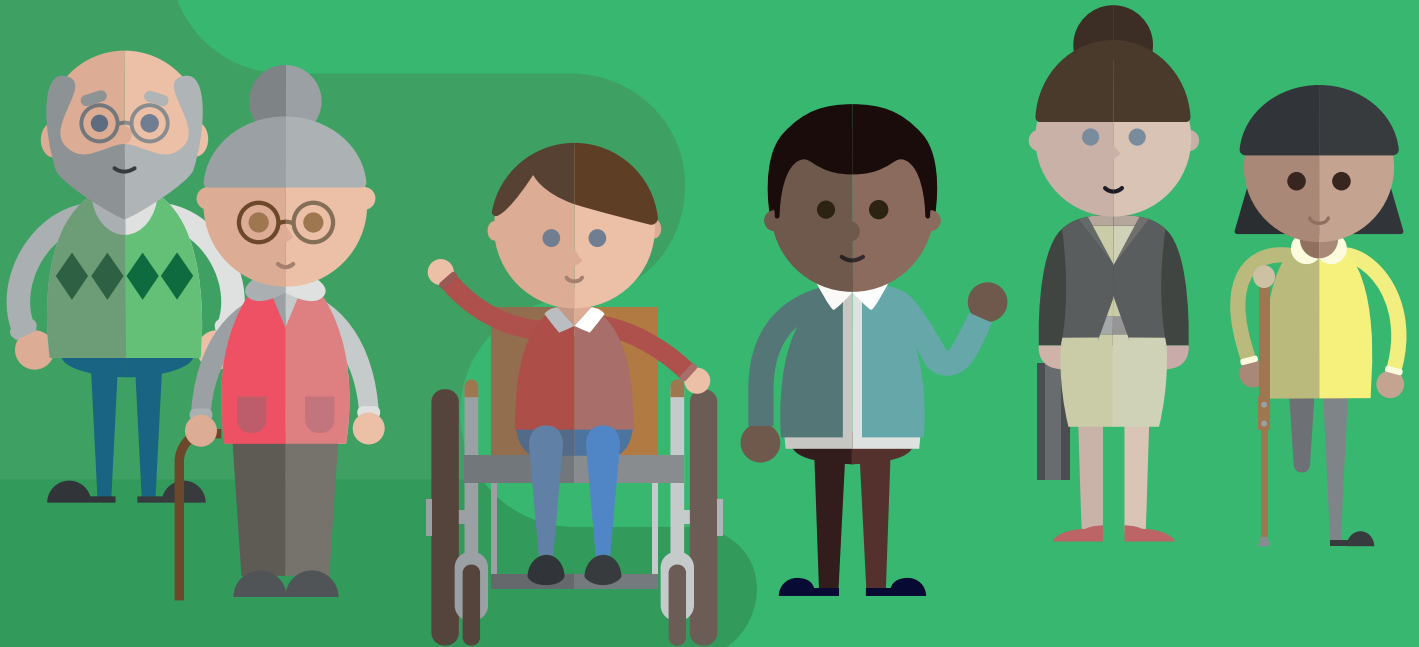


Budget Consultation 2023-24

Consultation document

We understand that everyone is dealing with a very concerning rise in the cost of living. But the impact of rising inflation is also presenting us with significant financial challenges.

As we plan our spending for the year ahead we need to hear your views on our Council Tax proposals and your ideas for how we might make further savings.



kent.gov.uk/budget
Consultation closes on 5 September 2022



Budget Consultation 2023-24

19 July to 5 September 2022

Kent Facts and Figures



Over **34,000** new dwellings
are expected to be built in
Kent by 2024



73% of people live in urban areas
which is 21% of the land area in Kent



27% of people
live in rural areas
which is 79% of the
land area in Kent

Kent is home to around
3,500 active voluntary
organisations and
2,000 social enterprises



Kent's population
will increase to **1.87m**
by 2037



129,600 more people aged 18-85
by 2037 (13.8% increase)

52,500 more
older people
aged 80+ by 2037
(59.8% growth)



31,500 more children and
young people by 2037 (8.6% increase)

The largest proportion of
Kent dwellings falls into
Council Tax band C (27.5%)

In March 2021 there were
64,700 businesses in Kent,
with 90% employing fewer
than 10 people



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Alternative formats

If you require any of the consultation material in an alternative format or language, please email alternativeformats@kent.gov.uk or call 03000 421 553 (text relay service number: 18001 03000 421 553). This number goes to an answering machine, which is monitored during office hours.

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1. Introduction

Kent County Council (KCC) provides a wide range of services to Kent communities, spending over £1.8 billion annually. We are very aware that these services, whether they are statutory (the services we must provide) or discretionary (the ones we can choose to provide) are highly valued by our communities but, as in recent years, we know we will have to make some difficult decisions during the setting of the 2023-24 budget to ensure resources continue to be prioritised and money is directed to where it is needed most.

KCC's strategy for Kent

['Framing Kent's Future'](#) is our top-level council strategy for 2022 to 2026. It sets out the priorities that we will focus on over the next four years to tackle the challenges and make the most of the opportunities that the county is facing. The four priorities are:

- Levelling up Kent
- Infrastructure for communities
- Environmental step change
- New models of care and support

Through delivering these priorities, our aim is to improve life in Kent and build a solid foundation for the county's future success.

We know that the next four years will not be easy. Kent's communities are feeling the effects of the social and economic pressures we face – some of which have been brought into sharper focus by the COVID-19 pandemic. These include rising costs, ever-increasing demand for services like health and social care, growing numbers of households, the impacts of climate change and the pressure that Kent's position as the gateway to Europe can bring to our county.

To help support Kent through these multiple challenges, we will:

- respond by doing things differently
- seize opportunities to work even more closely with our partners, design and deliver our services more collaboratively and invest in new technology to make the council more efficient and productive
- work with the Government to secure the powers and resources that Kent needs to succeed.

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How we've met the financial challenge so far

In the years between 2010 and 2019, the Council has had to respond to reductions in government funding, placing a greater reliance on local sources of funding (e.g. Council Tax, Business Rates and fees and charges for services) and at the same time we've seen an increased demand for some of our services and costs rising more than the funding available.

Since 2019, we have been receiving additional funding from the Government and local sources, but these still haven't been enough requiring the Council to find further savings (although less than in the period 2010 to 2019).

We have worked hard to make savings of over £810m since 2010 by doing the same for less money (efficiency) and by doing things differently (transformation). We have listened to your feedback in our previous consultations and strived to protect and improve the services you've said are most important to you.

What's happened this year?

Balancing the 2022-23 budget was a difficult challenge. Whilst we have seen a net increase in our overall funding, it has not been enough to cover increased spending pressures. The COVID-19 pandemic has had a lasting impact as we have seen significant spending pressures arising from built up demand, increased complexity of care packages and changes in social and working lives. In addition, rising costs of fuel, energy and inflation more generally has resulted in increased costs for most services.

The budget that was presented to County Council on 10 February 2022 was balanced and this was achieved through a combination of additional income and savings alongside a requirement for some services to carefully manage their spending pressures, particularly with regard to inflation and managing demand.

The long-term impact of the COVID-19 pandemic on some of our services and the impact from rising inflation on council spending in 2022-23 and future years remains unclear. This means that forecasting future spending and income is much harder than we have been used to in previous years.

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We also know that there is now a large national budget deficit that is a result of the financial measures the Government implemented during the pandemic and more recently from their support to the cost-of-living crisis. We do not yet know how they intend to address the deficit. We will not know until later this Autumn when the Government announces how much funding councils will get.

This is important context to this budget consultation because the future resources that might be available for local government (council) services are more uncertain than ever before, so we are having to make plans for a number of different situations.

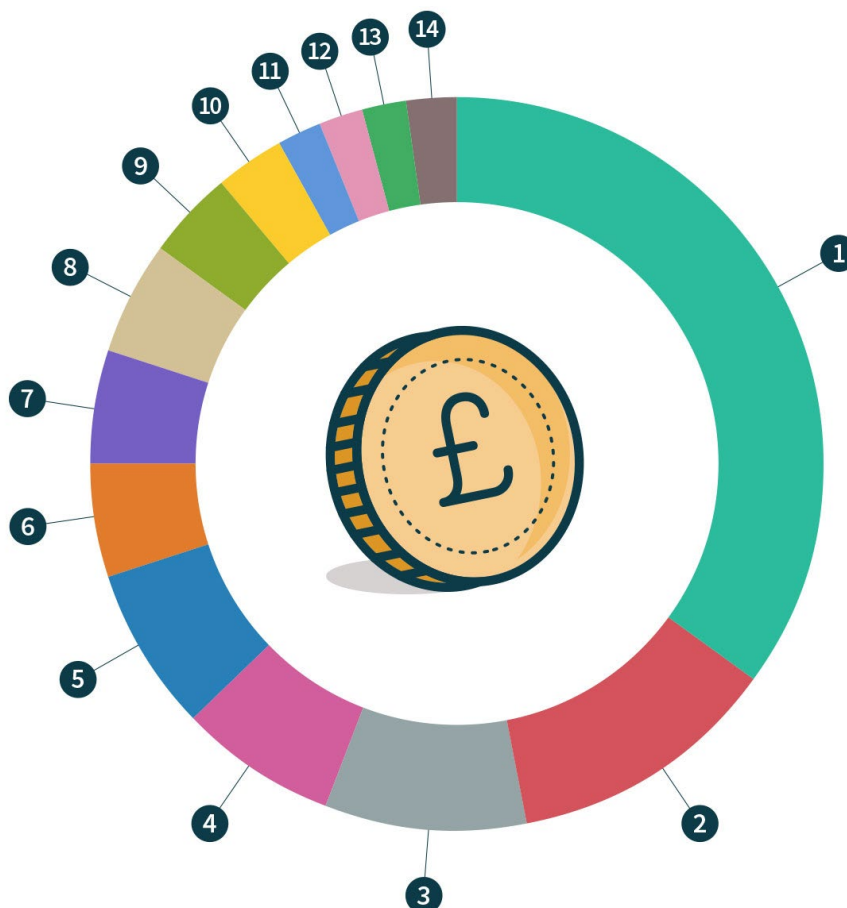
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2. Current budget information (spending and funding)

What we spend our money on

For every £100 we spend, this is how it is split between the various services we provide.



No	Service	Amount
1	Adults and older people	£35
2	Children's social care	£12
3	Children's other services	£9
4	Borrowing costs	£8
5	Management, support services and overheads	£7
6	Transport services	£5
7	Schools and high needs	£5

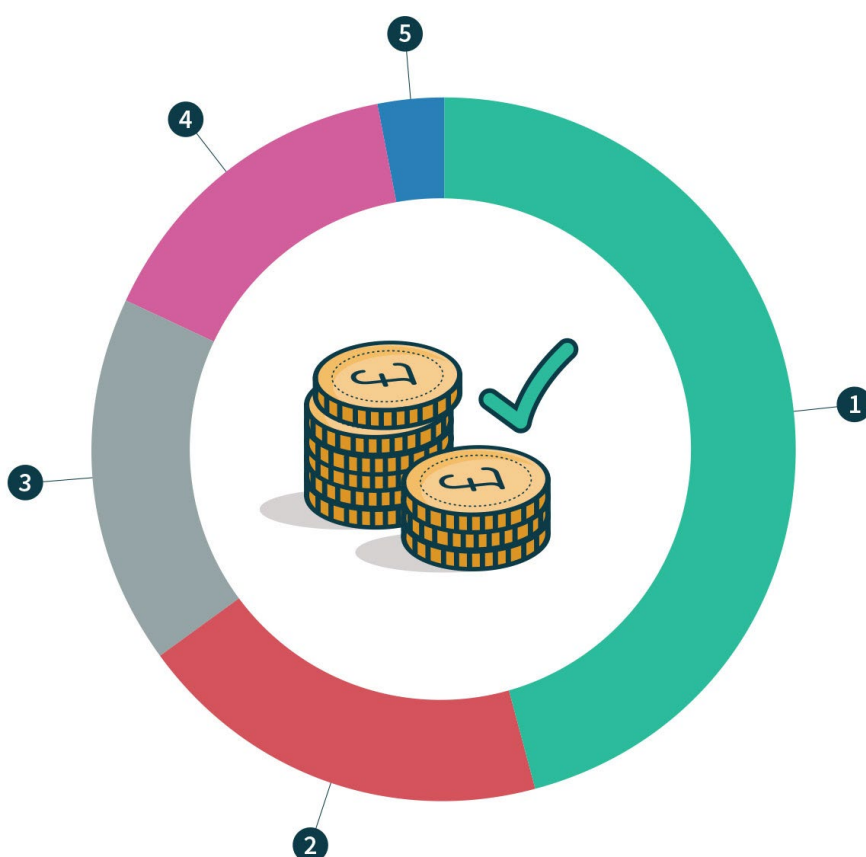
8	Waste services	£5
9	Public health	£4
10	Highways	£3
11	Other direct services to the public	£2
12	Community services	£2
13	Cost of running our operational premises	£2
14	Schools' services	£1

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How we are funded

For every £100 of funding we receive, this is how it is split between the different sources of income.



No	Funding	Amount
1	Council Tax	£46
2	Grants (ring-fenced for a specific purpose)	£19
3	Grants (un-ring-fenced)	£16
4	Income from service users	£16
5	Business Rates	£3

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3. What our finances look like for the near future

The future outlook for local government (council) finances

The one-year funding from the Government for the current financial year (2022-23) means that the Council Tax referendum limit and grant funding are not known for 2023-24. We had hoped to see changes to address long standing concerns around the fairness of how funding is allocated to different types of councils. However, it seems likely that any changes to local government funding will not be implemented for the foreseeable future.

The Government's Spending Review announcement in September 2021 showed that any additional funding for local government in both 2023-24 and 2024-25, other than grants for the new social care charging reforms, would need to come from local taxation (e.g. Council Tax).

Our planning so far has shown the most likely outcome could result in a budget gap of up to £60m (even after delivering £36m of savings already earmarked in the Council's medium term financial plan) but it is too early to confirm a more accurate figure until we have more information from government.

Due to the ongoing uncertainties, we anticipate that future years' projections will continue to include a range of financial situations, like this year, until government has set out a detailed medium-term financial strategy to put public finances and the accumulated national debt on a sustainable path for the future.

4. Setting Council Tax

The Government has traditionally set a maximum limit for Council Tax increases that can be introduced without holding a referendum. Last year this limit was 2% and the Government has not yet confirmed what the limit will be for next year.

An increase of just under 2% would add £29.16 per year (or 56 pence per week) to the KCC element of the bill for a typical band D property and take the total KCC element of Council Tax to £1,490.40 (or £28.66 per week). Such an increase would raise £16.4m per year towards the Council's rising costs.

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5. Adult Social Care Levy

In 2016, the Government introduced a social care levy, which allows councils with adult social care responsibilities like KCC to raise Council Tax a little further in return for a guarantee to spend it only on those services. Since KCC already has a commitment to provide the best possible services for the most vulnerable people in society, within the resources available, it was a deal we were ready to sign-up for.

In last year's consultation we asked you whether you were prepared to pay a little extra Council Tax for it (46% of respondents supported this increase, and 11% didn't know or had no opinion). We are asking the same question this year. Such an increase would help fund the additional costs of these services e.g. recruitment challenges in the care sector including increases to the National Living Wage, rising demand for social care, etc. Alternatively, budget reductions would need to be found to meet these additional costs if this increase were not implemented.

Again, the Government has not yet confirmed whether councils will be able to continue to levy an additional charge for adult social care costs. A 1% increase would raise an additional £8.2m to be spent on adult social care services and increase the KCC element of Council Tax for a band D property by a further £14.58 per year (or 28 pence per week). This would make the final estimated band D Council Tax bill, including the Adult Social Care Levy, £1,504.98 (or just under £29 per week), of which £187.83 would be the total Adult Social Care levy.

So, to summarise, when KCC sets its 2023-24 budget in February 2023, we will need to consider whether Council Tax should rise to the referendum level. The limit is currently assumed to be just under 2% but if the limit is changed, we will need the flexibility to consider setting it at a different percentage. We will need to consider whether the Adult Social Care Levy should also apply (if permitted by government).

6. Looking ahead - big decisions are needed

Every year, KCC must agree an annual budget which balances the money we spend with the money we have. This means that the money we spend must balance with what we receive from; Council Tax, a proportion of Business Rates and government grants, and income from people who use some of our chargeable services. It is possible to top-up with money from reserves but of course, as we can only use our reserves once, this could only be a short-term solution.

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We totally understand that everyone in Kent and the country is currently dealing with a very concerning rise in the cost of living. But the deep-felt impacts of rising inflation, followed swiftly off the back of the punishing pandemic, is also presenting KCC with significant financial challenges.

Soaring inflation is affecting our delivery across the board, from home care to road maintenance; from waste disposal to home to school transport.

We want to make the most efficient use of taxpayers' money to provide the services our residents need.

That's why we are saving money wherever we can – accelerating our drive to use digital technology, so we are more cost-effective and flexible in everything we do; reviewing the KCC estate to ensure we have the right buildings in the right place to do the right job and achieve our Net Zero ambitions.

And we are continuing to make our case for fair funding from the Government.

The financial challenge we face in 2023-24 could be significant (currently the budget gap is estimated to up to £60m – see section 3 above) and means we are likely to need to make some more difficult decisions in February 2023.

7. How to give your views

As always, your feedback is important to us. This year there are two ways you can get involved and tell us your views:

- **Answer a few quick questions** about Council Tax and if you have time some optional questions to help us better understand your views.
- **Tell us your ideas** for how we might make further savings.

This consultation runs from 19 July to 5 September 2022. To take part, please visit our website www.kent.gov.uk/budget.

If you are unable to take part online, a hard copy of the questionnaire can be requested via our Alternative Formats team: email alternativeformats@kent.gov.uk or call 03000 421 553 (text relay service number: 18001 03000 421 553). This number goes to an answering machine which is monitored during office hours.

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Consultation responses will help inform decisions ahead of the publication of the detailed draft budget proposals in early January 2023 and will then be considered by Councillors at their Cabinet Committee and Cabinet meetings taking place throughout January 2023 before the budget proposals are finalised and considered for approval by County Council in February 2023.

Have your say



kent.gov.uk/budget
Consultation closes on 5 September 2022

Budget Consultation Budget 2023-24

Consultation document

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