

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2021-22 TO 2023-24

Capital Investment Plans:

Row Ref	Directorate		Total Cost £000s	Prior Years Spend £000s	Cash Limits			
					2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	Later Years Years 4-10 £000s
1	Adult Social Care & Health	ASCH	25,150	3,648	6,917	5,785	4,000	4,800
2	Children, Young People & Education	CYPE	836,178	538,621	181,842	84,539	31,176	0
3	Growth, Environment & Transport	GET	992,330	215,888	213,316	195,287	250,377	117,462
4	Strategic & Corporate Services	S&CS	97,363	18,860	21,297	29,206	28,000	0
5	Feasibility Fund		4,000		1,000	1,000	2,000	
6	Total Cash Limit		1,955,021	777,017	424,372	315,817	315,553	122,262

Funded By:

7	Borrowing	360,955	140,484	152,559	63,197	1,715	3,000
8	Property Enterprise Fund (PEF) 2	369	369				
9	Grants	1,062,004	456,763	192,479	154,514	219,970	38,278
10	Developer Contributions	276,848	80,063	28,747	51,327	79,338	37,373
11	Other External Funding e.g. Arts Council, District Contributions etc.	84,389	12,014	16,356	12,092	4,127	39,800
12	Revenue Contributions to Capital	21,491	5,142	6,896	8,851	602	
13	Capital Receipts	62,275	42,475	10,930	7,120	1,750	
14	Recycled Loan Repayments	86,690	39,707	16,405	18,716	8,051	3,811
15	Total Finance	1,955,021	777,017	424,372	315,817	315,553	122,262

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

Adult Social Care & Health (ASCH)

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

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

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

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Children, Young People & Education (CYPE)

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

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	Later Years Years 4-10 £000s
					Basic Need Schemes - to provide additional pupil places:			
7	<i>Basic Need Kent Commissioning Plan (KCP) 2016 & previous years</i>	<i>Increasing the capacity of Kent's schools</i>	326,577	316,052	10,525	0	0	0
8	<i>Basic Need KCP 2017</i>	<i>Increasing the capacity of Kent's schools</i>	154,790	88,118	48,053	18,619	0	0
9	<i>Basic Need KCP 2018</i>	<i>Increasing the capacity of Kent's schools</i>	45,079	10,661	30,918	3,500	0	0
10	<i>Basic Need KCP 2019</i>	<i>Increasing the capacity of Kent's schools</i>	65,165	6,629	31,560	26,976	0	0
11	<i>Basic Need KCP 2020</i>	<i>Increasing the capacity of Kent's schools</i>	56,638	0	11,741	13,721	31,176	0
Other Projects								
12	Barton Court Free School	Provision of a new secondary school in Canterbury	25,846	8,546	15,800	1,500	0	0
13	John Wallis Academy	Provision of a new primary school building and relocation of children's centre	5,311	4,998	313	0	0	0
14	<i>Nest 2</i>	<i>Provision of a residential facility for children and young people in Kent and Medway with Autistic Spectrum Conditions (ASC)</i>	1,550	0	1,550	0	0	0
15	Priority School Build Programme (PSBP) 1 & 2	Additional works under the PSBP programme not funded by the Education and Skills Funding Agency (ESFA)	23,414	19,912	3,502	0	0	0
16	Special Schools Review Phase 2	Major programme of building works to ensure facilities are fit for purpose	84,265	83,328	937	0	0	0
17	School Roofs	Structural repairs to school roofs	6,627	377	6,250	0	0	0
18	Total Individual Projects		795,262	538,621	161,149	64,316	31,176	0

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

19	Total - Children, Young People & Education		836,178	538,621	181,842	84,539	31,176	0
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Growth, Environment & Transport (GET)

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

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

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Row Ref	Individual Projects	Description of Project	Total Cost of Scheme	Prior Years Spend	Cash Limits			
					2021-22	2022-23	2023-24	Later Years
					Year 1	Year 2	Year 3	Years 4-10
			£000s	£000s	£000s	£000s	£000s	£000s
15	Public Mortuary	To consider options for the provision of a public mortuary	3,000	0	0	0	0	3,000
16	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	34,512	8,356	13,551	11,450	1,155	0
17	Windmill Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	953	369	279	180	125	0
Libraries, Registration & Archives								
18	Herne Bay Library Plus	Project to refurbish the library and address long-term building issues	469	119	350	0	0	0
19	Southborough Hub	Re-provision of library within new Southborough Hub	12,973	12,923	50	0	0	0
20	Tunbridge Wells Cultural Hub (Amelia)	Contribution to the development of a cultural and learning hub in partnership with Tunbridge Wells Borough Council, including library, registration and adult education	1,668	418	550	350	350	0
Economic Development								
21	Broadband Contract 2	To extend the reach of superfast broadband so that 95% of homes and businesses can access superfast broadband	11,814	10,465	0	1,349	0	0
22	Connecting Rural Kent & Medway Broadband Project	Getting Building Fund Project to improve rural broadband connectivity through an enhanced top up voucher scheme	2,291	261	2,030	0	0	0
23	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	11,345	7,098	1,102	1,203	971	971
24	Javelin Way Development	To provide accommodation for creative industries and the creation of industrial units	9,184	4,207	4,977	0	0	0
25	Kent & Medway Business Fund	New fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	38,038	16,218	9,150	12,670	0	0
26	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	46,657	33,818	5,443	4,556	0	2,840
27	Marsh Million	Supporting economic growth on Romney Marsh to develop new jobs and business opportunities following the decommissioning of Dungeness Power Station	1,397	968	342	87	0	0
28	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	300	500	2,062	0	0

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					2021-22	2022-23	2023-24	Later Years
					Year 1	Year 2	Year 3	Years 4-10
					£000s	£000s	£000s	£000s
Highways, Transportion & Waste								
29	A2 Off Slip Wincheap, Canterbury	To deliver an off-slip in the coastbound direction	4,400	0	1,500	2,199	701	0
30	A226 St Clements Way	Road improvement scheme	6,807	6,623	80	60	44	0
31	A2500 Lower Road Improvements	Junction improvements to increase capacity	5,260	5,250	10	0	0	0
32	A28 Chart Road, Ashford	Strategic highway improvement	26,247	3,719	141	528	8,999	12,860
33	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	4,592	0	4,592	0	0	0
34	Dartford Town Centre	A package of works to improve economic performance of Dartford Town Centre	12,000	5,090	6,408	502	0	0
35	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding.	16,084	2,095	8,055	5,809	125	0
36	Electric Vans	Electric vehicles and charging infrastructure funded by government grant	1,512	1,277	235	0	0	0
37	Fastrack Full Network - Bean Road Tunnels	Construction of a tunnel linking Bluewater and the Eastern Quarry Development,	13,890	1,942	10,248	1,700	0	0
38	Faversham Swing Bridge	Restoration of an opening bridge	2,550	733	1,217	600	0	0
39	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	7,400	500	3,500	3,400	0	0
40	Herne Relief Road	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	7,691	637	2,437	2,898	1,398	321
41	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	38,632	1,396	5,300	13,176	18,760	0
42	Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	11,309	5,649	5,660	0	0	0
43	Kent Thameside LSTF - Integrated door-to-door journeys	Package of measures to reduce congestion	7,518	5,008	2,510	0	0	0
44	Kent Thameside Strategic Transport Programme	Strategic highway improvement in Dartford & Gravesham	38,205	1,327	8,280	21,500	7,098	0
45	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	40,754	39,658	1,096	0	0	0
46	Live Labs	Research project into use of digital technology and intelligent analytics within Highways Asset Management	1,975	1,775	200	0	0	0
47	Maidstone Integrated Transport	Improving transport links with various schemes in Maidstone	10,850	6,584	2,316	1,950	0	0
48	Manston Green	Project to deliver a junction improvement scheme	6,290	0	1,213	4,215	834	28
49	Market Square Dover	Project to improve access and public realm at Market Square in Dover	2,940	570	2,360	5	5	0
50	M20 Junction 4 Eastern over bridge	Carriageway widening	6,196	6,153	22	13	8	0

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					2021-22	2022-23	2023-24	Later Years
					Year 1	Year 2	Year 3	Years 4-10
			£000s	£000s	£000s	£000s	£000s	
51	<i>Newingreen A20 Junction Improvement</i>	<i>Junction improvement scheme</i>	3,038	2	120	2,500	416	0
52	New Transfer Station - Folkestone & Hythe	To provide a new waste transfer station in Folkestone & Hythe	9,585	201	1,000	8,384	0	0
53	Rathmore Road Link	Road improvement scheme	8,008	7,873	69	66	0	0
54	Street Lighting Concrete Column - Replacement Scheme	Replacement of concrete columns	2,629	2,543	86	0	0	0
55	<i>Sturry Link Road, Canterbury</i>	<i>Construction of bypass</i>	29,600	2,030	6,061	11,440	7,627	2,442
56	Tunbridge Wells Junction Improvements	Junction improvements to ease congestion	1,957	1,226	731	0	0	0
57	Waste Compactor Replacement	To replace waste compactors at Household Waste Recycle Centres to ensure efficient waste site operation	1,070	443	627	0	0	0
58	West Kent local sustainable transport - tackling congestion	Package of measures to reduce congestion and carbon footprint	6,050	5,300	750	0	0	0
59	<i>A229 Bluebell Hill M2 & M20 Interchange Upgrades</i>	<i>Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible</i>	99,657	0	0	0	99,657	0
60	<i>A28 Birchington, Acol and Westgate-on-Sea Relief Road</i>	<i>Creation of a relief road</i>	49,000	0	0	0	49,000	0
61	<i>Thanet Way</i>	<i>Structural improvement to the Thanet Way A299</i>	50,000	0	0	0	50,000	0
62	<i>A228 Colts Hill Strategic Link - Road Scheme</i>	<i>Construction of bypass</i>	45,000	0	0	0	0	45,000
63	<i>Orchard Way Railway bridge, Ashford</i>	<i>Strategic highway improvement</i>	15,000	0	0	0	0	15,000
64	<i>South East Maidstone Strategic Link - Road Scheme</i>	<i>Construction of bypass</i>	35,000	0	0	0	0	35,000
65	Total Individual Projects		818,673	215,888	119,414	115,534	250,375	117,462
66	Total - Growth, Environment & Transport		992,330	215,888	213,316	195,287	250,377	117,462

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Strategic & Corporate Services (S&CS)

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

Row Ref	Individual Projects	Description of Project	Total Cost of Scheme £000s	Prior Years Spend £000s	Cash Limits			
					2021-22 Year 1 £000s	2022-23 Year 2 £000s	2023-24 Year 3 £000s	Later Years Years 4-10 £000s
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	2,043	219	920	904	0	0
6	Asset Utilisation - Oakwood House Transformation	Reconfiguration of Oakwood House to relocate other KCC services and release assets	6,746	684	3,062	3,000	0	0
7	Community Sexual Health Services	Development of premises for delivery of community sexual health services	1,589	839	750	0	0	0
8	<i>Strategic Reset Programme</i>	<i>Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact</i>	8,000	0	1,000	2,000	5,000	0
9	<i>Dover Discovery Centre</i>	<i>Refurbishment to make the building fit for purpose</i>	6,066	281	2,000	3,785	0	0
10	<i>LIVE Margate</i>	<i>Replace empty and poorly managed housing in Margate with high quality and well managed family housing to regenerate the area</i>	10,208	8,437	300	1,471	0	0
11	<i>MOA Plus</i>	<i>Works required to ensure KCC buildings are fit for purpose and are in a statutory compliant condition</i>	15,715	6,600	5,115	4,000	0	0
12	<i>Strategic Estate Programme</i>	<i>Options for the council's future strategic estate.</i>	35,000	1,800	2,000	8,200	23,000	0
13	Total Individual Projects		85,367	18,860	15,147	23,360	28,000	0

14	Total - Strategic & Corporate Services		97,363	18,860	21,297	29,206	28,000	0
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Appendix C - High Level 2021-22 Revenue Budget

2020-21			2021-22	
£000s	£000s		£000s	£000s
		Approved Base Budget per 13th February 2020 County Council		1,063,654.3
		Recurring Base Budget changes per Budget Amendment approved at County Council 10th September 2020		32,821.8
	986,374.4	Revised 2020-21 Base Budget		1,096,476.1
		Growth Proposals		
10,153.4		Net Base Budget Changes	7,983.7	
21,115.2		Replacement of Use of Reserves and Other One-off Budget Solutions	11,892.5	
1,400.0		Reduction in Grant Funding	1,463.3	
7,893.0		Pay	4,609.6	
23,806.5		Prices	12,356.0	
21,229.0		Demand & Cost Drivers	11,007.5	
9.5		Government & Legislative	3,638.6	
		<u>Service Strategies and Improvements</u>		
		Contributions to reserves	31,425.2	
21,867.3		Other	12,274.3	
	107,473.9	Total Growth Proposals		96,650.7
		Savings & Income		
		<u>Transformation Savings</u>		
-6,200.0		Adults Transformation Programmes	-7,700.0	
-1,733.0		Other Transformation Programmes	-1,024.0	
-6,253.0		Income Generation	-2,459.1	
4,451.9		Increases in Grants & Contributions	-2,642.0	
		<u>Efficiency Savings</u>		
-40.0		Staffing	-2,481.9	
-110.0		Premises	-108.0	
-4,245.2		Contracts & Procurement	-5,450.6	
-842.0		Other	-2,748.4	
		<u>Financing Savings</u>		
-9,061.5		Drawdowns from reserves	-22,227.3	
-5,066.0		Other	-5,913.0	
-1,095.2		Policy Savings	-11,995.9	
	-30,194.0	Total Savings & Income		-64,750.2
	1,063,654.3	Net Budget Requirement		1,128,376.6
		<u>Funded by</u>		
9,641.7		Revenue Support Grant	9,695.0	
10,530.9		Social Care Support Grant	34,366.8	
23,835.9		New Social Care Grant for 2021-22	4,776.5	
		Covid 19 grant	32,357.0	
		Compensation for irrecoverable local taxation losses due to Covid 19 *	3,553.9	
		Local Council Tax Support grant *	14,281.5	
138,429.0		Business Rate Top-Up Grant	138,429.0	
48,544.2		Improved Better Care Fund	48,544.2	
20,830.0		Other un-ringfenced grants *	20,293.8	
55,938.0		Local Share of Retained Business Rates *	48,700.6	
2,562.9		Business Rate Collection Fund *	-586.5	
683,653.7		Council Tax Yield (including increase up to referendum limit but excluding social care levy) *	690,684.7	
65,789.7		Council Tax Adult Social Care Levy *	88,018.6	
3,898.3		Council Tax Collection Fund *	-4,738.5	
	1,063,654.3	Total Funding		1,128,376.6
		* These figures are estimates and are still subject to change		

APPENDIX D

2021-22 PROPOSED BUDGET BY DIRECTORATE

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

Appendix E - Detailed 2021-22 Revenue Growth Proposals

Directo rate	Heading	Description	TOTAL £000s
	Base Adjustments (internal) 2020-21 Budget Amendment	Recurring changes to budgets included in the Budget Amendment approved at County Council 10th September 2020	32,821.8
	Growth Proposals	Details provided of growth proposals where there is an element of choice	
	<i>Net Base Budget Changes</i>	<i>Growth proposals based on current and forecast activity levels</i>	7,983.7
	Various	Total changes for current known levels of activity	-200.4
	Various	Total known unavoidable changes	3,608.0
	Covid related provision	Revisions to estimated Covid related provisions approved in the September 2020 budget amendment	-9,000.0
CYPE	Special Educational Needs & Disability (SEND)	Impact of Covid 19 pandemic on referrals for Education, Health and Care Plan assessments	500.0
NA	Investment Income	Impact of Covid on the financial markets resulting in a reduced return on our investments	2,150.0
	Growth for Strategic Statement Priorities	Releasing the uncommitted balance of the base funding provided in the 2020-21 budget for high impact improvements in support of Strategic Statement Priorities to help balance the 2021-22 budget	-2,862.2
CYPE	Dedicated Schools Grant (DSG)	Provision for temporarily offsetting the reductions in Central Services Schools Block DSG and costs which have been charged to DSG but no longer meet the criteria of the grant, until longer term solutions are identified	7,000.0
ASCH	Adult Social Care accommodation	Provision for annual cost of occupying NHS buildings - under new leases, KCC would be liable to pay rent and service charges for buildings that have always been occupied free of charge.	200.0
S&CS	Corporate Landlord	Provision for potential loss of rental income from tenants who deferred rent from 2020-21 and have subsequently gone out of business	200.0
S&CS	Corporate Landlord	Potential savings on utilities and facilities management costs from buildings remaining closed	-133.0
GET	Trading Standards	Loss of income from "Check Trade" service as service launched without fees being charged to ease impact on businesses during covid pandemic	21.3
NA	Return from our companies	Remove the dividends from our companies from the base budget due to their insecure and variable nature. Future returns to be used to fund time limited activities to support Strategic Priorities	6,500.0
	<i>Replace use of one-offs</i>	<i>Planned removal of one-off use of reserves and underspends in approved base budget for 2020-21</i>	11,892.5
CYPE & PH	<i>Reduction In Grant Income</i>		1,463.3
	<i>Pay and Prices</i>		
	<i>Pay</i>		4,609.6
	Various	Total known unavoidable changes	293.0
All	Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades. This contribution together with the savings from staff turnover will provide a pay pot capable of providing a 2% uplift for all staff, subject to negotiations with Trade Unions	4,100.0
PH	Public Health Pay & Pensions	Estimated impact of increases in NHS Pension costs and KCC pay award for KCC Public Health staff	216.6
	<i>Inflation</i>		12,356.0
	Various	Total changes for current known levels of activity	-853.1

Appendix E - Detailed 2021-22 Revenue Growth Proposals

Directo rate	Heading	Description	TOTAL £000s
	Various	Total known unavoidable changes	3,692.1
ASCH & CYPE	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments. Contracted services already allow for separate uplifts for National Living Wage/National Minimum Wage and Consumer Prices elements through formulaic approach	5,512.2
CYPE	Children's Social Care	Provision for price negotiations with external providers and uplift to in-house foster carers in line with DFE guidance	1,117.0
NA	Levies	Estimated increase in Environment Agency Levy together with impact of estimated change in taxbase	24.3
PH	Public Health contracts	Estimated increase in contract prices due to uplift in NHS Pension costs	2,357.0
PH	Public Health - Sexual Health & Healthy Lifestyles	Increased costs of prescription drugs due to impact of Brexit	506.5
<i>Demand & Cost Drivers</i>			11,007.5
<i>Additional spending associated with change in demand, population growth and other cost drivers</i>			
	Various	Total known unavoidable changes	2,594.1
ASCH & CYPE	Adult Social Care	Estimated impact of an increase in client numbers and additional costs resulting from existing and new clients whose needs are becoming more complex, including the transition of known clients at age 26 from Lifespan Pathway age 18-25	2,354.7
CYPE	Children's Social Care	Estimated impact of an increase in the population of children in Kent, leading to increased demand for children's social work and disabled children's services	3,235.0
CYPE	Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport	2,798.0
CYPE	Home to School transport - Mainstream	Estimated impact of rising pupil population on Mainstream Home to School transport	339.0
GET	English National Concessionary Travel Scheme	Temporary reduction in journeys travelled due to the Covid 19 pandemic	-2,000.0
PH	Public Health - Sexual Health	Increase in online contract for sexual health services based on anticipated service trends	150.0
PH	Public Health - Healthy Lifestyles	Increase in number of people eligible for health checks based on predicted population growth for 40-70 year olds	124.0
CYPE	Special Educational Needs & Disability (SEND)	Increasing number of Education Health & Care Plan assessments	200.0
GET	Waste	Increase in kerbside waste collection due to more homeworking during the Covid pandemic, the cost of which is higher to process than waste disposed of at HWRCs, where waste tonnage has reduced due to current restrictions	1,144.0
PH	Public Health	Other minor demographic pressures	68.7
<i>Government & Legislative</i>			3,638.6
	Various	Total known unavoidable changes	1,201.0
GET	Coroners Service	A reduction in the additional budget provided in 2019-20 for the new burdens impact of the Medical Examiner Service, and new responsibilities and services as a result of legislative reform including increased responsibilities in relation to Duty Officer Scheme	-80.0
PH	Public Health - Sexual Health	Additional premises costs as a result of Covid-19	75.0
PH	Public Health - Children's	Additional premises costs for Children's Centres	100.0
S&CS	Corporate Landlord	Increase in cleaning costs of buildings to ensure they are Covid secure	200.0
S&CS	Infrastructure	Additional ICT equipment and peripherals to enable more flexible working required as a result of Covid	250.0

Appendix E - Detailed 2021-22 Revenue Growth Proposals

Directo rate	Heading	Description	TOTAL £000s
S&CS	Contact Centre	Continuation of the Kent Together service, a single convenient point of contact for anyone in the county who is in urgent need of help during the Covid pandemic	150.0
S&CS	Personal Protective Equipment	Warehousing and distribution costs of PPE	360.0
CYPE	Community Learning & Skills	Continued loss of income as a result of the Covid pandemic	150.0
GET	Regeneration	Continuation of the Covid Business Help Line	200.0
GET	Coroners	Increased referrals, a backlog of cases due to delays and additional measures required social distancing as a result of the Covid pandemic	320.0
GET	Library Service	Continued loss of income as a result of the Covid pandemic	146.3
GET	Registration Service	Continued loss of income as a result of the Covid pandemic	506.3
GET	Loss of Service income	Continued loss of income as a result of the Covid pandemic in a number of smaller services such as Country Parks, Kent Scientific Services, Public Rights of Way & Planning Applications	60.0
Service Strategies & Improvements			43,699.5
	Various	Total changes for current known levels of activity	146.1
	Various	Total known unavoidable changes including additional debt charges relating to prior year capital programme decisions	9,013.7
CYPE	Special Educational Needs & Disability (SEND)	Implementation of our joint Written Statement of Action with the Kent Clinical Commissioning Groups to improve services for children with Special Educational Needs and Disabilities following inspection by Ofsted and the Care Quality Commission	500.0
NA	Capital Programme	Impact on debt charges of review of 2021-24 capital programme	-1,830.0
GET	Highway Maintenance Contract	Removal of one-off set up costs in 2020-21 associated with the recommissioning of the highways term maintenance contract, including procurement and pre-commencement costs	-425.0
GET	Economic Development Recovery Plan	Re-design of the service to accommodate the Economic Recovery Plan following the Covid pandemic	150.0
GET	Economic Development Straits Committee	Support for the new Straits Committee, an initiative for cross border relations with local authorities of Nord Pas de Calais, East Flanders, West Flanders and Zeeland following the UK departure from the EU.	100.0
GET	Highways Drainage	Increase base budget provision for clearing highways drains	1,250.0
S&CS	Member Allowances	Uplift to Member Allowances in line with the staff pay pot	44.2
PH	Public Health - Children's Programme	Investment in Bereavement Counselling Service	175.0
PH	Public Health - Mental Health	Investment in Suicide Bereavement Counselling Service	125.0
ASCH	Loneliness & Social Isolation Select Committee	Removal of one-off additional costs in 2020-21 of implementing initiatives to tackle loneliness and social isolation as recommended by the Select Committee, including an awareness raising campaign; expanding community transport schemes and implementing a social prescribing model which enables organisations to refer people to a range of services that offer support for social, emotional and practical needs.	-50.0
GET	Waste enforcement	Removal of temporary funding provided in 2019-20 and 2020-21 to strengthen waste enforcement activity to work in conjunction with the District Councils to combat fly tipping	-125.0
GET	Business Case/bid writing development	To increase capacity to bid for external funding to support future capital projects for enhancing infrastructure in Kent	150.0
S&CS	Kent Public Services Network (KPSN)	Removal of one-off provision in 2020-21 for potential loss of business from schools thereby increasing the cost to KCC of core provision	-424.7
CYPE	Mobile Classrooms	Provision of mobile classrooms to meet demand following delays in school building works due to Covid pandemic	1,121.0

Appendix E - Detailed 2021-22 Revenue Growth Proposals

Directo rate	Heading	Description	TOTAL £000s
S&CS	Systems Development	Investment in systems to enable greater flexible working and optimal use of office space including digitalisation of paper records, electronic signatures and desk booking system	555.0
PH	Public Health - Children's Programme	New online platform aimed at parents	100.0
PH	Public Health - Substance Misuse	Outreach service for homeless and change resistance drinkers	100.0
PH	Public Health - Children's Programme	Maintain resilience hub for children's services	100.0
PH	Public Health - Sexual Health	Integrated Sexual Health Electronic Patient Record system	50.0
PH	Public Health - Healthy Lifestyles	Investment in Kent Sports Unit	100.0
PH	Public Health - Healthy Lifestyles	Additional investment in voluntary sector	100.0
PH	Public Health - Children's Programme	Investment in Children's Centres	1,000.0
GET	Planning Applications	Provide enforcement resource to address significant increase in unauthorised development and breaches of planning control across the county	75.0
GET	Public Rights of Way	Increase the number of surveyors in order to better identify risk and enable more effective asset management together with an increase in minor works and maintenance	150.0
	Other	Other minor service improvements	24.0
NA	Contribution to reserves - emerging pressures	Contribution to reserves for recognised emerging pressures to improve financial resilience and manage the uncertainty of the future impact on services of the Covid pandemic	10,000.0
NA	Contribution to reserves - workforce reduction	Contribution to Workforce Reduction reserve to manage the impact on staffing of the policy savings required over the medium term	3,000.0
NA	Contribution to Reserves - New Homes Bonus	Contribution to reserves of the New Homes Bonus grant to fund Strategic Priorities	4,629.4
NA	Contribution to Reserves	Contribution to General Reserves to improve financial resilience	13,795.8
Total Additional Growth Proposals			96,650.7
Total Additional Growth Proposals and Recurring base adjustments included in the 2020-21 budget amendment			129,472.5

DIRECTORATE BREAKDOWN

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

Appendix F - Detailed 2021-22 Revenue Savings and Income

Direct orate	Heading	Description	TOTAL £000s
<u>Savings and Income</u>			
<u>Transformation Savings</u>			-8,724.0
	Various	Full year effect of existing savings	-197.8
ASCH	Adult Social Care service redesign	The redesign of the Adult Social Care operating model, focusing on social care practice, data led decision making and innovation which will reduce and manage the costs and future demand for social care	-7,700.0
CYPE	Foster Care	Savings in Independent Foster Agency placement costs resulting from recruitment of additional in house foster carers	-726.2
GET	Sport and Physical Activity	Fund from Public Health Grant	-100.0
<u>Income</u>			-2,459.1
	Various	Full year effect of existing savings	-93.0
	Various	Routine savings in line with existing policy	-1,754.5
GET	Economic Development	Increase in profit share from East Kent Opportunities joint venture with Thanet District Council	-100.0
PH	Public Health Pay & Pensions	Additional income from Kent Community Health Foundation Trust to cover staff costs	-126.6
PH	Public Health - Children's Programme	Additional income from CCG for Bereavement Counselling Service	-175.0
PH	Public Health - Mental Health	Additional income from CCG for Suicide Bereavement Counselling Service	-125.0
GET	Trading Standards	New income stream from safeguarding against rogue traders	-85.0
<u>Increases in Grants & Contributions</u>			-2,642.0
PH	Public Health Grant	Anticipated increase in Public Health Grant pending announcement from Department of Health and Social Care including funding for PrEP	-2,642.0
<u>Efficiency Savings</u>			
<u>Staffing</u>			-2,481.9
GET	Staffing Restructures	Service re-design, integration of services and more efficient ways of working resulting in a reduction of staff and staff related costs	-30.0
GET	Highways	One-off use of grant funding to offset cost of works and operating fees	-2,000.0
PH	Public Health - Mental Health	Reduction in suicide prevention costs due to loss of income	-345.9
PH	Public Health	Realignment of staffing related budgets	-106.0
<u>Infrastructure</u>			-108.0
PH	Public Health - Sexual Health	Maintain virtual delivery of Psychosexual Health Counselling post Covid 19	-8.0
PH	Public Health - Sexual Health	Rationalisation of properties used for providing Sexual Health services	-100.0
<u>Contracts & Procurement</u>			-5,450.6
	Various	Full year effect of existing savings	-1,920.8
	Various	Routine savings in line with existing policy	-242.0
PH	Public Health - Sexual Health	Increased take-up of online sexual health services	-87.8

Appendix F - Detailed 2021-22 Revenue Savings and Income

Direct orate	Heading	Description	TOTAL £000s
ASCH	Hospital Discharge	Improvements in the efficiency and effectiveness of discharge pathways by jointly commissioning services with the NHS that support pathways for hospital discharge and hospital avoidance	-1,000.0
GET	Reduction of cost to process residual waste	Renegotiation of gate fee at offtakers dealing with residual waste	-200.0
CYPE	Home to School Transport - Procurement	Restructure and Retender the SEN transport network to achieve efficiencies	-2,000.0
	<u>Other</u>		-2,748.4
	Various	Routine savings in line with existing policy	-290.0
GET	Libraries, Registration & Archives (LRA)	Release of Libraries, Registration & Archives Ambition delivery budget	-75.0
CYPE	Central Services for Schools	Efficiency savings to offset the balance of the 2020-21 reduction in Dedicated Schools Grant: Central Services for Schools Block yet to be resolved. One off funding from reserves was provided in 2020-21 to provide time to consider more permanent solutions	-700.0
CYPE	Central Services for Schools	Efficiency savings to offset the anticipated 20% annual reduction in Dedicated Schools Grant: Central Services for Schools Block	-1,117.4
S&CS	Early retirements	Review of early retirement budget	-500.0
GET	Sustainable Business & Communities	Reduce external support for delivery of environment and climate change evidence-bases, analysis/ engagement/ partnership activity, and on renewable energy projects	-66.0
	Financing Savings		-28,140.3
NA	Debt repayment	Reduction in overall level of prudential borrowing as a result of rephasing in prior years; assessment of government funding levels to finance the capital programme and review amounts set aside for debt repayment (MRP) based on review of asset life	-5,913.0
CYPE	Public Health	One off release of Public Health reserve for funding Children's Centres	-500.0
PH	Public Health Reserves	Use of Public Health reserves to fund invest to save initiatives and one-off costs	-2,957.7
PH	Test & Trace grant reserve	Use of 2020-21 Test and Trace grant held in reserves to fund the test and trace programme	-216.2
NA	Drawdown corporate reserves	Drawdown of reserves related to underspending in 2020-21	-18,553.4
	Policy Savings		-11,995.9
	Various	Full year effect of existing savings	-193.5
GET	Prevention of queuing at Household Waste Recycling Centres (HWRCs)	Improvements to the customer experience and to prevent traffic queuing through the management of daily demand at HWRCs through the retention of a booking system at the HWRCs.	-1,300.0
GET	One-off Library Material Funds reduction	One-off reduction in Materials budget that is used to purchase all books, physical and e-books, magazines and newspapers as well as all our online resources and study resources	-300.0
GET	Household Waste Recycling Centre - charging	Introduce charging for the use of Kent HWRCs for all non-Kent residents	-100.0
S&CS	Member Community Grants	Reduction in Member Community Grants budget from £20k to £10k per Member	-810.0
GET	Economic Development	Review of core services	-100.0

Appendix F - Detailed 2021-22 Revenue Savings and Income

Direct orate	Heading	Description	TOTAL £000s
ASCH	Adult Social Care - Non Framework Placements	Maximising the use of negotiated framework providers to improve quality and efficiency	-1,000.0
GET	Highways Fees and Charges	Review of Highways Asset Management and Transportation Team Fees & Charges and increase above usual rate of inflation uplift	-50.0
GET	Capitalisation of Highways Inspectors time	Capitalisation of staff time involved in statutory inspections which result in highway repair works	-100.0
GET	Libraries, Registration & Archives fees and income	Increase in fees and charges for library and registration services	-50.0
GET	Highways development agreement & pre-application charges	Increase Highways, Transport & Waste development agreement fees and pre-application charges by 10%	-120.0
GET	Strategic Planning & Infrastructure	Digitise only existing or immediately available data in 2021-22 to inform a refreshed Growth and Infrastructure Framework	-75.0
GET	Regeneration	Review of grants to and contracts with Kent's Regeneration Organisations	-250.0
GET	Review of Economic Development spend	Capitalisation of project management, staff time and legal costs and other savings related to Economic Development activity	-200.0
CYPE	Children's Services Placement Cost Reductions - Care Leavers & Looked After Children	Review and rationalise the Care Leavers offer where appropriate including maximising use of housing benefit where possible	-1,125.0
GET	Arts	Review of grants to and contracts with Kent's Arts & Creative Organisations	-50.0
ASCH	Strategic Review of In House Adult Social Care Services	This review will be undertaken to determine the future role of the service. In 2021-22, whilst the review is underway, there will be a continuation of the current management action, which will deliver the required savings, until the review is completed	-1,750.0
CYPE	Home to School Transport (HTST) - Hubs	Introduction of standard pick up points for HTST for SEN children, for whom it is appropriate	-100.0
GET	Turner Contemporary	Reduction of revenue investment to Turner Contemporary	-80.0
GET	Cease £3m revenue contribution to capital for Pothole Blitz	Fund the annual pothole blitz from the Pothole Action Fund within capital until 2024-25 when the grant ceases, releasing the £3m revenue budget	-3,000.0
GET	Review of Community Wardens	Freeze current vacant posts	-220.0
PH	Public Health - Healthy Lifestyles	Retain virtual delivery of the Postural Stability Service post covid	-100.0
PH	Public Health - Healthy Lifestyles	Reduce the contribution to voluntary sector provided during lockdown	-70.0
PH	Public Health - Children's Programme	Remove the additional investment in childhood obesity	-400.0
PH	Public Health - Sexual Health	Reduce spend on Sexual Health activity	-26.8
PH	Public Health - Children's Programme	Reduce spend on Canterbury Early Years project	-9.6
PH	Public Health - Children's Programme	Reduce spend on Oral Health promotion	-30.0
PH	Public Health - Children's Programme	Remove Hearing Screening for school age children	-256.0
PH	Public Health - Children's Programme	Reduce spend on Targeted Relationships	-100.0
PH	Public Health - Healthy Lifestyles	Reduce spend on the Healthy Walks programme	-30.0
Total savings and Income			-64,750.2

Appendix F - Detailed 2021-22 Revenue Savings and Income

Direct orate	Heading	Description	TOTAL £000s
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DIRECTORATE BREAKDOWN

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

National Fiscal and Economic Context

A) Public Spending

SR2020 sets out the government's spending plans. The total public spending is referred to as Total Managed Expenditure (TME). This is broken down into departmental expenditure limits (DEL) and annually managed expenditure (AME). Fixed DEL budgets are set for each department. Spending that is considered difficult to control within fixed budgets due to its size or volatility is categorised as AME. Budgets are separated into capital, which generally equates to spending that scores within Public Spending Gross Investment (PSGI) in the national accounts, and resource, generally within Public Sector Current Expenditure (PSCE). Table 1 provides a high-level summary of spending plans from SR2020. TME accounts for 39.8% of the country's total output (measured as Gross Domestic Product, GDP) in 2019-20, 56.3% forecast for 2020-21 and 45.6% forecast for 2022-23. Further statistical tables from SR2020 are reproduced at the end of this appendix.

Table 1

	£ billion						
	Outturn	Forecast					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Public sector current expenditure (PSCE)							
PCSE in AME	409.1	494.0	422.9	435.6	450.0	463.4	481.0
PSCE in RDEL	345.2	506.1	439.6	397.0	412.8	430.5	449.1
of which:							
Core RDEL	343.0	369.9	384.6	397.0	412.8	430.5	449.1
Covid-19 related	2.2	141.1	55.0				
Ring-fenced Depreciation	35.6	28.8	30.3	31.3	32.5	33.9	35.4
Total PCSE	790.0	1,028.9	892.8	863.8	895.3	927.8	965.4
Public sector gross investment (PSGI)							
PSGI in AME	23.3	29.4	18.3	19.4	22.9	23.3	23.3
PSGI in CDEL	70.4	106.3	100.4	107.3	109.1	112.8	117.4
of which:							
Core CDEL	70.4	97.2	98.8	107.3	109.1	112.8	117.4
Covid-19 related		9.1	0.6				
Total PSGI	93.7	135.7	118.7	126.7	132.0	136.1	140.7
Total Managed Expenditure	883.7	1,164.6	1,011.5	990.5	1,027.4	1,064.0	1,106.1

The element of local government expenditure funded by central government grants is included in RDEL/CDEL. The element funded from local taxation is included in AME. Table 2 is an extract from the SR2020 publication showing the amounts included in MHCLG DEL for local government and the government's estimate of the overall core spending power (CSP) for local government as a whole taking account of the departmental element and the assumed tax receipts included in AME. The increased Resource DEL for 2021-22 includes the inflationary uplift in Revenue Support Grant and an additional £300m social care support grant (in addition to the social care support grants included in the current year settlement)

Table 2 – in £ billions

	2019-20	2020-21	2021-22
Resource DEL excluding depreciation[1]	7.5	8.6	9.1
Covid-19 resource DEL excluding depreciation	1.6	3.52	3.0
Total DEL3	9.1	12.1	12.0
Core Spending Power (CSP)	46.2	49.0	51.2

1 Local government DEL figures provide a consistent series for core local government grant, adjusting for technical budget switches and movements in grant between years. They reverse the switch from DEL to AME for Business Rates Retention Pilots, of £1.4 billion in 2019-20, £0.8 billion in 2020-21 and £0.6 billion in 2021-22. They remove the £0.9 billion New Homes Bonus switch from LG DEL to MHCLG Communities DEL in 2020-21 and the early payment of £1.5 billion business rates reliefs compensation, moved from 2020-21 to 2019-20.

2 Covid-19 Resource DEL does not include compensation for the additional Covid-19 business rates reliefs, which totals £11.0 billion in 2020-21.

3 Total DEL figures represent the sum of rows above, including adjustments to provide a more consistent time series. They therefore differ from the LG DEL control totals in the DEL table in the statistical annex

The £3bn Covid-19 resource is to provide local authorities with additional funding in 2021-22 to support the response to the pandemic including:

- £1.55bn of additional grant funding to help local authorities to meet additional spending pressures as a result of Covid-19 in 2021-22
- £0.67bn of additional grant funding to help local authorities manage the cost of households least able to afford council tax payments
- An estimated £0.762bn to compensate local authorities for 75% of irrecoverable loss of council tax and business rates revenue in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years
- Extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until June 2021.

Further details of the allocations of the core grants and Covid-19 are included in the section on the provisional local government finance settlement in the main report. This settlement does not include specific grants from other government departments RDEL such as Department for Health and Social Care, Department for Education, Department for Transport, Home Office, etc. Notifications of the grants from these departments are received separately.

B) Borrowing and Debt

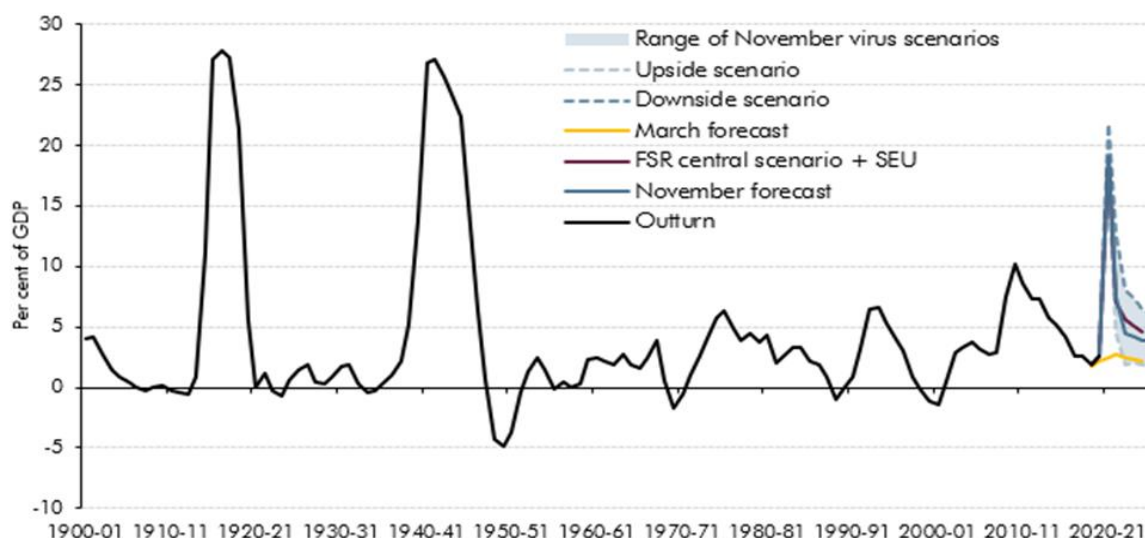
The Covid-19 pandemic has presented an extraordinary and unexpected challenge to the UK economy and economies across the world. The combination of additional public spending both on dealing with the pandemic and the economic fallout from the subsequent recession, and reduced tax yields, has resulted in an unprecedented peacetime budget deficit. Table 3 shows the central OBR fiscal forecasts for public sector spending, receipts, net borrowing, and total debt. In the central scenario spending in 2020-21 is forecast to be £281bn higher than the previous year and receipts £57bn lower, resulting in an annual deficit of £394bn. It should be noted that the economic outlook remains highly uncertain and the OBR have produced a number of alternative scenarios reflecting different assumptions on the path of the virus and its impact on the economy (with a range for the annual deficit of £353bn to £440bn under the various scenarios for the pace of economic recovery).

Table 3

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
OBR Fiscal Forecasts	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Total Public Spending	883.7	1,164.6	1,011.5	990.5	1,027.4	1,064.0	1,106.1
(as % of GDP)	39.8%	56.3%	45.6%	42.1%	42.1%	42.0%	41.9%
Total Public Receipts	827.6	771.0	847.3	885.9	927.0	964.4	1,004.3
(as % of GDP)	37.3%	37.3%	38.2%	37.7%	38.0%	38.0%	38.1%
Net Borrowing	56.1	393.5	164.2	104.6	100.4	99.6	101.8
(as % of GDP)	2.5%	19.0%	7.4%	4.4%	4.1%	3.9%	3.9%
Total Accumaltd Debt	1,800.5	2,273.9	2,478.4	2,602.2	2,720.9	2,714.1	2,816.6
(as % of GDP)	85.5%	105.2%	108.0%	108.6%	109.4%	105.0%	104.7%

Under the OBR forecasts government borrowing is at its highest level since 1944-45, and total accumulated debt at 105% of GDP at its highest level since 1959-60. Chart 1 is an extract from the OBR report showing current borrowing forecasts in an historical context.

Chart 1



Source: ONS, OBR

In the OBR central forecast borrowing reduces to around £102bn (3.9% of GDP) by 2025-26, but even on the loosest conventional definition of balancing the books, a fiscal adjustment of £27 bn (1% of GDP) would be required to match day-to-day spending to receipts by the end of the five-year forecast period.

C) Economic Forecasts

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

In the OBR's upside scenario, consistent with a vaccine becoming widely available in the spring of 2021, activity rebounds quickly and GDP recovers to pre-virus levels by the end of 2021, and there is no enduring economic scarring. However, under the downside scenario, where subsequent waves of infection require periodic re-imposition of health restrictions, output does not recover to its pre-virus levels until the third quarter of 2024 with persistently higher levels of unemployment and enduring economic scarring.

Table 4 is an extract from the OBR report which summarises the scenarios and economic impact, which was produced before the introduction of the new tier 4 restrictions.

Table 4

	Virus scenarios		
	Upside	Central	Downside
Public health assumptions			
Lockdown ends	2 December	2 December	2 December
Test, trace and isolate	Effective	Partly effective	Ineffective
Public health restrictions: lockdown to vaccine ¹	Medium-low	High-medium	Very high ²
Vaccines widely available	From Spring 2021	From mid-2021	Ineffective
Economic effects (per cent, unless otherwise stated)			
Real GDP growth in 2020	-10.6	-11.3	-12.0
Return to pre-virus peak (2019Q4)	2021Q4	2022Q4	2024Q4
Peak unemployment rate	5.1	7.5	11.0
Long-term GDP scarring	0.0	3.0	6.0
Fiscal effects (per cent)			
Public sector net borrowing in 2020-21	16.7	19.0	21.7
Public sector net borrowing in 2025-26	1.7	3.9	6.1
Public sector net debt in 2025-26	90.5	104.7	123.1
Budget 2020 fiscal targets			
Current budget balance in 2023-24	Met	Not Met	Not Met
Net investment below 3 per cent of GDP	Met	Met	Not Met
Debt interest to revenue ratio below 6 per cent	Met	Met	Met

¹ Low, medium and high are broadly equivalent to October 2020 tiers 1, 2 and 3 in England. Very high is between October 2020 tier 3 and November 2020 lockdown in England.

² Restrictions to ease to low by end of 2021.

All the OBR scenarios assume a smooth transition to a free-trade agreement with the EU in the new year. However, they also described an alternative scenario in which the Brexit negotiations ended without a deal. This would have further reduced output by 2% initially, and by 1½% at the end of the forecast period.

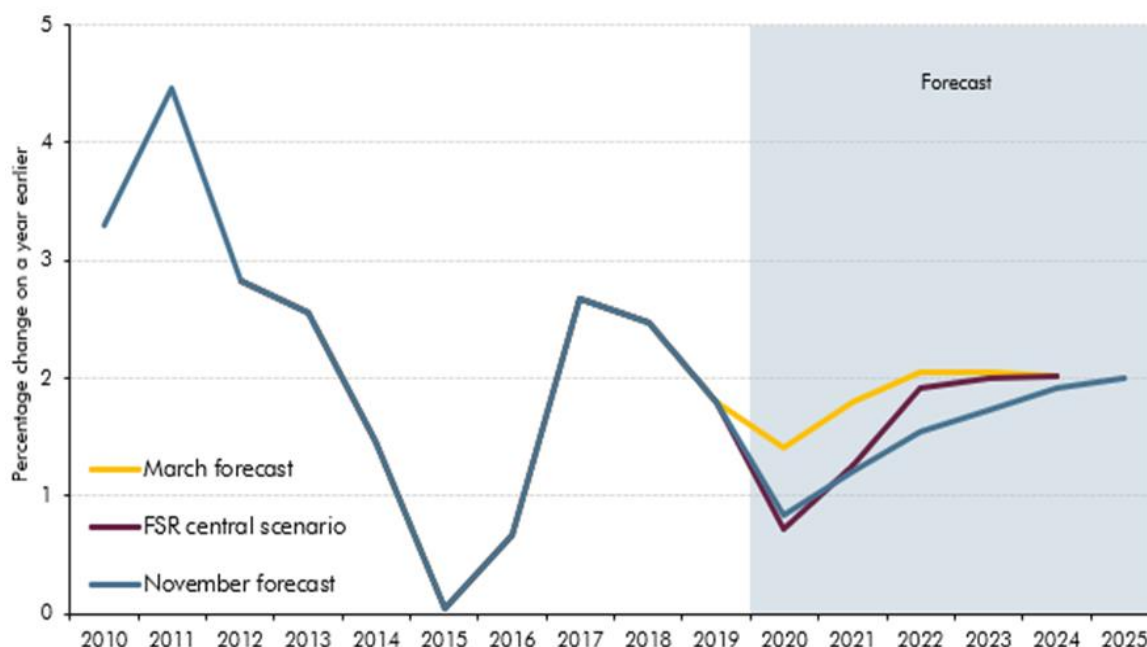
The OBR central forecast for unemployment is for it to peak at 7.5% in quarter 2 of 2021 (up from 4% in quarter 1 of 2020), with a subsequent recovery to 4.4% by quarter 4 of 2024. Under the upside scenario unemployment would peak at 5.1% in quarter 2 of 2021, with a more rapid and full recovery to 3.9% by quarter 1 of 2022. Under the downside the peak would be higher and later at 11% in quarter 1 of 2022, recovery would be slower and more damaging with unemployment at 5.2% at quarter 1 of 2025. The changes in forecast unemployment levels are shown in table 5. Unemployment will have a greater impact on the Council than previous recessions following the localisation of council tax support for low income households.

Table 5

Unemployment Forecasts	Central Forecast		Upside Scenario		Downside Scenario	
	Rate	Quarter	Rate	Quarter	Rate	Quarter
Prior to Pandemic	4.0%	2020Q1	4.0%	2020Q1	4.0%	2020Q1
Peak Rate	7.5%	2021Q2	5.1%	2021Q2	11.0%	2022Q1
Recovery to	4.4%	2024Q4	3.9%	2022Q1	5.2%	2025Q1

3.14 Forecasts for CPI inflation fall under all three scenarios from 1.8% last year to 0.8% in 2020, due in part to lower indirect taxes and energy prices, as well as increased slack in the economy. Inflation remains subdued over the next three years, primarily due to relatively weak average earnings growth, returning to the 2% target by the end of 2024. Chart 2 shows the OBR forecasts for CPI.

Chart 2



Source: ONS, OBR

Average earnings are forecast to continue to rise this year in the upside and central scenarios, despite the pandemic. In the medium term, earnings growth picks up steadily as labour market slack declines, reaching 3.5% by 2025. Chart 3 shows the OBR forecasts for earnings growth.

Chart 3



Source: ONS, OBR

Budget risks and adequacy of reserves

When setting the draft budget and MTFP, Corporate Directors have provided their best estimate of their service costs and income based on the information currently available to them. However, there will always be factors outside of the Council's direct control which have the potential to vary the key planning assumptions that underpin those estimates.

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

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

Risks

Covid-19 Pandemic

- Public health and wellbeing – both residents and staff
- Increase in service demand – especially mental health, social care, unemployment and domestic abuse
- Increased levels of financial hardship, with poverty exacerbating existing inequalities
- Economic impact on Council funding
 - Decreased business rates and council tax income
 - Decreased sales, fees and charges income
 - Decreased treasury investments income due to lower interest rates

Impact of decision to leave European Union (Brexit)

- Potential workforce impact arising from direct or indirect employment of EU nationals.
- Supply chains could be affected by any changes in procurement legislation, and there are potential cost implications associated with currency fluctuations.
- The implications for pension funds are mixed as global investment vehicles have already priced in much of the uncertainty, but valuations on balance sheets and the cost of borrowing may lead to greater vulnerability.
- Commercial strategies may need to take into account the potential for any downturn in demand for properties in their investment portfolios which impact rental income and profitability.

Regulatory Risk

- **Business Rate Reset** – A proposed business rates reset by the Ministry of Housing, Communities and Local Government (MHCLG) means that the baseline level will be raised in 2022-23 to the current level of business rates.
- **Fair Funding Review** - The government has committed to reforming the way local authorities are funded. Its Fair Funding Review aimed to introduce a new funding formula from April 2021, now delayed to at least April 2022. Given the impact of the pandemic, it may bring into question whether the review will happen at all. Nevertheless, the government has said that the Fair Funding Review will: -
 - set new baseline funding allocations for local authorities;
 - deliver an up-to-date assessment of the relative needs of local authorities;
 - examine the relative resources available to local authorities;
 - focus initially on the services currently funded through the local government finance settlement;
 - be developed through close collaboration with local government to seek views on the right approach.

General Economic Factors

- Economic growth slows down or disappears
- A general reduction in debt recovery levels
- Reductions in grant and third party funding
- Reductions in the level of income generated through fees and charges
- Increase in fraud

Increases in Service Demand

- Adult Social Care homecare and residential care services
- Children's Social Care including an increase in the number of looked after children, unaccompanied asylum seekers or those with no recourse to public funds
- General demographic trends (including a rising and ageing population)
- Impact of changes to Welfare Benefits

Efficiencies and Savings Programme

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

Opportunities

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

Adequacy of Reserves

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

Assumptions for inflation



Inflation has been on a downward trend since its peak of 2.8% in autumn 2017 (barring the occasional seasonal fluctuation). Rates of inflation have fallen sharply during 2020 as a result of the Covid-19 pandemic due to lower indirect taxes and energy prices, as well as significant slack in the economy. OBR forecasts are for inflation to remain below the 2% target until the end of 2024

Estimates of the level and timing of capital receipts



The Council uses receipts as part of the funding for the capital programme. The council has not applied the flexible use of capital receipts to fund revenue costs since 2018-19 budget and does not propose to use the extension to 2021-22. Delivery of receipts against the target has fallen behind in recent years necessitating additional short-term borrowing/use of reserves. Performance in the current year has been sluggish due to the economic turbulence and although there is a reasonable pipeline of assets for disposal the risk profile for potential delays remains high.

Capacity to manage in-year budget pressures and strategy for dealing with demand and service delivery in the longer term



2020-21 has been a highly unusual year due to the Covid-19 pandemic. The pandemic has placed substantial additional spending pressures and income losses on the Council. The latest forecast is that additional un-ringfenced and specific grants are broadly sufficient to cover the impact in year for 2020-21, although forecasts do not fully reflect the impact of the second wave of infections and the additional restrictions imposed in November/December. The sustained period of lockdown and subsequent restrictions have also

resulted in significant in year underspends against the base budget for some services.

Although the local government finance settlement is better than expected for 2021-22 it is still insufficient to fully fund additional spending growth and relies heavily on council tax increases. We have taken a new approach to funding demographic pressures for 2021-22 and budgets will only be adjusted as and when demand growth has actually led to additional spending, with an expectation that services will manage demand pressures more effectively. To mitigate this risk we have increased the Council's general reserves.

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



There continues to be a reasonable degree of confidence in the validity of financial reporting despite the uncertainties caused by the pandemic and economic turbulence. We have enhanced our reporting to include separate analysis of budget variances for business as usual activities and the impact of Covid-19. Most of the attention has focussed on capturing the Covid-19 impact although it is not always possible to completely separate out the core service and Covid-19 impacts.

Some areas of spending can still be changed at short notice if required as a contingency response if planned savings cannot be achieved (or there are unexpected changes in spending). However, we are also planning to increase general reserves as part of 2021-22 budget strategy. This is in response to heightened risks and therefore does not change the direction of travel.

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



The Covid-19 pandemic has seen improved partnership working with NHS and districts. However, further sustained improvements are still needed to change the direction of travel.

Trading conditions for Council owned companies have been incredibly challenging and earlier in the year one company suffered from a cyber breach which affected several systems.

A number of outsourced contracts are due for retender and although we have made provision for revised tender costs in the budget the Council is still vulnerable to price changes due to market conditions.

The ability to sustain a capital programme remains a significant challenge. The programme focuses

on securing the Council's statutory responsibilities although there are still shortfalls in funding for some elements of the programme. The Council has recognised that increasing borrowing to unsustainable levels to fund infrastructure is not an option and this is being addressed as part of the further work to develop the council's ten year capital programme.

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



The Council has included additional contributions to reserves in the 2021-22 budget in response to increased risks and to improve resilience. The Council has also undertaken a comprehensive review of its existing reserves and established new reserves to meet the cost of ICT investments required to deliver the council's Strategic Reset Programme objectives and to cover feasibility work undertaken to support capital programme planning and delivery.

The levels of legacy borrowing remain relatively high with 88% of debt not due to mature within the next 5 years. The debt includes loans taken out under the previous supported borrowing regime and more recent loans taken out under the prudential regime. Just over 10% of debt is in long term Lender Option Borrower Option Loans which can only be redeemed without significant penalties at the lender's discretion.

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

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



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

Due to uncertainty over future government settlements the Council did not formally publish a medium term financial plan for 2020-23. However senior leadership were provided with a number of potential medium to longer term scenarios in advance of agreeing 2020-21 budget.

The forecast impact of the Covid-19 pandemic required the Council to consider a formal amendment to the 202-21 budget in September 2020 to ensure that budget plans continued to

balance. This amendment included an additional £12.8m of savings and income.

Virement and year-end procedures in relation to under and overspends



The Council continues to adhere to sound financial governance and virement procedures set out in its financial regulations. As for all councils, the Covid-19 pandemic impacted on the Council's ability to close the 2019-20 accounts. The draft outturn was reported to Cabinet on 22nd June outlining the main overspends and underspends together with roll-forward requests. A net underspend of £6.2m was reported which included £3.1m roll forward requests. The draft accounts were approved in October 2020 and signed off in November 2020.

The availability of reserves and government grants/other funds to deal with major unforeseen events



The Council continues to have adequate reserves although some significant risks remain unresolved which could impact on reserves if a solution is not found.

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

In previous years the Council has had to use reserves to fund shortfalls in grant from Home Office to support unaccompanied asylum seeking children and care leavers. Whilst the Council has

had some success in negotiating sufficient grant for the current year, we are continuing to lobby for compensation for the impact of previous shortfalls on the Council's reserves.

Another concern is the grant funding made available to prepare for EU transition or to deal with significant disruption. Whilst additional funding has been allocated to all councils, with extra funding for councils with major ports, this has not been sufficient for the Council to cover additional costs and without further funding these costs will need to be met from the Council's reserves.

At this stage the additional funding for the Covid-19 pandemic has ensured there is no forecast material impact on reserves in the current year but the full impact remains highly uncertain.

The general financial climate including future expected levels of funding



SR2020 only covers 2021-22. There are no specific departmental spending plans beyond the provisional local government settlement for 2021-22. Added to the lack of indicative funding settlement is a worsening of our ability to forecast additional spending demands and council tax/business rates funding following the pandemic and subsequent economic recession. Furthermore the anticipated reforms to business rate retention and fair funding review have been further delayed by the pandemic. The combination of these makes medium term financial planning highly uncertain. Plans can only be prepared based on a range of potential scenarios. This is consistent with the scenario approach adopted by the Office for Budget Responsibility (OBR) in the national economic and fiscal outlook.

The adequacy of insurance arrangements



The Council's insurance policies were reviewed in January 2016, insuring the same levels of risk as previously, albeit at a higher premium. Since then the Council's exposure to risk and levels of insurance reserves have been reassessed and a higher level of excess has been accepted on some policies in return for a lower premium. Evidence to date is that this has reduced the net cost to the Council.

Of the eleven factors used to assess risk and the adequacy of reserves, one has shown an improvement from twelve months ago, six are relatively unchanged, and four have deteriorated. No weighting has been applied to the individual factors, but the general financial risk to the Council should now be regarded as increased compared with a year ago, which in turn, was increased from the year before.

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

The budget proposals for 2021-22 include a net contribution to reserves of £9.2m. This includes increasing general reserves to £13.8m to reflect increased risk and uncertainty and improve financial resilience, £17.6m additional contributions to earmarked reserves offset by £22.2 drawdown from anticipated underspends in 2020-21 and Public Health reserves.