the draft capital programme and would only be added in later years subject to business cases being completed and reviewed and affordable funding solutions being identified. Indicative costings have been provided as a guide, however, no funding or budget will be set aside for these projects at this time.

7.4 The presentation of the 2022-23 initial draft revenue budget and 2022-25 MTFP focuses on the key policy and strategic implications of the proposals. The revenue proposals are set out in appendices D to F of this report. These appendices show the spending, income and savings changes from the current year's approved budget (2021-22) and the financing requirements. Appendix D provides a high-level summary of the proposed three-year plan for the whole council. Appendix E provides a detailed plan for 2022-23 initial draft budget for each directorate. Appendix F provides a more detailed three- year plan for the whole council.

7.5 At this stage we have not presented the key service analysis for the initial draft budget. The original planned spending on key services is set out in section 9 of the final approved Budget Book for 2021-22 (published in March) and available on the [KCC website](#). The half year monitoring report for 2021-22 was reported to Cabinet on 9th December, this showed the variances from the approved budget for both capital and revenue. Appendix 1 of the [Cabinet report](#) shows the revenue variances for key services.

7.6 It is important that scrutiny of the initial draft budget focusses on the key variations in the proposed budget for 2022-23 arising either from the in-year monitoring or from forecast spending, income and saving requirements for the forthcoming year. These key variations will in turn determine the final budget proposals for key services in 2022-23. The key service information will be included in the final draft reflecting any changes arising from the scrutiny process or any other points that may arise between the publication of this initial draft and the final draft budget.

7.7 Additional proposed spending growth includes the impact of decisions and activities already being delivered in the current year not included in the current base budget and known future contractual obligations. It also includes forecasts for future cost or activity changes for the forthcoming year, or changes in Council policy. These are set out in fuller detail in the appendices to this report including an explanation of the reasons for the change. Proposals designed to strengthen the Council's financial resilience through changes in contributions to reserves have also been identified separately and linked to identified risks.

7.8 The presentation of proposed savings and income in the appendices to this report follows a similar pattern with proposed savings amounts identified separately for the full year effect of 2021-22 plans already agreed; savings/income from the application of existing policies; savings/income that do not require any changes in policy; and those that require policy changes.

7.9 The original medium-term outlook for 2022-24 (section 11 of the approved budget book) had previously identified savings and additional income totalling £27m for 2022-23. An update to this outlook was presented to Cabinet on 24th June to accompany the draft outturn for 2020-21. This showed a slightly revised and updated figure for previously identified existing savings and income of £26.5m, this can be viewed on the [Council's website](#). These plans have been revised and updated in the initial draft 2022-23 budget to £34.2m of savings and income (excluding specific grant), of which £25.6m are the full year effect of savings agreed for 2021-22 or the roll-out of existing policy, and £8.6m are new proposals.

7.10 The high-level equation for changes in planned revenue spending for 2022-23 (growth and savings), income and net budget, together with the balancing changes in funding is shown in table 3 below. This summarises how the requirement to set a balanced budget has been met.

Table 3 – Net Change in Spending and Funding

Change in Net Spending		Change in Net Funding	
Proposed additional spending	+£83.6m	Removal of one-off grants in 2021-22	-£46.6m
Proposed savings from spending reductions	-£25.6m	Net Increase in government grants	+£39.6m
Proposed changes in income	-£8.7m	Change in council tax base	+£20.4m
Increases in specific government grants	-£3.6m	Proposed increase in council tax charge	+£23.9m
Proposed net change in reserves	+£0.3m	Change in retained business rates	+£3.0m
		Change in net collection fund balances	+£5.7m
Total Change in Net Spending	+£46.0m	Total Change in Net Funding	+£46.0m

7.11 In using one-off Covid-19 grants in 2021-22 budget it was made explicit that this would have implications for the 2022-23 budget. These included two grants, the fifth tranche of the emergency grant, and a compensation for council tax losses. Effectively the recovery of the taxbase (from 1.04% reduction in 2021-22 to 2.63% growth for 2022-23) has compensated for the council tax loss grant. The removal of the Covid-19 grant has contributed to the savings/income requirement for 2022-23.

7.12 The increased and additional grants have been set out in more detail in the section on the Provisional Settlement. This includes the new one-off Services grant, the increases in Social Care Support Grant/Revenue Support Grant/Improved Better Care Fund, and the new grant for Market Sustainability and Fair Cost of Care Fund. At this stage the costs associated with this latter grant are shown as a separate government and legislative growth item pending further clarification from Government on its use and the impact of the charging reforms.

7.13 The MTFP shows a small surplus over the three-year period. This is based on a reasonable estimate of the possible funding settlement from central government (albeit the Government has committed to updating the data used to inform allocations and reform the funding methodology) and assumed future council tax base and council tax charge increases. Spending growth has been forecast for years 2 and 3 together with detail of the full year effect of savings proposed for 2022-23 and the roll-out of savings/income in later years under existing policies. New savings for years 2 and 3 have been shown separately in appendix F. The funding estimates are speculative at this stage and spending, savings and income plans are likely to need to be updated in 2023-24 and 2024-25 in light of the settlement for these years, which may well eliminate any surplus currently being estimated.

7.14 Detailed consultation and Equality Impact Assessments (EQIA) will need to be undertaken on individual new savings and income proposals. The final planned amounts can only be confirmed following consultation and EQIA. Any variances between the approved budget and final planned amounts will be included in the budget monitoring report to Cabinet, together with progress on delivery.

7.15 Similarly new savings and income under consideration for future years will require further development before consultation and EQIA. Consequently, individual amounts have not been presented at this stage although a combined overall amount for these options has been presented to show the overall amount which would be needed to achieve a balanced budget against the estimated financing over the medium term.

Income generation through fees and charges

7.16 The majority of discretionary fees and charges are raised annually by a minimum of inflation (CPI or RPI). Both of these inflation measures have increased recently due to a variety of circumstances. For example, CPI inflation is currently around 5.1% compared to 2.0% in July 2021. RPI inflation is around 7.1% compared to 3.8% in July 2021. The current fees and charges income generation assumption for 2022-23 has therefore been reviewed and a consolidated summary of Fees and Charges will be developed and presented separately as part of the final draft budget.

Proposed 2022-32 Capital Programme – key numbers

£1,793m	Total planned capital spending over the ten years 2022-23 to 2031-32.
£264m	New borrowing added to the 10-year programme. This includes a minimum level of spend on Essential Asset Management including modernisation of assets on the schools and corporate estate, schools' annual planned enhancement, highways asset management and public rights of way, which will be reviewed annually
£1,035m	Confirmed or indicative government grants to fund capital expenditure.
£426m	Total proposed borrowing to fund the programme.
£331m	Funding from other sources (capital receipts, developer contributions, external funding and revenue).

8.1 The three-year Capital Programme 2021-24 was approved by County Council in February 2021. This took into account the need to set a realistic and deliverable programme and avoid the significant over-programming and subsequent underspending against capital that has been a feature for several years.

8.2 The ten-year Capital Programme 2022-32 provides a longer term plan for capital investment, taking into consideration an updated assessment of the capital financing requirements and the consequent impact on the revenue budget and borrowing strategy.

8.3 Appendix A of this report sets out a summary of the proposed 2022-32 programme and associated financing requirements for each year. The summary provides a high-level overview for the whole council. The individual directorate pages in appendix B provide more detail of rolling programmes and individual projects.

Capital spending: a reminder of what it is

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

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

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

8.5 Appendix C of this report provides an indication of Potential Capital Projects which may come forward within the next 10 years. These projects are currently very high level and commencement is subject to business case review and affordable funding solutions being identified. Indicative costings have been provided as a guide, however no funding or budget will be set aside for these projects at this time.

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

- Higher than anticipated inflation on projects that cannot be met from the contingency element of the project's budget
- Lower than forecast developer contributions
- Lower capital receipt proceeds
- Unforeseen additional costs due to delays or scheme design

We will look to minimise the impact of risks through value engineering of schemes and at this stage the financial implications of any additional capital risks have not been factored into the revenue budget plan.

Proposed 2021-22 Revenue – key numbers

£1,178.5m	Net revenue budget proposed for 2022-23. This represents a £46m increase on the approved budget for 2021-21 of £1,132.4m.
£83.6m	Additional proposed spending – see paragraph 9.1 for more detail.
£37.9m	Proposed savings and income. Of this £25.6m relates to proposed savings, £8.7m additional income generation (mainly fees and charges), and £3.6m anticipated increases in specific grants (including Public Health grants yet to be confirmed).
£0.3m	Net change in provisions & reserves. This comprises: <ul style="list-style-type: none"> • +£11.4m additional contributions to the strategic priorities reserve from unstable/insecure funding sources which in previous years supported base budget spending • -£10.4m drawdown from smoothing and public health reserves • -£0.9m removal of one-off contributions to and drawdowns from reserves in 2021-22
£823.1m	Proposed to be raised from Council Tax precept. An increase of £44.4m on 2020-21. £20.4m is due to 2.63% increase in the tax base due to increased dwellings and recovery on low income discounts, £23.9m is raised from the proposed increase the in household charge up to but not exceeding 3% (including the additional adult social care levy).
£39.4m	Confirmed or indicative government grants. This comprises: <ul style="list-style-type: none"> • £13.0 new one-off Services grant for 2022-23 • £15.3m increase in Social Care Support Grant • £1.5m increase in Improved Better Care Fund • £0.3m increase in Revenue Support Grant • £4.2m new ring-fenced grant for Social Care charging reforms • £5.6m additional compensation for business rate freeze • -£0.2m change in New Homes Bonus Grant

Revenue spending: a reminder of what it is

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

9.1 The additional spending growth of £83.6m is summarised in appendix D and set out in more detail in appendices E & F. It has been subdivided into the following categories:

Service Strategies and Improvements £9.3m	Various changes to address non-inflationary or demand pressures on services and includes the additional revenue cost of borrowing to support the capital programme and some areas where staffing needs to be enhanced to deal with increased activity/safeguard the Council from increased risks
TCP Pay & £10 per hour minimum pay point £7.3m	Net additional cost of proposed Total Contribution Pay (TCP) award for Kent scheme staff subject to discussions with trade unions or subject to pay bargaining (this provision would equate to 3% successful award for the majority of staff). Allow minimum pay point for Kent scheme to increase to £10 per hour (increasing the current differential between the lowest pay range (KR3) and Foundation Living Wage)
NI Increase £1.6m	Cost of the additional 1.25% increase in employer's National Insurance Contributions (NICs).
Pension increase £0.2m	0.1% increase in employer pension contributions following the 2019 actuarial review of the Pension Fund.
Price inflation £28.6m	Contractual and negotiated price increases.
Increased demand and cost drivers £20.7m	Full year effect of changes in client numbers and care packages/usage in the current year. Includes estimates for future demand-led increases across a range of services including integrated children's services, home to school transport and concessionary bus travel.
Government & Legislative £3.5m	Changes in spending to ensure the Council complies with latest legislative updates and requirements, including the £4.2m social care charging reforms, and the removal of one-off costs associated with Covid-19 pandemic in 2021-22 budget.
Reduction in specific grants £1.2m	Loss of income due to previously announced reductions in specific grants. The consequential reductions in spending are shown as savings.
Base budget changes £11.2m	Changes to reflect known variations from the current year's approved budget. These adjustments are necessary to ensure the budget continues to be on a sustainable basis.

9.2 The proposed savings and income of £37.9m is summarised in appendix D and set out in more detail in appendices E & F. It has been subdivided into the following categories:

Policy Savings £9.6m	These savings arise due to changes in KCC policies. The policy savings include a review of a number of service areas including in-house services in adult social care, subsidised bus services, discretionary disabled companion passes and contracts and grants with voluntary sector providers, cessation of the homeless support contract from September 2022, increases in the contributions towards Kent Travel Saver (KTS) and 16+ Travel Saver.
Transformation Savings £8.9m	These savings aim to achieve improved outcomes at less cost. The transformation savings include £8.4m from service redesign of the adult social care operating model focussing on social care practice, data led decision making, and innovation to better manage costs and future demand for adult social care including staff savings.
Efficiency Savings £5.0m	These savings aim to achieve the same outcomes at less cost. The efficiency savings include £3.3m on contracted services through reviews of existing contracts; £0.4m staffing savings through workforce management including review of business processes, automation, rationalisation and digitalisation; £1.3m of other service efficiencies
Financing Savings £2.1m	Reduction in prudential borrowing costs due to rephasing of capital projects from prior years and review of amounts set aside for debt repayment (MRP) based on asset life.
Income Generation £8.7m	Increases in fees and charges for council services from applying existing policies. Income generation includes uplifts in client contributions in line with estimated 2022-23 benefits and other personal income increases, inflationary uplifts in other fees and charges, increases in contributions to KTS linked to fare increases (this is existing arrangement and separate from the proposed policy change), increased contribution from external income, income from dividends from wholly owned companies (to be held in a Strategic Priorities Reserve)
Specific Grant Income £3.6m	Estimated increases in grants for public health, new burdens and supporting families.

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

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

10.3 There are two main types of reserves:

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

10.4 The Council maintains reserves both for its General Fund activities and it accounts for the reserves of schools. The amount of reserves held is a matter of judgment which takes into account the reasons why reserves are maintained and the Council's potential financial exposure to risks. A draft Reserves Policy will be included as an Appendix to the final budget report to County Council in February 2022.

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

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

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

10.8 Reserves are therefore held for the following purposes:

- Providing a working balance
- Smoothing the impact of uneven expenditure profiles between years e.g. collection fund surpluses or deficits, local elections, structural building maintenance and carrying forward expenditure between years.
- Holding funds for future spending plans e.g. capital expenditure plans, and for the renewal of operational assets e.g. information technology renewal.
- Meeting future costs and liabilities where an accounting 'provision' cannot be justified.
- Meeting future costs and liabilities so as to cushion the effect on services e.g. the Insurance Reserve for self-funded liabilities arising from insurance claims.
- To provide resilience against future risks.
- To create policy capacity in a context of forecast declining future external resources.

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

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

10.11 An appendix will be included in the final draft budget setting out in more detail the risks and opportunities facing the council and an assessment of the key factors to take into account to determine the adequacy of reserves.

Appendix

Summary of Draft Capital Programme and Financing 2022-23 to 2031-32	A
Draft Capital Programme by Directorate 2022-23 to 2031-32	B
Potential New Capital Projects 2022-23 to 2031-32	C
High Level Summary 3 Year Draft Revenue Plan and Financing	D
Draft Directorate Revenue Budget Changes 2022-23	E
Draft County Level 3 Year Revenue Changes	F
Core Grants in Local Government Finance Settlement	G
Initial Section 25 Assurance	H

Background documents

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

KCC's Budget webpage	1
KCC's Corporate Risk Register (item 6) and Risk Management Policy & Strategy (item 7)	2
KCC's approved 2021-22 Budget	3
KCC's Budget Consultation, launched on 28th July 2021	4
KCC's report on 2021 Budget Consultation	5
Budget Monitoring Report September 2021 (item 7)	6
Report on 2022-23 Provisional Local Government Finance Settlement to Cabinet on 6th January (item 4)	7

APPENDIX A - Draft Capital Programme and Financing 2022-23 to 2031-32

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	1,547,666	242,504	193,875	167,882	281,520	97,798
4	Strategic & Corporate Services	S&CS	143,059	18,546	36,112	39,201	6,150	6,150
6	Total Cash Limit		2,571,646	778,921	345,403	293,017	310,945	123,723

Funded By:

7	Borrowing	543,980	117,739	116,711	70,003	45,385	28,685
8	Property Enterprise Fund (PEF) 2	369	369				
9	Grants	1,505,521	470,493	164,245	141,010	167,006	70,305
10	Developer Contributions	227,386	100,290	14,986	43,944	46,035	15,030
11	Other External Funding e.g. Arts Council, District Contributions etc.	67,172	15,047	14,109	3,016	35,000	0
12	Revenue Contributions to Capital	96,799	10,763	9,400	9,036	8,450	8,450
13	Capital Receipts	42,929	17,093	12,439	7,073	1,154	1,253
14	Recycled Loan Repayments	87,490	47,127	13,513	18,935	7,915	0
15	Total Finance	2,571,646	778,921	345,403	293,017	310,945	123,723

APPENDIX A - Draft Capital Programme and Financing 2022-23 to 2031-32

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	152,836	148,325	69,096	64,610	64,610	64,610
4	Strategic & Corporate Services	S&CS	6,150	6,150	6,150	6,150	6,150	6,150
6	Total Cash Limit		178,761	174,250	95,021	90,535	90,535	90,535

Funded By:

7	Borrowing	25,682	26,835	28,235	28,235	28,235	28,235
8	Property Enterprise Fund (PEF) 2						
9	Grants	138,361	136,815	57,686	53,200	53,200	53,200
10	Developer Contributions	5,601	1,500	0	0	0	0
11	Other External Funding e.g. Arts Council, District Contributions etc.	0	0	0	0	0	0
12	Revenue Contributions to Capital	8,450	8,450	8,450	8,450	8,450	8,450
13	Capital Receipts	667	650	650	650	650	650
14	Recycled Loan Repayments	0	0	0	0	0	0
15	Total Finance	178,761	174,250	95,021	90,535	90,535	90,535

Adult Social Care & Health (ASCH)

ROW REF	Individual Projects	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	Total Rolling Programmes		2,500		250	250	250	250

Kent Strategy for Services for Learning Disability (LD):								
3	Learning Disability Good Day Programme [1]	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	4,735	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 Individual 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 [1] these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[3] Rolling programmes have been included for 10 year capital [2] Estimated allocations have been included for 2022-23 and 2031-32

Adult Social Care & Health (ASCH)

ROW REF	Individual Projects	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	Total Rolling Programmes		250	250	250	250	250	250
Kent Strategy for Services for Learning Disability (LD):								
3	Learning Disability Good Day Programme [1]	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	0	0	0	0	0	0
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 Individual 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 [1] these are projects that are relying on significant elements of unsecured func

[3] Rolling programmes have been included for 10 year capital [2] Estimated allocations have been included for 2022-23 and 2031-32

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	Ten Year Budget	Cash Limits				
			£000s	2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4	
				£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 Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
			£000s		2022-23 Year 1	2023-24 Year 2	2024-25 Year 3	2025-26 Year 4
					£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	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		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	Total Rolling Programmes		19,525	19,525	19,525	19,525	19,525	19,525

ROW REF	Individual Projects	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
Basic Need Schemes - to provide additional pupil places:								
7	Basic Need Kent Commissioning Plan (KCP) 2016 & previous years	Increasing the capacity of Kent's schools	0	0	0	0	0	0
8	Basic Need KCP 2017 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
9	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
10	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
11	Basic Need KCP 2021-25	Increasing the capacity of Kent's schools	0	0	0	0	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)	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		0	0	0	0	0	0
16	School Roofs	Structural repairs to school roofs	0	0	0	0	0	0
17	Total Individual Projects		0	0	0	0	0	0
18	Total - Children, Young People & Education		19,525	19,525	19,525	19,525	19,525	19,525

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

[2] Estimated allocations have been included for 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

Growth, Environment & Transport (GET)

ROW REF	Individual Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23	2023-24	2024-25	2025-26
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
Environment, Planning & Enforcement								
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
Economic Development								
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	750		75	75	75	75
Highways, Transportion & Waste								
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
Environment, Planning & Enforcement								
10	Digital Autopsy	To provide a body storage and digital autopsy facility	3,158	344	2,814	0	0	0
11	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	3,068	2,597	100	371	0	0
12	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	2,423	2,129	78	216	0	0
13	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	300	92	208	0	0	0
14	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	4,000	0	1,500	2,500	0	0
15	Public Mortuary	To consider options for the provision of a public mortuary	3,000	0	0	0	0	3,000
16	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	37,212	28,344	7,956	912		0
17	Windmill Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	972	667	180	125	0	0
Libraries, Registration & Archives								
18	Herne Bay Library Plus	Project to refurbish the library and address long-term building issues	516	216	300	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Individual Projects	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
19	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
Economic Development								
20	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
21	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
22	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	11,312	10,493	782	10	4	6
23	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
24	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
25	Kings Hill Solar Farm	Construction of a solar farm	4,167	3,595	572		0	0
25	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	800	1,062	1,000	0	0
Highways, Transportion & Waste								
26	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	4,400	0	0	0	1,500	2,199
27	A226 St Clements Way	Road improvement scheme	6,807	6,691	60	32	24	0
28	A2500 Lower Road Improvements	Junction improvements to increase capacity	5,435	5,337	73	25	0	0
29	A28 Chart Road, Ashford	Strategic highway improvement	26,246	3,820	1,234	10,060	11,132	0
30	Bath Street, Gravesend [1]	Bus Lane project - Fastrack programme extension	5,520	212	2,850	2,458	0	0
31	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	12,000	11,498	502	0	0	0
32	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
33	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

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

Growth, Environment & Transport (GET)

ROW REF	Individual Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2022-23	2023-24	2024-25	2025-26
			£000s	£000s	Year 1	Year 2	Year 3	Year 4
					£000s	£000s	£000s	£000s
34	Faversham Swing Bridge [1]	Restoration of an opening bridge	2,550	1,950	600	0	0	0
35	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	7,400	1,602	5,798	0	0	0
36	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
37	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
38	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
39	Kent Medical Campus (National Productivity Investment Fund NPIF)	Project to ease congestion in Maidstone	11,520	5,222	6,218	60	20	0
40	Kent Thameside Strategic Transport Programme [1]	Strategic highway improvement in Dartford & Gravesham	9,975	990	512	8,473	0	0
41	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
42	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	10,850	5,553	1,490	3,682	125	0
43	Market Square Dover	Project to improve access and public realm at Market Square in Dover	3,640	2,048	1,582	10	0	0
44	M20 Junction 4 Eastern over bridge	Carriageway widening	6,195	6,155	28	12	0	0
45	New Transfer Station - Folkestone & Hythe	To provide a new waste transfer station in Folkestone & Hythe	9,585	9	9,576	0	0	0
46	Rathmore Road Link	Road improvement scheme	8,008	7,828	165	15	0	0
47	Sturry Link Road, Canterbury [1]	Construction of bypass	29,601	2,040	3,964	6,161	12,255	2,881
48	Waste Compactor Replacement [1]	To replace waste compactors at Household Waste Recycle Centres to ensure efficient waste site operation	1,070	796	274	0	0	0
49	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
50	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
51	Thanet Way [1]	Structural improvement to the Thanet Way A299	50,000	0	0	0	50,000	0
52	A228 Colts Hill Strategic Link - Road Scheme [1]	Construction of bypass	45,000	0	0	0	45,000	0
53	Urban Traffic Management [1]		5,476	1,946	3,530	0	0	0

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

Growth, Environment & Transport (GET)

ROW REF	Individual Projects	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
54	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]		3,695	242	400	2,853	200	0
55	Orchard Way Railway bridge, Ashford [1]	Strategic highway improvement	15,000	0	0	0	15,000	0
56	South East Maidstone Strategic Link - Road Scheme [1]	Construction of bypass	35,000	0	0	0	35,000	0
57	Total Individual Projects		881,784	242,504	114,792	98,210	216,860	33,138
58	Total - Growth, Environment & Transport		1,547,666	242,504	193,875	167,882	281,520	97,798

[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

Growth, Environment & Transport (GET)

ROW REF	Individual Projects	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
Environment, Planning & Enforcement								
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
Economic Development								
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	75	75	75	75	75	75
Highways, Transportion & Waste								
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	Total Rolling Programmes		64,657	64,710	64,610	64,610	64,610	64,610

Environment, Planning & Enforcement								
10	Digital Autopsy	To provide a body storage and digital autopsy facility	0	0	0	0	0	0
11	Energy and Water Efficiency Investment Fund - External	Energy Efficiency works	0	0	0	0	0	0
12	Energy Reduction and Water Efficiency Investment - KCC	Energy Efficiency works	0	0	0	0	0	0
13	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	0	0	0	0	0	0
14	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	0	0	0	0	0	0
15	Public Mortuary	To consider options for the provision of a public mortuary	0	0	0	0	0	0
16	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	0	0	0	0	0	0
17	Windmill Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	0	0	0	0	0	0
Libraries, Registration & Archives								
18	Herne Bay Library Plus	Project to refurbish the library and address long-term building issues	0	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Individual Projects	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
19	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
Economic Development								
20	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
21	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
22	Javelin Way Development	To provide accomodation for creative industries and the creation of industrial units	17	0	0	0	0	0
23	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
24	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
25	Kings Hill Solar Farm	Construction of a solar farm	0	0	0	0	0	0
25	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	0	0	0	0	0	0
Highways, Transportion & Waste								
26	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	701	0	0	0	0	0
27	A226 St Clements Way	Road improvement scheme	0	0	0	0	0	0
28	A2500 Lower Road Improvements	Junction improvements to increase capacity	0	0	0	0	0	0
29	A28 Chart Road, Ashford	Strategic highway improvement	0	0	0	0	0	0
30	Bath Street, Gravesend [1]	Bus Lane project - Fastrack programme extension	0	0	0	0	0	0
31	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	0	0	0	0	0	0
32	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
33	Fastrack Full Network - Bean Road Tunnels	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	0	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Individual Projects	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
34	Faversham Swing Bridge [1]	Restoration of an opening bridge	0	0	0	0	0	0
35	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	0	0	0	0	0	0
36	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	0	0	0	0	0	0
37	Housing Infrastructure Fund - Swale Infrastructure Projects [1]	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	0	0	0	0	0	0
38	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
39	Kent Medical Campus (National Productivity Investment Fund NPIF)	Project to ease congestion in Maidstone	0	0	0	0	0	0
40	Kent Thameside Strategic Transport Programme [1]	Strategic highway improvement in Dartford & Gravesham	0	0	0	0	0	0
41	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	0	0	0	0	0	0
42	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	0	0	0	0	0	0
43	Market Square Dover	Project to improve access and public realm at Market Square in Dover	0	0	0	0	0	0
44	M20 Junction 4 Eastern over bridge	Carriageway widening	0	0	0	0	0	0
45	New Transfer Station - Folkestone & Hythe	To provide a new waste transfer station in Folkestone & Hythe	0	0	0	0	0	0
46	Rathmore Road Link	Road improvement scheme	0	0	0	0	0	0
47	Sturry Link Road, Canterbury [1]	Construction of bypass	2,300	0	0	0	0	0
48	Waste Compactor Replacement [1]	To replace waste compactors at Household Waste Recycle Centres to ensure efficient waste site operation	0	0	0	0	0	0
49	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
50	A28 Birchington, Acol and Westgate-on-Sea Relief Road [1]	Creation of a relief road	0	0	0	0	0	0
51	Thanet Way [1]	Structural improvement to the Thanet Way A299	0	0	0	0	0	0
52	A228 Colts Hill Strategic Link - Road Scheme [1]	Construction of bypass	0	0	0	0	0	0
53	Urban Traffic Management [1]		0	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Individual Projects	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
54	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]		0	0	0	0	0	0
55	Orchard Way Railway bridge, Ashford [1]	Strategic highway improvement	0	0	0	0	0	0
56	South East Maidstone Strategic Link - Road Scheme [1]	Construction of bypass	0	0	0	0	0	0
57	Total Individual Projects		88,179	83,615	4,486	0	0	0
58	Total - Growth, Environment & Transport		152,836	148,325	69,096	64,610	64,610	64,610

[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	Individual Projects	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	Total Rolling Programmes		69,074		11,573	8,301	6,150	6,150
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	Total Individual Projects		73,985	18,546	24,539	30,900	0	0
13	Total - Strategic & Corporate Services		143,059	18,546	36,112	39,201	6,150	6,150

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

[2] Estimated allocations have been included for 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	Individual Projects	Description of Project	Cash Limits					
			2026-27 Year 5 £000s	2027-28 Year 6 £000s	2028-29 Year 7 £000s	2029-30 Year 8 £000s	2030-31 Year 9 £000s	2031-32 Year 10 £000s
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	2,500	2,500	2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	650	650	650	650	650	650
3	Modernisation of Assets (MOA)	Maintaining KCC estates	3,000	3,000	3,000	3,000	3,000	3,000
4	Total Rolling Programmes		6,150	6,150	6,150	6,150	6,150	6,150
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	0	0	0	0	0	0
6	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	Total Individual Projects		0	0	0	0	0	0
13	Total - Strategic & Corporate Services		6,150	6,150	6,150	6,150	6,150	6,150

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

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

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

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

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	Cash Limits			
				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	16,800.0		4,000.0	4,000.0	8,800.0
GET	Household Waste Recycle Centre - Maidstone	Provision of a Household Waste Recycle Centre to support local growth plans.	4,000				4,000
GET	Church Marshes Waste Transfer Station	Redevelopment of waste transfer station and alternative site for the household waste recycle centre.	10,000			10,000	
GET	Waste Transfer Station Dartford and Ebbsfleet Development Corporation		8,000		8,000		
GET	North Farm Waste Transfer Station	Redevelopment of waste transfer station and alternative site for the household waste recycle centre.	10,000				
GET	North Farm Solar Farm	Solar farm at closed landfill site.	4,500	250	2,750	1,500	
GET	Maidstone District Heat Network		9,000	4,000	5,000		
S&CS	Nutrient Neutrality Mitigation Measures		0		1,000	5,000	4,000
S&CS	Community Hubs		120,000		1,000	2,000	17,000
15	Total Potential Forthcoming Projects		182,300	4,250	21,750	22,500	33,800

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

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	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
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation						
GET	Household Waste Recycle Centre - Maidstone	Provision of a Household Waste Recycle Centre to support local growth plans.						
GET	Church Marshes Waste Transfer Station	Redevelopment of waste transfer station and alternative site for the household waste recycle centre.						
GET	Waste Transfer Station Dartford and Ebbsfleet Development Corporation							
GET	North Farm Waste Transfer Station	Redevelopment of waste transfer station and alternative site for the household waste recycle centre.	10,000					
GET	North Farm Solar Farm	Solar farm at closed landfill site.						
GET	Maidstone District Heat Network							
S&CS	Nutrient Neutrality Mitigation Measures			-1,000	-5,000	-4,000		
S&CS	Community Hubs		17,000	17,000	17,000	17,000	16,000	16,000
15	Total Potential Forthcoming Projects		27,000	16,000	12,000	13,000	16,000	16,000

Appendix D - High Level 2022-25 Draft Revenue Plan and Financing

2021-22			2022-23			2023-24			2024-25	
£000s	£000s		£000s	£000s		£000s	£000s		£000s	£000s
1,096,476.1		Revised Base Budget	1,132,426.0			1,178,474.7			1,225,323.7	
		Growth								
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			28,570.1			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	9,270.3			2,954.4			2,559.8	
65,413.5		Growth	83,639.3			80,280.2			67,912.8	
		Savings & Income								
		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			-1,519.6				
		Income Generation								
-2,459.1		Increases in Grants & Contributions	-8,676.6			-3,822.1			-2,741.3	
-2,642.0			-3,621.8							
		Efficiency Savings								
		Staffing	-380.0			-1,790.0			-1,000.0	
		Premises								
-481.9		Contracts & Procurement	-3,316.0			-5,150.0				
-108.0		Other	-1,304.6			-200.0				
-7,450.6										
-2,748.4										
		Financing Savings								
-5,913.0		Policy Savings	-2,094.0			-1,000.0			-1,000.0	
-8,995.9			-9,606.5			-11,900.0			-14,845.0	
-39,522.9		Total Savings & Income	-37,858.6			-36,792.0			-26,208.8	
		Reserves								
20,394.1		Contributions to Reserves	11,541.5			7,000.0			7,000.0	
-1,384.6		Removal of prior year contributions	-20,474.1			-11,381.5			-8,223.3	
-22,227.3		Drawdowns from Reserves	-10,352.8			-2,610.5				
13,277.1		Removal of prior year drawdowns	19,553.4			10,352.8			2,610.5	
10,059.3		Net Movement in Reserves	268.0			3,360.8			1,387.2	
0.0		Headroom (+ve)	0.0			0.0			12,090.1	
1,132,426.0		Net Budget Requirement	1,178,474.7			1,225,323.7			1,280,505.0	
		Funded by								
9,695.0		Revenue Support Grant	10,018.1			10,399.6			10,640.5	
39,143.3		Social Care Support Grant	54,477.6			54,477.6			54,477.6	
		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 (provisional)								
138,429.0		Business Rate Top-Up Grant	138,429.0			143,699.9			147,028.8	
48,544.2		Improved Better Care Fund	50,012.5			50,012.5			50,012.5	
20,515.1		Other un-ringfenced grants (provisional)	25,915.4			21,533.9			21,533.9	
51,845.3		Local Share of Retained Business Rates	54,845.3			56,819.4			58,066.1	
-27,250.0		Business Rate Collection Fund	-1,127.6			-1,127.6				
26,691.6		Drawdown from reserves of S31 grant for Covid-19 business rate reliefs								
		Drawdown from reserves of S31 grant for compensation for irrecoverable local taxation losses due to Covid-19	2,337.6			2,337.6				
2,511.6										
691,369.1		Council Tax Income (including increase up to referendum limit but excluding social care levy)	725,487.5			749,331.6			774,097.2	
87,335.0		Council Tax Adult Social Care Levy	97,586.7			106,857.2			116,561.9	
1,579.9		Council Tax Collection Fund	8,000.0							
-4,621.6		Council Tax Collection Fund 2020-21 3-Year Deficit Write-off	-4,621.6			-4,621.6				
1,132,426.0		Total Funding	1,178,474.7			1,225,323.7			1,280,505.0	

Appendix E - Draft 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
2021-22 Base Budget	Approved budget by County Council on 12th 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	
Base Adjustments (internal)	Changes to budgets which have nil overall affect on net budget requirement	11,639.2	13,944.0	-323.2	0.0	2,003.4	2,004.4	-29,267.8	0.0	
Revised 2021-22 Base Budget		434,331.2	304,718.2	177,192.8	0.0	95,223.7	117,974.9	2,985.2	1,132,426.0	1,132,426.0
Growth										
Net Base Budget Changes	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 E - Draft 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	
Reduction In Grant Income										
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	
Pay and Prices										
Pay										
Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme. 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	9,241.3

Appendix E - Draft 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							1,800.0	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 E - Draft 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	
Demand & Cost Drivers	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 E - Draft 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	
Government & Legislative										
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	
Service Strategies & Improvements										
Capital Programme	The impact on debt charges of both the review of the 2021-24 capital programme, and prior year capital programme						2,656.9		2,656.9	9,270.3

Appendix E - Draft 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 E - Draft 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	177.9			431.2	
	Total Additional Growth	44,567.5	13,890.6	1,088.3	6,000.6	6,688.2	893.4	10,510.7	83,639.3	83,639.3
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							-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	
Income										
<i>uplifts from applying existing policy</i>										
Review of Charges for Service Users - existing service income streams & inflationary increases	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts for 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 E - Draft 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	
Increases in Grants & Contributions										
Public Health Grant	Anticipated increase in Public Health Grant pending announcement from Department of Health and Social Care				-2,161.8				-2,161.8	-3,621.8
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	
Efficiency Savings										
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 E - Draft 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	
Financing Savings										
Debt repayment	Reduction in overall level of prudential borrowing as a result of rephasing in prior years; assessment of government funding levels to finance the capital programme and review amounts set aside for debt repayment (MRP) based on review of asset life						-2,094.0		-2,094.0	-2,094.0
Policy Savings										
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	-9,606.5
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 English National Concessionary Travel Scheme (ENCTS)	Withdraw the current free entitlement to discretionary disabled companion passes from the ENCTS scheme and withdraw the right for Other Local Authority (OLA) disabled companion passes to be used for travel in Kent			-300.0					-300.0	

Appendix E - Draft 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
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	
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			-964.0					-964.0	
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	Cessation of Homelessness contract from September 2022. Review services currently provided and develop suitable transitional arrangements which could be funded from reserves	-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	
Total savings and Income		-21,459.1	-2,654.5	-4,528.5	-2,407.7	-464.8	-6,094.0	-250.0	-37,858.6	-37,858.6
Reserves										
Contributions To Reserves (incl removal of prior year contributions)										
New Homes Bonus	Contribution of New Homes Bonus funding to Strategic Priorities reserve						4,381.5		4,381.5	-8,932.6
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	
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 E - Draft 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	
Drawdowns from Reserves (incl removal of prior year drawdowns)										9,200.6
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				-3,592.9				-3,592.9	
Drawdown corporate reserves	Drawdown from corporate smoothing reserves					-800.0	-5,959.9		-6,759.9	
Net Movement in Reserves		0.0	1,000.0	0.0	-3,592.9	-640.0	3,500.9	0.0	268.0	268.0
Proposed Controllable Budget		457,439.6	316,954.3	173,752.6	0.0	100,807.1	116,275.2	13,245.9	1,178,474.7	1,178,474.7
Memorandum - Provisional allocation of corporately held budgets:										
- 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 (details provided below)				234.9				-234.9	0.0	0.0
- Estimated apportionment of centrally held budgets (pay, employers NI & superannuation, workforce saving)		3,045.1	3,296.9	1,556.1		1,201.0	-249.1	-8,850.0	0.0	0.0
Total Net Budget including provisional share of corporately held budgets		464,645.7	320,251.2	175,543.6	0.0	102,008.1	116,026.1	0.0	1,178,474.7	1,178,474.7

Appendix E - Draft 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
Funding										
Final Settlement	Notification of funding from central government via the Provisional 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								54,477.6	54,477.6
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								50,012.5	50,012.5
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	28,253.0
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								19,564.9	
Un-ringfenced grants (provisional)	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								2,337.6	

Appendix E - Draft 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
Business Rates										
Business Rate Baseline	Local share of business rates baseline in the Local Government Finance Settlement reflecting a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2021								49,468.9	54,845.3
Business Rate Local Share	KCC 9% share of local tax base growth as notified by district councils less baseline share identified above								5,376.4	
Business Rate Collection Fund	KCC share of surpluses and deficits on business rate collection in prior years net of compensation for Covid-19 business rate reliefs								-1,127.6	-1,127.6
Local Taxation										
Council Tax Base	KCC band D equivalent tax base notified by district councils								709,518.8	725,487.5
Council Tax Increase	Impact of increase in Council Tax up to the 2% referendum limit								15,968.7	
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)								97,586.7	97,586.7
Council Tax Collection Fund	KCC share of 2021-22 surpluses and deficits on Council Tax collection								8,000.0	8,000.0
2020-21 Council Tax Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Council Tax collection spread over 3 years								-4,621.6	-4,621.6
Total Funding									1,178,474.7	1,178,474.7
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									

Appendix F - Draft 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
Revised 2021-22 Base Budget		1,132,426.0	1,178,474.7	1,225,323.7	1,132,426.0	1,178,474.7	1,225,323.7
Growth							
Net Base Budget Changes	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 F - Draft 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			
Reduction In Grant Income							
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 F - Draft 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
Pay and Prices							
Pay							
Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme. 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	28,570.1	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	16,648.8	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 F - Draft 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			
Demand & Cost Drivers	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 F - Draft 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			
Government & Legislative							
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 F - Draft 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				
Service Strategies & Improvements							
Capital Programme	The impact on debt charges of both the review of the 2021-24 capital programme, and prior year capital programme decisions	2,656.9	4,632.3	-290.0	9,270.3	2,954.4	2,559.8
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 F - Draft 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 F - Draft 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	431.2	374.5	-3.4			
Total Additional Growth		83,639.3	80,280.2	67,912.8	83,639.3	80,280.2	67,912.8
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	-1,519.6	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		-350.0				
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 F - Draft 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
Income	uplifts from applying existing policy						
Review of Charges for Service Users - existing service income streams & inflationary increases	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts 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				
Increases in Grants & Contributions							
Public Health Grant	Anticipated increase in Public Health Grant pending announcement from Department of Health and Social Care	-2,161.8			-3,621.8	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 F - Draft 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
Efficiency Savings							
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				
<u>Contracts & Procurement</u>							
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				
<u>Other</u>							
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	-200.0	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					

Appendix F - Draft 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
Financing Savings							
Debt repayment	Reduction in overall level of prudential borrowing as a result of rephasing in prior years; assessment of government funding levels to finance the capital programme and review amounts set aside for debt repayment (MRP) based on review of asset life	-2,094.0	-1,000.0	-1,000.0	-2,094.0	-1,000.0	-1,000.0
Policy Savings							
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			-9,606.5	-11,900.0	-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 English National Concessionary Travel Scheme (ENCTS)	Withdraw the current free entitlement to discretionary disabled companion passes from the ENCTS scheme and withdraw the right for Other Local Authority (OLA) disabled companion passes to be used for travel in Kent	-300.0	-200.0				
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					

Appendix F - Draft 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
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	-964.0					
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					
Housing Related Support - Homelessness	Cessation of Homelessness contract from September 2022. Review services currently provided and develop suitable transitional arrangements which could be funded from reserves	-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			
NEW SERVICE REMODELLING SAVINGS OPTIONS FOR YEARS 2 & 3			-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						

Appendix F - Draft 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
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						
Total savings and Income		-37,858.6	-36,792.0	-26,208.8	-37,858.6	-36,792.0	-26,208.8
Reserves							
Contributions To Reserves (incl removal of prior year contributions)							
New Homes Bonus	Contribution of New Homes Bonus funding to Strategic Priorities reserve	4,381.5			-8,932.6	-4,381.5	-1,223.3
New Homes Bonus	Removal of prior year contribution of New Homes Bonus to reserves		-4,381.5				
Return from our limited companies	Contribution of the anticipated return from our limited companies to the Strategic Priorities Reserve	4,000.0	4,000.0	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			
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					

Appendix F - Draft 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
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			
Drawdowns from Reserves (incl removal of prior year drawdowns)					9,200.6	7,742.3	2,610.5
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	-3,592.9					
Public Health Reserves	Removal of use of Public Health reserves to fund one-off costs in 2022-23		3,592.9				
Drawdown corporate reserves	Drawdown from corporate smoothing reserves	-6,759.9	-2,610.5				
Drawdown corporate reserves	Removal of use of Corporate Smoothing Reserves in 2022-23		6,759.9	2,610.5			
Net Movement in Reserves		268.0	3,360.8	1,387.2	268.0	3,360.8	1,387.2
Unidentified	Headroom (+ve)	0.0	0.0	12,090.1	0.0	0.0	12,090.1
Proposed Controllable Budget		1,178,474.7	1,225,323.7	1,280,505.0	1,178,474.7	1,225,323.7	1,280,505.0
Funding							
Final Settlement	<i>Notification of funding from central government via the Provisional Local Government Finance Settlement for 2022-23</i>						
Revenue Support Grant	Comprises share of previous Formula Grant, Early Intervention Grant, Learning Disability Grant, Council Tax Freeze Grant, Care Act Grant etc. allocated as revenue support grant, including impact of 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	54,477.6	54,477.6	54,477.6	54,477.6	54,477.6	54,477.6

Appendix F - Draft 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
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
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	50,012.5	50,012.5	50,012.5	50,012.5	50,012.5	50,012.5
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			28,253.0	23,871.5	21,533.9
Business Rate Compensation	Compensation for additional reliefs on business rates for small businesses, retail premises and reduction in multiplier paid as un-ringfenced grant by DLUHC	19,564.9	19,564.9	19,564.9			
Un-ringfenced grants (provisional)	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	2,337.6	2,337.6				
Business Rates							
Business Rate Baseline	Local share of business rates baseline in the Local Government Finance Settlement reflecting a freeze in the annual uplift in line with business rate multiplier, as per the settlement announced in the Spending Review 2021	49,468.9	51,352.5	52,542.1	54,845.3	56,819.4	58,066.1
Business Rate Local Share	KCC 9% share of local tax base growth as notified by district councils less baseline share identified above	5,376.4	5,466.9	5,524.0			

Appendix F - Draft 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	-1,127.6	-1,127.6		-1,127.6	-1,127.6	
Local Taxation							
Council Tax Base	KCC band D equivalent tax base notified by district councils	709,518.8	732,742.4	756,824.9	725,487.5	749,331.6	774,097.2
Council Tax Increase	Impact of increase in Council Tax up to the 2% referendum limit	15,968.7	16,589.2	17,272.3			
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)	97,586.7	106,857.2	116,561.9	97,586.7	106,857.2	116,561.9
Council Tax Collection Fund	KCC share of 2021-22 surpluses and deficits on Council Tax collection	8,000.0			8,000.0		
2020-21 Council Tax Collection Fund Deficit Spread	KCC share of 2020-21 deficit on Council Tax collection spread over 3 years	-4,621.6	-4,621.6		-4,621.6	-4,621.6	
Total Funding		1,178,474.7	1,225,323.7	1,280,505.0	1,178,474.7	1,225,323.7	1,280,505.0

Key:

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

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.

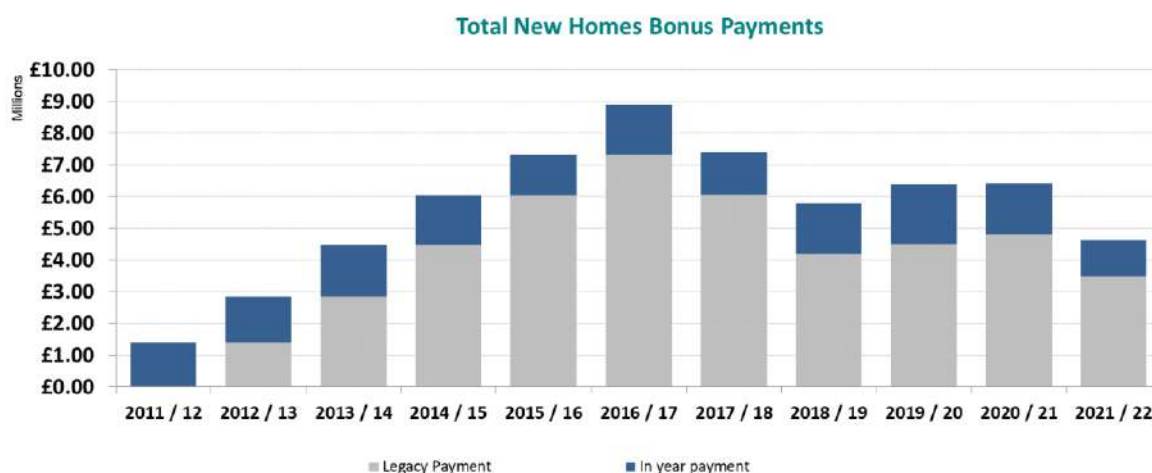
B) New Homes Bonus

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. From 2017-18 the grant was reformed with the incentive reduced to four years in stages over two years by removing the earliest two year's legacy payments and adding in year additional growth.

A further reform was introduced in 2020-21 which saw the additional in year growth added as a one-off (i.e. not included in the subsequent year's legacy) with oldest year's legacy removed. This meant three years' worth of legacy payments in that year and one in year's growth. The same system was used in 2021-22 with one-off allocation of in year growth and two years' worth of legacy payment. For 2022-23 the grant represents the one year's remaining legacy and no additional in year amount. 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 provisional 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 provisional 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.

From: Zena Cooke, Corporate Director for Finance

To: Cabinet Committees and Scrutiny Committee

Subject: **Section 25 Assurance Statement**

Classification: **Unrestricted**

Summary:

This report contains the formal recommendations from the Section 151 officer as to the robustness of the budget estimates for 2022-23, the medium-term plan to 2025 and the adequacy of reserves. It includes an evaluation of the background to budget preparations for 2022-23, including risks and uncertainties, deliverability of the proposed budget, and financial sustainability of the Council. This is an initial assessment and will be updated for the final draft budget report.

Recommendations:

- (a) Pursuant to section 25 of the Local Government Act, the County Council is asked to NOTE this report and AGREE to have due regard to the contents when making decisions about the budget.

1. Background and Introduction

- 1.1 Section 25 of the Local Government Act 2003 requires the Section 151 officer (for Kent this is the Corporate Director, Finance) to formally give an opinion as to the robustness of the budget estimates and the level of reserves held by the Council. The Act also requires that the Council must give consideration to this report when making decisions about the forthcoming budget.
- 1.2 The 2022-23 and medium-term budget proposals have been developed against the background of considerable uncertainty and volatility. In any year there are some uncertainties within the budget, which is a plan of predicted spending and income for the forthcoming year. Even in normal times predicting spending on demand led budgets with a high degree of accuracy is difficult. Consequently, it is important that variations from the plan are identified and reported early, together with remedial actions to ensure a balanced budget can continue to be delivered.
- 1.3 It is also essential that the budget includes an assessment of the potential financial risks facing the Council and that the Council has adequate reserves should those risks materialise. The Council holds a general reserve for unforeseen and unplanned circumstances and a range of earmarked reserves for specific eventualities. As part of the 2021-22 budget and following the review of the Council's reserves the planned strategy has been to strengthen general reserves to 5% of the net budget and remove reserves where the

likelihood of needing these has reduced. This has also enabled the Council to increase specific reserves for the Covid-19 response, smoothing reserves that address year on year fluctuations, ICT investment requirements, feasibility costs related to the capital programme and the Council's Strategic Reset Programme (SRP).

- 1.4 In recent years the section 25 assurance statement has noted that the Council has maintained adequate but not generous levels of reserves and has a relatively high level of accumulated debt. The Corporate Director, Finance has undertaken an assessment of the financial resilience of the Council compared to other county councils and has concluded that although KCC has been in the lower half of the resilience range (overall around the lower 25% percentile), the Council is not in imminent danger of financial failure. The Council agreed to strengthen reserves as part of the 2021-22 budget strategy, However, whilst reserve levels have been increased and are considered adequate, they require continuous monitoring given the risks the Council is facing. The Council cannot be complacent and must continue to maintain financial rigour, particularly with regard to accumulated debt and associated financing costs, which have in recent years benefitted from internal borrowing to a large degree.
- 1.5 The Council has a strong record of financial management. 2020-21 was the 21st consecutive year where the Council has managed revenue spending within the approved budget and ended the year with a small surplus. This has been achieved against the backdrop of significant financial restraint over the last 11 years where budgets have included over £750m of savings and additional income in order to offset spending growth and reductions in central government grants. The Council has also maintained a substantial capital programme over this period without adding to external accumulated debt through prudent treasury management enabling infrastructure investment to be supported by internal borrowing from cash reserves.
- 1.6 The capital programme continues to show a high and unsustainable level of slippage on projects. Whilst this means lower financing costs in the short-term it also means that savings requirement in future years' revenue plans are overstated to accommodate the original planned financing costs. To avoid this it is essential that future capital programmes are based on more realistic phasing of planned expenditure. The implementation of a 10 year capital programme, the introduction of a reserve to fund feasibility costs and the new capital monitoring and reporting solution, should ensure a more realistic capital programme with significantly less slippage.
- 1.7 Due to the impact of sustained lockdowns during 2020 and into 2021, and timing differences between the receipt of grants to respond to the Covid-19 pandemic and expenditure, the 2020-21 year-end surplus was significantly larger than previous years. The surplus was £27.548m after rollforwards. Cabinet and County Council agreed that the majority of this (£26.773m) related to Covid-19 activity and grants, so would be transferred into a specific Covid-19 earmarked reserve to support future Covid-19 related spend, loss of income and unrealised savings that have been impacted by the pandemic. This

decision was taken in recognition that the 2021-22 budget had been set before the full impact and knock-on consequences of the government's tier 3 & 4 restrictions in December 2020, and third national lockdown in January 2021 had been fully evaluated.

- 1.8 Budget monitoring throughout 2021-22 has reported a significant overspend. In the early part of any financial year this is not unusual but unlike previous years the forecasts have not come down in subsequent months. The main reasons are due to rising demand for key services including adult social care, children's services, and waste recycling/disposal, as well as delays in delivering savings' programmes. In most years we would expect to see demand pressures to lessen later in the year but to date this has not happened in 2021-22. The budget was set with some contingency provisions for additional risks particularly due to suppressed demand and market sustainability issues but if the overspend is not reduced during the remainder of the year any overspend would have to be met from reserves, weakening the Council's financial resilience.
- 1.9 Over this same 11 year period the yield from local taxes (council tax and retained business rates) has remained buoyant (other than in the immediate aftermath of the Covid-19 pandemic). The pandemic resulted in a combination of a slowdown in housing growth, additional exemptions and discounts (principally council tax reduction discounts for households with low incomes), and lower collection rates. These factors resulted in unprecedented collection fund deficits in 2020-21 and a reduction in the council tax base for 2021-22. Some compensation was provided by government for irrecoverable losses. For the 2022-23 budget there has been a partial recovery in the tax base although collection rates have still not recovered to pre-pandemic levels.
- 1.10 The combination of reductions in central government grant, a buoyant tax base and modest council tax increases over this period means that councils have had to become more self-sufficient. Council tax is now by far the most significant source of funding towards the Council's core budget (accounting for 70% of net revenue spending).
- 1.11 The Council's Constitution specifically defines the role of all Members in determining and agreeing the policy and budgetary framework of the Council in accordance with applicable laws providing sufficiency of resources. The budget approval process includes Cabinet Committee meetings, the Scrutiny Committee meeting and Member briefing leading up to the formal Budget meeting and the consideration of the recommendations set out in the County Council budget report. These are the mechanisms by which all Members have the opportunity in advance of the full County Council meeting to define, challenge, amend and ultimately vote on the Council's budgetary framework for the next year and medium term, in which all Members have a voice and a vital role to play.

2. Evaluation of the 2022-23 and Medium-Term Budget

- 2.1 As outlined in the introduction, the 2022-23 and medium-term budget has been prepared against the backdrop of considerable uncertainty and volatility. The 2021-22 budget was approved on the basis of a one-year local government finance settlement which included one-off grants for the Covid-19 emergency and to compensate for irrecoverable council tax and business rates losses. The one-year settlement and lack of government spending plans meant for much of the year the Council's budget plans had to be developed without an indicative settlement for local government. This in itself is not unique at the end of a spending review period, and the Council's Finance function has experience of developing a range of potential funding scenarios.
- 2.2 In addition to the uncertainty around government spending plans and the settlement for local government, the Covid-19 pandemic has continued to have a significant impact in the current year and on the Council's ability to forecast future spending requirements and income levels.
- 2.3 Before the pandemic, the Council was already experiencing increasing demand for services, including children's social care; home to school and special educational needs transport; and higher demands across adult social care including adults with learning disabilities and older people. The pandemic has significantly changed demand patterns for services such as social care, public transport and waste recycling/disposal, we will need to monitor and respond to these emerging patterns closely.
- 2.4 The budget monitoring position as at the end of September was reported to Cabinet on 9th December. The revenue budget showed a forecast net overspend of £18.7m, including £9.4m net drawdown from reserves. The largest variance is £13.9m in Adult Social Care, Children's Services showed a forecast overspend of £6.8m, with small underspends in other directorate and centrally held budgets. Further details can be found in the [Cabinet report](#). Action to address the current £18.7m overspend is critical to ensure a balanced budget is achieved by the year end. Any overspend at the year-end will need to be funded from reserves and will put pressure on the 2022-23 revenue budget. The under delivery of previously agreed savings will also need to be reviewed as these too will impact on the 2022-23 budget.
- 2.5 Spending associated with the Covid-19 pandemic is currently reported separately against a central budget of £16.1m. Total forecast spending on the Covid-19 response is £37.9m, the additional spend of £21.8m above the budget for Covid-19 is to be funded from a drawdown from the Covid-19 emergency reserve of £55.6m (including rollovers from 2020-21). Without the Covid-19 reserve the forecast overspend would be £37.9m higher, bringing the total overspend to £56.6m. After funding the drawdown to cover the shortfall in 2021-22 the Covid-19 reserve has £33.8m remaining. £13.5m of this is required for the Helping Hands and Reconnect programmes, leaving £20.3m for any further Covid-19 related costs during the remainder of this financial year and into 2022-23.

- 2.6 The Capital programme is forecast to underspend by £103.4m, comprising +£21.9m overspending on schemes and -£125.3m rephasing into later years. The development of a 10-year programme from 2022-23, together with a new capital monitoring and reporting IT solution, should ensure capital programme budgets and delivery are more realistic in future.
- 2.7 In the medium to longer term the Council has to plan for a return to a more normal situation and there are serious concerns that the impact of sustained lockdowns has significantly increased demand for some council services (especially care related services) where the restrictions resulted in suppressed demand and an increase in complexity of individual needs. It is an emerging feature of the pandemic that there are short-term time-limited increased spending requirements, income losses and underspends on core services for upper tier councils, but longer term substantial recurring additional spending risks.
- 2.8 The 2022-23 draft revenue budget includes £83.6m of additional spending. This includes £28.6m for future price increases, £20.7m for forecast future demand and cost drivers, £11.2m base budget changes to reflect known cost and activity variances from the current year, £9.3m for service improvements (including non-inflationary/demand increases), £9.2m for increased pay related costs and £4.2m provision from the additional grant for social care charging reforms. Unlike the current year there is no separate provision for Covid-19 related costs as there is no specific Covid-19 related funding. This mix of revising budgets for known variances and forecast spending growth is a robust approach and provides a sound basis for financial planning. This sound financial planning combined with comprehensive in year monitoring have been the key factors in the council's track record of strong financial management over the last 21 years.
- 2.9 The 2022-23 draft budget also includes a £0.3m net increase in reserves. This comprises £11.5m additional contributions to reserves (£11.4m to strategic priorities reserve from variable funding sources) and £10.4m drawdown from reserves (largely from smoothing reserves and public health). The net change in reserves also includes £19.6m for making permanent provision for recurring spending funded by the one-off use of reserves and £20.5m removal of one-off contributions to reserves, both in the current year.
- 2.10 Previous budgets have included estimates for increased demand on council services, referred to for simplicity as demography. These demographic demand forecasts have been based on population projections and previous trends. Whilst this did not always result in a totally reliable forecast (based on the assumption that previous trends were an indication of future demand) the approach was considered fit for purpose at the time.
- 2.11 The significant volatility during the current year means that the previous approach to forecasting demand cannot be used for 2022-23, it was not used for 2021-22 for similar reasons. In 2021-22 the demographic pressures were split between those where there was no identifiable Covid-19 impact (and thus could be included in individual directorate/service budgets in the same way as

previous years), and those where there was considerable volatility due to the Covid-19 pandemic. This latter group included adult social care, concessionary bus travel, and kerbside waste volumes, and budgeted amounts were held centrally along with the separate provision for direct Covid-19 impacts. The centrally held demography budgets were to be allocated during the year based on actual incidence (although the approved budget included a provisional allocation for illustrative purposes).

- 2.12 This approach left the Council as a whole exposed to the risk of the pent-up demand materialising. Consequently, a contingency provision (originally described as a risk reserve) for these potential demands was included in the budget to replace the demography calculation. Whilst this provided some financial cover for these demand risks, it is important to recognise that due to the levels of uncertainty and volatility, the amount in the contingency provision could not provide the same assurance as a calculation based on more stable previous trends. Further work is being undertaken with the Council's Analytics team to identify more relevant and accurate modelling of likely future demands and costs,
- 2.13 The 2021-22 approach worked to some extent but did add significant complexity, particularly for in-year monitoring. Consequently, the draft budget for 2022-23 has removed most of the centrally held budgets and the proposals revert to including demographic demand estimates in directorate controllable budgets at the start of the year. These have not always been calculated based on previous or current trends and as such are directorate contingency provisions rather than a corporate provision. The only significant centrally held budgets are those related to additional pay costs which can only be allocated once the Total Contribution Pay (TCP) assessments have been completed and moderated. This still leaves individual directorates/services exposed to the risk that the provisions included for demand and costs drivers may not be sufficient (and in some cases could have been over provided) but any variations will be reviewed and reported through the in-year monitoring in a more transparent and efficient manner together with proposed actions to address the variations.
- 2.14 Within the spending growth forecasts we have set challenging targets to bear down on future prices and demand pressures 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. These risks will be included in the budget risk register which will be published with the final draft budget report and closely monitored and reported on during the year, to ensure that appropriate mitigation measures are identified, to minimise the call on reserves, which if needed would weaken the Council's financial resilience.
- 2.15 The 2022-23 draft budget also requires the delivery of a package of £37.9m of planned savings and income. Whilst these savings plans are as robust as they

can be and the Council has a track record of delivering planned savings (other than for unavoidable reasons associated with Covid-19 pandemic), delivery risks both in terms of timing and quantum due to the current unpredictable circumstances, are still inevitable. The 3 year medium-term plan requires the delivery of a package of planned savings and income totalling £100m.

- 2.16 The single greatest financial risk to the Council remains the substantial and growing deficit on High Needs spending from the Dedicated Schools Grant (DSG). This has been flagged as the biggest risk for several years with the accumulated deficit forecast to exceed £100m by the end of the current year. Currently a statutory override has been put in place which means that DSG deficits do not have to be covered from the General Fund i.e. are they not cash backed. However, this override is due to come to end March 2023 and the current level of accumulated deficit remains unsustainable posing a considerable risk to the Council if the override isn't extended and/or we do not see significant reduction in the deficit. Formal regular monitoring and reporting of the local deficit recovery action plan will be critical to ensure the deficit is being tackled effectively.
- 2.17 The Council Tax precept is based on the provisional estimated tax base notified by districts. Those estimates include the impact of current and estimated housing growth, current and estimated changes in working age support discounts for households on low incomes, changes in other discounts and exemptions and updated forecast collection rates.
- 2.18 The Council Tax funding also includes an estimate for the County Council's share of collection fund balances from 2021-22 and the 3-year arrangement to account for collection fund losses in 2020-21 (partially offset by compensation grant for irrecoverable losses). Ideally collection fund balances would be better handled through reserves rather than core budget. However, the 3-year arrangement for previous collection losses were already included in 2021-22 budget and 2021-24 medium-term financial plan as there was no reserve to cover these. It is therefore considered inappropriate to charge deficits to the core budget and treat surpluses through reserves and so the estimated surplus from 2021-22 is included in 2022-23 budget. We will keep this arrangement under review once the 3-year accounting arrangement for deficits comes to end in 2023-24.
- 2.19 The proposed budget represents a compromise between additional spending growth, spending reductions through savings, income losses and planned income generation, changes in reserves, government grants in the provisional settlement, the estimated council tax base, and proposed council tax charge increases. It is not the role of the S25 assurance statement to comment on the precise mix providing the overall package results in a balanced budget and the estimates on which the calculation is based are robust.
- 2.20 All the estimates within the draft budget are the product of a comprehensive planning process with Cabinet Members, Corporate Directors and Directors resulting in an agreement on the level of service delivery within the identified financial resources. In addition, a separate appendix of the final draft budget

will set out the main budget risks that are taken into account in determining the estimates.

- 2.21 The final budget will clearly set out the strategy for the assessment of budget risks and adequacy of reserves. As well as the establishment of contingency provisions for demand risks, the removal of variable/insecure funding from the base budget and the draw down from the smoothing reserve, the draft budget also includes a draw down from public health reserves, and new contributions to the Strategic Priorities Reserve. Overall, the approach to reserves will strengthen the Council's financial resilience but the combination still poses a substantial additional risk as it requires directorates/services to bear down on spending growth (particularly from the provisions for future price and demand increases) or identify and deliver alternative actions.
- 2.22 The budget strategy allows for a draft budget which is affordable whilst allowing the Council to fulfil its statutory responsibilities and address local priorities. The draft budget will require some difficult decisions about service levels and provision both in 2022-23 and over the medium term. These decisions will need to be confirmed under the Council's constitutional arrangements and Financial Regulations after due consultation and equalities impact assessments. As such the draft budget is a plan which can be subject to change, with any changes considered and agreed by Cabinet through the in-year monitoring reports.
- 2.23 The medium-term plan shows a balanced position over the three-year period, albeit at this stage it assumes further use of smoothing reserves in 2023-24 before showing a small surplus in 2024-25. The forecasts on which this medium-term plan is based are inevitably less reliable than the forecasts for 2022-23. In particular the one-year settlement for 2022-23 and the government's commitment to undertake a review of local government funding arrangements during 2022 mean that funding forecasts are particularly uncertain. In recognition, the savings plans for 2023-24 and 2024-25 include an overall amount for new savings options together with a broad assessment of the areas which will have to be considered but do not include individual amounts at this point. This is accepted as a prudent necessity, but the Council cannot wait for the outcome of the Government's funding review before making further progress to develop these savings options and the work to identify and deliver the individual savings plans for 2023-24 will need to commence early in 2022 to ensure the overall required total is achieved.
- 2.24 The latest forecast for usable revenue reserves at the end of 2021-22 is £315m, this represents a substantial decrease of £78m on the position at the end of 2020-21. The forecast takes account of a drawdown of Covid-19 reserve and other planned drawdowns from earmarked reserves. In total the forecast drawdown from earmarked reserves is £92m, this is partially offset by £14m increase in general reserves approved as part of 2021-22 budget to strengthen the Council's financial resilience. The forecast does not include any drawdown to offset the in-year overspend on the basis that further action will be taken over the remainder of the year to bring the budget back into balance. If this is not achieved the forecast reserve balance will decrease further which

would have an adverse impact on the assessment of the financial standing of the budget plan and adequacy of reserves.

- 2.25 The draft capital programme of £1.8bn over 10 years is proportionately less than the previous 3 year programmes. This is partly in recognition of the impact of new borrowing on future revenue budgets and council tax and partly to allow more realistic planning of spending over a longer period based on spend in previous years (to reduce rephasing during the year and in subsequent programmes). The programme includes a minimum level of spend on essential asset maintenance including modernisation of assets on the schools and corporate estate, schools annual planned enhancement, highways asset management and public rights of way. The draft programme is funded from a combination of government grants, external funding and borrowing. In line with previous years, it is proposed that borrowing is supported from the Council's cash balances rather than external debt. This not only reduces the cost of borrowing (bearing in mind the low returns on cash investments) but also ensures the Council does not increase accumulated debt based on spending profiles which are subsequently delayed. This strategy of internal borrowing is considered sustainable for the next two to three years providing there is no significant revenue need to draw down reserves and the council has sufficient cash balances. In the medium term this approach will need to be reviewed and revised as it will not be possible to sustain this level of capital investment without the greater achievement of savings, generation of income or increased funding.
- 2.26 The draft capital programme includes grants from government departments, particularly Department for Education (DfE) and Department for Transport (DfT). In many cases future years' grant allocation notifications have not been received and the draft capital programme is therefore based on forecasts. Some schemes also require external funding e.g. Heritage Lottery Fund (HLF) or Developer Contributions, which may not yet have been secured. Schemes that include significant elements of unsecured funding are separately identified in the draft capital programme and will only go ahead if the funding is secured.
- 2.27 A separate appendix in the draft budget report provides an indication of new potential capital projects which could come forward within the next 10 years. These have not been included in the draft capital programme and would only be added in later years subject to business cases being completed and reviewed and affordable funding solutions. Indicative costings have been provided as a guide, however, no funding or budget will be set aside for these projects at this time.
- 2.28 There are a number of risks to capital projects which could either affect the viability of schemes or could require the Council to take out additional short-term borrowing (temporary borrowing until alternative sources of funding are secured) or long-term borrowing (permanent alternative funding). These risks include:
- Higher than anticipated inflation on projects not covered by project contingency

- Lower than forecast developer contributions
- Lower capital receipt proceeds
- Unforeseen additional costs due to delays or scheme design

We will look to minimise the impact of risks through value engineering of schemes, robust monitoring and reporting and re-prioritisation of the programme. At this stage no additional capital risks have been factored into the revenue budget plan.

3. Conclusions

- 3.1 As Section 151 officer I can formally report that in my view the budget estimates are robust and the level of reserves adequate, as required by the Local Government Act 2003, on the assumption that the proposed council tax increases up to but not exceeding the 2% referendum threshold and 1% for ASC levy are agreed.
- 3.2 Council tax is now the most significant source of funding for council services. Any lesser increase than that proposed, without a corresponding reduction in base budget spending would have an adverse impact on the Council's financial resilience and ability to mitigate future spending risks or medium-term uncertainties over the future funding gap. This assessment has focussed on the significant uncertainty and volatility around spending and income forecasts for 2022-23 and that the Council has previously had adequate but comparatively less generous reserves for risks at the time.
- 3.3 The draft revenue proposals for 2022-23 and medium-term plan are not without significant additional risks. The draft proposals strike a balance between affordability whilst allowing sufficient resources for the Council to fulfil its statutory responsibilities and address local priorities. This is not an easy combination and will require some difficult decisions about service levels and provision. It will require services to bear down on spending growth, particularly with regard to future price levels and managing demand. In my view whilst this presents risks, the Council has sufficient financial resilience and reserves together with a strong record of sound financial management such that the additional risks are not excessive or reckless.
- 3.4 The 2021-22 budget included an additional contribution to general reserves in line with the medium-term strategy to have the overall level at 5% of net spending. to improve financial resilience. This level of general reserves is considered to be essential in light of increased financial risks, the increased self-sufficiency of councils and greater reliance on tax income, and medium-term uncertainties. Any drawdown from general reserves either as part of addressing the 2021-22 overspend or to cover variances from the draft 2022-23 plan would require general reserves to be replenished back up to 5% level at the earliest opportunity, even if this requires delivery of additional savings from the proposed amounts identified for 2023-24 and 2024-25. Failure to maintain

general reserves at 5% would in my opinion very likely seriously impair the adequacy of the Council's reserves and consequently its financial resilience.

- 3.5 The longer-term capital planning within the proposed 10-year programme delivers urgent and critical works and priority projects as well as addressing the need to minimise new borrowing and deficiencies in previous plans that have led to significant rephasing. Both of these have significant consequences on future revenue budgets.
- 3.6 Finally, I draw members attention to the known correlation between those councils which have had the lowest council tax rates, undeliverable savings plans, highest levels of debt, lowest levels of reserves and subsequent concerns about financial management. Whilst these are not the only factors which could give rise to financial management concerns, they remain an important consideration in the assessment of financial resilience and sustainability. KCC's current council tax charge is around the average of all county councils, but levels of debt are well above average compared to levels of reserves which remain below average. The levels of debt are being addressed through the new 10-year capital programme and avoiding long-term external borrowing, but the Council also needs to maintain levels of reserves which reflect levels of council spending, financial risks and medium-term uncertainty.

Recommendations:

- (a) Pursuant to section 25 of the Local Government Act, the County Council is asked to NOTE this report and AGREE to have due regard to the contents when making decisions about the budget.

3. Contact details

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