



## **AGENDA**

## **CABINET**

**Thursday, 29th January, 2026, at 10.00 am**  
**Council Chamber**

Ask for:  
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### **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

1. Apologies
2. Declarations of Interest by Members in items on the agenda
3. Minutes of the Meeting held on 8 January 2026 (Pages 1 - 22)
4. 25/00103 - Revenue and Capital Budget Forecast Outturn Report – Quarter 3 (Pages 23 - 94)
5. Draft Capital Programme 2026-36, Revenue Budget 2026-27 and Medium Term Financial Plan (MTFP) 2026-29 (Pages 95 - 228)

### **EXEMPT ITEMS**

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

Benjamin Watts  
Deputy Chief Executive  
03000 416814

**Wednesday, 21 January 2026**

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## KENT COUNTY COUNCIL

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### CABINET

MINUTES of a meeting of the Cabinet held in the Council Chamber on Thursday, 8 January 2026.

PRESENT: Mr B Collins, Mrs B Fordham, Mr M Fraser Moat, Ms L Kemkaran, Mr P King, Mrs C Palmer, Mr P Webb, Mr D Wimble and Mr P Osborne

ALSO PRESENT: Mrs G Foster (Substitute for Miss D Morton)

IN ATTENDANCE: Dr A Ghosh (Director of Public Health), Mrs S Hammond (Corporate Director Adult Social Care and Health), Mrs A Beer (Chief Executive), Mr D Shipton (Head of Finance Policy, Planning and Strategy), Mr B Watts (Deputy Chief Executive), Mr M Scrivener (Head of Risk and Delivery Assurance), Mr M Wagner (Chief Analyst) and Georgina Little (Democratic Services Officer)

### UNRESTRICTED ITEMS

#### **120. Apologies** (Item 1)

Apologies were received from Miss Morton. Mrs Foster, Deputy Cabinet Member for Adult Social Care and Public Health was in attendance to provide an update on the portfolio.

#### **121. Declarations of Interest by Members in items on the agenda** (Item 2)

No declarations of interest were received.

#### **122. Minutes of the Meeting held on 19 November 2025** (Item 3)

RESOLVED that the minutes of the meeting held on 19 November 2025 were a correct record and that they be signed by the Chair

#### **123. Cabinet Member Updates** (Item 4)

##### **1. Mrs Georgia Foster (Deputy Cabinet Member for Adult Social Care and Public Health) provided an update on the following:**

- (a) The annual Kent Adult Social Care and Health Awards took place at the beginning of December. The event recognised individuals for their outstanding contributions across adult social care, public health, commissioning, and frontline services. It provided an opportunity to acknowledge staff dedication, boost morale, and express thanks, marking the start of the festive season.

- (b) Miss Morton, Cabinet Member for Adult Social Care and Public Health attended a launch event at the House of Commons for an Assisted Technology Programme aimed at enhancing the skills and competencies of the 21st-century workforce. The sector had previously faced challenges due to limited investment in skills and professional development. The new digital skills project sought to train and upskill staff across adult social care, supporting people to remain in their own homes, reducing hospital admissions, and ensuring the workforce was future-proof.
- (c) Miss Morton, together with Deputy Cabinet Members Mrs Foster and Mr Mulvihill, visited Kenwood Trust in Maidstone, Kent's leading alcohol and drug residential rehabilitation facility. The visit provided valuable insight into the vital work being delivered to support recovery and long-term wellbeing, and there was a commitment to ensure that Kent residents were referred to the service where appropriate.
- (d) The Kent and Medway Suicide and Self-Harm Prevention Conference took place on 27 November, which was opened by Mr Mulville. The event was emotional and thought-provoking and highlighted the wide range of support available across the system. Reference was also made to Blue Monday, falling on 19 January, which the Samaritans referred to as Brew Monday to promote prevention and conversation rather than a narrative of doom or panic. This approach encouraged colleagues to take time for a chat over a cup of tea, recognising the value of simple connections.
- (e) January was also highlighted as a time when many people choose to make lifestyle changes. Kent's One You service offered a range of resources and apps, including Couch to 5K, NHS Drink Free Days, a Quit Smoking app, and support and advice to assist individuals on their wellbeing journey.
- (f) Kent and Medway Mental Health NHS Trust recently launched the 2025 Dementia Friendly Kent Awards (its eighth year). Each year, exceptional individuals and organisations were recognised for going above and beyond to ensure people living with dementia felt valued and supported. Nominations were encouraged for anyone considered deserving of the award.
- (g) Cervical Cancer Prevention Week, running from 19 to 25 January, was highlighted. Members were asked to remind female family members and residents to book and attend their cervical screening appointments.
- (h) Miss Morton, together with Mrs Foster and Mr Mulvihill recently met Adam Doyle, the new Chief Executive of the Kent and Medway Integrated Care Board. He was welcomed to his new role and brought a fresh perspective and strong energy to NHS reform, with a clear three-pronged focus: moving care out of hospitals and into communities, embracing digital technology, and shifting the system from treatment to prevention.

1.1 Further to questions and comments from Members the discussion included the following:

- (a) In response to queries raised regarding the use of technology within the care sector for vulnerable residents and whether anything was being done around

AI, noting its cost-effectiveness. Mrs Foster confirmed that several initiatives were underway, including the rollout of Magic Notes to 864 staff since September. Magic Notes was an AI-powered platform that allowed Social Workers to maintain eye contact with residents while the system transcribed and wrote reports. This approach saved time, improved the quality of care, reduced administrative burdens, and delivered cost efficiencies.

- (b) A question was raised regarding patients being discharged from Medway Hospital without care packages in place and whether there was any update on this issue. Mrs Foster explained that the Short-Term Pathways Team in Adult Social Care provided assistance to residents leaving hospital, working closely with the Acute Trust and community health providers to ensure individuals had the right health and social care support on discharge, ideally in their own homes. The process had been improved as a key priority, and plans were in place to implement an Integrated Transfer of Care Hub. This hub would involve a dedicated team working with the Acute Trust to provide professional decision-making and planning for complex discharges. Members were asked to share any examples where this had not occurred so that learning could be applied and appropriate assessments ensured.

**2. Mr Paul Webb (Cabinet Member for Community and Regulatory Services) provided an update on the following:**

- (a) The Trading Standards Department had a particularly busy period over Christmas, which included running a campaign across multiple channels, including a new TikTok account. The campaign focused on heating hazards, electrical gifts, and counterfeit toys and had already achieved strong engagement. Impact statistics were expected later in the year.
- (b) Trading Standards officers had also supported the BBC Scam Safe Week by attending a roadshow at Ditton Community Centre, where they offered advice and gave interviews for broadcast.
- (c) Trading Standards secured convictions against three individuals for offences related to solar energy sales. Two received suspended sentences and 240 hours of unpaid work, while the third was sentenced to three years' imprisonment and banned from being a company director for seven years
- (d) Dartford Borough Council's Environmental Health team had partnered with Trading Standards to provide formal advice to businesses under the statutory Primary Authority scheme. This initiative created a one-stop shop for food businesses seeking to expand beyond Kent's borders
- (e) Kent Scientific Services continued to provide food and feed testing nationwide and was supporting the National Food Crime Unit. Recent cases included supplements containing prescription drugs and illegal colourings in herbs and spices.
- (f) The Registration and Archive Services team continued to operate throughout the holiday period, supported by out-of-hours duty managers and qualified staff officers providing 24/7 coverage. Over Christmas, the team responded to

an urgent end-of-life marriage request, ensuring all arrangements were completed so the couple could marry late in the day, with the ceremony concluded by 10:30 pm on Christmas Eve. Despite the sad circumstances, the team demonstrated diligence and commitment in delivering this important moment.

- (g) Community Wardens supported seasonal initiatives such as warm hubs, which extended beyond libraries into community spaces. A new pilot in Gravesend targeted young people to reduce anti-social behaviour and poor choices, addressing a key concern for residents. Stagecoach offered free bus travel to all uniformed KCC wardens, enabling engagement with the public on buses. In one recent case, wardens accompanied an elderly lady who was anxious about travelling alone, helping her gain confidence to go out independently, which significantly improved her quality of life. The Cabinet Member expressed his thanks to the team.
- (h) An update was provided on the Polhill site, the smallest Gypsy and Romany Traveller site in West Kent and Sevenoaks. The project was scheduled to conclude by the end of January, generating a small capital receipt for KCC.
- (i) The John Downton Awards celebrated their 25th and final year, receiving 453 entries from 36 schools, including six SEN schools for the first time. The judging panel, chaired by Clare Wallace, showcased the artwork online, with awards evenings scheduled for mid-February at County Hall. Members were invited to attend and meet the young artists, their families, and teachers.
- (j) The reopening of the Dover Discovery Centre was attended and celebrated by the Leader, Ms Kemkaran, alongside the Cabinet Member, Mr Webb; Deputy Leader, Mr Collins; Deputy Cabinet Member, Mrs Lawes; and Cabinet Member for Environment, Coastal Regeneration and Special Projects, Mr Paul King. The centre reopened following major improvements and now featured a new library, adult education centre, family centre, the Good Day programme, and additional space for the District Council Museum. The venue was described as vibrant and active, with basement ruins accessible to the public.
- (k) January marked the start of the National Year of Reading. With reading enjoyment in the UK declining sharply, Kent Libraries and Education joined forces to promote reading for all ages. The National Literacy Trust's 2025 survey indicated that only one in three children enjoyed reading in their free time, and just one in five read daily. Internationally, England lagged behind, with only 29% of pupils aged nine to ten reporting that they liked reading, compared to a global average of 46%. This decline continued into adulthood. Kent County Council was committed to reconnecting people with the joys and benefits of reading, and the Cabinet Member announced plans to participate by reading in one of the county's libraries, with details to be confirmed.
- (l) Kent Archives was highlighted twice by the National Archives in 2025. Notably, the *Hope: Weaving Communities Together* exhibition, led by Elaine Foster-Gandey, promoted creativity and inclusion. In addition, the Dover Castle folio was added to the collection. The valuable historical record included a register of authorisation and ordinance, munitions and field carriages supplied to Dover

Castle, and expenditure authorised by the Privy Seal letters dated 4 October 1625.

- (m) The Playground Festival would take place in May 2026. This ten-day celebration for babies, young children, and families would feature over 150 events across more than 20 venues in Kent, including performances, workshops, and creative installations. International artists from six countries were confirmed to participate, promising a vibrant and diverse experience. The full programme was scheduled for release in early 2026. The festival was funded by the Arts Council.
- (n) The Coroner Service welcomed the High Sheriff of Kent to Oakwood House in Maidstone to view the facility dedicated to coronial judicial functions in Kent and Medway.

2.1 Further to questions and comments from Members the discussion included the following:

- (a) A question was asked about the administration's current plans for libraries in Kent. It was explained that all libraries across Kent were being reviewed, with plans to co-locate many Family Hubs within library buildings. Several projects were nearing completion. Works at Stanhope were completed last year; Temple Hill and Cranbrook were expected to finish in January; Sittingbourne was scheduled for completion in February; and works were due to start at Queenborough and Cliftonville libraries in February. The aim was to expand the library network and integrate family hubs and potentially Technology Enhanced Learning (TEL) Units within these facilities.
- (b) In response to queries raised regarding the funding cuts to Seashells on the Isle of Sheppey and what reassurances could be offered along with potential funding options, Mr Webb noted that the Isle of Sheppey and Swale were among the most deprived areas in the county and nationally. However, whilst full details could not yet be provided, an announcement regarding Seashells was anticipated in the near future.
- (c) It was noted that the previous administration reduced Community Warden numbers from 70 to 35. In response to the current administration plans concerning this service, it was explained that numbers had increased by two, with additional funding from parish councils and plans were underway to seek corporate sponsorship to support further expansion. Stagecoach had offered free bus travel for wardens, enabling greater public engagement. Members were advised that further expansion was being explored.

**3. Mr Paul King (Cabinet Member for Environment, Coastal Regeneration and Special Projects) provided an update on the following:**

- (a) The impact of the September international rail event continued, with Cabinet Members attending Ashford Borough Council's 'Bring Back the Magic' event. Support was expressed for efforts to restore international rail services stopping in Kent. The APBG HS1 subgroup had established a working group with stakeholders and held its first meeting to develop proposals for competition on

HS1. It was noted that introducing competition was considered the most likely way to achieve international rail stops in Kent.

- (b) Significant progress was reported on plans to bring new nuclear energy to Dungeness. Mr King, Mr Wimble, (Cabinet Member for Economic development and Special Projects) KCC officers, and various stakeholders held meetings in Westminster and at Sessions House with key organisations, including the senior team from GB Nuclear and international SMR providers.
- (c) The integration of larger and start-up loan processes earlier in the year improved the efficiency of the Kent and Medway Business Fund. To date, 31 loans valued at £3.1 million had been issued, including 10 approved in November and 5 in December across sectors such as Agri-Tech, food and drink, energy, digital, transport, and logistics.
- (d) The Skills Bootcamp continued to be successful. Since its launch in July, 220 learners had started, 62 completed, and 24 secured new jobs in sectors such as construction, social care and creative industries. The programme was funded by the Department for Education, and further funding was anticipated for 2026-27.
- (e) The Connect to Work programme, a government initiative delivered by KCC, supported disadvantaged groups such as ex-offenders, the long-term unemployed, and those with long-term health conditions to return to employment. The programme had been running for 12 months, with 55 recorded job starts to date, and further updates were expected as payroll data was finalised.
- (f) An update was provided on Brand Kent, the new in-house model replacing Locate in Kent and Visit Kent. Work was underway within the new team and a workshop had also been held, attended by Mr King and Deputy Cabinet Member, Mr Henderson, which demonstrated the teams proactive approach. Positive outcomes were anticipated from the initiative.
- (g) The No Use Empty (NUE) scheme continued to deliver positive outcomes. In November, the Cabinet Member visited a long-term derelict site in Folkestone, vacant for 11 years, which had been redeveloped with NUE's support. Two new buildings were constructed to meet the needs of people with learning disabilities, mental health needs, and other adult social care requirements, featuring wheelchair access, intercoms, and carer facilities. Services were provided by EHSL, and CareTech.
- (h) An update was provided on the Environment, Coastal Regeneration, and Special Projects portfolio. Priorities included maintaining high-quality services for Kent residents and businesses, expanding recycling and reuse opportunities at household waste recycling centres, supporting businesses in managing waste effectively, and enhancing services at Kent County Parks. The focus would be on efficiency and cost reduction, working with district and borough councils to reduce non-recyclable waste, ensuring contracts were effective, and creating opportunities to monetise Kent's natural environment. Other priorities included supporting rural and coastal communities, food security, investment in coastal regeneration through Kent's Plan C, tackling fly-



tipping and environmental crime, delivering the Local Nature Recovery Strategy, protecting historic and cultural assets, reducing flooding risk, investing in green spaces, and holding water companies to account on water quality.

3.1 Further to questions and comments from Members the discussion included the following:

- (a) The Leader thanked the Cabinet Member for referencing the September event at Ashford and Ebbsfleet, noting its success and emphasising the importance of maintaining pressure on Government to restore international rail services stopping in Kent. The Leader welcomed Ashford Borough Council's contribution and expressed hope for positive news soon. The Leader also highlighted the importance of getting people back into work and supporting farmers and food security, encouraging these to remain priorities within the new portfolio.
- (b) A question was asked about the success of the No Use Empty scheme and whether it was applied equally across boroughs and districts, as well as the existence of a national programme. In response, it was explained that some boroughs, such as Folkestone, Dover and Thanet, had engaged strongly with the scheme, while others had struggled. Work continued with local authorities to promote the benefits of NUE, including an upcoming visit to Herne Bay with Canterbury City Council. Nationally, Wales and Scotland operated similar schemes, but England did not. KCC, as an exemplar, had supported other areas and asked the lead officer to contact the Minister to explore a national approach, noting the scheme's low cost and significant regeneration benefits.

**4. Mr David Wimble (Cabinet Member for Economic Development and Special projects) provided an update on the following:**

- (a) The Kent and Medway Local Nature Recovery Strategy was launched at the end of November following 18 months of work across two administrations and input from over 1,000 stakeholders. The strategy set out a county-wide plan for protecting and restoring nature, designed to feed into local plans and link with biodiversity net gain funding to ensure delivery on the ground.
- (b) At Sittingbourne Waste Transfer Station, the team designed and installed a new food waste bridge, significantly improving the handling process. The innovation made operations faster, cleaner, and virtually eliminated spillage, delivering cost savings and attracting interest from other operator.
- (c) Progress was reported on Plan Tree, which secured additional funding to accelerate planting that boosted biodiversity using disease-resistant stock, including Dutch Elm Disease-resistant elms supported by Elm Heritage Kent. At Swalecliffe, over 1,500 whips were planted using the Miyawaki method to create dense, fast-growing mini woodlands. Volunteers, including scouts, students, and local tree wardens, played a key role, demonstrating strong collaboration with community groups.

- (d) The Feed Your Foodie campaign continued to encourage food waste recycling, reducing costs and cutting general waste. Small behavioural changes across households were noted as having a significant county-wide impact and delivering savings.
- (e) The Pilgrims Hospice Christmas tree recycling initiative provided a practical, popular, and environmentally friendly solution that also raised significant funds for the hospice.
- (f) Mr Wimble recorded thanks to Matt Smyth, Helen Schulver, and the Environment team for their support throughout the portfolio tenure. It was noted that certain aspects of the role would be missed, but that exciting projects were underway within his new role as the Cabinet Member for Economic Development and Special projects. He further outlined priorities for the Special Projects portfolio, with focus on practical policies and clear delivery. Three major initiatives were highlighted:
- Environmental Access Charge – a proposal to develop a framework for an environmental tax on foreign vehicles entering Kent, aimed at fairness, enforceability, and income generation, to support transport resilience and infrastructure.
  - Energy Policy – to support credible bids for new nuclear in Kent while opposing solar developments on prime agricultural land, prioritising brownfield sites and rooftops.
  - Brand Kent – to create a joined-up vision for business and tourism to market Kent as a place to live, work, and visit, streamlining systems to support business growth and the visitor economy.

4.1 Further to questions and comments from Members the discussion included the following:

- (a) A question was asked about progress on introducing an environmental tax on foreign lorries. In response, it was explained that work had been ongoing for over three years, including engagement with haulage companies and review of European models, with the Swiss system identified as the most practical. It was noted that Kent County Council could not implement the scheme alone and would need to work with National Highways and government, as trunk roads were nationally managed. While some revenue would go to central government, the proposal could still generate significant income, with estimates based on Swiss charges of £35 per lorry per day. The initiative aimed to ensure fairness, reduce road damage, and address environmental impacts, and further work was planned to make the scheme practical and enforceable.
- (b) The success of reuse shops was praised, however, confirmation was sought as to whether Sittingbourne would have one. In response, it was explained that reuse shops had launched at New Romney and Allington and were operating successfully. The ambition was to roll out three or four additional sites over the next 12 months where space allowed. It was noted that donations could be made without appointments, and items such as bikes were refurbished through partnerships with organisations including HMP Elmley, supporting the circular economy and reducing waste. Members were advised that plans for Sittingbourne were being explored.

**5. Mrs Beverley Fordham (Cabinet Member for Education and Skills) provided an update on the following:**

- (a) Approval was granted by the DfE for the two special educational needs schools, which were to be situated in Swanley and Whitstable. This outcome was long-awaited and warmly welcomed despite the delay.
- (b) Over the past three months, work had focused primarily on statutory matters, particularly relating to special educational needs. Although the government paper was expected in the spring, the team had an indication of its direction and had been working closely with schools to facilitate and support them in the anticipated transition. The rollout of the new provision was anticipated to begin shortly, with plans to publish details to show where provision would be available. This was expected to benefit children and families requiring interim support, those not ready for mainstream education immediately and not complex enough for specialist schools.
- (c) School visits had taken place, including Dartford Grammar School for Boys, which had extended its admissions to accommodate more young people from the Dartford area, a positive development for Kent. However, it was noted that the government would cease funding the International Baccalaureate from 2026/27, removing the 20% additional funding for that curriculum. This would require sixth forms, including Dartford Grammar, to review their future provision for 2026 - 28. Lobbying efforts were already underway, and further support was planned to seek either a delay or mitigation of the impact on state-maintained schools, as the private sector would continue to offer the curriculum. Mrs Fordham confirmed that KCC's support in lobbying the government further would be undertaken.
- (d) Visits had been made to several primary schools, including West Hill and Oakfield Primary Schools in Dartford, which were part of an inclusive Trust providing strong support for children requiring additional help. Further visits had included Dymchurch Primary School and Lydd Primary School, where positive observations had been made regarding pupil behaviour and handwriting standards. Mrs Fordham was also invited to attend the nativity play which was thoroughly enjoyed. The visits were valuable, and it was confirmed that a further 15 to 20 school visits had been scheduled up to March, with updates to follow.
- (e) The Kent Commissioning Plan had been released, outlining school capacity across Kent. The work had been completed in the background, and meetings had been held with district leaders and their planning teams to review the plan and ensure clarity. Feedback had been gathered on emerging issues, and the process had provided an excellent opportunity to understand how different councils approached housing growth strategies and future planning. The plan had remained publicly accessible online, allowing councillors and members of the public to view school capacity and the methodology used by KCC.
- (f) Attendance had taken place at several Schools Funding Forum meetings, where sector representatives had reviewed budgeting, special educational

needs funding, and mainstream inclusion support. Discussions had included approaches such as top slicing, which had already been considered, and the early development of the 'community of schools' model. This model aimed to encourage schools to collaborate, assess community needs, and review practices, with KCC facilitating the process and considering budget and funding implications. Work had continued pending the release of the government white paper, which would determine the final funding arrangements.

- (g) The post-16 sector (16 -18 year olds) had been highlighted as a critical area, with concerns that failure to address issues over the coming years could result in more young people becoming NEET (not in education, employment or training). At the time, there had been no dedicated funding for NEETs, and previous providers offering support had largely ceased operations due to lack of resources. Remaining providers had continued to request funding, but none had been allocated. Two national initiatives had been identified: the Youth Transformation Fund, a pilot for high-deprivation areas, and the Youth Guaranteed Trailblazer across eight regions. Kent had not been included in either scheme. Plans had been made to review the reasons for exclusion and to lobby government, as it was considered that Kent met the criteria and its young people should not receive less support than those in other areas.
- (h) Despite the challenges, significant work had been underway within schools, the sixth form sector, and other providers through an initiative called Pathways for All, which focused on 16-plus pathways. This initiative had brought together the Kent sector and KCC to develop a range of options for young people who did not meet mainstream education standards or where college and sixth form capacity was limited. The work had aimed to ensure sufficient places, support for vulnerable children including those with SEND, and improved outcomes to prevent long-term negative impacts such as unemployment and dependency on benefits. Early intervention was essential, and there was a strong starting point.

5.1 Further to questions and comments from Members the discussion included the following:

- (a) The Leader offered assistance in lobbying the government for youth schemes, emphasising the importance of targeting the 16–18 age group. It was also suggested that lobbying should include the continuation of funding for the International Baccalaureate in state schools, as it provided a valuable alternative pathway for pupils. The Leader also expressed support for the creation of 220 additional places in special educational needs schools, noting that this was an excellent development.
- (b) A question had been raised regarding recent government changes to the school curriculum, including the removal of funding for the International Baccalaureate, and whether Dartford Grammar School for Boys had raised this issue during the visit. It was confirmed that the school had raised the matter, noting that its entire sixth form curriculum was based on the International Baccalaureate, which required additional resources supported by a 20% funding uplift. The removal of this funding was expected to impact state schools significantly, while the private sector would continue

to offer the curriculum. It was confirmed that lobbying efforts would be undertaken to address this issue.

- (c) With regard to the Kent Commissioning Plan for Education, clarification was sought on how KCC made decisions on education infrastructure to support housing growth and how it responded to unexpected large developments. It was explained that decisions had been based on evidence including birth rates, NHS registration data, migration patterns, existing school capacity, parental choice trends, and district housing plans. New developments could only be factored into the Kent Commissioning Plan once planning approval had been granted. The plan was updated annually and developed in collaboration with district councils to avoid surprises and ensure sustainability.
- (d) Queries were raised in relation to KCC's responsibilities in supporting NEET young people and the initiatives available, particularly in rural and coastal areas where NEET levels were high. Mrs Fordham clarified that KCC were responsible for ensuring suitable provision for 16 -18 year olds and safeguarding vulnerable young people, including those with SEND. While KCC had not directly commissioned provision (except for SEND), it had worked with providers and developed 16+ pathways to improve engagement. Plans had also included closer collaboration with other departments to promote skills and training, ensuring a more joined-up approach to support young people and reduce long-term risks of unemployment.
- (e) In response to what actions had been taken by the Cabinet Member since her appointment to address reduced school places and improving placement outcomes on the Isle of Sheppey, it was confirmed that meetings had been held with residents to understand concerns, and issues with the admissions process had been reviewed. Attempts had been made to secure short-term solutions, including contacting the local MP and writing to the Minister for Education to seek intervention on oversubscription criteria, though legal restrictions had prevented prioritisation by postcode. Subsequent actions had included improving the admissions website, providing councillor training, and delivering additional support to parents through school communications and visits. Work had continued with schools on and around the island to explore options for increasing capacity ahead of September 2025.
- (f) A question was raised regarding improvements or initiatives within the EHCP process. It was confirmed that, while the 12-month rolling completion rate had remained above the national average, a slight dip had occurred due to Educational Psychologist (EP) shortages. Officers had implemented the Synergy SEND Proof of Concept Project, which reviewed the 0 - 6 week process to improve efficiency. A pilot conducted in August had achieved a 51% time saving, which enabled resources to focus on better outcomes for families and children. This approach had been rolled out across Kent by Christmas, and work had commenced on improving the 6 - 20 week process. Future plans included exploring investment in technology, software, and AI to further enhance SEND processes

**6. Mrs Christine Palmer (Cabinet Member for Integrated Children's Services) provided an update on the following:**

- (a) The inaugural meeting of the new KCC Youth Council was held on Saturday, 22 November 2025. Approximately 140 young people had attended and received guidance on their roles and the process for applying for leadership positions. Elections for key roles were scheduled for February. The meeting had been noted as highly engaging, with strong enthusiasm and ambition among attendees.
- (b) Mrs Palmer attended the Risk Outside Home Conference on 3 December in Maidstone, presented by Michelle McManus of Manchester Metropolitan University. The event had brought together experts and practitioners to explore research, practice tools, and innovative approaches to tackling child exploitation and safeguarding outside the home. The conference had included keynote sessions, interactive workshops, and networking opportunities, and had highlighted multi-agency strategies aimed at improving safeguarding nationally. The event was highly valuable for informing future initiatives in Kent.
- (c) A meeting had been held with Ingrid Crisan, Director of Operational Integrated Children's Services on the Start for Life initiative, to review progress. It was reported that plans for implementation had been finalised and the project was progressing well. Appreciation had been expressed to the team for their significant efforts in securing grant funding and coordinating delivery arrangements.
- (d) On 8 December, Mrs Palmer and Mrs Williams (Deputy Cabinet Member for Integrated Children's Services) visited a commissioned charity supporting young carers. The session involved children aged 8 -11 participating in an art workshop. The visit had highlighted the challenges faced by young carers, including low self-esteem, and reinforced the importance of children's services in building confidence and resilience. The experience had been described as inspiring and a reminder of the value of ongoing support for vulnerable children.
- (e) It was confirmed that two properties had been purchased to bring children's homes back in-house. Planning permission had been approved, and renovation work was expected to commence shortly, with the aim of opening the homes as soon as possible.
- (f) During December, residents had contacted the member out of hours regarding two care leavers in difficulty. Upon notifying officers within the care leavers team, both cases had been resolved within hours. Thanks were expressed to the social work teams and front-line staff for their swift and effective response.

**6.1 Further to questions and comments from Members the discussion included the following:**

- (a) In response to what benefits would be offered to families in Kent from the Best Start in Life grant, Mrs Palmer explained that the initiative had focused on

children aged 0 - 5, aiming to identify developmental milestones early and provide timely support for both children and families. Early intervention for issues such as physical delays or speech difficulties had been emphasised as critical to improving long-term outcomes. The initiative also facilitated quicker assessments and, where necessary, the implementation of Education, Health and Care Plans (EHCPs), ensuring significant benefits for children as they progressed through their education.

- (b) Reasons were sought regarding the plans to bring children's homes in house. Mrs Palmer advised that the decision to bring children's homes back under the remit of the County Council had been driven by the complex needs of certain looked-after children, including physical and behavioural challenges. Specialist external services had been extremely costly, and bringing provision in-house had aimed to improve monitoring and support while delivering greater cost efficiency. This approach had been considered an 'invest to save' strategy, ensuring children received the right care when needed while reducing long-term expenditure.
- (c) Thanks were expressed to both the Cabinet Member for Integrated Children's Services and the Cabinet member for Education and Skills on the significant work they continued to do. In response, it had been acknowledged that while both Cabinet Members worked hard, they were supported by highly skilled teams who provided guidance and expertise. The Leader had added thanks on behalf of the Cabinet to all involved, including Adult Social Care, noting that these portfolios carried some of the most emotionally demanding responsibilities.
- (d) A question was raised as to why the process of obtaining an EHCP for military families failed if the application was not completed before a parent received a new posting. It had been explained that the issue was under review. When a child from an armed forces family was partway through the EHCP process, a new posting could result in the family moving to another county, where the process often restarted from the beginning. This had occurred because existing assessments were not always transferable, possibly due to legislation or local policy differences. Some counties had managed this better than others, but practices varied widely. The matter had been identified as a significant challenge and was under review, with updates expected in due course. The Leader had agreed that this was an important area requiring attention and suggested exploring best practice from other regions to improve support for military families

**7. Mr Peter Osborne (Cabinet Member for Highways and Transport) provided an update on the following:**

- (a) Thanks was expressed to the gritting teams for their efforts during the recent cold weather. Teams worked mornings and evenings to grit roads, ensuring Kent's roads remained open and safe for drivers.
- (b) An update was provided on investment for bus infrastructure. Over £3 million in grants was being allocated for improved bus shelters for district and parish councils. Councils would match this funding, making bus waiting areas more comfortable and safer.

- (c) Dover's first fast-track electric bus fleet was scheduled for launch on 30 January. Provisional funding from the Department for Transport included over £48 million in capital and £42 million in revenue over the next three to four years, enabling significant enhancements to the Kent bus service network.
- (d) An update was provided on investment in the road network. The largest single contract awarded by KCC was signed last year; a 14 year agreement with Ringway, extendable by seven years, worth up to £2 billion. The contract was due to commence in May and was expected to deliver faster repairs, higher standards, and better value. In addition, £30 million was invested in the road surfacing programme last year, completing 160 major projects and refreshing over one million square metres of road. A further 10 sites were scheduled for treatment by March.
- (e) The Pothole repair programme had delivered strong results and would continue into 2026 with a Capital Highways Maintenance grant of £56 million, representing an additional £2 million compared to the previous year.
- (f) A total of £274 million was due to be invested in highways and drainage over the next four years. Since May, drainage teams had cleaned 65,000 gullies, and major flood-prevention projects were underway in Broadstairs and Dartford, with East Malling next in line. These measures not only continued to keep roads dry but also ensured the safety of road users, which remained the overriding objective.
- (g) A new pedestrian refuge has been installed on Bearsted's A20. This improvement was expected to slow traffic and make crossings safer for pedestrians.
- (h) The Safer Road Users team continued to make road safety engaging for Kent's youngest residents, with Kip the Bear who led preschool lessons. Over 4,000 children were expected to benefit from the initiative.
- (i) Mature driver courses were had also expanded, and road safety sessions were promoted nationally.
- (j) KCC had secured a multi-year funding settlement active travel (walking and cycling), totalling just over £1.6 million in revenue and £5.2 million in capital for 2026 and 2027.
- (k) The update concluded with recognition of staff achievements. The Recharges team, comprising just four members, recovered over £1 million in repair costs last year for KCC assets damaged in collisions. Kent Highways was shortlisted for a national award for most improved performance. Individual successes included Sharon Woodman-Clues securing a BTEC Level 4 Diploma and Manon Butler being shortlisted for a Women's Engineering Award. Additionally, Don Wills was commended for helping a young SEND learner master a tricycle and gain independence, highlighting the positive impact staff make beyond major projects. The Leader added congratulations to award winners and to the staff member who supported the learner, noting the importance and heartwarming nature of such efforts



7.1 Further to questions and comments from Members the discussion included the following:

- (a) Clarification was sought regarding KCC's role in the recent speed limit enforcement on Sheppey Bridge and the issuing of fines. It was confirmed that the road was managed by National Highways and KCC had no involvement. The speed limit had been in place for around 15 months, but enforcement was delayed due to non-functioning cameras. Police were expected to issue refunds following errors. Mr Osborne agreed to support an open letter to the responsible authority.
- (b) In response to how many potholes had been repaired compared to the previous year. It was reported that since May, 35,091 potholes had been filled, which was higher than the previous year's total. It was noted that the previous administration had repaired fewer potholes in 12 months than the current figure achieved in nine months.
- (c) Members asked about support from Folkestone & Hythe District Council towards costs for reopening the Road of Remembrance in Folkestone following a landslip. It was reported that discussions had taken place and the District Council had offered £40,000, significantly below the requested contribution of £1 to £1.5 million. Mr Osborne confirmed that efforts would continue to secure additional funding, noting that the two-year closure anniversary fell on 27 January.

**8. Mr Matthew Fraser Moat (Cabinet Member for Local Government Efficiency) provided an update on the following:**

- (a) An update was provided on the actions taken to date regarding the budget. It was noted that the current year's budget had been set by the previous administration and had significantly underestimated the actual costs and pressures associated with delivering statutory adult social care services, some of which had experienced double-digit inflation. The budget had also required £121m of savings and increased income to be delivered during the year. Forecasts indicated that approximately £100m would be achieved by year-end, with the remaining savings being reset into the next year's budget. Members were advised that, over the preceding six months, KCC had introduced a range of measures to ensure a more cost-conscious and value-for-money approach. These actions, outlined in the Quarter 2 monitoring report to the previous Cabinet, focused on delivering efficiencies while maintaining service provision. Measures included tighter procurement and contracting, market intervention, the introduction of caps and red lines, and clearer delineation of organisational responsibilities, all supported by strengthened financial management and enhanced oversight. It was reported that further efficiency savings had been identified across services to support delivery of a balanced budget for 2026-27. Mr Fraser-Moat placed on record his thanks to Cabinet Members and the officers whose hard work and commitment had enabled this progress. The Leader added her thanks to Cabinet Members for their efforts over the previous eight months in supporting the development of the draft budget and acknowledged that significant work remained.

- (b) The plan for the next 12 months included, oversight of the new Commercial Strategy, activity to increase revenue generation, and further efficiency savings within adult social care and children's services. A number of IT initiatives were also planned, alongside initial work to review functions such as finance and administration, treasury, and pensions. These areas were identified as the key priorities for the forthcoming period.
- (c) The KCC Supplier Day was scheduled to take place on 27 January at the Kent Event Centre in Maidstone. The event, which offered free admission, would serve as the formal launch of the Commercial Strategy to Kent suppliers. It was noted that proceedings would begin at 9.30am and include eight scheduled speakers, providing an opportunity for suppliers to learn how to do business with KCC. Full details had been published on the KCC website. Members were advised that, as of that morning, over 600 suppliers had registered to attend.

8.1 Further to questions and comments from Members the discussion included the following:

- (a) A question was raised as to how the Administration's decision to withdraw the Climate Emergency declaration had affected processes relating to jobs and contractors in Kent. In response, Mr Fraser-Moat advised that it was too early to assess the impact, as the most recent data pre-dated the Council meeting at which the decision had been taken. It was reported that, as at September, 63% of KCC's spend was with Kent-based suppliers, 23% with Small and Medium-Sized Enterprises (SMEs), and 16% with Kent-based SMEs. These figures were considered a positive baseline, and performance would continue to be monitored over the coming months and years.
- (b) Mr Fraser-Moat responded to queries regarding the cultural changes required to support greater efficiencies, including the use of IT and AI, alongside the implementation of the new Commercial Strategy. He advised that work had begun by returning to core processes and making structural changes to enable procurement to operate more effectively. The decision to withdraw the Climate Emergency declaration, followed by the introduction of the new Commercial Strategy, had provided the foundation for this work. A "Kent First" approach had been introduced, whereby, in cases where contract bids were equal in value and all other factors, preference would be given to a Kent-based supplier. Within KCC, changes had been made to decision-making flowcharts to simplify processes, and opportunities for automation and the potential use of AI were being explored. Adjustments to reporting lines had also been implemented, and the impact of these changes would continue to be monitored, with further developments expected over the next 12 months.

**9. Mr Brian Collins (Deputy Leader) provided an update on the following:**

- (a) Mr Collins opened his update by thanking and recognising the officers present, noting their considerable effort and contribution over the preceding week, as well as their consistent dedication throughout the year. He also reiterated his appreciation for Cabinet Members, observing that it had been encouraging to see themes such as “providing” and “community” becoming increasingly prominent in their work, reflecting the core responsibilities of the Council. He commended all involved for their ongoing commitment.
- (b) The budget for 2026-27 was close to being finalised and again, Mr Collins expressed his thanks to Dave Shipton (*Head of Finance Policy, Planning and Strategy and acting s151 officer*) for his significant contribution to the work. He noted that early indications were positive and commented that, while organisational change could be likened to turning an oil tanker, there were clear signs of progress emerging, which would become evident over the coming weeks. He stated that this was encouraging.
- (c) Progress on property disposals had been positive. Mr Collins advised that a recent marketed asset had significantly exceeded expectations, and achieved a sale price of £1.5m against an anticipated £400,000. He noted that this was not the first property to surpass its projected value and confirmed that such outcomes provided valuable capital resources for the Council.
- (d) Mr Collins referred to the earlier discussion regarding the Discovery Centre in Dover and highlighted it as another positive example of progress. He reported that he had visited the site with the local Member, Mr James De Friend, to review developments since its reopening just over a month earlier. He noted that staff had been highly positive about the centre’s operation, with strong footfall and favourable public feedback. He commented that the model of co-locating multiple services within a single building demonstrated the direction the Council should continue to pursue, reducing isolated service locations and bringing provision together where appropriate.
- (e) To conclude, Mr Collins provided an update on the position regarding Folkestone Library. He acknowledged that the matter had been contentious but confirmed that work had now commenced at 14 Sandgate Road to establish the temporary library provision. He noted that the existing temporary site offered limited visibility, restricted access, and insufficient space for the library stock. He reported that the new leased premises were expected to open by May and would provide a modern, accessible, and well-spaced facility. The new site would also have capacity to accommodate additional services. Drawing on the example of the Dover Discovery Centre, he commented that co-locating services represented the direction of travel for the Council. He added that, contrary to public concerns, it was not the Administration’s policy to close all libraries in Kent.

9.1 Further to questions and comments from Members the discussion included the following:

- (a) An update was sought regarding the short and long-term plans for Blackburn Lodge site in Sheppey following its closure in November 2023;

and also, an update following recent engagement in light of the proposed closure of the East church GP surgery. Mr Collins advised that the information was not available at the meeting but confirmed that a written update would be provided in the coming days.

- (b) It was noted that the timing of the Fair Funding Settlement had placed additional pressure on local authorities in setting their budgets. In relation to the flexibility of funding, Mr Collins advised that the majority of funding was ring-fenced, leaving very limited scope for reallocation. He further confirmed that the Fair Funding Settlement was set for a three-year period and, while the increased allocation was welcomed, additional funding would always be beneficial.

The Leader thanked the Cabinet Members for their updates.

#### **124. Provisional Local Government Finance Settlement** *(Item 5)*

*Dave Shipton (Head of Finance Policy, Planning and Strategy and acting s151 officer) was in attendance for this item.*

1. Mr Shipton (*Head of Finance Policy, Planning and Strategy and acting s151 officer*) provided an update on the Fair Funding Settlement, and noted that although publication on 17 December was consistent with previous years, the 2026-27 settlement was unusual in its scale and complexity. It included significant reforms to both the data used to determine funding allocations and the methodology applied, and this was the first time local authorities had been able to see the detailed impact of these changes at an individual authority level.
2. The settlement included the first reset of the retained business rates baseline since 2013–14. As a result, the national local government share of business rates had been redistributed according to the revised formula for relative needs and resources. Authorities whose formula allocation exceeded their local share would receive a top-up, while those whose share exceeded their formula allocation would pay a tariff. For Kent, this meant that all business rates growth accumulated since 2013-14 had been reset to zero and redistributed, with only future growth from 2026-27 onwards being retained locally until the next reset. This reset accounted for around two-thirds of the funding increase received by Kent.
3. The second major change involved the consolidation of a number of separate grants into the Revenue Support Grant (RSG). Mr Shipton advised that both the RSG and retained business rates were fully discretionary funding sources, making this consolidation particularly significant. Unlike the full and immediate reset of the business rates baseline, the changes to the RSG would be phased in over three years. In the first year, one-third of the RSG allocation would be based on the new formula and two-thirds on the previous distribution. In the second year, this

would reverse, with two-thirds based on the new formula. Full implementation would follow in year three. Kent's gains from this transfer into the RSG would therefore be introduced gradually over the three-year period.

4. It was noted that the national settlement continued to be presented as core spending power, and Kent's spending power was increasing at a higher rate than the national average owing to the gains from the reforms. Mr Shipton clarified that the council tax figures shown in the spending power calculation were government assumptions and did not predetermine the Council's own decisions.
5. Mr Shipton advised that, in addition to the transfer of various funding streams into the Revenue Support Grant, a number of other grants had also been consolidated into four larger funding blocks:
  - the Children, Families and Youth Grant;
  - the Crisis and Resilience Fund;
  - the Public Health Grant; and
  - the Homelessness, Rough Sleeping and Domestic Abuse Grant.

These broader grants replaced several previously separate allocations. Although each remained ring-fenced with overarching conditions, the consolidation meant that the individual requirements attached to the former standalone grants no longer applied. This provided authorities with greater flexibility to prioritise spending within each grant area. The consolidated grants had been announced as part of a three-year settlement, which offered increased certainty over future funding levels. This multi-year approach was the first since 2016 and would significantly support medium-term financial planning by providing a clearer view of projected resources over the coming years.

6. Further to questions and comments from Members the discussion included the following:
  - (a) It was confirmed that all local authorities had received the settlement on 17 December. No authority had been given advance indicative figures, despite consultations having begun in 2017 and the most recent consultation taking place over the summer. A policy statement issued in November had outlined the Government's response to the consultation, but it had not included authority-level allocations. Officers advised that, prior to 17 December, they had only been able to model potential scenarios to estimate the likely impact.
  - (b) In response to questions regarding the impact of the business rates changes on Kent businesses, Mr Shipton explained that the most significant effect would be the re-evaluation of all rateable values. He noted that, whereas re-evaluations had previously taken place every five years, they would now occur every three years, and this represented the principal

change for businesses. He confirmed that the wider retention arrangements did not directly affect businesses at this stage. Mr Shipton advised that future growth in the business rates tax base would, however, benefit local government. Under the current system, 50% of business rates growth was retained nationally by government and 50% was retained locally. Of the locally retained share, 18% was received by KCC, 80% by district councils, and 2% by the fire authority. He emphasised that, for individual businesses, the main impact remained the revised rateable values resulting from the re-evaluation.

7. It was RESOLVED that Cabinet agree to:

- (a) Note the provisional settlement including the reset of business rate baseline and consolidation grants, and impact on draft budget 2026-27 and Medium-Term Financial Plan 2026-29; and
- (b) Confirm the delegation to the s151 Officer to finalise any response, in consultation with the Deputy Leader

**125. Quarterly Performance Report, Quarter 2, 2025/26**  
(Item 6)

*Matthew Wagner (Chief Analyst) was in attendance for this item*

1. Mr Wagner outlined the report for Quarter 2 (Q2, 2025/26) which covered the period July to September 2025. Of the 39 KPIs reported, 20 were rated Green (three more than the previous quarter) 14 were rated Amber (two fewer than the previous quarter) and 5 were rated Red (one fewer than the previous quarter). With regards to Direction of Travel, 8 indicators showed a positive trend, 25 were stable or with no clear trend, and 6 showed a negative trend. It was further confirmed that the number of red and amber ratings had also decreased compared to the previous report. Mr Wagner addressed the 5 KPIs that were rated RED.
2. Work was underway with services to review the KPIs for the QPR for the next financial year, including the annual updates to both the indicators and their targets. The resulting proposals were scheduled to be presented at the Cabinet meeting on 26 March, alongside the next quarter's report
3. Further to questions and comments from Members the discussion included the following:
  - (a) It was highlighted by Mrs Foster, Deputy Cabinet Member for Adult Social Care, that 47% of complaints had been responded to within the required timescale, however, it was highlighted that more complex cases, where an extension had been agreed with the customer, were still recorded as late. It was queried whether a separate KPI could be introduced to ensure there is a clear distinction between the cases. Mr

Wagner advised that a review was underway regarding next year's KPIs and that this issue would be considered as part of that process.

- (b) Mr Watts (Deputy Chief Executive) highlighted performance in relation to Freedom of Information (FOI) requests and Subject Access Requests (SARs). He noted that while two KPIs were rated red, it was important to recognise that the Council had achieved four consecutive quarters with FOI response rates above 80%, reflecting a considerable amount of work across the organisation. This improvement had been delivered despite a 35-50% increase in the volume of FOI requests received and without any corresponding increase in resources. He further reported a marginal improvement in SAR performance, largely driven by colleagues within CYPE, with ongoing work in that directorate to continue to raise performance.
- 4. It was RESOLVED that Cabinet agree to note the Quarter 2 Performance Report and the actions being taken to address areas where performance was not as targeted

## **126. Corporate Risk Register** (Item 7)

*Mark Scrivener (Head of Risk & Delivery Assurance) was in attendance for this item*

1. Mr Scrivener presented the Council's annual Corporate Risk Register. He explained that the Register had been developed following engagement with the Corporate Management Team and Cabinet Members, both individually and collectively. He outlined that risks entered the Register through two main routes: a top-down assessment of strategic objectives and statutory obligations, and bottom-up risks emerging from services that could have wider corporate impact.
2. Mr Scrivener noted that while the report set out the headline risks, substantial work sat behind each entry, including regular detailed engagement and scrutiny with risk owners and their teams. He added that, in recent weeks, he had met Cabinet Members individually to sense-check the risks, and it was clear that ongoing conversations were taking place between Members and risk owners, even if not explicitly framed as risk discussions.
3. He confirmed that he periodically reviewed the Council's top-level risks against those of other local authorities across the region, and, aside from one or two risks specific to Kent's geographic context, there was strong alignment, with many risks being sector-wide.
4. The Register represented a snapshot in time. As it had been prepared before Christmas, several key financial risks would require revision in light of the Council's financial position and the Local Government Finance

Settlement, with further work to be undertaken with the Corporate Management Team. There would also be alignment between the Corporate Risk Register and the more detailed Budget Risk Register developed alongside the budget setting process, providing an important backdrop for decision-making throughout the year, including the budget process.

5. Mr Scrivener also highlighted key events referenced in paragraph 1.3 of the report and noted that further potentially significant developments were expected, including awaited detail on SEND reforms, progress on the Schools White Paper, and possible developments in local government reorganisation, listed as a draft risk in Appendix 2. He further noted that the Council had strengthened its in-year spending controls in response to its financial position, which would require close monitoring.
6. In terms of next steps, the Register would be submitted to the Governance and Audit Committee and subsequently considered at the March round of Cabinet Committees, where relevant risks would be allocated for further discussion with risk owners and Cabinet Members.
7. It was RESOLVED that Cabinet agree to note the report.



From: Deputy Leader, Brian Collins  
Acting S151 Officer, Dave Shipton  
Head of Finance Operations, Cath Head

To: Cabinet, 29 January 2026

Subject: Revenue and Capital Budget Forecast Outturn Report – Quarter 3

Classification: Unrestricted

**Summary:**

The attached report sets out the revenue and capital budget forecast monitoring position as at Quarter 3 2025-26, including progress against savings targets within the revenue budget, capital cash limit changes made between Q2 and Q3 and monitoring updates for reserves, treasury management and prudential indicators.

The forecast revenue overspend reported in Q2 needed immediate attention and steps have been taken to mitigate the level of the overspend. The report details the activities that have been implemented to improve the situation.

**Recommendation(s):**

Cabinet is asked to:

- a) NOTE the revenue and capital forecast outturn position for 2025-26 as detailed in the report, and accompanying appendices
- b) AGREE the capital budget adjustments detailed in the report
- c) AGREE the use of the additional £7m flexible capital receipts and the associated changes to the flexible use of capital receipts strategy for 2025-26

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## About this report

Updates on the monitoring of the in-year revenue and capital budget position are reported to Cabinet on a quarterly basis. This report presents the Quarter 3 forecast position for the financial year 2025-26.

From a revenue perspective, there are detailed sections covering the forecast revenue outturn position and variances against the working budget for each Directorate and a summary of the delivery of savings and additional income against targets set in the Budget. Delivery of savings is a crucial component of the Council's forecast outturn position. The Strategic Reset Programme (SRP) monitors key savings, working alongside the Directorates, Finance Business Partners and performance and analytics. Also included within the revenue section is the forecast outturn position for Schools' Delegated Budgets.

Similar information is provided for the capital forecast outturn position. Variances are shown either as a real or rephasing variance. A real variance affects the total cost of a capital project and a rephasing is because of a change in timescale for the delivery of a project, often due to slippage in the capital programme where spending or funding is delayed until future years and is reprofiled accordingly.

The report also contains more detailed information on the forecast reserves position at 31 March 2026, monitoring of prudential indicators and a treasury management update.

There are recommendations for the Cabinet committee to consider, note or approve.

## The revenue position

The 2025-26 budget included significant core funded spending growth, much of which has once again focused on increased costs in adults and children's social care due to inflationary uplifts in provider contracts, rising demand and increased complexity of needs.

The current working budget for 2025-26 is £1,531.9m. The forecast outturn variance against this budget is an overspend of £43.5m, which represents 2.8% of the overall budget. An additional £7m of capital receipts has been identified as available for use against transformational activity in 2025/26 under the flexible use of capital receipts directive, to help reduce the overspend to £36.5m and therefore reduce the risk of unplanned drawdown from reserves to balance year end position.

When the council overspends, it must fund that overspend from reserves.

Any overspend is a concern for the authority and presents a risk to the Council's future financial sustainability and it is essential that the need to drawdown from reserves is reduced as far as possible, as drawdowns from reserves weaken the Council's financial resilience and increase the requirement to replenish reserves in future years. Our aim is that the Council holds General Reserves of between 5% and 10% of our net revenue budget.

It is reassuring to see that the position between Quarter 2 and Quarter 3 has plateaued, with the positions in all Directorates remaining fairly static. However, the overspend of £36.5m is still at an unprecedented level and as we get closer to the end of the financial year, the opportunities available to make significant improvements diminish. An update on the actions taken to address the overspend are detailed in the next section of the report.

On 18 September, County Council endorsed the proposed changes to the senior management structure. The result of this is a change to a number of reporting lines within the overall structure of the Chief Executive's Department and the Deputy Chief Executive's Department. Most significantly, this means that the Infrastructure & Corporate Landlord divisions now report directly to the Chief Executive and have moved directorate accordingly. This has been reflected in the latest forecast position. More information is available on our [Committee pages](#) on [kent.gov.uk](http://kent.gov.uk).

The most significant overspend is in Adult Social Care & Health (ASCH), totalling £49.7m (7.0% overspend). Of this variance, £20.9m relates to savings which are no longer anticipated to be achieved in this year, leaving £28.8m of other service related pressures. The overspend has remained stable in the last quarter, and whilst this represents a continuation of the

financial challenges facing the social care sector in general and by many other upper-tier local authorities, action does need to be taken to reduce this overspend. It is important to recognise that this forecast is based on the assumption that any further spending growth can be managed. If it cannot, the forecast overspend is likely to increase further.

The most significant pressures include £22.9m in Older People – Residential Care Services, from pressures relating to the numbers of people supported being higher than budgeted and savings targets not being fully achieved, and £16.4m in Older People – Community Based Services, in the main due to Older Persons Homecare activity and costs being higher than budgeted for.

There is an overspend in Children, Young People & Education of £2.6m (0.7% overspend). This is due to several different variances – a net overspend of £9.7m in Children's Countywide Services and Operational Integrated Children's Services mainly related to the higher costs of packages for looked after children, and an underspend of £6.8m in Education & Special Educational Needs mainly related to Home to School Transport.

There is also a small overspend in Growth, Environment & Transport (GET) of £0.3m (0.2% overspend).

There are also underspends in the Chief Executive's Department (CED), Deputy Chief Executive's Department (DCED), Non Attributable Costs (NAC) and Corporately Held Budgets (CHB) which help to offset the overall position by £9.0m in total.

A table by directorate is shown at the beginning of [Section 1](#).

Each directorate is broken down into Divisions and Key Services. Each directorate has its own set of sections within the report presenting the forecast outturn position by Division and providing explanations of the significant variances. A Key Service statement is available in [Appendix 1](#). Information on what each Key Service is responsible for can be found in the [2025-26 Budget Book](#).

## Update on the urgent actions to mitigate the revenue overspend

The Quarter 2 report, presented to Cabinet in November 2025, recognised that the scale of the forecast overspend is unprecedented and represents a critical risk to the financial resilience of the authority.

The situation demands immediate action as if it is not addressed in the current financial year, it will have a severe impact on our reserves and will impact our budget position for 2026/27.

A number of actions were identified and have been implemented and these are summarised below:

### Focussed messaging to all staff

In early December 2025, a message from the Corporate Management Team (CMT) was distributed to all staff, introducing firmer spending controls that must be followed for the remainder of the financial year. This included the following immediate actions:

- All discretionary spending is stopped for the rest of this financial year
- Statutory spending will continue, but only to the level required to meet our minimum statutory service obligations
- Recruitment freeze: all new appointments must now be explicitly approved by the Recruitment Control Panel
- No attendance at external conferences or events
- No new training unless delivered internally by KCC at no cost
- No travel expenses except for direct service delivery

Staff have also been reminded to continue to:

- Ensure all Oracle Cloud Procurement orders are reviewed and cancelled where not required, to ensure the forecast is reliable
- Hold internal meetings with only KCC staff in KCC owned facilities or via Microsoft Teams. Meetings with public, clients or external partners should prioritise KCC facilities, with external venues used

only as a last resort if KCC facilities are inappropriate and the meeting is essential

### **Holding budget managers to account**

Managers will be held accountable for all spend in their budget areas. If forecasts increase or do not decrease as expected over the next four months, managers will be required to explain why. Dip testing of spend across the organisation will be carried out to ensure compliance.

### **Idea cards**

The significant financial pressures impacts everyone across the authority and we must take immediate and decisive action to reduce spend. It is recognised that often the best ideas come from colleagues with experience of delivery on the ground and that there is valuable intelligence to be gained. All staff have been encouraged to share thoughts and suggestions up through their management routes or via idea cards which will be shared with the relevant members of CMT.

### **Update on the targeted actions in Adult Social Care & Health**

Adult Social Care fully understands the challenging financial position of Kent County Council, whilst also delivering the most cost effective and lawful means of meeting assessed eligible needs. It also acknowledges that Council's available resources are not sufficient to sustain the current trajectory of spend in adult social care which is out of line with comparable local authorities. The following high-level actions are being implemented:

A vacancy control panel to ensure recruitment is only authorised to deliver the core statutory duties of the Council. In addition, fixed term and interim arrangements are being reviewed to ensure roles that are not critical to the delivery of core duties are ended. Establishment control panel is now fully embedded and provides the opportunity for consideration of how the directorate best uses all its available resource to ensure we only seek permission to recruit where this is business critical. There is now senior leadership ownership and oversight of all essential recruitment requests through DMT. The financial benefit of the panel is monitored and has seen a reduction in spend on staffing. We have also reviewed and removed 2

senior interim leadership roles and will manage the service on a reduced leadership capacity. Ongoing work to further reduce spend arising from fixed term, and interim roles (which includes converting agency to permanent) where it is appropriate and safe to do so is planned, and all decisions involved HR business partner.

Action is being taken to reduce the financial consequences of new demand for Adult Social Care, by enhancing the most cost effective and lawful means of meeting assessed eligible needs through practice guidance and implementation. This will include updating guidance to ensure the workforce continues to meet Care Act (eligibility criteria) regulations. Also, social care is also working with NHS colleagues to ensure that we embed consistent approaches to supporting people to return home from hospital through the most cost effective and lawful method. Directors of Operations for short- and long-term support have held meetings with all managers and senior practitioners in the lead up to Christmas to clarify the priority actions required to deliver on the Directorate's financial recovery plan. This was supported by policy colleagues and a wider Directorate Management Team (DMT) report is being taken forward to set out the more detailed actions that we will take for assurance back to the Corporate Management Team (CMT) and elected members as required.

The Directorate is undertaking the re-commissioning of residential and nursing contracts, and home care contracts, which will reset the relationship with providers of care and support and costs associated with delivering this. The directorate is seeking to better understand the costs of providing care and support and moving to a more equitable means of setting fees across the sector, recognising the current approach is not financially sustainable and out of line with comparable local authorities. Aside of the process, negotiations will be undertaken with individual providers, where they are a significant outlier on cost. Provider visits have commenced with more visits planned. From the visits undertaken, providers have expressed a desire to agree to the join the council's framework, which includes acceptance of council fee rates. Those providers were keen to work with the council on prioritising the use of framework providers over non framework providers, as a mechanism of incentivising more providers joining and we will reinforce this through our enhanced approach to preferred accommodation (a legal requirement under the Care Act). This will set out a clearer approach to

delivering a more cost effective and lawful method of meeting needs and outcomes in care home settings.

The directorate has also invested heavily in preventative measures, which includes how technology and equipment can complement physical support to deliver the most cost effective and lawful means of meeting assessed needs and outcomes. The focus of adult social care reviews is on ensuring that the current level of funded care and support remains proportionate to the level of assessed needs. This includes enhanced focused action in first reviews. As well as reducing the use of short-term beds at the point of discharge from hospital and the preferred use of framework providers. We have established an all-reviews group which takes a data led approach (supported by performance and finance) to how we prioritise reviews and this is supporting our work that has commenced on targeted reviews which offer the greatest opportunity of reducing spend. We continue to experience challenges with short term beds due to demand placed on those beds, delays in assessment, and the availability of other community-based solutions at the point people need them. A Joint brokerage team has been established and began work on the 1<sup>st</sup> December 2025 which will provide the Council more oversight and control of routes into these beds, and a detailed workplan has been established for the Older People Residential & Nursing (OPRN) services deep dive sponsored by the Strategic Reset Programme (SRP). We continue to monitor and report a good Impact on the use of technology

## **Flexible use of capital receipts policy**

The 2025/26 revenue budget included the use of £8m of capital receipts funding to support the delivery of the Oracle Cloud project as part of the government's statutory direction to allow local authorities to use capital receipts for certain revenue costs relating to transformation projects.

An additional £7m of capital receipts has been identified as available for use against transformational activity in 2025/26 and will be used to help fund the Oracle Cloud Programme and Technology Enabled Lives.

The initial policy agreed at County Council, as part of the budget setting process, requires any changes to this policy to be approved by Cabinet as part of the monitoring strategy.

This agreement will reduce the revenue position by £7m and Cabinet are asked to approve this change to the in-year policy. The revised strategy is attached as Appendix 4.

## **Savings and additional income**

The 2025-26 budget includes the requirement to deliver savings and additional income of £96.0m. A further £22.4m of undelivered savings from the previous year are included in the 2025-26 target, increasing the total requirement to £118.4m. The savings monitoring does not include increases to grant income of £35.0m or the removal of one-off or undelivered savings in previous years of £38.0m bringing the total monitored savings target for 2025-26 to £121.5m.

Key savings have greater scrutiny as part of the Strategic Reset Programme (SRP) and are BRAG (blue, red, amber, green) rated on a monthly basis, alongside increased monitoring of performance and analytical data.

As at Quarter 3 2025-26, £97.0m is expected to be delivered in 2025-26, which represents 80% delivery against the target. £30.8m of savings are currently not expected to be delivered in 2025-26. Of this amount, £12.0m is planned to be delivered in future financial years, with the remaining £18.8m no longer deliverable. There is £2.6m of alternative savings identified to try and mitigate the current shortfall.

## **Schools' Delegated Budgets**

Schools' Delegated Budgets' position is an overspend of £39.5m. This reflects the impact of high demand for additional special educational needs (SEN) support and greater demand for specialist provision. In 2022-23, the Council entered into the Department for Education's (DfE) Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery. This includes annual funding from the DfE totalling £140m by 2027-28 to pay off part of the deficit.

Over the same period, the Council is also expected to contribute towards the residual deficit estimated to total over £80m.

In 2025-26, the Council will receive scheduled funding from DfE of £14.6m and the authority will contribute £14.2m.

Due to the in-year deficit on Schools' Delegated Budget, the Council's net DSG Deficit is forecast to increase from £97.5m to £136.5m. The statutory override for managing deficits runs until the end of the 2027-28 year. The recently published Local Government Provision Settlement has set out the intention that Councils should not expect to have to fund DSG deficits in 2028-29 from the General Fund subject to implementing reasonable recovery plans. See section 1h for further information

## The capital position

The total approved General Fund capital programme including roll forwards for 2025-26 is £378.8m.

The capital programme spend for the year to the end of November is £163.6m, which represents 43% of the approved budget.

There is a forecast £64.3m underspend against the budget, which is split between a +£15.2m real variance and -£79.5m rephasing variance. Of the real variance, £13.9m is due to additional funding that is not yet included in the budget. Of the rephasing, £8.5m is funded by borrowing and the rest is grant or external funding.

The 'Capital by directorate' table sets out the forecast position. The major in-year variances (real variances of over £0.1m and rephasing variances of over £1.0m) are also described by directorate within this section.

## Section 1 | Revenue by directorate

The table below shows the forecast outturn position split by directorate. The overspend totals £36.5m excluding Schools' Delegated Budgets.

Each of the directorates has a colour theme which is used consistently in Finance reporting in the monitoring report and budget book.

All figures in £m

	Directorate	Working Budget	Forecast	Variance	Variance %
	Adult Social Care & Health	709.2	758.9	49.7	7.0%
	Children, Young People & Education	391.2	393.7	2.6	0.7%
	Growth, Environment & Transport	205.1	205.4	0.3	0.2%
	Chief Executive's Department	58.9	58.6	-0.3	-0.5%
	Deputy Chief Executive's Department	56.0	53.6	-2.4	-4.2%
	Non Attributable Costs	109.9	105.2	-4.7	-4.3%
	Corporately Held Budgets	1.6	-0.0	-1.6	-100.0%
	<b>Total revenue position</b>	<b>1,531.9</b>	<b>1,575.4</b>	<b>43.5</b>	<b>2.8%</b>
	Flexible use of Capital Receipts to fund qualifying spend	0.0	-7.0	-7.0	
	<b>Updated revenue position</b>	<b>1,531.9</b>	<b>1,568.4</b>	<b>36.5</b>	<b>2.4%</b>
	Schools' Delegated Budgets	0.0	39.5	39.5	



## 1a | Adult Social Care & Health including Public Health

The table below shows the Adult Social Care & Health position by each of the five divisions.

All figures in £m

Division	Working Budget	Forecast	Variance
Adult Social Care (short-term support)	53.7	58.8	5.1
Adult Social Care (long-term support)	619.1	664.6	45.4
Strategic Management & Directorate Budgets	9.2	8.4	-0.8
Strategic Commissioning (Integrated & Adults)	27.1	27.2	0.0
Public Health	0.0	0.0	0.0
<b>Total</b>	<b>709.2</b>	<b>758.9</b>	<b>49.7</b>

The Adult Social Care & Health directorate has a projected net overspend of +£49.7m of which +£20.9m relates to net savings which are no longer anticipated to be achieved this year, leaving £28.8m of other service related pressures. The forecast assumes that £38.1m of savings and income changes have been delivered, and that a further £2.8m in savings will be delivered. The forecast includes £3.7m for further growth in demand and cost for the year.

The most significant variances are in the following Key Services:

- **Older People – Residential Care Services: +£22.9m**  
+£6.5m pressure on this service line relates to in-year savings targets not being fully achieved, and +£16.2m from pressures relating to the numbers of people supported being higher than budgeted for which

is partly offset by growth in cost pressures being lower than anticipated. Above service related pressure includes impact of provider closure resulting in higher costs when sourcing alternative placements of +£1.2m. There is a further pressure on this service line of +£0.2m due to anticipated contributions to the provision for bad and doubtful debts being higher than budgeted for.

- **Older People – Community Based Services: +£16.4m**  
A net +£1.5m pressure on this service line relates to in-year savings targets not being fully achieved, with +£14.8m pressure across Community Based services in the main due to Older Persons Homecare activity and cost being higher than budgeted for. There is a further pressure on this service line of +£0.1m due to anticipated contributions to the provision for bad and doubtful debts being higher than budgeted for.
- **Adult Learning Disability – Community Based Services & Support for Carers: +£8.2m**  
+£7.9m pressure on this service relates to in-year savings targets not being fully achieved, with +£0.4m relating to service activity.
- **Adult Learning & Physical Disability Pathway – Community Based Services: -£4.9m**  
Underspends across Community Services relating to younger adults which transferred into the Adult Social Care & Health directorate for 25/26, with these service lines seeing similar underspends in 24/25. The forecast on activity and costs for these services continued to reduce in the latter part of 24/25 after the 25/26 budget assumptions were agreed, which is the main reason for this variance.
- **Adult Case Management & Assessment Services (long-term support): -£2.5m**  
Staffing underspends across long-term support case management and assessment services are largely due to transfer of staffing resource into short-term support case management and assessment services.
- **Adult Case Management & Assessment Services (short-term support): +£2.2m**

Staffing pressures across short-term support case management and assessment services is due to transfer of staffing resource from long-term support case management and assessment services.

- **Adult Physical Disability - Residential Care Services: +2.1m**  
Pressures due to combination of both activity and cost pressures above budgeted levels.
- **Adult Mental Health - Residential Care Services: +1.9m**  
Pressures due to activity pressures above budgeted levels.
- **Adult Physical Disability - Community Based Services: +2.3m**  
+£2.3m pressure on this service relates to service activity, with +£0.1m pressure relating to in-year savings targets not being fully achieved.
- **Adult In House Enablement Services: +1.0m**  
Pressure in the main due to increase in staffing resource across Kent Enablement At Home (KEaH) services to increase capacity.
- **Community Based Preventative Services: -0.7m**  
+£1.6m pressure relates to savings in payments to voluntary organisations which are no longer expected to be realised in 25/26, with this pressure offset by -£0.3m in anticipated one-off efficiencies on other Community Preventative Service contracts for 25/26.
- **Older People & Physical Disability Carer Support - Commissioned: +0.7m**  
Pressure across Carer Support services due to increase in Carer Direct Payments and use of short term beds to offer carers respite.
- **Adult Mental Health - Community Based Services: -1.9m**  
Underspends across community services, predominantly on Direct Payments.

A breakdown by Key Service is available in [Appendix 1](#).

## 1b | Children, Young People & Education

The table below shows the Children, Young People & Education position by each of the four divisions.

All figures in £m

Division	Working Budget	Forecast	Variance
Education & Special Educational Needs	121.6	114.8	-6.8
Strategic Management & Directorate Budgets	5.0	4.6	-0.4
Children's Countywide Services	106.3	112.3	6.0
Operational Integrated Children's Services	158.3	162.0	3.7
<b>Total</b>	<b>391.2</b>	<b>393.7</b>	<b>2.6</b>

The Children, Young People & Education directorate has a projected net overspend of +£2.6m. This is formed from several significant variances. Children's Countywide Services and Operational Integrated Children's Services is forecasting a net overspend of +£9.7m, mainly related the higher costs of packages for looked after children resulting from the high cost and volume of placements, specifically residential. Education & Special Educational Needs are forecasting a net underspend of -£6.8m mainly due to an underspend on Home to School Transport.

The most significant variances are in the following Key Services:

- **Home to School & College Transport: -7.6m**

The forecast underspend reflects the expectation that savings achieved against last year's budget are ongoing and the contingency budget for higher price increases has not been required (£5m). A recent re-procurement of some SEN contracts has also resulted in higher savings that originally budgeted in the MTFP (estimated at

£2.5m). This forecast is based on current demand with a small contingency for any further price fluctuations (£0.6m).

- **Looked After Children - Care & Support (Placements): +9.1m**

This overspend reflects the possible acceleration of the reduction in the number of in-house foster carer placements and increased reliance on the external market, including an increasing use of independent fostering agencies and where this is not possible, the use of residential care. Health Contributions towards placements is also forecast to reduce by £1.5m compared to the previous year. The average cost of residential care has increased by over 10% between March and September 2025. The forecast includes provisions of £1.3m for any potential increases in LAC or costs throughout the remainder of the year. There is also a forecast overspend on Legal services of £0.7m as a result of several months of higher than average costs.

- **Looked After Children (with Disability) - Care and Support (Placements): +6.2m**

This is due to the high cost of packages within the service, particularly within residential care. £2.4m of this forecast relates to one child with specific needs. The forecast contributions from health & education has reduced by £1.0m compared to 24-25. The number of disabled LAC increased during 2024-25 and is remaining steady at the moment. This forecast includes £1.0m of provisional costs for any potential increases in LAC (or more likely costs) throughout the remainder of the year - this is in line with the trend in increasing costs between the same period last year.

- **Early Help and Preventative Services: -3.3m**

Use of Children & Families Prevention Grant to fund early help services in line with grant conditions

- **Children's SW Services - Assessment and Safeguarding Service (Operational Teams): -1.3m**

Underspends across various social work teams with vacancies being held where possible until after the end of the financial year.

A breakdown by Key Service is available in [Appendix 1](#).

## 1c | Growth, Environment & Transport

The table below shows the Growth, Environment & Transport position by each of the four divisions.

All figures in £m

Division	Budget	Forecast	Variance
Environment & Circular Economy	92.4	92.8	0.3
Growth & Communities	32.3	30.1	-2.2
Highways & Transportation	78.9	81.2	2.3
Strategic Management & Directorate Budgets	1.4	1.4	-0.1
<b>Total</b>	<b>205.1</b>	<b>205.4</b>	<b>0.3</b>

The Growth, Environment & Transport directorate has a projected net overspend of +£0.3m, which is a significant improvement of £1m since the last full monitoring report, predominantly due to the implementation of the enhanced spending controls. The key pressure areas are detailed below and are primarily a significant rise in the number of passenger journeys/fare cost within the English National Concessionary Travel Scheme (ENCTS) +£1.5m, unbudgeted road collapses/sinkholes within Highways +£0.8m and a rise in the number of free care/discounted passes for the Kent Travel Saver (KTS) scheme +£0.4m. These are offset by one-off release of reserves within Libraries, Registration and Archives -£0.7m, additional income and other movements linked to the enhanced spending controls e.g. savings from vacancy management, deferring projects/works as well as ensuring all eligible expenditure is coded to grants where appropriate.

All services/budgets across the directorate will continue to review their staffing and spend levels to ensure only essential spend is incurred and income/activity levels will continue to be reviewed and reflected. It should be noted that vacancies have been held, in some instances, for the entirety of the year or for significantly longer than the usual timeframe which means that staff capacity is stretched, especially with increasing demands and activity levels, and therefore whilst the financial position has improved significantly,

this is not without risk and implications and is not sustainable for the long term. The unavoidable pressures are proposed to be realigned in the MTFP.

The most significant variances are in the following Key Services:

- English National Concessionary Travel Scheme (ENCTS): +1.5m**  
 Pressure resulting from higher than expected passenger growth significantly exceeding budgeted levels (+£1.1m). Passenger journeys have increased by approx. 5/5.5% following confidence in the use of public transport following the pandemic. The ENCTS pressure has been further exacerbated due to increase in fare charges above budgeted rates (+£0.3m). Both of these pressures are proposed to be realigned in the MTFP for 2026/27 as it is a change in the demand and pricing levels compared to current budgeted activity.
- Libraries, Registration & Archives: -1.2m**  
 Underspend mainly from combination of agreed draw down from RFID reserve plus one-off contribution holiday for 2025/26 (-£0.7m in total). In addition, higher than budgeted levels of Registration and Citizenship income due to demand for service alongside additional reduced spend, in line with updated spending controls. Included within the MTFP for 2026/27 is an increased income target, both in terms of inflationary price uplift as well as activity.
- Highway Assets Management: +0.8m**  
 Pressures continue to be reported in general maintenance across East/West Kent budgets with prices above budgeted inflation and increased demand for reactive works due to the condition of the network and necessary safety critical works (+£1.3m). Additionally, increasing pressure already in relation to unfunded road collapses/sinkholes (+£0.8m), staffing pressures across various teams (+£0.5m), costs resulting from fire at Ramsgate Tunnel (+£0.2m), increased pressure in vehicle fleet costs across Highway Ops teams (+£0.2m), costs associated with the closure of the Road of Remembrance in Folkestone (+£0.1m) and increased spend on specialist external agency staff due to unsuccessful recruitment to vacant posts (+£0.1m).

These overspends are partially offset by additional income (-£2.0m), lower than budgeted rate within Streetlight and Tunnels energy (-£0.3m) and reduction in anticipated works across various service areas due to contractors unable to deliver programmed works in 25/26 (-£0.2m).

Forecast includes assumed drawdown from Corporate Reserves for recent Storm events (+£0.1m)

- **Kent Travel Saver (KTS): +0.4m**

Pressure resulting from growth in number of free/discounted passes over the past 2 years, which were offset by one-off grant income in the prior year but the increased pass numbers have continued into 25/26 which presents an adverse variance.

This pressure has been proposed to be realigned in the MTFP for 2026/27 as it is a change in the demand levels based on the current policy/offering.

- **Waste Facilities & Recycling Centres: +0.6m**

There are a number of compensating variances within this area.

Pressures largely relate to additional incentivisation payments to districts (+£0.5m) as a result of improved recycling rates which prevents tonnes from being incinerated (Waste to Energy plant) at a higher cost to the authority than other forms of disposal. The savings from increased recycling were included in the 25/26 budget but this increased payment was not realigned. There are also increased costs for Fixed Management across Transfer Stations and Household Waste Recycling Centres (HWRC) above budgeted levels (+£0.3m) and backdated rent and rates costs due to renegotiation of payment/revaluation (+£0.3m), delay with set-up of re-use income scheme (+£0.1m) and increased Tipping Away charges to districts (+£0.1m).

Majority of these pressures are proposed to be realigned in the MTFP for 2026/27.

In addition, there are emergency floor repair works at Ashford WTS following new legislation (+£0.6m), emergency replacement of quick-roll access doors into Ashford TS following H&S regulations (+£0.1m) and emergency Tree Surveys/Works at HWRC sites (+£0.2m).

Included within forecast is one-off payments to three districts (+£0.6m) following a small proportion of Extended Producer

Responsibility (EPR) funding from Government incorrectly paid to KCC rather than directly to districts.

These pressures are offset by favourable volume variance (-£0.7m), a one-off saving on HWRC/WTS mobilisation due to extension of current contract (-£0.5m), reduction in Behaviour Change spend due to time constraints to get projects up and running -£0.5m), reduction in IAA payments for two districts due to end of agreement/rebasing of payment based on performance issues (-£0.2m) and favourable price inflation savings across various contracts (-£0.1m).

- **Residual Waste: -0.4m**

Underspend primarily resulting from favourable volume variance (-£0.7m) offset by emergency works on Gas Extraction system at Closed Landfill site (+£0.3m).

- **Community Protection: -0.6m**

Underspend is mainly due to additional income within Trading Standards (-£0.6m) as well as high turnover of Coroners staff, meaning there are always a number of vacancies and posts that cannot be filled quickly so there is a small vacancy management savings on staff costs (-£0.4m).

This underspend is slightly offset by pressures within Coroners for legal costs relating to inquest (+£0.1m) and toxicology tests due to the upgrade of testing methods to improve turnaround times (+£0.1m) plus Trading Standards legal costs for long standing court case (+£0.1m).

A breakdown by Key Service is available in [Appendix 1](#).

## 1d | Chief Executive's Department

The table below shows the Chief Executive's Department position by each of the five divisions.

All figures in £m

Division	Working Budget	Forecast	Variance
Corporate Landlord	26.7	26.5	-0.2
Finance	10.9	10.8	-0.1
Infrastructure	15.5	15.3	-0.2
Law	1.3	1.5	0.2
Strategic Management & Directorate Budgets	-1.3	-1.3	0.0
Strategy, Policy, Relationships & Corporate Assurance	5.8	5.8	0.1
<b>Total</b>	<b>58.9</b>	<b>58.6</b>	<b>-0.3</b>

The Chief Executive's Department directorate has a projected net underspend of -£0.3m. Small overspends in Kent Safeguarding boards of (+£0.2m) and Law (+£0.2m) are more than offset by underspends across a number of other budget lines primarily Property related services (-£0.2m) and Corporate Landlord (-£0.2m). A review of existing partner contributions for both safeguarding boards hosted by KCC is required to resolve the current pressure as they do not currently cover the costs.

The most significant variances are in the following Key Services:

- **Children's and Adults Safeguarding Services: +0.2m**  
The variance relates to both the Children and Adult Safeguarding Boards hosted by the council. Increased costs, particularly that of staff, are not met by the existing contribution rates from partners. A review of partner contributions for both boards is required.
- **Law: +0.2m**  
Small overspend relates to additional expenditure on legal staffing, subscriptions, software, legal and specialist fees. The variance is improving month on month in line with spending controls.
- **Strategy, Policy, Relationships and Corporate Assurance: -0.1m**  
This variance is as a result of in year staff savings.
- **Corporate Landlord: -0.2m**  
Small underspend resulting from minor variances across a number of budget headings.
- **Property Related Services: -0.2m**  
Majority of the underspend is due to the impact of actions to reduce expenditure in line with the spending controls, primarily holding vacancies, as well as reduced activity on building surveys.

A breakdown by Key Service is available in [Appendix 1](#).



## 1e | Deputy Chief Executive's Department

The table below shows the Chief Executive's Department position by each of the six divisions.

All figures in £m

Division	Working Budget	Forecast	Variance
Commercial and Procurement	3.3	3.4	0.1
Human Resources & Organisational Development	8.5	8.3	-0.2
Governance & Democracy	6.8	6.1	-0.7
Marketing & Resident Experience	7.2	7.2	0.0
Strategic Management & Directorate Budgets	2.3	0.7	-1.5
Technology	27.9	27.9	0.0
<b>Total</b>	<b>56.0</b>	<b>53.6</b>	<b>-2.4</b>

The Deputy Chief Executive's Department directorate has a projected net underspend of -£2.4m of which -£1.3m relates staffing underspend Strategic Reset Programme due to phasing of activity and vacancy slippage. In addition Governance & Democracy is forecasting an underspend of -£0.7m resulting from savings on member travel, appeals costs and member allowances. There are also underspends of -£0.2m due to vacancy management of key posts within the Strategic Management & Departmental Support division, and -£0.2m within Resident Experience, as a result of the closure of a Gateway. Human Resources & Organisational Development is also underspending by -£0.2m due to increasing uptake of salary sacrifice schemes, extra income in Learning & Development, and savings resulting from the implementation of spending controls. These underspends are offset in part by a small overspend in Marketing & Digital services where additional resourcing has been required to meet our statutory requirements.

The most significant variances are in the following Key Services:

- **Strategic Management & Departmental Support: -0.2m**  
Majority of underspend due to vacancy management of key posts.
- **Marketing and Digital Services: +0.2m**  
Additional costs to deliver our creative services are partially offset by an additional recharge expected from Public Health.
- **Resident Experience - Contact Centre; Gateways; Customer care and Complaints: -0.2m**  
Majority of the underspend is due to a reduction in costs as a result of a Gateway closing. Additional expenditure on the Customer Service Delivery team is offset by a reduction in the Customer Feedback and associated teams.
- **Human Resources & Organisational Development: -0.2m**  
Increased staffing expenditure and one-off staff related costs as a result of the service restructure, is more than offset by an increased up take up of salary sacrifice schemes leading to NI rebates and the additional income expected in Learning & Development. The implementation of spending controls have also resulted in savings in training costs and staffing, with vacancies no longer being recruited to.
- **Strategic Reset Programme: -1.3m**  
Underspend on staffing is due to phasing of activity and vacancy slippage.
- **Governance & Democracy: -0.7m**  
This underspend primarily relates to savings in travel and reduced costs of appeals, which are due to the use of virtual hearings and existing internal resources. There is also an underspend in member allowances due to the extended time required to allocate new roles post election as well as holding vacancies in line with the new spending controls.

In addition to the savings achieved from the County Council decision to reduce all Member Allowances and Special Responsibility Allowances by 5%, a further transfer of £113.4k from underspends

within the Directorate is proposed to deliver the planned Combined Member Grant fund increase.

A breakdown by Key Service is available in Appendix 1.



## 1f | Non Attributable Costs including Corporately Held Budgets

The table below shows the Non Attributable Costs position, including Corporately Held Budgets:

All figures in £m

Division	Working Budget	Forecast Outturn	Forecast Variance
Non Attributable Costs	109.9	105.2	-4.7
Corporately Held Budgets	1.6	-0.0	-1.6
<b>Total</b>	<b>111.5</b>	<b>105.2</b>	<b>-6.3</b>

Non Attributable Costs including Corporately Held Budgets' forecast is a net underspend of £6.3m.

The key variances are summarised below:

### • **Non Attributable Costs: -4.7m**

Impact of slower than anticipated reductions in the Bank of England base rate meaning higher returns on our cash balances which is partially offset by higher interest payments to third parties. Cash balances have been impacted by the upfront receipt of £52m Highways Maintenance grant from Government rather than the previous quarterly profile, but have been recently reduced by the early redemption of £50m of debt in September. The reduction in investment income as a result of the lower cash balances following the early debt repayment is more than offset by the discount and interest saved from repaying the loan early. The reported underspend also reflects savings in borrowing costs due to the early repayment of a loan at the end of 2024-25, and contributions to debt costs from the Home Office grant related to the Unaccompanied Asylum Seeker reception centres and from CYPE directorate related to the development of in-house children's residential units.

It should be noted that the investment income forecast can be quite volatile due to the possibility of unforeseen fluctuations in our cash balances.

This forecast includes a £0.6m reconciling adjustment for 2024-25 Business Rates Compensation Grant based on the provisional District Council NNDR3 returns published by Government in the autumn. This figure is provisional and could change during the final stages of the audit of the District Accounts.

### • **Corporately Held Budgets: -1.6m**

Release of residual unallocated pay and employers national insurance budget, which is included as a saving in the draft 2026-27 budget. The forecast now reflects that the HR spans and layers saving from reviewing adherence to the Council's organisation design policy is undeliverable in 2025-26. Several reporting errors have been corrected that did not result in the deletion of roles.

Service Directorates have committed to undertaking strategic workforce planning in the new year that present an opportunity to ensure compliance with the organisational design principles and an ability to identify the necessary reduction in managerial posts. The issue was discussed at CMT on 25th November 2025 who reiterated their commitment to the saving, and that this £0.5m in 2025-26 is to be rolled forward and added to the £1.5m for delivery in 2026-27.

HR Business Partners will be working closely with DMT's to focus on the parts of the structure which aren't currently compliant, and the results of this work will be taken back to CMT for agreement. At this stage it is not possible to say whether the total saving of £2m is achievable or what the split by directorate will be so this saving will continue to be held corporately until this work is complete and agreed by CMT.

A breakdown by Key Service is available in [Appendix 1](#).

# 1h | Schools' Delegated Budgets

The Schools' Budget reserves are Forecast to end the financial year with a surplus of £58m on individual maintained school balances, and a deficit on the central schools' reserve of £136.5m. The total Dedicated Schools' Grant for 2025-26 is £1,976.2m and is forecast to overspend by £67.8m.

The balances of individual schools cannot be used to offset the overspend on the central schools' reserve and therefore should be viewed separately.

The Central Schools' Reserve holds the balance of any over or underspend relating to the Dedicated Schools Grant (DSG). This is a specific ring-fenced grant payable to local authorities to support the schools' budget. It is split into four main funding blocks: schools, early years, high needs and central, each with a different purpose and specific rules attached. The Council is required to hold the net under or overspend relating to the whole dedicated schools grant in a specific reserve and is expected to deal with any surplus or deficits through future years' spending plans. The tables below provide the overall position for the DSG in 2025-26 (table 1) and an overview of the movements on both the central schools' reserve and individual schools' reserves (table 2).

Table 1 Dedicated Schools' Grant (DSG) 2025-26 Forecast Summary:

All figures in £m			
DSG Block	2025-26 Budget*	2025-26 Forecast	2025-26 Variance
Schools' Block	1,367.6	1,368.8	+1.2
High Needs Block	368.4	438.7	+70.2
Early Years Block	227	223.6	-3.6
Central Services to Schools' Block	12.9	12.9	0.0
<b>Total DSG 2025-26</b>	<b>1,976.2</b>	<b>2,044</b>	<b>+67.8</b>

\*Before recoupment and other DfE adjustments including additional funding from the Safety Valve Programme. Budgets include the impact of moving £16.5m from the Schools' block to the High Needs Block as agreed by the Secretary of State.

Table 2: Overall Forecast Position for the Schools' Budget Reserves:

All figures in £m		
	Individual Maintained School Reserves	Central Schools' (DSG) Reserve
Reserve Balance as at 1st April 2025*	58.5	-97.5
Contribution to/(from) reserves: Academy Conversions	-0.5	
Change in School Reserve Balances		
Overspend on DSG 2025-26		-67.8
Safety Valve: Local Authority Contribution		14.6
Safety Valve: Payment from DfE		14.2
Reserve Balance as at 31st March 2026*	58	-136.5

\*Positive figure is a surplus balance & negative balance is a deficit balance

In accordance with the statutory override implemented by the Department of Levelling Up, Housing and Communities (DLUHC), and in line with the Department for Education (DfE) and external auditors advice that local authorities cannot repay deficits on the DSG from the General Fund: any in-year central schools' (DSG) surpluses continue to form part of the main council reserves, whilst any in-year deficit balances are held in a separate unusable reserve from the main council reserves (see section 4). DLUHC have confirmed this statutory override will be in place until March 2028 and the recently published Local Government Provision Settlement has set out the intention that Councils should not expect to have to fund DSG deficits in 2028-29 from the General Fund subject to implementing reasonable recovery plans. However, at this time, no further detail has been provided as to how this will work and the future budget expectations. Councils are

expected to continue to keep the deficit as low as possible and that resources to support recovery are not unlimited.

In the meantime, the Council continues to be part of the DfE's Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery; this includes annual additional funding from the DfE, totalling £140m by 2027-28 (plus £2m of project costs), to pay off part of the deficit but only if the Council can demonstrate and deliver a credible plan. Over the same period the Council is also expected to contribute towards the residual deficit which at the time of agreement was estimated to total over £80m. This has avoided having to identify £220m of savings across the SEN system. The DSG deficit is the Council's single biggest financial risk; therefore, the successful implementation of the Council's deficit recovery plan is critical. Recent announcements have reinforced the expectation that whilst Government is planning to set out its proposals to reform the SEND and alternative provision (AP) system and achieve financial sustainability in high needs funding. Kent will still need to continue to implement local actions. These activities are also regularly reported to the DfE and published on [kent.gov.uk](http://kent.gov.uk).

In 2025-26, the Council is expecting to receive a further £14.2m from the DfE, the fourth tranche of the £140m safety valve commitment, with the Council required to contribute a further £14.6m from reserves. This additional funding, along with the extra funding from the DfE and the Council in 2022-23 will have reduced the accumulated deficit from an estimated £297m to £136m as at 31st March 2026

Key Issues	Details
Individual Maintained Schools Reserves	As at 31st March 2025, there were 288 maintained schools with a surplus reserve balance and 3 schools with a deficit reserve balance. Maintained Schools are required to submit a six & nine-month monitoring return each financial year and these forecasts will be reported in future reports. The Council commissions The Education People to support Schools with their recovery plans. This forecast includes 3 schools converting to academy status during 2025-26. When a maintained school converts to an academy status, the council is no longer

responsible for holding the schools' reserve and the school's remaining school balance is either transferred to the academy trust, or in the case of a deficit, may have to be retained and funded by the Council depending on the type of academy conversion.

Schools' Block: general overspend on growth funding	The Schools' Block funds primary and secondary core schools' budgets including funding for additional school places to meet basic need or to support schools with significant falling rolls which is forecast to overspend by a combined total of +£1.2m. There has been more funding commitments to support growing schools than originally anticipated when the budget was set.
Early Years Block: underspend on new entitlements	The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds, including the newly expanded offer for working parents for children from 9 months to 2 years, along with the funding of some council led services for early years.

Each year, when setting the funding rate an estimate must be made as to likely hours that will be provided to ensure it is affordable within the grant provided. This can lead to under or overspend if activity is slightly lower or higher than expected. This has resulted in a forecast underspend of £3.6m. The unknown trend in the new entitlement for working parents (aged 2 years and under) has contributed towards the £1.3m underspend where hours paid has been lower than planned and the contingency funding has not been required (& will be removed in 26-27). 3 & 4 year olds entitlements is also underspent by a similar amount. This is expected to be one-off, as the grant income has been calculated based on hours at a particularly high point in the year which is not expected to repeated in future years. Payments for deprivation have been lower than budgeted (-£0.5m, & will be corrected in 26-27) along with lower take-up of the Disability Access Fund of -£0.7m. The Schools Funding Forum have requested further

suggestions as to how to use this DAF underspend to improve inclusion and support.

High Needs Block: Higher demand and higher cost for high needs placements.	The High Needs Block (HNB) is intended to support the educational attainment of children and young people with special educational needs and disabilities (SEND) and pupils attending alternative education provision .
Safety Valve Payment & Local Authority Contribution.	The in-year funding shortfall for High Needs placements and support in 2025-26 is £70.2m due to a combination of continual higher demand for additional SEN support and higher cost per child resulting from continual demand for more specialist provision. Whilst there were some initial indicators the level of growth in spending was starting to slow slightly (in comparison to recent years, see table 3 & 4), resulting from actions to support future financial sustainability, this has not been sufficient to meet the original expectations of the safety valve agreement . The number of placements in independent schools remains high and is forecast to grow further, even though the numbers in mainstream, post 16 settings and special schools continue to increase. Higher placements costs, driven by inflation and greater demand by schools for additional funding, along with delays in DfE lead special school builds and larger numbers of other local authorities now refusing to fund the cost of their looked after children (where they had done so in the past), are all contributing to higher spend. The Council has confirmed to the DfE it no longer expects to reach an in-year breakeven position by 2027-28, and will have a residual accumulated overspend of around £195m by March 2028 (rather than £0m). This estimate was made prior to recent funding announcements for 2026-27. The DfE have continued to pay their contributions at this time, and the Council is awaiting further actions following the expected national announcements on the future SEN system in the Spring.

Many other councils are also reporting deficits on their high needs block, despite extra monies from the

Government in recent years, resulting from significant increases in their numbers of EHCPs and demand for SEN services. However, historically Kent has seen this demand rising at a significantly faster rate than other comparative councils resulting in the council now educating a greater proportion of children in both special and independent schools compared to other councils, and a smaller proportion of children with SEND in mainstream schools. The impact of this is highlighted in national benchmarking data on the placement of children with SEN in Kent and our spend on High Needs Block. The tables below detail the trend in both spend and number of HNB funded places or additional support across the main placement types.

**Table 3: Total Spend on High Needs Block by main spend type**

All figures in £m						
	20-21	21-22	22-23	23-24	24-25	25-26
Maintained Special School	106	123	137	151	164	177
Independent Schools	54	66	71	83	91	111
Mainstream Individual Support & SRP* **	46	54	61	65	75	79
Post 16 institutions***	15	17	19	22	25	30
Other SEN Support Services	46	43	46	49	46	43
<b>Total Spend</b>	<b>268</b>	<b>302</b>	<b>334</b>	<b>371</b>	<b>402</b>	<b>439</b>
Rate of increase in spend	-	13%	10%	11%	8%	9%

**Table 4: Average number of HNB funded pupils receiving individualised SEN Support/placements. This is not the total number of children with SEN or number of EHCPs**

£s per pupil						
	20-21	21-22	22-23	23-24	24-25	25-26
Maintained Special School	5,118	5,591	6,019	6,382	6,639	6,942
Independent Schools	1,185	1,418	1,543	1,685	1,762	1,980
Mainstream Individual Support & SRP*	4,510	5,258	5,772	6,496	7,057	7,492
Post 16 institutions***	1,222	1,383	1,511	1,600	1,751	2,129
<b>Total Number of Pupils</b>	<b>12,035</b>	<b>13,650</b>	<b>14,845</b>	<b>16,163</b>	<b>17,209</b>	<b>18,543</b>

**Table 5: Average cost of pupils funded from the HNB and receiving individualised SEN Support or placement cost.**

£ per pupil						
	20-21	21-22	22-23	23-24	24-25	25-26
Maintained Special School	£20,697	£22,067	£22,694	£23,623	£24,746	£25,462
Independent Schools	£45,494	£46,283	£46,246	£49,474	£51,723	£55,829
Mainstream Individual Support & SRP* **	£10,297	£10,241	£10,591	£10,079	£10,658	£10,496
Post 16 institutions***	£12,624	£12,314	£12,721	£13,617	£14,198	£13,898

\*Specialist Resource Provision. From 2025-26, the number of children funded in mainstream schools changed, with the introduction of the community of schools model and a greater focus on whole school SEN offer, and moving away from funding for individual children only. Therefore, the number of children supported is an estimate only. This will affect the both the number of children funded and the average cost.

\*\* Please note this data excludes any costs incurred by primary & secondary schools from their own school budget.

\*\*\*Individual support for students at FE College and Specialist Provision Institutions (SPIs)

The Safety Valve agreement, sets out the key actions the Council intends to take to achieve a positive in-year balance on its central schools' DSG reserve by the end of 2027-28 and in each subsequent year. The actions are aligned with our strategy to support improvements across the SEN system in response to the SEN Improvement Notice through the delivery of the Accelerated Progress Plan. The impact of these actions were not expected to be immediate and would take several years to be fully embedded.

## Section 2 | Savings and additional income by directorate

The 2025-26 budget includes the requirement to deliver savings and additional income of £96.0m. A further £22.4m of undelivered savings from the previous year are included in the 2025-26 target, increasing the total requirement to £118.4m. The savings monitoring does not include increases to grant income of £35.0m or the removal of one-off or undelivered savings in previous years of £38.0m bringing the total monitored savings target for 2025-26 to £121.5m.

The table below summarises the delivery of savings against the original target. The full breakdown by saving is available in [Appendix 2](#).

Figures in £m

	Directorate	2025-26 Savings Target	Delivery against original saving	Delivery against alternative saving (ongoing)	Delivery against alternative saving (one-off)	Total Delivery	Variance	Un- deliverable	To be achieved in future years
	Adult Social Care & Health	(62.6)	(40.5)	(0.9)	(0.3)	(41.7)	20.9	17.8	(10.0)
	Children, Young People & Education	(22.2)	(20.8)	0.0	(0.4)	(21.2)	1.0	0.0	(1.4)
	Growth, Environment & Transport	(17.2)	(17.9)	0.1	0.0	(17.9)	(0.7)	0.0	0.0
	Chief Executive's Department	(6.0)	(6.0)	0.0	0.0	(6.0)	0.0	0.0	(0.1)
	Deputy Chief Executive's Department	(9.1)	(9.0)	0.0	0.0	(9.0)	0.1	0.0	0.0
	Non Attributable Costs	(2.8)	(2.8)	0.0	0.0	(2.8)	0.0	0.0	0.0
	Corporately Held Budgets	(1.5)	(0.0)	(1.0)	0.0	(1.0)	0.5	1.0	(0.5)
	<b>Total</b>	<b>(121.5)</b>	<b>(97.0)</b>	<b>(1.9)</b>	<b>(0.7)</b>	<b>(99.6)</b>	<b>21.9</b>	<b>18.8</b>	<b>(12.0)</b>

## Section 3 | Reserves monitoring

The council holds general fund reserves as a consequence of income exceeding expenditure, budgeted contributions to reserves or where money has been earmarked for a specific purpose. Earmarked reserves are categorised across several headings.

Reserves balances are held as negative balances. All reserves are a negative balance except the DSG Adjustment Account, which is an unusable reserve held to manage the deficit on schools. The table below provides a summary of each of the reserve categories and highlights the main forecasted movements in 2025-26.

Figures in £m

Reserve	Opening Balance (01/04/25)	Forecast Movement in-year	Forecast Closing Balance (31/03/26)	Details
<b>General Reserves</b>				
General Fund	-78.6	+30.6	-48.0	Budgeted contributions include £11.1m to repay the drawdown required in 2022-23 to fund the overspend and £4.8m to rebuild financial resilience and provide for future risks. Budgeted drawdowns include £7.2m and it is currently forecasted to need to drawdown £36.5m to fund the in-year overspend in 2025-26.
<b>Earmarked Reserves</b>				
Vehicles, Plant & Equipment (VPE)	-23.1	+2.0	- 21.2	
Smoothing	-111.8	+3.4	-108.4	Movement includes a drawdown of £2.2m relating to election costs, budgeted drawdowns and contributions relating to the Local Tax Equalisation Reserve and £1.3m drawdown for our transformation partners and agency staff working on budget recovery.
Major Projects	-34.5	+9.6	-24.9	The movement relates to major ICT projects including an additional £4.4m for Oracle Cloud implementation (partly funded by the flexible use of capital receipts).
Partnerships	-44.5	+36.3	-8.2	The movement reflects all safety valve activity now being held against the DSG adjustment account (see below).
Grant & External Funds	-7.7	-10.3	-18.1	The majority of the movement relates to the income received from as part of the Extender Producer Responsibility (EPR) grant. This use of this grant is subject to relevant government guidance.



	<b>Reserve</b>	<b>Opening Balance (01/04/25)</b>	<b>Forecast Movement in-year</b>	<b>Forecast Closing Balance (31/03/26)</b>	<b>Details</b>
	Departmental Over / Underspend	-0.6	+0.6	0.0	
	Insurance	-12.2	+3.3	-8.9	The drawdown forecast reflects the latest position on the Insurance fund in 2025-26.
	Public Health	-16.7	+2.0	-14.7	Use of unspent Public Health Grant in 2025-26.
	Special Funds	-0.8	-0.2	-1.0	
	<b>Total Earmarked Reserves</b>	<b>-252.0</b>	<b>+46.7</b>	<b>-205.3</b>	
	<b>Total General Fund &amp; Earmarked Reserves</b>	<b>-330.6</b>	<b>+77.3</b>	<b>-253.3</b>	
Page 47	Schools Reserves	-58.5	-0.5	-58.0	
	DSG Adjustment Account	+133.7	+2.7	+136.5	The movement reflects the net deficit on DSG budgets in 2025-26, made up of a £67.8m overspend, reduced by required contributions to the DSG Safety Valve Agreement in 2025-26 of £14.2m from KCC and £14.6m from the Department for Education (DfE), and a further £36.2 transferred from Partnerships (Earmarked Reserves).

## Section 4 | Capital by directorate

Figures in £m

Directorate	Working Budget	Total Variance	Real Variance	Rephasing Variance
Adult Social Care & Health	0.9	0.0	0.0	0.0
Children, Young People & Education	111.7	-30.8	-1.8	-29.0
Growth, Environment & Transport	236.4	-39.3	9.7	-49.0
Chief Executive's Department	29.8	5.8	7.3	-1.5
Deputy Chief Executive's Department	0.0	0.0	0.0	0.0
<b>Total</b>	<b>378.8</b>	<b>-64.3</b>	<b>15.2</b>	<b>-79.5</b>

The total approved General Fund capital programme including roll forwards for 2025-26 is £378.8m. The capital programme spend for the year to 30th November 2025 is £163.6m, which represents 43% of the approved budget. There is a forecast £64.3m underspend against the budget, which is split between a +£15.2m real variance and -£79.5m rephasing variance. Of the real variance, £13.9m is due to additional funding that is not yet included in the budget. Of the rephasing, £60.5m is funded by borrowing and the rest is grant or external funding.

The major in-year variances (real variances of >£0.1m and rephasing >£1m) are described below:

## 4a | Adult Social Care & Health

Figures in £m

Project	Real Variance	Rephasing Variance	Detail
Home Support Fund & Equipment	-0.1		A contractor went into receivership leading to reduced works and costs in the current financial year.

## 4b | Children, Young People & Education

Figures in £m

Project	Real Variance	Rephasing Variance	Detail
Annual Planned Enhancement		2.0	There is an increased pressure in the current year due to several significant roofing, heating and pipework projects, and several schools moving from oil to mains gas. Funding will be brought forward from 2026-27 to cover this.
Modernisation Programme	1.3	-3.0	<p>The real variance is due to:</p> <ul style="list-style-type: none"> <li>+£0.2m Minster CEPS – this project has been moved from basic need as it is not related to providing additional places.</li> <li>+£0.2m Garlinge Primary School and Nursery - new project added for mobile refurbishments.</li> <li>+£0.2m Dunton Green Primary - upgrade conservatory roof - new project.</li> <li>+£0.2m Dover Grammar School for Girls - lift replacement.</li> <li>+£0.1m Selsted CEPS – tender quotes were higher than pre-tender estimates.</li> </ul> <p>17 further projects have a real variance totalling +£0.4m, none individually over/under £0.1m.</p> <p>The rephasing variance is due to 15 projects, none of which are individually over £1m.</p>
Basic Need Programme KCP 2019	-0.5	-7.5	<p>The real variance is due to the additional school rebuild grant funding added to the cash limits re Rosherville Primary.</p> <p>The rephasing relates to:</p> <ul style="list-style-type: none"> <li>-£4.1m Thanington Primary – the project has been put on hold as there is not currently a pupil need in early years.</li> </ul>

	Project	Real Variance	Rephasing Variance	Detail
				-£2.7m Highsted Grammar School. This is a school managed project, and the timing of which is dependent on school delivery.
	<i>Previously reported variances:</i>			
	Basic Need Programme 2022-26	-0.3		<i>(Previously reported -£1.5m) The real variance is due to Cornwallis Academy – the expansion project is no longer proceeding. Places will be provided as part of the wider Maidstone Non-Selective expansion in future years.</i>
	Basic Need Programme 2023-27	-1.3	-6.4	<i>(Previously reported real variance was -£5.0m). The real variance is due to prior year costs recoded for projects which have now transferred to “Markers – Future Projects.”</i>  <i>The rephasing is due to:</i> <i>-£5.0m Northfleet Technology College. Design and costs have come in higher than expected, Infrastructure are testing the Framework to check tender prices, and the project is now expected to start early 2026.</i> <i>-£1.4m Tiger Primary – this is a school managed project, the timing of when the funding is required is dependent on the school delivery programme.</i>
	Basic Need Programme 2024-28	-0.5	-8.8	<i>(Previously reported +£0.207m) The real variance is due to:</i> <i>-£0.6m The Sittingbourne School – this project has been moved to Markers – Future Projects budget line.</i>  <i>(Previously reported -£5.990m) The rephasing is due to:</i> <i>-£4.960 Sir Geoffrey Leigh Academy. Design and costs have come in higher than expected. Infrastructure are testing the framework to check tender prices, with the project expecting to start early 2026.</i> <i>-£1.0m Ebbsfleet Green Primary, rephasing due to change in project scope and design.</i> <i>-£1.5m Dartford Grammar, this is a school managed project and the timing of costs is dependent on school delivery.</i>
	Basic Need: Markers – Future Projects	1.4		<i>(Previously reported +£3.126m) The real variance relates to:</i> <i>-£0.6m Water Meadows – cash limits have been increased for S106 funding available.</i> <i>+£0.8m Water Meadows – Payment to be made to the DfE towards the School Rebuild Programme Works.</i> <i>+£0.3m Swale permanent expansion required for 2027.</i>

Project	Real Variance	Rephasing Variance	Detail
			<p>+£0.3m bulge provision required in Swale for 2026.</p> <p>+£0.7m prior year costs recoded for projects which have transferred from the Basic Need Programme 2023-27.</p> <p>The real variance is expected to be funded from basic need grant allocations and developer contributions.</p>
High Need Provision	-1.3	-3.5	<p>(Previously reported -£0.537m) The real variance is due to:</p> <p>-£1.7m The Beacon, Folkestone. Overall cost reduction - The success of the project can be attributed to value engineering throughout the programme and the excellent collaboration between the Quantity Surveyor, Contractor, and Project Manager. Pre-contract surveys were conducted at the project's outset to identify and address any anomalies that might have arisen during construction, which could have resulted in costly variations for KCC. A contingency was held within the project budget, but this proved unnecessary due to the high level of project management demonstrated by all parties involved.</p> <p>-£1.0m Nore Academy - DfE funded project, budget held for Highway costs, no longer required.</p> <p>-£0.5m previously unallocated budget now allocated to projects.</p> <p>-£0.2m The Oaks Specialist College – forecast reduced to match funding agreement for school managed project.</p> <p>+£0.5m Broomhill Bank - new school managed project added, modular expansion to provide additional places.</p> <p>+£0.5m Parkwood Hall Co-operative Academy - new school managed project added to provide additional places.</p> <p>+£0.3m St Mary's CEPS, Swanley SRP - installation of a modular classroom plus provision of an outdoor area.</p> <p>+£0.2 Richmond Primary – requirement to establish an SRP to meet the identified gap at primary level.</p> <p>14 further projects have a real variance totalling £0.6m, none individually over/under £0.1m.</p> <p>(Previously reported -£3.013m) The rephasing variance is due to:</p> <p>-1.9m Nexus School Phase 2 due to delays in stakeholder decisions.</p> <p>-£1.4m New Special Free School, Swanley – funding is dependent on DfE project delivery timescales.</p>
Childcare Expansion (Early Years)	-0.8	-1.3	<p>The real variance is due to grant transferred to fund revenue expenditure in line with grant conditions.</p>

Figures in £m

Project	Real Variance	Rephasing Variance	Detail
			<i>The rephasing is due to the timing of allocation of grant funding to providers. This process is managed by The Education People. Expressions of interest from providers continue to be reviewed in line with place numbers and funding allocated for self-managed projects.</i>

## 4c | Growth, Environment & Transport

Figures in £m

Project	Real Variance	Rephasing Variance	Detail
<b>Highways &amp; Transportation</b>			
Highway Asset Management, Annual Maintenance and Urgent Safety Critical Works	0.6	0.6	The real variance (previously reported £6.018m) includes an overspend of £5.8m on inspectors, which is covered by in-year underspends on resurfacing (£3.0m) and by bringing funding forward from 2026-27 (£2.8m).
Bearsted Road Improvements	0.3	-1.3	The forecast outturn costs for the project currently exceed the confirmed budget and discussions are taking place with stakeholders about potential additional contributions.
DFT Border Works Dover	2.0		The real variance reflects the remaining budget from the Government Transition Works and Dover Inland Border Facilities that has now been agreed to be used for improvement works in Dover.
Government Transition Works	-2.2		Unspent grant has been agreed to be used for the DFT Border Works in Dover and will be vired across in 2025-26 and 2026-27.
Kent Active Travel Fund (KATF) Phase 4		-1.1	The rephasing reflects works to Aylesford Tow Path which are now scheduled for 2026-27.
<i>Previously reported variances:</i>			
A2 Off Slip Wincheap, Canterbury		-1.5	<i>Ongoing discussions between the developer and the National Highways regarding the design of the A2 Off Slip are ongoing. Several issues are still to be resolved that has delayed the commencement of the works until 26/27.</i>

	Project	Real Variance	Rephasing Variance	Detail
Page 53	A228 and B2160 Junction Improvements with B2017 Badsell Road		-4.0	The rephasing variance (previously reported -£4.062m) is due to a number of factors. These include the approvals process via Environment Agency, this has pushed the programme out. The HTMC contract ends within scheme window so a single procurement option is the chosen method, this will start in November with site start date estimated as June 2026. There have also been design package issues which are being worked through and as we enter the worse weather it wouldn't be viable to undertake the scheme as it's a flood risk zone.
	Fastrack Full Network – Bean Road Tunnels		-9.9	(Previously reported -£9.873m) The scheme is externally funded and therefore requires an update to the existing legal agreements to confirm the contributions which are needed are in place. The Invitation to Submit Final Tender (ISFT) has been returned and subject to clarity on certain matters the contract is expected to be awarded In the near future. The works are expected to take approximately 15 months with completion likely in early 2027. There is an additional £2m of funding that has been confirmed as refundable grant from Ebbsfleet Development Corporation (EDC). This has been rephased into 2026-27 to reflect the updated construction programme.
	Faversham Swing Bridge		-1.8	The rephasing is due to ongoing complex legal discussions with Peel Ports.
	Housing Infrastructure Fund, Swale	4.2		(Previously reported £3.678m) The overspend has been reported to Sponsoring Group and will be funded by the Recovery Fund (S106 developer contributions).
	Sturry Link Road	1.6		(Previously reported £1.021m) This is currently presented as an unfunded overspend but in reality the updated cost plan estimate has been provided and presented to Homes England who have endorsed the scheme under the Brown Infrastructure Land (BIL) Fund which will provide additional external funding to enable the scheme to come forward when confirmed (expected decision in January 2026).
	Folkestone – A Brighter Future		-6.2	(Previously reported -£5.138m) Rephasing into 26/27 & 27/28 due to delayed award of contract and shift in length of construction programme necessitates more works being delivered in 26/27 financial year. Current Programme completion date for Civils is August 26. Risk/inflation has also be profiled in 26/27 financial year for end of construction works.
	EDC Landscaping		-1.4	(Previously reported -£1.054m) Construction of sites 8,9 and 10 have been pushed back to next financial year hence the rephasing.
	Integrated Transport Schemes under £1m	1.3		The real variance (previously reported £1.475m) is due to a number of small schemes which will be covered from additional external funding.

	Project	Real Variance	Rephasing Variance	Detail
	Dover Bus Rapid Transit	1.7		(Previously reported £1.769m). There are ongoing disputes regarding the construction contract which makes the forecast spend difficult to predict. Further financial contributions are being explored for the project to help mitigate the overspend as well as considering additional funding streams with Dover District Council.
	Diversion Routes for Unplanned Events (DRUE)	-0.1		(Previously reported -£0.100m) This is grant funding from National Highways for signs and amendments to signs for unplanned diversion routes on the A20/M20 between Dover and Folkestone and is currently forecasting an underspend. The service is asking for approval to redirect this underspend to additional works along the DRUE route.
	Green Corridors		-1.8	(Previously reported -£1.437m). The construction of the three larger sites (6,8 and 11) commenced in October 2025, this was delayed due to delays with consultants and the procurement process. For the Site 4 ramp this is due to land agreements taking longer than anticipated. There are also ecological constraints that mean we need to construct between April – September hence the delay to April 2026 as we have missed this year's window. Due to this, some forecast spend in the current financial year has been reprofiled into the 2026-27 financial year. This has been accepted by Ebbsfleet Development Corporation (EDC) which is fully funding the Green Corridors programme.
	Kent Active Travel Fund (KATF) Phase 2	-0.3		(Previously reported -£0.242m). Change control requested from Active Travel England to transfer some unused budget to Sevenoaks Cycle Facility under KATF Phase 3. Once agreed, the cash limits will be updated.
	Kent Active Travel Fund Phase (KATF) Phase 3	0.3		(Previously reported £0.242m). Change control requested from Active Travel England to transfer some unused budget from KATF Phase 2 for Sevenoaks Cycle Facility under KATF Phase 3. Once agreed, the cash limits will be updated.
	Thames Way (STIPS)		-3.4	The Thames Way Project has been paused given the current closure of Galley Hill and the implications that is having on the local road network and expected trips. This has resulted in forecast spend being reprofiled into later years pending a decision on Galley Hill.

## Environment & Circular Economy

Previously reported variances:

	Folkestone & Hythe Waste Transfer Station		-4.8	The project has been pushed back due to waiting for planning permission which took 13 months. The 25-26 spend will be approximately £0.47m to take the project to RIBA stage 3 and 4. The rest has been rephased.
	Local Nutrient Mitigation		-4.4	(Previously reported -£1.800m) The capital spend has been re-profiled due to a lack of grant applications being submitted to KCC for Local Nutrient Mitigation Funding. KCC will be advertising



Figures in £m

Project	Real Variance	Rephasing Variance	Detail
			<i>the grant funding more widely from early 2026 to enable allocation of the funding to Nutrient Neutrality mitigation schemes.</i>
<b>Growth &amp; Communities</b>			
Kent Empty Property Initiative		0.4	Real variance to be funded by a District Council contribution to the scheme.
<b>Previously reported variances</b>			
Innovation Investment Initiative i3		-1.2	<i>Innovation Investment Initiative (i3) will relaunch in 2026-27, with a bespoke offer, with terms and eligibility that is distinct from Kent &amp; Medway Business Fund (KMBF), hence the rephasing.</i>

#### 4d | Chief Executive's Department \*

Figures in £m

Project	Real Variance	Rephasing Variance	Detail
Strategic Estate Programme	-1.7		The real variance is due to a new agreed way forward which will result in the real underspend in the current financial year.
<b>Previously reported variances:</b>			
Unaccompanied Asylum-Seeking Children (UASC) Additional Accommodation Requirements	9.0		<i>The real variance is due to this project continually evolving and the full extent was not known and budgeted at the start of the year. The project is expected to be fully funded from Central Government.</i>

\*The budgetary control for the following projects has been transferred to CED directorate, however continue to be reported within CYPE for the remainder of this financial year: Schools Annual Planned Enhancement, Schools Modernisation Programme, School Roofs, Basic Need, High Needs, Special School Review.

## 4e | Deputy Chief Executive's Department

There are no major variances to report

## 4f | Capital Budget Changes

Cabinet is asked to approve the following changes to the Capital Budget:

Project	Year	Amount (£m)	Reason
<b>Children, Young People &amp; Education</b>			
Modernisation Programme	25-26	0.24	To move developer contributions funding from basic need as the project does not relate to additional school places.
Basic Need Programme 2024-2028	25-26	-0.24	To move developer contributions funding to Modernisation as the project does not relate to additional school places.
<b>Growth, Environment &amp; Transport</b>			
Highways Major Enhancement	25-26	0.185	Additional developer contributions available
Government Transition Works	25-26	-2.221	Grant agreed by Department of Transport (DFT) to be used for Border Works at Dover.
DFT Border Works Dover	25-26	1.957	Grant agreed by Department of Transport (DFT) to be used for Border Works at Dover.
	26-27	1.000	
Re-Use Shop Allington	25-26	-0.05	
	26-27	-0.05	
	27-28	-0.05	
	28-29	-0.166	

## Section 5 | Treasury Management Monitoring

Treasury management relates to the management of the Council's debt portfolio (accumulated borrowing to fund previous and current capital infrastructure investments) and investment of cash balances. The Council has a comparatively high level of very long-term debt, a significant proportion of which was undertaken through the previous supported borrowing regime.

5.1	Total external debt outstanding in November was £654.5m down by £78.1m since 31st March 2025	<p>KCC debt includes £400.7m of borrowing from the Public Works Loans Board (PWLB). The vast majority is maturity debt (debt is only repaid upon maturity) at a fixed rate of interest. The average length to maturity of PWLB debt is 14.9 years at an average interest rate of 4.2%.</p> <p>Outstanding loans from banks amount to £156.1m. This is also at fixed term rates with average length to maturity of 36.4 years at an average interest rate of 4.5%.</p> <p>The council has £90m of Lender Option Borrower Option (LOBO) loans. These loans can only be renegotiated should the lender propose an increase in interest rates. The average length to maturity of LOBO loans is 38.2 years at an average interest rate of 4.1%.</p> <p>The balance of debt relates to loans for the LED streetlighting programme. The outstanding balance is £7.7m with an average of 14.8 years to maturity at an average rate of 2.9%.</p> <p>KCC's principal objective for borrowing is to achieve an appropriately low risk balance between securing low interest rates and certainty of financing costs. This is achieved by seeking to fund capital spending from internal resources and short-term borrowing, only considering external long-term borrowing at advantageous interest rates.</p>
5.2	Majority is long term debt with only 2.6% due to mature within 5 years	<p>Maturity 0 to 5 years £17m (2.6%)</p> <p>Maturity 5 to 10 years £106.8m (16.3%)</p> <p>Maturity 10 to 20 years £189.7m (29.0%)</p> <p>Maturity over 20 years £340.9m (52.1%)</p>
5.3	Total cash balance at end of November was £402.3m, down by £72.7m from the end of March 2025	Cash balances accrue from the council's reserves and timing differences between the receipt of grants and other income and expenditure.

5.4	Cash balances are invested in a range of short-term, medium term and long-term deposits	<p>Investments are made in accordance with the Treasury Management Strategy agreed by full Council alongside the revenue and capital budgets. The treasury management strategy represents a prudent approach to achieve an appropriate balance between risk, liquidity and return, minimising the risk of incurring losses on the sum invested. Longer term investments aim to achieve a rate of return equal or exceeding prevailing inflation rates.</p> <p>Short term deposits (same day availability) are held in bank accounts and money market funds. Current balances in short-term deposits in November were £76.3m (19% of cash balances). Short-term deposits enable the Council to manage liquidity. Bank accounts and money market funds are currently earning an average rate of return of 4%.</p> <p>Deposits are made through the Debt Management Office (an executive agency responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds). As at the end of November, the Council had £9.8m in UK treasury bills and other deposits with the UK government. These deposits represent 2.4% of cash investments with an average rate of return of 4.1%.</p> <p>Medium term deposits include covered bonds, a form of secured bond issued by a financial institution that is backed by mortgages or public sector loans. In the UK the covered bond programmes are supervised by the Financial Conduct Authority (FCA). King and Shaxson acts as the Council's broker and custodian for its covered bond portfolio. As at the end of November, the Council had £103.3m invested in covered bonds earning an average rate of return of 4.3%.</p> <p>The Council has outstanding loans of £23.8m through the No Use Empty Loans programme which achieves an average return of 3.7% that is available to fund general services. This total includes £7.6m of loans made (£5.3m received) since March 2025.</p> <p>Long term investments are made through Strategic Pooled Funds. These include a variety of UK and Global Equity Funds, Multi Asset Funds and Property Funds. In total the Council has £187.8m invested in pooled funds (46.7% of cash balances) as at 30 November 2025.</p>
5.5	Treasury Management Advice	The Council secures external specialist treasury management advice from MUFG Corporate Markets. They advise on the overall strategy as well as borrowing options and investment opportunities. MUFG Corporate Markets provide regular performance monitoring reports.
5.6	Quarterly and statutory reports	The Governance and Audit Committee receives detailed statutory reports on a regular bi-annual basis (the Treasury Strategy Mid-Year Update, and the Annual Treasury Outturn report), which are subsequently reported to County Council. Quarterly reports are reviewed by the Treasury Management Group (TMG). The TMG also reviews the three annual statutory reports

## Treasury Management Indicators

5.7 The Council measures and manages its exposures to treasury management risks using the following indicators:

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

Credit risk indicator	Actual 30/11/2025	Minimum
Portfolio average credit rating	AA+	AA-

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

Liquidity risk indicator	Actual 30/11/2025	Minimum
Total cash available within 3 months	£110.3m	£75m

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

Interest rate risk indicator	Actual 30/11/2025	Upper Limit
One-year revenue impact of a 1% <u>rise</u> in interest rates	£1.3m	£10m
One-year revenue impact of a 1% <u>fall</u> in interest rates	-£1.3m	-£10m

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

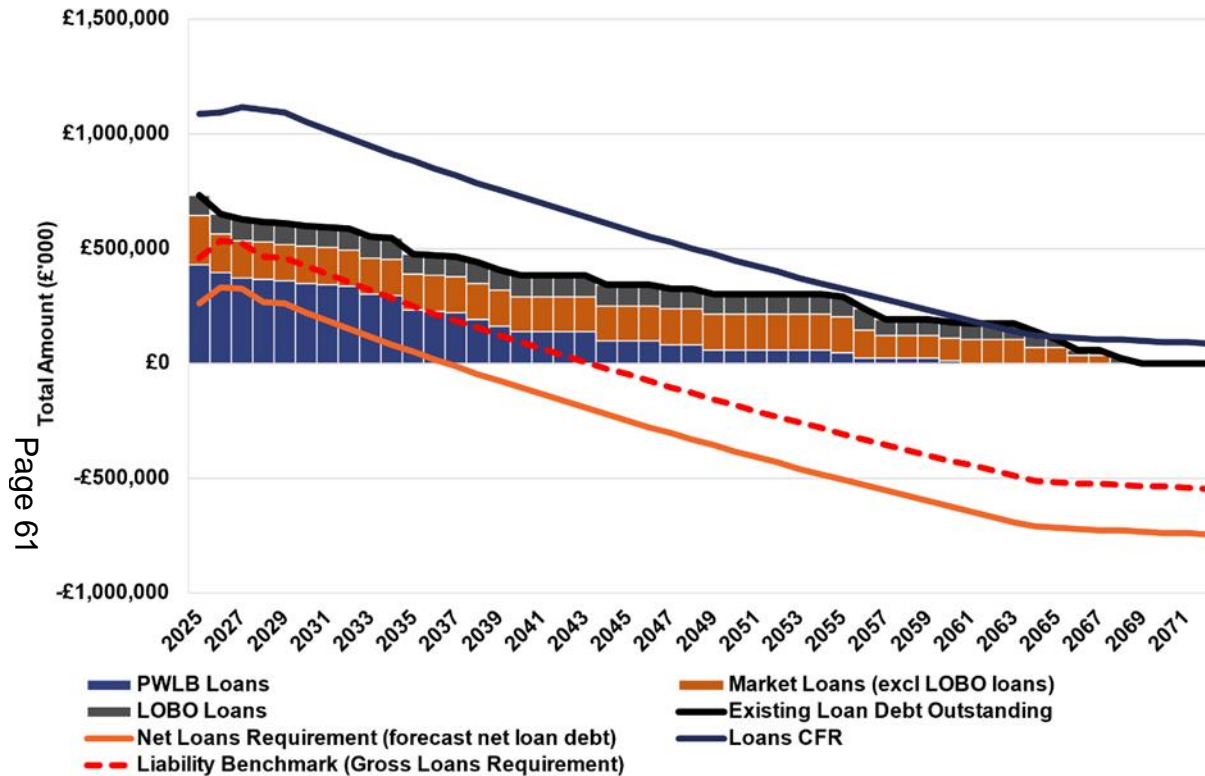
	<b>Actual 30/11/2025</b>	<b>Upper limit</b>	<b>Lower limit</b>
Under 12 months	0.0%	100%	0%
12 months and within 5 years	2.6%	50%	0%
5 years and within 10 years	16.3%	50%	0%
10 years and within 20 years	29.0%	50%	0%
20 years and within 40 years	36.7%	50%	0%
40 years and longer	15.4%	50%	0%

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

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

<b>Price risk indicator</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>No Fixed Date</b>
Limit on principal invested beyond year end	£150m	£100m	£50m	£200m
Actual as at 30 November 2025	£74.0m	£17.3m	£10.3m	£212.9m

### 5.13 Prudential Indicator: Liability Benchmark



The liability benchmark chart shows the Council should be able to accommodate the movement in Loans CFR through additional internal borrowing given the resources on the balance sheet if it wants to maintain treasury investments at the £200m liquidity allowance. However, this is based on the current assumption with regards to movement in reserves and that the working capital position remains at the 31/03/2025 level of £300m. It also assumes that the liquidity allowance of £200m remains appropriate given the £187.8m of external investments currently invested with fund managers over a long-term investment time horizon.

# Appendix 1 | Key Service Statement

## Adult Social Care & Health

Figures in £m

	Budget	Forecast	Variance
<b>Adult Social Care &amp; Health</b>	<b>709.2</b>	<b>758.9</b>	<b>49.7</b>
<b>Adult Social Care &amp; Health (long-term support)</b>	<b>619.2</b>	<b>664.6</b>	<b>45.4</b>
Adult Case Management and Assessment Services (long-term support)	36.6	33.5	-2.5
Adult In House Carer Services	2.7	2.8	0.1
Adult In House Community Services	6.2	5.9	-0.3
Adult Learning and Physical Dis pathway - Resid Care Serv and Support for Carers	7.4	7.5	0.1
Adult Learning and Physical Disability Pathway - Community Based Services	47.5	42.6	-4.9
Adult Learning Disability - Community Based Services and Support for Carers	134.3	142.5	8.2
Adult Learning Disability - Residential Care Services and Support for Carers	82.0	82.3	0.3
Adult Mental Health - Community Based Services	36.1	34.2	-1.9
Adult Mental Health - Residential Care Services	24.0	26.0	1.9
Adult Physical Disability - Community Based Services	37.9	40.1	2.3
Adult Physical Disability - Residential Care Services	29.3	31.4	2.1
Adult Social Care - Divisional Management and Support	0.2	0.3	0.1
Older People - Community Based Services	30.3	46.7	16.4
Older People - Residential Care Services	142.3	165.2	22.9
Older People and Physical Disability Carer Support - Commissioned	2.3	3.0	0.7
Strategic Safeguarding	0.6	0.5	-0.1



Figures in £m

	Budget	Forecast	Variance
<b>Adult Social Care (short-term support)</b>	<b>53.7</b>	<b>58.8</b>	<b>5.1</b>
Adaptive and Assistive Technology	1.3	2.3	0.9
Adult Case Management and Assessment Services (short-term support)	13.9	16.1	2.2
Adult In House Enablement Services	7.8	8.7	1.0
Adult Social Care - Divisional Business Support	8.2	8.0	-0.2
Adult Social Care - Divisional Management and Support	0.2	0.3	0.2
Contest and Serious Organised Crime (SOC)	0.3	0.3	0.0
Independent Living Support	0.9	0.9	0.0
Older People - In House Provision	17.6	17.9	0.3
Sensory Services	1.7	2.1	0.4
Statutory and Policy Support	1.9	2.3	0.4
<b>Public Health</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Public Health - Advice and Other Staffing	0.0	0.0	0.0
Public Health - Children's Programme	0.0	0.0	0.0
Public Health - Healthy Lifestyles	0.0	0.0	0.0
Public Health - Mental Health, Substance Misuse and Community Safety	0.0	0.0	0.0
Public Health - Sexual Health	0.0	0.0	0.0
<b>Strategic Commissioning (Integrated and Adults)</b>	<b>27.1</b>	<b>27.2</b>	<b>0.0</b>
Community Based Preventative Services	9.1	8.4	-0.7
Housing Related Support	4.4	4.8	0.4
Partnership Support Services	0.0	0.0	0.0
Social Support for Carers	2.4	2.7	0.3

Figures in £m		Budget	Forecast	Variance
Strategic Commissioning Integrated and Adults		3.2	3.1	-0.1
Transformation Delivery and support		8.0	8.2	0.2
<b>Strategic Management &amp; Directorate Budgets (ASCH)</b>		<b>9.2</b>	<b>8.4</b>	<b>-0.8</b>
Innovation and Partnership		4.1	3.8	-0.3
Operational and transformation costs pending allocation		0.0	0.0	0.0
Strategic Management and Directorate Budgets (ASCH)		5.1	4.6	-0.6

## Children, Young People & Education

Figures in £m		Budget	Forecast	Variance
<b>Children, Young People &amp; Education</b>		<b>391.2</b>	<b>430.5</b>	<b>2.6</b>
<b>Children's Countywide Services</b>		<b>106.3</b>	<b>112.3</b>	<b>+6.0</b>
Adoption and Special Guardianship Arrangements and Service		18.2	18.1	-0.2
Asylum - Kent PermCare Leavers and New Arrival Service for UASC		0.1	0.1	0.0
Care Leavers Service		5.9	5.6	-0.4
Children in Need Dis - Care and Support (payments and commissioned services)		11.8	11.9	0.1
Children's Countywide Services Management and Directorate Support		0.1	0.2	0.1
Children's social care - in house provision		4.1	4.7	0.6
Children's SW Services - Assessment and Safeguarding Service (County Teams)		11.6	11.4	-0.3
Countywide Children's and Education support services		12.0	11.8	-0.3
Disabled Children and Young People Service (0-17) - Assessment Service		6.7	6.7	0.0
Looked After Children - Care and Support (Staffing)		8.7	8.7	0.0
Looked After Children (with Disability) - Care and Support (Placements)		27.1	33.3	6.2

Figures in £m

		<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
	<b>Education &amp; Special Educational Needs</b>	<b>121.6</b>	<b>114.8</b>	<b>-6.8</b>
	Community Learning and Skills (CLS)	0.2	1.1	1.0
	Early Years Education	0.0	0.0	0.0
	Education Management and Division Support	1.5	1.4	-0.1
	Education Services provided by The Education People	2.5	2.4	-0.1
	Fair Access and Planning Services	0.6	0.6	0.0
	Home to School and College Transport	97.7	90.1	-7.6
	Other School Services	1.2	1.4	0.2
	Pupil Referral Units and Inclusion	0.0	0.0	0.0
	Special Educational Needs and Psychology Services	17.9	17.7	-0.2
	<b>Operational Integrated Children's Services</b>	<b>158.3</b>	<b>162.0</b>	<b>3.7</b>
	Asylum - Kent Permanent Looked After Children (under 18)	0.0	0.0	0.0
	Children in Need - Care and Support (payments and commissioned services)	2.2	1.6	-0.7
	Children's SW Services - Assessment and Safeguarding Service (Operational Teams)	42.0	40.6	-1.3
	Early Help and Preventative Services	8.8	5.5	-3.3
	Family Hubs	4.7	4.7	-0.1
	Looked After Children - Care and Support (Placements)	99.9	109.0	9.1
	Operational Integrated Children's Services Management and Directorate Support	0.6	0.6	0.0
	<b>Strategic Management &amp; Directorate Budgets (CYPE)</b>	<b>5.0</b>	<b>4.6</b>	<b>-0.4</b>
	Strategic Management & Directorate Budgets (CYPE)	5.0	4.6	-0.4

## Growth, Environment & Transport

Figures in £m

	Budget	Forecast	Variance
<b>Growth, Environment &amp; Transport</b>	<b>205.1</b>	<b>205.4</b>	<b>0.3</b>
<b>Environment &amp; Circular Economy</b>	<b>92.4</b>	<b>92.8</b>	<b>0.3</b>
Environment	3.3	3.2	-0.1
Environment and Circular Economy Divisional management costs	2.3	2.5	0.1
Residual Waste	48.5	48.1	-0.4
Waste Facilities and Recycling Centres	38.3	39.0	0.6
<b>Growth &amp; Communities</b>	<b>32.3</b>	<b>30.1</b>	<b>-2.2</b>
Community Assets and Services	2.4	2.3	-0.1
Community Protection	12.5	11.9	-0.6
Growth - Economy	1.6	1.4	-0.2
Growth - Place	3.8	3.7	-0.1
Growth and Communities Divisional management costs	0.5	0.5	0.0
Libraries, Registration and Archives	11.5	10.4	-1.2
<b>Highways &amp; Transportation</b>	<b>78.9</b>	<b>81.2</b>	<b>2.3</b>
English National Concessionary Travel Scheme (ENCTS)	16.6	18.1	1.5
Highway Assets Management	40.4	41.2	0.8
Highways and Transportation divisional management costs	4.3	4.2	-0.1
Kent Karrier	0.0	0.0	0.0
Kent Travel Saver (KTS)	4.7	5.1	0.4
Supported Bus Services	6.2	6.2	0.0
Transportation	6.7	6.4	-0.2

Figures in £m

	Budget	Forecast	Variance
<b>Strategic Management &amp; Directorate Budgets (GET)</b>	<b>1.4</b>	<b>1.4</b>	<b>-0.1</b>
Strategic Management & Directorate Budgets (GET)	1.4	1.4	-0.1

## Chief Executives' Department

Figures in £m

	Budget	Forecast	Variance
<b>Chief Executive's Department</b>	<b>26.8</b>	<b>26.5</b>	<b>-0.3</b>
<b>Corporate Landlord</b>	<b>26.7</b>	<b>26.5</b>	<b>-0.2</b>
Corporate Landlord	26.7	26.5	-0.2
<b>Finance</b>	<b>10.9</b>	<b>10.5</b>	<b>-0.4</b>
Finance	10.3	10.0	-0.3
Subsidies to Kent District Councils to maximise Council Tax collection	0.6	0.5	-0.1
<b>Strategic Management &amp; Departmental Budgets (CED)</b>	<b>-1.3</b>	<b>-1.3</b>	<b>0.0</b>
Strategic Management & Departmental Budgets	-1.3	-1.3	0.0
<b>Strategy, Policy, Relationships &amp; Corporate Assurance</b>	<b>5.8</b>	<b>5.9</b>	<b>0.1</b>
Childrens and Adults Safeguarding Services	0.4	0.5	0.2
Resettlement Schemes, Domestic Abuse and Civil Society Strategy	0.2	0.2	0.0
Strategy, Policy, Relationships & Corporate Assurance	5.2	5.1	-0.1
<b>Law</b>	<b>1.3</b>	<b>1.5</b>	<b>0.2</b>
Law	1.3	1.5	0.2
<b>Infrastructure</b>	<b>15.5</b>	<b>15.3</b>	<b>-0.2</b>
Health and Safety	0.5	0.5	0.0
Kent Resilience	0.8	0.8	0.0

Figures in £m	Budget	Forecast	Variance
Property related services	9.0	8.7	-0.2
School Property Budgets	5.3	5.3	0.0

## Deputy Chief Executive's Department

Figures in £m	Budget	Forecast	Variance
<b>Deputy Chief Executive's Department</b>	<b>56.0</b>	<b>53.6</b>	<b>-2.4</b>
<b>Commercial and Procurement</b>	<b>3.3</b>	<b>3.4</b>	<b>0.1</b>
Commercial and Procurement	3.3	3.4	0.1
<b>Human Resources &amp; Organisational Development</b>	<b>8.5</b>	<b>8.3</b>	<b>-0.2</b>
Business and Client Relationships	2.7	2.7	0.0
Human Resources and Organisational Development (3DD2KS1+)	5.8	5.6	-0.2
<b>Marketing &amp; Resident Experience</b>	<b>7.2</b>	<b>7.2</b>	<b>0.0</b>
Marketing & Digital Services	2.2	2.4	0.2
Resident Experience - Contact Centre; Gateways; Customer care & Complaints	5.0	4.8	-0.2
<b>Strategic Management &amp; Departmental Budgets (DCED)</b>	<b>2.3</b>	<b>0.7</b>	<b>-1.5</b>
Strategic Management & Departmental Support	0.5	0.4	-0.2
Strategic Reset Programme	1.7	0.4	-1.3
<b>Technology</b>	<b>27.9</b>	<b>27.9</b>	<b>0.0</b>
Technology	27.9	27.9	0.0

Non Attributable Costs including Corporately Held Budgets

Figures in £m		Budget	Forecast	Variance
Non Attributable Costs including Corporately Held Budgets		111.5	105.2	-6.3
Non Attributable Costs		109.9	105.2	-4.6
Corporately Held Budgets		1.6	0.0	-1.6

## Appendix 2 | Savings Statement

### Adult Social Care & Health

Figures in £m

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
<b>Adult Social Care &amp; Health</b>	<b>-62.571</b>	<b>-40.381</b>	<b>-0.936</b>	<b>-0.330</b>	<b>-41.647</b>	<b>20.924</b>	<b>17.755</b>	<b>-10.020</b>
Efficiency Savings in relation to the purchasing of residential and nursing care for older people	-6.790	-4.292	0.000	0.000	-4.292	2.498	0.000	-2.498
Efficiency Savings in relation to the purchasing of care and support in the home	-3.967	-0.147	0.000	0.000	-0.147	3.820	3.819	-0.002
Efficiency savings in relation to the purchasing of equipment contract	-0.590	0.000	0.000	0.000	0.000	0.590	0.590	0.000
Efficiency savings in relation to the purchasing and monitoring of delivery of supported living	-7.546	-0.045	-0.178	0.000	-0.223	7.323	6.046	-1.455
Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health - short term support	-0.001	-0.001	0.000	0.000	-0.001	0.000	0.000	0.000
Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health - long term support	-0.649	-0.649	0.000	0.000	-0.649	0.000	0.000	0.000
18-25 Community Based Services saving (transport)	-0.250	-0.250	0.000	0.000	-0.250	0.000	0.000	0.000



<b>Saving</b>	<b>2025-26 Savings Target</b>	<b>Forecast delivery against original saving</b>	<b>Forecast delivery against alt. saving (ongoing)</b>	<b>Forecast delivery against alt. saving (one-off)</b>	<b>Total Forecast Delivery</b>	<b>Variance</b>	<b>Un-deliver-able</b>	<b>To be achieved in future years</b>
Annual uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams - long term support	-3.898	-3.898	0.000	0.000	-3.898	0.000	0.000	0.000
Annual uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams - short term support	-0.002	-0.002	0.000	0.000	-0.002	0.000	0.000	0.000
Annual uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams for clients aged up to 25	-0.040	-0.040	0.000	0.000	-0.040	0.000	0.000	0.000
Estimated annual increase in Better Care Fund - short term support	-0.382	-0.382	0.000	0.000	-0.382	0.000	0.000	0.000
Estimated annual increase in Better Care Fund - long term support	-1.925	-1.925	0.000	0.000	-1.925	0.000	0.000	0.000
Revision of Adults Charging Policy, in line with Care Act legislation and the statutory guidance for 18-25 - long term support	-0.129	-0.129	0.000	0.000	-0.129	0.000	0.000	0.000

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un-deliver-able	To be achieved in future years
The full year effect of the Adults Charging Policy changes made in line with Care Act Legislation and statutory guidance in September 2024 - long term support	-1.573	-1.573	0.000	0.000	-1.573	0.000	0.000	0.000
The full year effect of the Adults Charging Policy changes made in line with Care Act Legislation and statutory guidance in September 2024 - short term support	-0.022	-0.022	0.000	0.000	-0.022	0.000	0.000	0.000
Revision of Adults Charging Policy, in line with Care Act legislation and the statutory guidance for 18-25 - short term support	-0.000	-0.000	0.000	0.000	-0.000	0.000	0.000	0.000
Review of preventive services to prevent, reduce and delay care and support. Working with the NHS and wider partners to commission collaboratively to deliver efficiencies	-2.589	-0.619	-0.758	-0.330	-1.707	0.881	0.000	-2.179
Savings from moving individuals previously supported in community-based services into grant funded safe accommodation	-0.225	-0.225	0.000	0.000	-0.225	0.000	0.000	0.000
Cease our contribution to the Home Improvement agency	-0.294	0.000	0.000	0.000	0.000	0.294	0.000	-0.294
Efficiencies in Enablement	-7.581	-10.855	0.000	0.000	-10.855	-3.274	0.000	0.000
Initial Contact	-1.667	-0.231	0.000	0.000	-0.231	1.436	1.436	0.000
Maximisation of in-house short term beds	-2.152	-1.080	0.000	0.000	-1.080	1.072	0.174	-0.899
Reduction in Residential and Nursing Placements	-0.772	-0.541	0.000	0.000	-0.541	0.231	0.163	-0.068
Occupational Therapists	-1.840	-2.282	0.000	0.000	-2.282	-0.442	0.000	0.000

Saving		2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
Partnership working - continuing health care		-1.046	0.000	0.000	0.000	0.000	1.046	0.000	-1.046
Ongoing Reviews		-2.296	0.000	0.000	0.000	0.000	2.296	2.042	-0.254
First Reviews		-3.111	-1.039	0.000	0.000	-1.039	2.072	0.747	-1.325
Supported Living		-3.534	-3.427	0.000	0.000	-3.427	0.106	0.217	0.000
Technology Enabled Lives		-1.749	-3.297	0.000	0.000	-3.297	-1.548	0.000	0.000
Additional plans are being considered and further 2025-26 savings are being modelled on other areas which could support the plans already in place.		-2.522	0.000	0.000	0.000	0.000	2.522	2.522	0.000
Over delivery of £3,373.3k of savings in 2024-25 against some of the streams within the £30,154.8k 2024-25 savings target from the review and reshape of ASCH as set out in the sustainability plan to deliver new models of social care - long term support		-3.373	-3.373	0.000	0.000	-3.373	0.000	0.000	0.000
Review of embedded teams in ASCH Directorate, to establish opportunities for consolidation and/or centralisation of practice		-0.055	-0.055	0.000	0.000	-0.055	0.000	0.000	0.000

## Public Health

Figures in £000s

Saving		2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
<b>Public Health</b>		<b>-0.074</b>	<b>-0.074</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.074</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Children's Health Programme savings on premises due to more efficient use of available premises		-0.025	-0.025	0.000	0.000	-0.025	0.000	0.000	0.000
Reduction in demand for Buprenorphine		-0.040	-0.040	0.000	0.000	-0.040	0.000	0.000	0.000
Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant		-0.009	-0.009	0.000	0.000	-0.009	0.000	0.000	0.000

## Children, Young People & Education

Figures in £000s

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un-deliverable	To be achieved in future years
<b>Children, Young People &amp; Education</b>	-22.205	-20.843	0.000	-0.400	-21.243	0.962	0.000	-1.362
Efficiency: Children's Social Care – Review of Legal Services Spend through cost efficiencies by Invicta Law and review of the use of legal services by social workers	-0.232	-0.232	0.000	0.000	-0.232	0.000	0.000	0.000
Policy: Services to Schools – Review our offer to schools in light of the latest DFE funding changes and guidance including exploring alternative funding arrangements and engaging in efficiency measure to reduce costs	-0.400	0.000	0.000	-0.400	-0.400	0.000	0.000	-0.400
Review of Legal Services Spend through cost efficiencies by Invicta Law and review of the use of legal services by social workers - CCS	-0.019	-0.019	0.000	0.000	-0.019	0.000	0.000	0.000
Review of Legal Services Spend through cost efficiencies by Invicta Law and review of the use of legal services by social workers - ICS Operations	-0.831	-0.331	0.000	0.000	-0.331	0.500	0.000	-0.500
Implementation of new statutory guidance for Home to School Transport (published June 23) including making use of a new system for transport planning to explore route optimisation and use of standard pick up points, where appropriate.	-0.300	-0.300	0.000	0.000	-0.300	0.000	0.000	0.000
Reduction in the number of Historic Pension Arrangements - CYPE Directorate	-0.120	-0.120	0.000	0.000	-0.120	0.000	0.000	0.000

Figures in £000s

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un-deliver-able	To be achieved in future years
Adoption Service	-0.090	-0.090	0.000	0.000	-0.090	0.000	0.000	0.000
Kent 16+ Travel Saver price realignment to offset bus operator inflationary fare increases	-0.108	-0.108	0.000	0.000	-0.108	0.000	0.000	0.000
Introduction of charging for post 16 SEN transport and reductions to the Post 19 transport offer	-0.541	-0.541	0.000	0.000	-0.541	0.000	0.000	0.000
Review our offer to schools in light of the latest DFE funding changes and guidance including exploring alternative funding arrangements and engaging in efficiency measure to reduce costs	-0.250	-0.250	0.000	0.000	-0.250	0.000	0.000	0.000
Policy: Services to Schools – Review our offer to schools in light of the latest DFE funding changes and guidance including exploring alternative funding arrangements and engaging in efficiency measure to reduce costs	-0.707	-0.707	0.000	0.000	-0.707	0.000	0.000	0.000
Review contract with Health for fast tracking mental health assessments for Looked After Children	-1.117	-1.117	0.000	0.000	-1.117	0.000	0.000	0.000
Review of open access services in light of implementing the Family Hub model - ICS Operations	-1.534	-1.534	0.000	0.000	-1.534	0.000	0.000	0.000
Review of open access services in light of implementing the Family Hub model - CCS	-0.066	-0.066	0.000	0.000	-0.066	0.000	0.000	0.000
Review of Kent 16+ Travel Saver - above inflation increase to cover full cost of the pass	-0.385	-0.385	0.000	0.000	-0.385	0.000	0.000	0.000

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un-deliverable	To be achieved in future years
Review of services for schools including contribution to TEP, facilities management costs, staff care services and any other services for schools	-1.323	-1.323	0.000	0.000	-1.323	0.000	0.000	0.000
Review of Respite Offer	-0.200	0.000	0.000	0.000	0.000	0.200	0.000	-0.200
Use of external grant to part fund respite offer	-0.550	-0.550	0.000	0.000	-0.550	0.000	0.000	0.000
Estimated reduction to the impact of rising pupil population on SEN Home to School and College Transport	-10.600	-10.600	0.000	0.000	-10.600	0.000	0.000	0.000
Initiatives to increase use of Personal Transport Budgets to reduce demand for Hired Transport	-0.400	-0.400	0.000	0.000	-0.400	0.000	0.000	0.000
Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health	-0.756	-0.494	0.000	0.000	-0.494	0.262	0.000	-0.262
Implementation of strategies to reduce placement costs for looked after children including the impact of kinship service to reduce the number of children remaining in care, along with increased health contributions.	-1.500	-1.500	0.000	0.000	-1.500	0.000	0.000	0.000
Review of embedded teams in CYPE Directorate, to establish opportunities for consolidation and/or centralisation of practice	-0.175	-0.175	0.000	0.000	-0.175	0.000	0.000	0.000

## Growth, Environment & Transport

Figures in £000s

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
<b>Growth, Environment &amp; Transport</b>	-17.180	-17.905	0.042	0.000	-17.863	-0.683	0.000	0.000
Reduced cost of food waste disposal following Government legislation regarding consistent collections, and work with Kent District Councils to deliver savings from improving kerbside food waste recycling rates.	-0.076	-0.076	0.000	0.000	-0.076	0.000	0.000	0.000
Review service delivery model for Visitor Economy and Inward Investment services to bring about efficiency savings within the operating model	-0.150	-0.150	0.000	0.000	-0.150	0.000	0.000	0.000
Undeliverable prior year saving from increased waste material segregation, that was intended to generate income or reduce cost. This has not been possible due to a change in Government legislation whereby certain items can no longer be recycled.	-0.390	-0.390	0.000	0.000	-0.390	0.000	0.000	0.000
Revenue savings from a spend to save initiative by paying off an interest bearing loan early related to the development of Dunbrik Waste Transfer Station	-0.395	-0.395	0.000	0.000	-0.395	0.000	0.000	0.000
Increased Libraries, Registration and Archives income due to increased uptake of services	-0.400	-0.525	0.000	0.000	-0.525	-0.125	0.000	0.000
Changes to the contribution from Medway Council under SLA relating to	-0.109	-0.109	0.000	0.000	-0.109	0.000	0.000	0.000



Figures in £000s

Saving		2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
increasing/decreasing costs for provision of Coroner service in Medway									
Annual inflationary uplift to Library, Registration and Archives income levels and fees and charges in relation to existing service income streams		-0.050	-0.050	0.000	0.000	-0.050	0.000	0.000	0.000
Inflationary increase in income levels and pricing policy for Kent Scientific Services		-0.086	-0.086	0.000	0.000	-0.086	-0.000	0.000	0.000
Continuation of a one-off (2025-26) increase in the annual financial distribution to partners from East Kent Opportunities LLP. The remaining land parcels are currently anticipated to be disposed of by the end of 2025-26, at which point East Kent Opportunities LLP will be dissolved and the budget will need to be realigned in 2026-27.		-0.050	-0.050	0.000	0.000	-0.050	0.000	0.000	0.000
Kent Travel Saver price realignment to offset bus operator inflationary fare increases		-0.480	-0.480	0.000	0.000	-0.480	0.000	0.000	0.000
Trading Standards inflationary fee increases		-0.002	-0.002	0.000	0.000	-0.002	0.000	0.000	0.000
Review of all Highways & Transportation fees and charges, that are to be increased annually in line with inflation		-0.065	-0.065	0.000	0.000	-0.065	0.000	0.000	0.000
Highways & Transportation - review of future activity levels with a view to increasing income targets to ensure compliance with fees and charges policy		-1.032	-1.632	0.000	0.000	-1.632	-0.600	0.000	0.000

Figures in £000s

Saving		2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
Increased income within Kent Scientific Services for toxicology analysis for the Coroners Service		-0.013	-0.013	0.000	0.000	-0.013	0.000	0.000	0.000
Surplus from traffic management penalties including contravening traffic restrictions, box junctions and bus lanes under new Moving Traffic Enforcement powers, to offset operational costs and overheads - compliance with fees and charges policy		-0.200	-0.200	0.000	0.000	-0.200	0.000	0.000	0.000
Income to offset part of the cost of disposal of packaging waste under Extended Producer Responsibility (EPR) legislation		-13.288	-13.288	0.000	0.000	-13.288	0.000	0.000	0.000
Review of Community Warden Service to deliver a £1m saving which has resulted in an overall reduction in wardens									
This is the residual budget once pension liabilities expire"		-0.067	-0.067	0.000	0.000	-0.067	0.000	0.000	0.000
Increase income from Country Parks		-0.120	-0.120	0.000	0.000	-0.120	0.000	0.000	0.000
A reduction in the KCC contribution to the operational costs of the Cyclopark sports and community facility in Gravesend. The park is owned by KCC and operated on KCC's behalf by the Cyclopark charitable trust.		-0.013	-0.013	0.000	0.000	-0.013	0.000	0.000	0.000
Reduction of KCC funding to support the operational costs of Produced in Kent, the county's food & drink sector business membership organisation and promotional agency.		-0.058	-0.058	0.000	0.000	-0.058	0.000	0.000	0.000

Figures in £000s

Saving		2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
Reduction in the budget for the Straits Committee whilst continuing to meet the committees commitments		-0.015	-0.015	0.000	0.000	-0.015	0.000	0.000	0.000
Work with Kent District Councils to deliver savings from improving kerbside food waste recycling rates		-0.080	-0.080	0.000	0.000	-0.080	0.000	0.000	0.000
Review of embedded teams in GET Directorate, to establish opportunities for consolidation and/or centralisation of practice - Environment & Circular Economy Division		-0.021	-0.021	0.021	0.000	0.000	0.021	0.000	0.000

## Chief Executive's Department

Figures in £000s

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un-deliverable	To be achieved in future years
<b>Chief Executive's Department</b>	-6.023	-6.023	0.000	0.000	-6.023	0.000	0.000	0.000
Reduction in the number of Historic Pension arrangements within CED Directorate	-0.106	-0.106	0.000	0.000	-0.106	0.000	0.000	0.000
Support Service targeted reductions - review of discretionary spend	-0.100	-0.100	0.000	0.000	-0.100	0.000	0.000	0.000
Support Service targeted reductions - reduced contribution to pension fund in respect of change to requirements	-0.107	-0.107	0.000	0.000	-0.107	0.000	0.000	0.000
Property savings from a Corporate Landlord review of specialist assets	-0.309	-0.309	0.000	0.000	-0.309	0.000	0.000	0.000
Increase in the recharge to the Pension Fund to better represent the cost of hosting of the Fund within KCC, including overhead elements. Further work to establish full cost recovery will continue over the next few months and may result in a further increase in 2026-27.	-0.231	-0.231	0.000	0.000	-0.231	0.000	0.000	0.000
Review of Committee support arrangements	-0.020	-0.020	0.000	0.000	-0.020	0.000	0.000	0.000
Cease Early Intervention Payments to District Councils	-0.083	-0.083	0.000	0.000	-0.083	0.000	0.000	0.000
Terminate current arrangements to provide annual incentive to collection authorities to reduce/remove empty property council tax discounts and charge premiums on long-term empty properties	-1.450	-1.450	0.000	0.000	-1.450	0.000	0.000	0.000

Figures in £000s

<b>Saving</b>	<b>2025-26 Savings Target</b>	<b>Forecast delivery against original saving</b>	<b>Forecast delivery against alt. saving (ongoing)</b>	<b>Forecast delivery against alt. saving (one-off)</b>	<b>Total Forecast Delivery</b>	<b>Variance</b>	<b>Un-deliver-able</b>	<b>To be achieved in future years</b>
Income: Resilience and Emergency Planning - Additional income from reservoir work	-0.060	-0.060	0.000	0.000	-0.060	0.000	0.000	0.000
Corporate Landlord review of Community Delivery including Assets	-1.095	-1.095	0.000	0.000	-1.095	0.000	0.000	0.000
Review of Office Assets.	-0.178	-0.178	0.000	0.000	-0.178	0.000	0.000	0.000
"Terminate the current £1.5m annual support provided to collection authorities towards the administration of local CTRS. The current arrangements provide each district with a fixed sum of £70k plus share of £660k based on number of eligible low income pensioner and working age households. The payments are funded by all major precepting authorities pro rata to share of council tax. There is a separate share of £0.5m funded solely by KCC allocated according weighted number of working age eligible households as incentive to align local CTR schemes with other welfare conditions."	-1.747	-1.747	0.000	0.000	-1.747	0.000	0.000	0.000
Reducing the subsidy to the Civil Society	-0.200	-0.200	0.000	0.000	-0.200	0.000	0.000	0.000
Support Service targeted reductions - staffing efficiencies within Infrastructure	-0.201	-0.201	0.000	0.000	-0.201	0.000	0.000	0.000
Review of embedded teams in DCED Directorate, to establish opportunities for consolidation and/or centralisation of practice - Infrastructure	-0.009	-0.009	0.000	0.000	-0.009	0.000	0.000	0.000

Figures in £000s

		2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
Saving									
Review of embedded teams in CED Directorate, to establish opportunities for consolidation and/or centralisation of practice		-0.128	-0.128	0.000	0.000	-0.128	0.000	0.000	0.000

## Deputy Chief Executive's Department

Figures in £000s

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
<b>Deputy Chief Executive's Department</b>	<b>-9.128</b>	<b>-8.980</b>	<b>0.000</b>	<b>0.000</b>	<b>-8.980</b>	<b>0.148</b>	<b>0.000</b>	<b>-0.120</b>
Explore alternative sources of funding for the administration of the Kent Support & Assistance Service	-0.262	-0.153	0.000	0.000	-0.153	0.109	0.000	-0.120
Support Service targeted reductions - reduced contribution to pension fund in respect of staff who transferred to Agilisys	-0.170	-0.170	0.000	0.000	-0.170	0.000	0.000	0.000
Support Service targeted reductions - staffing efficiencies within Business Management & Client Relationships	-0.019	-0.019	0.000	0.000	-0.019	0.000	0.000	0.000
Support Service targeted reductions - staffing efficiencies within Strategic Reset Programme	-0.082	-0.082	0.000	0.000	-0.082	0.000	0.000	0.000
One-off use of capital receipts under the Governments flexible use of capital receipts policy, which allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services. We are applying this flexibility to eligible Oracle Cloud costs in 2025-26. This flexible use of capital receipts is partially compensating for the share of the £19,835.2k policy savings required to replace the one-off solutions in the 2024-25 budget that are planned to be delivered in 2026-27. £11,705.8k of the £19,835.2k policy savings is planned for 2026-	-8.021	-8.021	0.000	0.000	-8.021	0.000	0.000	0.000

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
27, which will be temporarily met in 2025-26 from this £8,021k flexible use of capital receipts, £1,926.7k from our allocation of New Homes Bonus and £1,758.1k use of reserves, until the base budget savings are delivered in 2026-27.								
Explore alternative sources of funding for the Kent Support & Assistance Service	-0.567	-0.528	0.000	0.000	-0.528	0.039	0.000	0.000
Review of embedded teams in DCED Directorate, to establish opportunities for consolidation and/or centralisation of practice - PMDB Division	-0.002	-0.002	0.000	0.000	-0.002	0.000	0.000	0.000
Review of embedded teams in DCED Directorate, to establish opportunities for consolidation and/or centralisation of practice - Technology	-0.002	-0.002	0.000	0.000	-0.002	0.000	0.000	0.000
Review of embedded teams in DCED Directorate, to establish opportunities for consolidation and/or centralisation of practice - Marketing & Resident Experience Division	-0.003	-0.003	0.000	0.000	-0.003	0.000	0.000	0.000



## Non Attributable Costs including Corporately Held Budgets

Figures in £000s

Saving	2025-26 Savings Target	Forecast delivery against original saving	Forecast delivery against alt. saving (ongoing)	Forecast delivery against alt. saving (one-off)	Total Forecast Delivery	Variance	Un- deliver- able	To be achieved in future years
<b>Non Attributable Costs</b>	-2.798	-2.798	0.000	0.000	-2.798	0.000	0.000	0.000
Review amounts set aside for debt repayment (MRP) based on review of asset life	-1.000	-1.000	0.000	0.000	-1.000	0.000	0.000	0.000
Reduce the annual budget for Modernisation of the Council/ Workforce Reduction based on recent years' activity and fund any in-year excess costs from the reserve	-0.500	-0.500	0.000	0.000	-0.500	0.000	0.000	0.000
Increase in the dividend from Commercial Services Group following an increase in the commissioning budgets for ICT & HR services	-1.298	-1.298	0.000	0.000	-1.298	0.000	0.000	0.000
<b>Corporately Held Budgets</b>	-1.500	0.000	-1.000	0.000	-1.000	0.500	1.000	-0.500
Reduction in the volume and duration of agency staff	-0.750	0.000	-0.750	0.000	-0.750	0.000	0.750	0.000
Reduction in the volume and duration of agency staff	-0.250	0.000	-0.250	0.000	-0.250	0.000	0.250	0.000
Review of structures across the Council to ensure adherence to the Council's organisation design policy	-0.500	0.000	0.000	0.000	0.000	0.500	0.000	-0.500

## Appendix 3 | Prudential Indicators

The prudential indicators consider the affordability and impact of capital expenditure plans, in line with the prudential code.

### Prudential Indicator 1: Estimates of Capital Expenditure (£m)

	<b>24-25 Actuals</b>	<b>25-26 Budget</b>	<b>25-26 Forecast</b>	<b>26-27 Estimate</b>	<b>27-28 Estimate</b>	<b>28-29 Estimate</b>
Total	269.6	358.4	315.0	314.1	222.8	158.6

### Prudential Indicator 2: Estimate of Capital Finance Requirement (CFR) (£m)

The CFR is the total outstanding capital expenditure not yet financed by revenue or capital resources. It is a measure of the Council's underlying borrowing need.

	<b>24-25 Actuals</b>	<b>25-26 Budget</b>	<b>25-26 Forecast</b>	<b>26-27 Estimate</b>	<b>27-28 Estimate</b>	<b>28-29 Estimate</b>
Total CFR	1,295.9	1,234.1	1,267.5	1,272.3	1,261.2	1,225.8

### Prudential Indicator 3: Gross Debt and the Capital Financing Requirement (£m)

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the CFR.

	<b>24-25 Actuals</b>	<b>25-26 Budget</b>	<b>25-26 Forecast</b>	<b>26-27 Estimate</b>	<b>27-28 Estimate</b>	<b>28-29 Estimate</b>
Other long-term liabilities	230.3	159.1	230.3	230.3	230.3	230.3
External borrowing	732.6	684.7	650.3	625.1	616.9	608.7
<b>Total Debt</b>	<b>962.9</b>	<b>843.8</b>	<b>880.6</b>	<b>855.4</b>	<b>847.2</b>	<b>839.0</b>
Capital Financing Requirement	1,295.9	1,234.1	1,267.5	1,272.3	1,261.2	1,225.8
Internal borrowing	333.0	390.3	386.8	416.9	414.0	386.8

#### Prudential Indicator 4: Authorised Limit and Operational Boundary for External Debt (£m)

The Authority is legally obliged to set an affordable borrowing limit (the authorised limit for external debt). A lower "operation boundary" is set should debt approach the limit.

	<b>24-25 Actuals</b>	<b>25-26 Budget</b>	<b>25-26 Forecast</b>	<b>26-27 Estimate</b>	<b>27-28 Estimate</b>	<b>28-29 Estimate</b>
Authorised limit – borrowing	946.0	1,200.6	1,201.0	1,233.0	1,225.0	1,225.0
Authorised limit – other long-term liabilities	230.0	239.9	230.3	230.3	230.3	230.3
<b>Authorised limit – total external debt</b>	<b>1,176.0</b>	<b>1,440.5</b>	<b>1,431.3</b>	<b>1,463.3</b>	<b>1,455.3</b>	<b>1,455.3</b>
Operational boundary – borrowing	822.0	1,101.0	1,101.0	1,133.0	1,125.0	1,125.0
Operational boundary – other long-term liabilities	230.0	214.9	230.3	230.3	230.3	230.3
<b>Operational boundary – total external debt</b>	<b>1,052.0</b>	<b>1,315.9</b>	<b>1,331.3</b>	<b>1,363.3</b>	<b>1,355.3</b>	<b>1,355.3</b>

#### Prudential Indicator 5: Estimate of Finance Costs to Net Revenue Stream (%)

Financing costs comprise interest on loans and minimum revenue provision (MRP) and are charged to revenue. This indicator compares the net financing costs of the Authority to the net revenue stream.

	<b>24-25 Actuals</b>	<b>25-26 Budget</b>	<b>25-26 Forecast</b>	<b>26-27 Estimate</b>	<b>27-28 Estimate</b>	<b>28-29 Estimate</b>
Proportion of net revenue stream	7.38%	6.76%	6.67%	6.54%	6.37%	6.06%

#### Prudential Indicator 6: Estimates of net income from commercial and service investments to net revenue stream

	<b>24-25 Actuals</b>	<b>25-26 Estimate</b>	<b>26-27 Estimate</b>	<b>27-28 Estimate</b>
Net income from commercial and service investments to net revenue stream (%)	0.34	0.34	0.29	0.28

# Appendix 4 | Flexible use of Capital Receipts Strategy 2025-26

## 1. Introduction

Traditionally, capital receipts could only be used for specific purposes as set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.

The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

The government allows local authorities further flexibilities to fund revenue costs from capital sources including allowing borrowing to fund general cost pressures (with a commitment to future efficiency savings), funding specific invest to save revenue costs from borrowing, and allowing authorities to use the proceeds from selling investment assets to fund revenue pressures or increase reserves or repay debt.

## 2. Process and Regulations

Before the council can flexibly use capital receipts it must prepare, publish, and maintain a 'flexible use of capital receipts strategy'. This must consider the impact of this flexibility on the affordability of borrowing by including updated prudential indicators. Full Council must approve this strategy before any qualifying expenditure is incurred. The current government directive allowing the flexible use of capital receipts ends on 31 March 2030.

Under the Flexible Capital Receipts guidance, the Secretary of State sets out that individual authorities are best placed to decide which expenditure projects are best to be funded by capital receipts. The key criteria for expenditure to qualify is that the schemes must be designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether a project qualifies for the flexibility.

Capital receipts used under the direction must be from genuine disposals (qualifying disposals). That is, disposals where the authority does not retain an interest, directly or indirectly, in the assets once the disposal has occurred.

Each authority should disclose the individual projects that would be funded or part-funded through the capital receipts flexibility to Full Council. This requirement can be satisfied as part of the annual budget setting process, through the Medium Term Financial Plan.

The Guidance recommends that the council produces a 'flexible use of capital receipts strategy' setting out details of projects to be funded through flexible use of capital receipts be prepared prior to the start of each financial year. The Guidance allows local authorities to update the strategy during the year.

It is a required condition of the direction that authorities must send details setting out their planned use of the flexibility to the Secretary of State, in advance of its use for each financial year. This is to make sure that the government is adequately sighted on the use of the flexibility and can monitor how it is used - it is not a process of approval.

Authorities may update their plans and resubmit to the Secretary of State during the year if things change.

## 3. Proposed Flexible Use of Capital Receipts in 2025-26

The council currently has a number of transformation schemes with one-off or time limited activity costs. The proposal agreed at County Council in February 2025 was to use £8m of capital receipts funding to support the delivery of the Oracle Cloud project. Oracle Cloud is a transformational replacement of the Technology platform which will modernise the way the core system capabilities work and perform across finance, people and procurement.

The current version of Oracle E Business Solution is 20 years old, and is no longer supported by Oracle. This presents significant risk to KCC which, although mitigated through a specialist support supplier, still presents challenges and inefficient processes.

The aim of this transformational programme is to deliver a solution that allows KCC to take advantage of modern technologies and processes and provide a platform for the future.

The total expenditure on the Oracle Cloud Programme is significant over a three year planning and delivery schedule, with the balance of spending being met from ear-marked reserves.

A further £7m of eligible capital receipts are now expected to be available in 2025-26 allowing an increase in the flexible use of capital receipts to support 2025-26 from £8.021m to £15.021m

The proposal for 2025-26 is to now use £13.021m of capital receipts funding to support the delivery of the Oracle Cloud project and £2m to support one-off transformation work on Technology Enhanced Lives (TELS) planned within Adult Social Care This transformation activity is contributing towards the delivery of the future cost avoidance savings included within the 2025-26 approved budget and the 2026-29 proposed Medium Term Financial Plan. The latest estimate of these budgeted savings are:

	2025-26 incl roll forward £k	2026-27 £k	2027-28 £k	Total saving over the MTFP £k
Technology Enhanced Lives	-1,748.7	-3,591.3	-123.8	-5,463.8

#### **4. Rationale and Considerations**

In the opinion of the Section 151 Officer the expenditure for Oracle Cloud project and Technology Enhanced Lives shown in Section 3, for the council to apply the 'flexible use of capital receipt strategy' freedom, qualifies on the basis that the expenditure would "...generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years...".

The underlying rationale for the approval of the flexibility is to reduce the burden on the council's revenue budget and specifically a greater call on the use of reserves, if needed, and therefore support the wider financial resilience of the council.

Capital receipts are ordinarily used to support the funding of the council's capital programme. Re-directing capital receipts under a 'flexible use of capital receipts strategy' would ordinarily lead to a corresponding increase in the council's underlying need to borrow to fund its planned capital programme. However, the level of capital receipts forecast to be received by 31 March 2026 has exceeded the assumed amount by £13.021m, so there is no adverse impact on capital borrowing. Notwithstanding this proposed use of receipts the council will continue to evaluate the use of the capital receipts from a treasury management perspective against other options in terms of utilising these resources to meet the Councils capital financing needs.

#### **5. Financial Implications**

Utilising the capital receipts flexibility would mean that the council's reserves would not decrease for the £13.021m indicative cost of the transformation activities. This funding along with the associated costs are factored into the council's plans for 2025-26 alongside the savings and operational efficiency gains that are expected to be generated from the transformation activity.

Not utilising the flexibility would mean that there would need to be an increase in the use of the council's reserves.

Approving the strategy in this report does not commit the council to adopting it. The Section 151 Officer will consider the optimal funding strategy, including the alternative option set out, based on available capital receipts and the actual and forecast level of reserves at the end of the financial year.

## **6. The Prudential Code**

The Council has due regard to the requirements of the Prudential Code and the impact on its prudential indicators from the application of this Flexible Use of Capital Receipts Strategy. These capital receipts have not been earmarked as funding for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this activity within the 2025-26 Statement of Accounts.

## **7. Monitoring the Strategy**

Implementation of this revised Strategy will continue to be monitored as part of regular financial reporting arrangements.

## KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

**DECISION TO BE TAKEN BY:**

Cabinet

**DECISION NUMBER:**

25/00103

**For publication**

**Key decision: Yes**

**Subject Matter / Title of Decision: Revenue and Capital Budget Monitoring Report – Quarter 3 2025-26**

**Decision:**

The Cabinet agree to:

- a) NOTE the revenue and capital forecast outturn position for 2025-26 as detailed in the report, and accompanying appendices
- b) AGREE the capital budget adjustments detailed in the report
- c) AGREE the use of additional £7m flexible capital receipts and the associated changes to the flexible use of capital receipts strategy for 2025-26

**Reason(s) for decision:**

The Q3 position and actions to mitigate the revenue overspend need to be noted by Cabinet. The capital budget changes and change to the flexible use of capital receipts policy need to be agreed by Cabinet.

**Cabinet Committee recommendations and other consultation:**

A report will be presented to Cabinet on 29 January 2026.

**Any alternatives considered and rejected:**

None

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:**

.....  
signed

.....  
date

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From: Linden Kemkaran, Leader of the Council

Brian Collins, Deputy Leader of the Council

To: Cabinet 29<sup>th</sup> January 2026

Subject: **Draft Capital Programme 2026-36, Revenue Budget 2026-27 and Medium Term Financial Plan (MTFP) 2026-29**

Classification: **Unrestricted**

### **Summary:**

The draft budget proposals for the 2026-27 revenue budget, 2026-29 Medium Term Financial Plan 2026-36 Capital Programme were published on 8<sup>th</sup> January 2026 for the January cycle of Cabinet Committees and Scrutiny Committee.

Each Cabinet Committee has received a report setting out details on the key strategic considerations underpinning the decisions necessary for County Council to agree the budget at the Budget Meeting in February. The relevant Cabinet Member(s) has outlined the key 2026-27 revenue budget policy choices, and where appropriate capital programme proposals, relating to their portfolio as part of the Cabinet Committee consideration.

This report is an updated draft presented to Cabinet for endorsement that includes the recent local transport consolidated funding announcement and associated spending as well as a number of other minor changes which do not materially change the budget from the version presented to Cabinet Committees in January 2026. These minor changes are largely a result of additional information available since the 8<sup>th</sup> January publication.

An updated final draft report for County Council will be published on 4<sup>th</sup> February 2026. This final draft report will include the final grant settlement and tax base and collection fund estimates (providing these are received in time). The final draft will include any agreed recommendations from Cabinet Committees and Scrutiny Committee. The final draft will also include Personnel Committee recommendation on Kent Scheme pay award from 1 April 2026 as well as any other minor changes that are necessary to be included in the final budget for approval. It is unlikely that information on the retained share of business rate growth or business rate collection fund balances will be available

The updated draft net revenue budget for 2026-27 remains unchanged at £1,647.8m, an increase of £116.5m (7.6%) on the approved budget for 2025-26. This includes core funded spending growth of £180.0m (+11.75%). This continues the trend of recent years with spending growth exceeding the available funding from central government and local taxation with the budget only balanced from savings, income and some limited one-off corporate solutions (£9m capital receipts and £16m drawdown from earmarked reserves).

Savings include £62.0m of new proposals and full year effect of current plans, partially offset by £28.0m from removal/rephasing of undelivered savings from previous years budgets and the removal of temporary savings. Additional income generation contributes £14.6m towards closing the gap between spending and available funding.

The draft budget includes a proposed 3.99% Council Tax increase for 2026-27.

The proposed draft capital programme for 2026-36 includes spending of £1,967m of which £1,379m is funded from government grants, £354m from borrowing and £234m from other sources.

Finally this version of the updated draft includes the following additional appendices: Treasury Management Strategy, Reserves Policy and Minimum Revenue Provision statement.

**Recommendations:**

The Cabinet is asked to:

- a) CONSIDER any proposed amendments from Cabinet Committees.
- b) ENDORSE the draft budget to be presented to County Council on 12<sup>th</sup> February 2026 for final decision

### 3. Contact details

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## Draft Revenue Budget 2026-27 and 2026-29 MTFP, and Draft Capital Programme 2026-36

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**note 1** – these appendices will be available for the final draft which is due to be published on 4<sup>th</sup> February 2026

From                      Leader of the Council; Linden Kemkaran  
Deputy Leader; Brian Collins

Director(s)            Chief Executive, Corporate Directors, ASCH, CYPE and GET  
Report author        Head of Finance Policy, Planning and Strategy; Dave Shipton  
Circulated to        Cabinet  
Classification        Unrestricted

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#### Directorates – abbreviations in this report

ASCH - Adult Social Care and Health  
GET - Growth, Environment & Transport  
DCED – Deputy Chief Executive's  
Department

CYPE - Children, Young People and Education  
CED - Chief Executive's Department  
NAC - Non-Attributable Costs  
CHB – Corporately Held Budgets

## **Reforming Kent's Budget**

### **Section 1 - Executive Summary**

1.1 This report sets out the draft capital programme 2026-36, revenue budget 2026-27 and medium-term financial plan (MTFP) 2026-29. These have been prepared following the same process as previous budget plans. The capital programme reflects the continuation of existing rolling programmes and evaluation of individual projects (including new projects to address priorities or spend to save schemes, and removal of projects which can no longer be progressed). The revenue budget/MTFP is prepared on an incremental basis where the current approved budget is used as the base from which incremental assumptions for spending, savings, income and contributions/drawdowns from reserves are added or subtracted to determine the new budget. The plans include the administration's priorities where possible within the limited scope available for manoeuvre.

1.2 At this point in time the plans are based on the County Council continuing in its current form and the plans for 2028-29 and beyond do not make any presumption of new configuration of councils and responsibilities post local government reorganisation (LGR). This is a reasonable planning assumption until we have a clearer idea on the direction of LGR. This approach does not pre-suppose any particular outcome.

1.3 The primary focus within the capital programme must be to ensure that the Council has sufficient capacity to meet legal and regulatory requirements where there is risk of death or serious harm to residents and service users. This means first call on capital is to address "safety vital" works. The secondary focus is to reduce impact on revenue budget. This can be achieved through using the flexibility to use capital receipts to fund permitted revenue costs and reducing borrowing requirements.

1.4 The capital programme includes no new borrowing impacting on revenue budget 2026-27 or MTFP 2026-29. Funding of new schemes comes from recycling funding within the existing programme from schemes that have been removed or are now funded from confirmed external sources e.g. school basic needs. The draft capital programme represents only fully funded schemes. A separate schedule provides an indication of potential new schemes where business cases have yet to be fully developed or funding has not yet been secured. This schedule does not form part of the programme and schemes will only be included in future capital programmes and progressed once these have been resolved.

1.5 The primary focus of the revenue budget is to strike an appropriate balance between fulfilling the Council's statutory obligations on service provision and the administration's strategic priorities. These aims are not always compatible and involves difficult decisions about service levels and provision both for the forthcoming year and over the medium term.

1.6 In reaching this balance the revenue budget has to include provision for forecast spending growth (base budget changes to reflect full year impact of current variances, contractual price uplifts, staff pay awards, other cost drivers such as market availability, demand increases and service improvements). The revenue budget must also include planned efficiency, policy and transformation savings and plans to generate additional income. As has been the case for several years the spending growth continues to significantly exceed the additional funding from central government and local taxation leading to “the budget gap” that needs to be resolved from savings, income and other one-off measures.

1.7 Planning for revenue budget and MTFP has been made more challenging due to two significant factors leading to heightened uncertainty. The magnitude of, and increases in, forecast in-year overspends as at quarter 1 and quarter 2 have a significant impact on 2026-27 budget plan as it is essential spending and savings/income plans for the forthcoming year include the full year impact of in-year variances. This uncertainty has been compounded by the changes to government funding settlement following consultation on Fair Funding 2.0 review of allocations, the subsequent delayed announcements on the government’s response and lack of illustrative allocations for individual authorities (including insufficient detail on key elements that prevent calculation of robust local estimates). This combination has resulted in significant uncertainty over the scale of the budget gap.

1.8 This draft budget reflects a balanced revenue position for 2026-27, albeit this can only be achieved with £25m one off solutions including £9m from further use of capital receipts to fund permitted revenue spending (flexible use of capital receipts strategy) and £16m from reserves that are no longer necessary for the original purpose. The plan includes increases in the general reserve both to repay previous drawdowns e.g. 2024-25 revenue outturn, and an affordable additional contribution to maintain general reserve at recommended 5% to 10% range over the medium term. However, this does not include any replenishment of potential drawdown for 2025-26 final outturn. The section 25 assurance statement includes a fuller evaluation of the risks and assessment of the adequacy of reserves.

1.9 The revenue budget plans for 2027-28 and 2028-29 show the scale of the gap that would need to be resolved to achieve a balanced budget based on spending/savings/income forecasts and indicative government settlement. For planning purposes this is considered sufficient at this stage to demonstrate what a balanced scenario needs to address over the medium term.

## Section 2 - Budget Plans on One Page

### **Capital Programme**

Total capital planned spending 2026-27 to 2036-37 of £1,967m (an increase of £548m on the 2025-35 plan), of which:

- School buildings including providing additional pupil places £392m (20%)
- Roads and infrastructure including asset management, structures and tunnels, major road schemes and waste £1,442m (73%)
- Other e.g. economic regeneration, corporate estate and adults £133m (7%)

Total spending funded from external sources of £1,540m, of which:

- Central government grants £1,379m (70%)
- Developer contributions £108m (5%)
- Recycled Loan Repayments £38m (2%)
- Other £15m (1%)

Total spending funded from internal sources of £427m, of which:

- Existing borrowing commitments = £354m (18%)
- Other (capital receipts and revenue contributions) = £73m (4%)
- New borrowing = Nil

### **Revenue Budget**

Planned net expenditure<sup>1</sup> in 2026-27 of £1,647.8m - an increase of £116.5m on 2025-26 (7.6%), of which:

- Adult social care £787.3m (47.8% of budget) (11.0% increase)
- Children's services £423.0m (25.7% of budget) (8.2% increase)
- Growth, Environment and Transport £215.5m (13.1% of budget) (5.2% increase)
- Chief Executive and Deputy Chief Executive Departments £111.4m (6.8% of budget) (3.0% reduction)
- Non-Attributable (mainly net Debt costs) and Corporately Held budgets £110.6m (6.7% of budget) (0.8% reduction)

Funding sources in 2026-27 of £1,647.8m i.e. balanced, of which:

- Council tax £1,048.1m (63.6% of funding) (5.1% increase)
- Central government settlement £595.4m (36.1% of funding) (12.5% increase)
- Other £4.3m (0.3% of funding) (0% increase)

### **Medium Term Financial Plan**

Forecast net spending increase of £106.7m for 2027-28 (6.5%) and £95.5m for 2028-29 (5.6%), of which:

	2027-28	2028-29
Increase in Government Provisional Settlement	£43.5m	£42.8m
Other funding increases (e.g. Council Tax base)	£10.4m	£10.5m
<b>Shortfall in government settlement</b>	<b>£52.8m</b>	<b>£42.1m</b>
Council Tax charge increase	Nil	Nil

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<sup>1</sup> Net budget comprises total expenditure less income from charges and contributions and specific grants from central government where spending is prescribed. This is the best measure of spending for which we should be held to account as elected representatives.

## **Section 3 - KCC Governance and Statutory Requirements**

### **A. KCC Constitution**

3.1 Agreement of the budget and policy framework is a reserved power for Full Council. The constitution identifies that the final budget presented for consideration by Full Council must include:

- annual budget including capital strategy, investment strategy, capital programme strategy and treasury management strategy
- Medium term financial plan

3.2 The constitution requires that the Leader publishes a draft budget no later than three weeks before the budget meeting. This report and appendices cover all the necessary information on the spending plans to fulfil this requirement. Cabinet committees will receive separate reports for the January cycle of meetings setting out the draft proposals relative to their remit including detail on the key policy considerations and will be asked to make recommendations to the Executive. Scrutiny committee will consider and make recommendations on the whole council budget at the meeting on 22<sup>nd</sup> January 2026. The final draft budget will be reported to and endorsed by Cabinet on 29<sup>th</sup> January 2026 ahead of full Council budget meeting on 12<sup>th</sup> February 2026.

### **B. KCC Financial Regulations**

3.3 Under the Council's financial regulations financial planning is described as the projection of income and expenditures consistent with the corporate strategy of the Council. The revenue budget includes the day-to-day spending plans for forthcoming year. The capital programme covers the purchase, construction and improvement of assets with a lasting value over medium to long term.

3.4 The budget is presented in a format proposed to the Leader by the Section 151 officer. The budget represents the Administration's spending plans. The Section 151 officer must provide a separate Section 25 report when the budget and council tax is being considered covering the robustness of the estimates within the spending plans and adequacy of reserves. In considering the budget Council members must have regard to this report but are not asked to debate or agree it.

3.5 The financial regulations include provision for the Section 151 officer to make any technical changes to the budget approved by the Council and include these in final budget book publication. In relation to the capital programme, the Section 151 officer is responsible for advising on prudential indicators, establishing procedures to evaluate and appraise capital schemes, identify and include revenue implications of debt costs, and ensure surety of external funding. In relation to reserves the Section 151 officer must ensure compliance with reserves policy, ensure reserves are adequate but only necessary, and ensure no money is transferred into reserves without prior agreement. The Section 151 officer is responsible for ensuring estimated provisions are set aside for uncertain liabilities and for noting contingent liabilities where reliable estimates are not possible.

3.6 Corporate Directors have the responsibility to ensure budget estimates reflect agreed service plans, are realistic and prepared in accordance with issued guidance. Corporate Directors are responsible for consulting with Section 151 and Cabinet Members on proposed bids for external capital financing, ensuring appropriate approval for capital proposals and VAT implications have been considered.

#### C. KCC Budget Consultation

3.7 Public consultation on KCC budget strategy ran from 5<sup>th</sup> August to 29<sup>th</sup> September 2025. This consultation sought views on council tax increases and priorities for spending increases and savings. In total 4,670 responses were received, nearly double the number than the previous year. The majority of responses supported council tax increases in order to maintain services. Respondents were least comfortable with spending reductions on highways maintenance, children's social care and services schools. The most popular areas for increased spending were adults and children's social care. Further details of the consultation and responses can be found at [Budget Consultation 2026-27 | Let's Talk Kent](#).

#### D. Legal Requirements under Local Government Finance Act 1992

3.8 Section 31A of the Act sets out the requirements for including expenditure, income and reserves estimates in the annual budget and for balancing these through council tax. Sections 52ZB and 52ZC set out legal requirements for a referendum where council tax increases are considered excessive. Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice.

3.9 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.

3.10 Section 40 of the Act requires major precepting authorities to determine and notify collection authorities of their council tax precept by 1<sup>st</sup> March each year. A precept cannot be set before the deadline for collection authorities to notify precepting authorities of the estimated tax base (statutory deadline being 31<sup>st</sup> January). Section 42A of the Act sets out same balanced requirements in setting the council tax requirement and therefor council tax precept.



#### E. Best Value

3.11 The Council has a statutory Best Value duty to secure continuous improvement having regard to economy, efficiency and effectiveness. The latest guidance explicitly states that this includes delivering a balanced budget, providing statutory services (including adult social care and children's services), and securing value for money in all spending decisions. Those councils that cannot balance competing statutory duties, set a balanced budget, deliver statutory services, and secure value for money are not meeting their legal obligations under the Local Government Act 1999. The statutory Best Value duty must frame all financial, service and policy decisions and the council must pro-actively evidence the best value considerations, including budget preparation and approval.

#### F. Equalities Considerations

3.12 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.

3.13 To meet this 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 each savings proposal 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.

## Section 4 - Local Government Finance Settlement

4.1 The local government finance settlement is a key element of setting a balanced budget and for medium term financial planning. Since 2019-20 there have only been one-year settlements which have included inflationary uplifts in those grants funded from business rates, additional grants for social care, compensation for business rates caps and reliefs, and other grants such as new Homes Bonus, Services Grant, Recovery Grant, etc. The core settlement on which allocations are based has not been updated since 2013-14.

4.2 The government has consulted on and implemented significant changes to the local government finance settlement. Consultation ran from 20<sup>th</sup> June to 15<sup>th</sup> August 2025 and sought views on the approach to determining new funding allocations for local authorities and fire & rescue authorities. The government's response to the consultation along with a policy statement and further details of the business rate retention reset were published on 20<sup>th</sup> November 2025. Neither the consultation nor the response included indicative allocations for individual authorities making assessing the full impact difficult prior to the publication of the provisional settlement on 17<sup>th</sup> December 2025.

4.3 The changes include the following:

- Multi-year settlement with indicative allocations for 2027-28 and 2028-29 as well as confirmed allocations for 2026-27
- Consolidation of grants with some previously separate grants transferred into Fair Funding Allocation (FFA)/Revenue Support Grant (RSG) and others combined into larger less restrictive specific grants
- Updated and revised formulas for assessing relative needs within core FFA/RSG settlement (and in some cases consolidated grants)
- Relative resources adjustment to reflect ability to levy council tax<sup>2</sup> within core FFA/RSG settlement
- Damping arrangements to protect losses and phase in gains over 3 years
- Recovery grant from 2025-26 allocated on current basis i.e. not subject to the reforms
- Retained business rates reset to include historic growth and previous compensations in the baseline. This reset has been fully implemented in 2026-27 settlement. Retention losses are subject to 100% safety net in 2026-27 and revised levy arrangements on retained growth

4.4 The provisional settlement results in an increase in KCC's core spending power (CSP) of £127.3m compared to revised CSP for 2025-26. CSP is the government's preferred method of comparing the impact of the settlement for individual authorities. CSP includes the government's estimate of council tax decisions (including assumed increases up to the referendum level) accounting for £67.9m of the increase, and the grants included in the core settlement as well other

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<sup>2</sup> based on individual council's taxbase including mandatory discounts and deprivation formula as proxy for working age council tax reduction discounts and national average band D council tax i.e. local decisions on tax levels and discretionary discounts/premiums are not reflected in resources adjustment

grants including some of the consolidated grants and Recovery grant £59.5m of the increase. CSP does not include retained business rates or collection fund balances.

4.5 Table 1 shows comparison of revised grant allocations for 2025-26 compared to the provisional allocations for 2026-27 and indicative allocations for 2027-28 and 2028-29.

Table 1 – Provisional Settlement	Revised 2025-26 £'m	Provisional 2026-27 £'m	Change £'m	Indicative 2027-28 £'m	Indicative 2028-29 £'m
<b>Included in CSP</b>					
2025-26 Legacy Funding (including grants rolled in) and Multi Year Fair Funding Allocation	519.136	569.660	+50.524	613.134	659.103
Families First Partnership element of Children, Families & Youth Grant (consolidated)	12.773	21.712	+8.939	21.712	18.545
Homelessness, Rough Sleeping & Domestic Abuse (consolidated)	4.031	4.031	Nil	4.031	4.031
Recovery Grant/Guarantee	Nil	Nil	n/a	Nil	nil
<b>Total Grants in CSP</b>	<b>535.940</b>	<b>595.404</b>	<b>+59.464</b>	<b>638.878</b>	<b>681.679</b>
<b>Other Consolidated Grants outside CSP</b>					
Crisis and Resilience Fund	19.502	19.172	-0.330	19.161	22.061
Children, Families & Youth Grant	6.273	6.130	-0.143	5.874	5.874
Public Health Grant	88.946	91.287	+2.341	92.956	94.637

4.6 A fuller evaluation of the provisional settlement is set out in appendix L of this report and in the funding sections of appendices D (MTFP 2026-29) and E (revenue budget summary 2026-27).

## **Section 5 - Council Tax**

5.1 Council tax is the other key source of funding towards setting a balanced budget. The council tax precept (the amount we require billing authorities [district and borough councils] to pay us during the course of the forthcoming year) is based on tax base estimate provided by each of the billing authorities and the household charge for the County Council element agreed by full Council at the annual budget meeting.

5.2 The billing authorities have a statutory responsibility to calculate an estimate for the council tax base for council tax setting purposes under the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The calculation is based on determining the relevant number of properties liable to pay council tax in each council tax band (quoted as band D equivalent properties) and an estimate of the collection rate for the year.

5.3 The number of properties liable for council tax is adjusted for those subject to discounts, exemptions and premiums. It is based upon the number of dwellings in each band (A to H) shown on the valuation list at a prescribed date (usually 30th November). This is then adjusted for exempt dwellings (student dwellings, etc.), eligible discounts (single occupancy discount, etc.), premiums (long term empty and second homes), discounts for council tax support (low income elderly and working age households) and where applicable assumed in-year changes to the number on the valuation list, eligible discounts and premiums).

5.4 The tax base estimate calculations must be approved by each authority between 1st December and 31st January to enable precepting authorities and billing authorities to determine their council tax charge as part of annual budget setting in accordance with council tax referendum requirements (as set out in the Referendums Relating to Council Tax Increases (Principles) (England) Report). Major precepting authorities must notify billing authorities of their council tax precept by 28th February.

5.5 The billing authorities must also notify precepting authorities of their estimated share of any surplus/deficit balance on the collection fund (reflecting over/under collection in current and previous years). This collection fund estimate must be taken into account when agreeing the council tax charge for the forthcoming year as part of the budget decision.

5.6 Details of the tax base estimate, the proposed household Council Tax charges for 2026-27 for KCC's element, and the proposed precept based on these are set out in Appendix H. The draft budget for 2026-27 is based on a proposed Council Tax increase of 3.99%. The final decision on the County Council's share of the Council Tax charge will be considered and agreed at the County Council budget meeting in February 2026.

## **Section 6 - Summary of Draft Budget Proposals**

### **A. Capital Programme**

6.1 Appendix A sets out a high-level summary of planned capital spending and financing over the 10 years period 2026-36. The financing is a combination of government departmental capital grants, anticipated developer contributions, capital receipts, external funding and borrowing. Appendix B contains planned spending on individual projects and rolling programmes by directorate. Appendix C is not part of the approved programme and is only included for reference with potential spending on projects in the pipeline where business cases are not fully developed and/or funding has not yet been secured.

6.2 The draft capital programme includes the refinancing of £19m spend on school's basic need, enhancement and modernisation from confirmed grant allocations; and removal of £5.8m spending on Digital Autopsy and Public Mortuary. This has released existing planned borrowing to fund new priority schemes for highways depots/salt barns (£7.3m spend) and unfunded category 1 highways schemes (£8m spend). The balance has been released to reduce revenue impact of borrowing along with release of capital receipts to fund permitted revenue spending as part of revenue budget solution. The draft capital programme includes the revised plans for Strategic Headquarters and any known rephasing of other existing schemes.

### **B. Revenue Budget**

6.3 The revenue proposals are summarised in appendices D to F of this report. These appendices show the spending, income and savings changes from the current year's approved budget in line with incremental principles along with financing from provisional government settlement and assumed council tax<sup>3</sup>. Appendix D provides a high-level summary of the proposed three-year plan for the whole Council. Appendix E provides a high-level summary of 2026-27 incremental changes by directorate, appendix F provides a detailed analysis of individual spending, savings, income and reserves changes.

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<sup>3</sup> Changes in retained business rates can only be included following receipt of details from collection authorities, and this is unlikely to be available for County Council budget meeting in February and likely to require Cabinet decision in March (as in previous years).

6.4 A comparison of the overall changes from previous plans for 2026-27 are shown in table 2.

Table 2 (Core only)	Original £m	8 Jan £m	Latest £'m	Change (latest v original) £m	Change (latest v 8 Jan) £m	Notes
Spending Growth	+113.0	+179.5	+180.0	+67.0	+0.4	1 & 2
Removal of Savings	+10.7	+28.0	+28.0	+17.3	-	
New and FYE Savings	-34.9	-61.7	-62.0	-27.1	-0.3	
New and FYE Income	-7.7	-14.6	-14.6	-6.9	-	
Reserves	+12.9	-14.7	-14.8	-27.7	-0.2	1
Council Tax & collection funds	-68.8	-50.3	-50.3	+18.5	-	
Government Settlement inc. Business Rates	-5.2	-66.2	-66.2	-61.0	-	2
Balance (+'ve = unresolved / -'ve = in hand)	+20.1	0.0	0.0	-20.1	-	3

Notes:

1 – Change in treatment of KCC's contribution to the DfE Safety Valve agreement from a contribution to reserves to spending growth (£11.1m) based on external auditor advice.

2 – Due to the rolling in of specific grants into the Core Spending Power, there is a reduction of £12.3m in our grant income, resulting in an increase in our spending growth offset by an increase in the Government settlement.

3. The above table is subject to minor rounding's as numbers have been shown to the nearest £m

6.5 The majority of the increased spending growth relates to adult social care (£89.8m out of £180.0m). This includes the base budget changes for the full year effect of 2025-26 overspends (£37.7m) and revised forecasts for price uplifts (£9.9m), cost drivers (£15.8m) and demand driver increases (£25.3m). These additional pressures on adult social care spending are by far the most significant factors leading to increases in saving and income necessary to balance the revenue budget for 2026-27.

6.6 The additional savings and income include £30.0m in adult social care, £18.0m in children's services and £28.6m in other services. The movement in reserves include a contribution to reserves to replace the £20.2m drawdown from general reserve for the 2024-25 overspend offset by £16.0m drawdown from earmarked reserves no longer necessary for their original purpose (and technical change for the treatment of the local authority contribution to DSG deficit). It is essential to ensure sufficient level of general reserve for unforeseen circumstances and budget risks in 2026-27.

6.7 The draft proposals are balanced by £25m of one-off measures including £9m additional use of capital receipts flexibility and £16m release of earmarked reserves no longer required for their original purpose. These one-off measures will need to be replaced by sustainable solutions in future years.

## **Section 7 – Sensitivity, Resilience and Risk Analysis**

7.1 The budget sensitivity analysis assesses how changes in external and internal factors impact on the Council's budget. Internal factors include the accuracy of spending forecasts in previous plans, delivery of savings plans, and policy priorities for the Council. External factors include government policy (including changes in funding), interest rates, inflation, demographic changes affecting demand (including aging population, changes in deprivation, etc.) and sustainability of key supply markets.

7.2 The sensitivity analysis includes different “what-if” scenarios affecting key variables such as council tax income, business rates, and major contract costs, and then modelling the potential financial consequences of variations in these variables to inform risk management and financial planning. The purpose of sensitivity analysis is to support a more resilient and robust budget to allow for potential uncertainties and fluctuations and to influence future decision making. The full sensitivity analysis is set out in appendix I.

7.3 A separate assessment of the Council's financial resilience is set out in appendix J. An assessment of the key budget risks is set out in appendix K, and the reserves policy is set out in appendix M.

## **Section 8 - Treasury Management**

8.1 The Treasury Management Strategy is a key component of budget plans and sets out how the Council will manage cashflows, debt portfolio and financial investments (property investments are covered in Investment Strategy). The Treasury Strategy has to be approved by full Council and includes prescribed prudential indicators. A draft of the treasury management strategy is included as an appendix to this updated draft, and both the capital and investment strategies will be available for the final council report.

8.2 The most pertinent factor and key driver for Treasury Management is the Council's capital expenditure and financing plans. These determine the borrowing requirement. These requirements are not expected to increase, and the debt portfolio should reduce over time as existing debt matures and is not replaced. The Council will take the opportunity to repay capital debt where possible and where this makes financial sense. The strategy is based on the expectation that any repayments (or additional borrowing requirement should this be necessary) are from cash and investment balances.

8.3 The strategy for financial investments continues to include internally managed funds, liquid cash instruments and strategic pooled funds for longer term investments. While the current approach anticipates holding approximately two-thirds of investments in liquid instruments and one-third in pooled funds, these proportions will be kept under review and may be adjusted as the Council's liquidity requirements and yield expectations evolve.

## **List of Appendices**

	<b>Appendix Description</b>	
A	High-level summary of planned capital spending and financing over the 10 years	✓
B	Planned spending on individual projects and rolling programmes by directorate	✓
C	Potential capital spending on projects in the pipeline	✓
D	High-level summary of the proposed three-year revenue budget plans	✓
E	High level summary of 2026-27 incremental changes by directorate	✓
F	Detailed analysis of individual spending, savings, income and reserves changes	✓
G	Proposed 2026-27 directorate budgets by Key Service	Note 1
H	Council tax	✓
I	Sensitivity analysis	✓
J	Assessment of financial resilience	✓
K	Budget risk register	✓
L	Provisional local government finance settlement	✓
M	Reserves policy	✓
N	Treasury management strategy	✓
O	Investment strategy	Note 1
P	Capital strategy	Note 1
Q	Annual minimum revenue provision (MRP) statement	✓
R	Flexible use of capital receipts strategy	Note 1

Note 1: These appendices will be available for the final draft for County Council which is due to be published on 4<sup>th</sup> February 2026.

### **Background documents:**

[Provisional local government finance settlement 2026 to 2027 - GOV.UK](#)  
[2025-26 published Budget Book](#)  
[External Auditor's Annual Report and Value for Money Conclusions 2024-25 \(6th November - item 10\)](#)

Policy and Resource Committee  
[Medium Term Financial Plan update \(8<sup>th</sup> July – item 7\)](#)  
[Fair Funding 2.0 Consultation \(10<sup>th</sup> September – item 6\)](#)  
[Budget Planning Update \(13<sup>th</sup> November – item 8\)](#)

Cabinet  
[Revenue and Capital Budget Forecast Outturn Report – Quarter 1 \(25<sup>th</sup> September – item 5\)](#)  
[Revenue and Capital Budget Forecast Outturn Report – Quarter 2 \(19<sup>th</sup> November – item 5\)](#)  
[Revenue and Capital Budget Forecast Outturn Report – Quarter 3 \(29<sup>th</sup> January\)](#)  
[Corporate Risk Register \(8<sup>th</sup> January – item 7\)](#)

Governance and Audit Committee



[Treasury Management Outturn 2024-25 \(3<sup>rd</sup> July – item 16\)](#)  
[Treasury Management Mid-Year Update \(26<sup>th</sup> November – item 7\)](#)  
[Treasury Management Mid-Year Update - updated appendices 1 and 2 \(26<sup>th</sup> November – item 7\)](#)  
[Draft Statement of Accounts & Annual Governance Statement 2024-25 \(30 October-item 6\)](#)  
[Annual Governance Statement 2024-25 \(30<sup>th</sup> October – item 6\)](#)  
[2024-25 External Audit Findings Report for Kent County Council \(30 October – item 7\)](#)  
[Review of Risk Management Policy, Strategy and Programme \(20<sup>th</sup> March 2025 – item 13\)](#)

## APPENDIX A - CAPITAL INVESTMENT SUMMARY 2026-27 TO 2035-36

### Capital Investment Plans:

ROW REF	Directorate		Dir	Total Cost	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
						Year 1	Year 2	Year 3	Year 4
				£000s	£000s	£000s	£000s	£000s	£000s
1	Adult Social Care & Health	ASCH	7,283	4,304	729	250	250	250	
2	Children, Young People & Education	CYPE	103,390	2,750	15,140	9,500	9,500	9,500	
3	Growth, Environment & Transport	GET	1,885,717	397,050	235,301	179,010	155,759	153,576	
4	Chief Executive's Department	CED	591,705	216,867	99,337	107,294	53,278	18,029	
5	Total Cash Limit		2,588,095	620,971	350,507	296,054	218,787	181,355	
Funded By:									
6	Borrowing		426,601	72,807	76,841	59,086	24,778	25,089	
7	Property Enterprise Fund (PEF) 2		369	369					
8	Grants		1,742,109	362,749	196,582	183,003	153,820	135,872	
9	Developer Contributions		155,635	47,868	39,605	38,611	24,094	5,457	
10	Other External Funding e.g. Arts Council, District Contributions etc.		32,314	16,879	14,685	750			
11	Revenue Contributions to Capital		96,304	28,848	12,070	6,529	6,433	6,288	
12	Capital Receipts		21,678	15,943	352	483	550	550	
13	Recycled Loan Repayments		113,085	75,508	10,372	7,592	9,112	8,099	
14	Total Finance		2,588,095	620,971	350,507	296,054	218,787	181,355	

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2026-27 TO 2035

Capital Investment Plans:

ROW REF	Directorate	Dir	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Adult Social Care & Health	ASCH	250	250	250	250	250	250
2	Children, Young People & Education	CYPE	9,500	9,500	9,500	9,500	9,500	9,500
3	Growth, Environment & Transport	GET	129,586	127,194	127,214	130,029	125,499	125,499
4	Chief Executive's Department	CED	16,150	16,150	16,150	16,150	16,150	16,150
5	Total Cash Limit		155,486	153,094	153,114	155,929	151,399	151,399
Funded By:								
6	Borrowing		28,000	28,000	28,000	28,000	28,000	28,000
7	Property Enterprise Fund (PEF) 2							
8	Grants		118,250	118,272	118,294	121,109	117,079	117,079
9	Developer Contributions							
10	Other External Funding e.g. Arts Council, District Contributions etc.							
11	Revenue Contributions to Capital		6,284	6,172	6,170	6,170	5,670	5,670
12	Capital Receipts		550	650	650	650	650	650
13	Recycled Loan Repayments		2,402					
14	Total Finance		155,486	153,094	153,114	155,929	151,399	151,399

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [1] [2]	Provision of equipment and/or alterations to individuals' homes	2,500		250	250	250	250
2	Total Rolling Programmes [3]		2,500		250	250	250	250
Kent Strategy for Services for Learning Disability (LD):								
3	Learning Disability Good Day Programme	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	4,695	4,242	453	0	0	0
4	CareCubed	Purchase of software licenses	88	62	26	0	0	0
5	Total Individual Projects		4,783	4,304	479	0	0	0
6	Total - Adult Social Care & Health		7,283	4,304	729	250	250	250

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved  
[2] Estimated allocations have been included for 2026-27 to 2035-36  
[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [1] [2]	Provision of equipment and/or alterations to individuals' homes	250	250	250	250	250	250
2	Total Rolling Programmes [3]		250	250	250	250	250	250
Kent Strategy for Services for Learning Disability (LD):								
3	Learning Disability Good Day Programme	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
4	CareCubed	Purchase of software licenses	0	0	0	0	0	0
5	Total Individual Projects		0	0	0	0	0	0
6	Total - Adult Social Care & Health		250	250	250	250	250	250

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

[2] Estimated allocations have been included for 2026-27 to 2035-36

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

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Children, Young People & Education (CYPE)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Estimate of schools expenditure on enhancement projects	45,000		4,500	4,500	4,500	4,500
2	Schools Capital Expenditure funded from Rev	Estimate of schools expenditure on capital projects	50,000		5,000	5,000	5,000	5,000
3	<b>Total Rolling Programmes [3]</b>		<b>95,000</b>		<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>
<b>Other Projects</b>								
4	Childcare Expansion	Grant funding for the provision of new places to support the expansion of 30 hours entitlement places for children aged 9 months - 3 year olds and wraparound provision for primary school aged children.	1,785	525	1,260	0	0	0
5	In-House Residential Provision	Investment into creating in-house provisions for children and young people who are in high costing placements and/or unregulated or unregistered provision.	6,605	2,225	4,380	0	0	0
6	<b>Total Individual Projects</b>		<b>8,390</b>	<b>2,750</b>	<b>5,640</b>	<b>0</b>	<b>0</b>	<b>0</b>
7	<b>Total - Children, Young People &amp; Education</b>		<b>103,390</b>	<b>2,750</b>	<b>15,140</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved  
 [2] Estimated allocations have been included for 2026-27 to 2035-36  
 [3] Rolling programmes have been included for 10 year capital programme

## APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

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

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Estimate of schools expenditure on enhancement projects	4,500	4,500	4,500	4,500	4,500	4,500
2	Schools Capital Expenditure funded from Rev	Estimate of schools expenditure on capital projects	5,000	5,000	5,000	5,000	5,000	5,000
3	<b>Total Rolling Programmes [3]</b>		<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>
<b>Other Projects</b>								
4	Childcare Expansion	Grant funding for the provision of new places to support the expansion of 30 hours entitlement places for children aged 9 months - 3 year olds and wraparound provision for primary school aged children.	0	0	0	0	0	0
5	In-House Residential Provision	Investment into creating in-house provisions for children and young people who are in high costing placements and/or unregulated or unregistered provision.	0	0	0	0	0	0
6	<b>Total Individual Projects</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
7	<b>Total - Children, Young People &amp; Education</b>		<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>

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

[2] Estimated allocations have been included for 2026-27 to 2035-36

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

## APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

## Growth, Environment &amp; Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
<b>Environment &amp; Circular Economy</b>								
1	Country Parks Access and Development	Improvements and adaptations to country parks	740		110	70	70	70
<b>Growth &amp; Communities</b>								
2	Public Rights of Way (PROW)	Structural improvements of public rights of way	10,925		2,239	1,486	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	713		38	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	713		38	75	75	75
<b>Transportation</b>								
5	Highways Asset Management/Annual Maintenance [2]	Maintaining Kent's roads	1,132,148		84,655	97,071	106,383	120,577
6	Integrated Transport Schemes [2]	Improvements to road safety	38,020		3,802	3,802	3,802	3,802
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	20		20	0	0	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	54		54	0	0	0
9	<b>Total Rolling Programmes [3]</b>		<b>1,183,333</b>		<b>90,956</b>	<b>102,579</b>	<b>111,305</b>	<b>125,499</b>
<b>Growth &amp; Communities</b>								
10	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	1,600	291	1,049	260	0	0
11	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	10,375	7,396	1,100	1,100	779	0



## APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

## Growth, Environment &amp; Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
12	Javelin Way Development	To provide accommodation for creative industries and the creation of industrial units.	12,617	12,585	0	32	0	0
13	Kent & Medway Business Fund	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	31,857	24,775	1,709	1,743	1,768	1,862
14	Kent & Medway Business Fund - Small Business Boost	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, aimed at helping small businesses	11,484	3,971	1,813	1,849	1,876	1,975
15	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	76,104	61,281	4,250	2,800	2,899	2,472
16	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	514	533	1,298	517	0
<b>Environment &amp; Circular Economy</b>								
17	Energy and Water Efficiency Investment Fund - External	Recycling loan fund for energy efficiency projects	2,876	2,768	49	35	23	1
18	Energy Reduction and Water Efficiency Investment - KCC	Recycling loan fund for energy efficiency projects	2,439	2,335	27	25	19	17
19	Maidstone Heat Network	To install heat pumps in offices in Maidstone	408	332	76	0	0	0
20	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	15,244	962	12,782	1,500	0	0
21	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	5,494	1,366	628	500	500	500
22	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	1,871	1,463	186	100	122	0
23	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	993	809	125	59	0	0

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
24	Local Nutrient Mitigation Fund	Grant funding to ensure a dedicated resource to respond to housing stalling resulting from nutrient pollution	9,800	5,450	3,550	800	0	0
25	Dunbrik Transfer Station	Works to Dunbrik Transfer Station	2,329	2,329	0	0	0	0
Transportation								
26	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	4,400	0	1,500	2,199	701	0
27	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	4,790	713	4,057	20	0	0
28	A28 Chart Road, Ashford [1]	Strategic highway improvement	29,700	4,533	35	9,260	13,540	2,332
29	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	5,331	5,011	288	32	0	0
30	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	29,411	29,281	65	65	0	0
31	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	25,593	4,509	16,316	4,768	0	0
32	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfoot	6,708	4,688	2,020	0	0	0
33	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	9,076	8,521	369	186	0	0
34	Housing Infrastructure Fund - Swale Infrastructure Projects [1]	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	53,260	51,984	1,097	179	0	0
35	Kent Active Travel Fund Phase 2	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	4,098	3,901	197	0	0	0
36	Kent Active Travel Fund Phase 3	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	2,090	1,686	404	0	0	0

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
37	Kent Active Travel Fund Phase 4	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	2,800	1,721	1,079	0	0	0
38	Kent Active Travel Fund Phase 5	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	1,445	1,313	132	0	0	0
39	Active Travel Capability Fund	To enhance infrastructure and accessibility of walking, wheeling and cycling across Kent	20,988	0	5,247	5,247	5,247	5,247
40	Bearsted Road Improvements - formerly Kent Medical Campus (National Productivity Investment Fund - NPIF) [1]	Project to ease congestion in Maidstone	22,200	15,101	7,099	0	0	0
41	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	6,549	1,196	0	5,353	0	0
42	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	40,604	39,804	500	300	0	0
43	Sturry Link Road, Canterbury [1]	Construction of bypass	55,310	8,785	29,864	13,628	2,908	125
44	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	43,225	43,105	120	0	0	0
45	A229 Bluebell Hill M2 & M20 Interchange Upgrades [4]	Initial works for a scheme to upgrade junctions to increase capacity and provide free flowing interchange wherever possible	6,983	6,434	549	0	0	0
46	North Thanet Link (formerly known as A28 Birchington) [4]	Initial works on the creation of a relief road	8,960	5,397	3,143	420	0	0
47	Folkestone Brighter Futures	A package of transport and public realm improvements from Folkestone Central Station through to the Town Centre, funded from Levelling Up Fund 2, which KCC are delivering on behalf of Folkestone and Hythe District Council	18,782	8,392	9,939	451	0	0
48	Local Electric Vehicle Infrastructure (LEVI)	Grant funded project to provide electric vehicle infrastructure	12,280	0	1,287	1,106	1,128	1,150
49	M20 Junction 7	Highway improvements at M20 junction 7	6,622	241	1,421	4,694	266	0

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
50	Thames Way (STIPS)	Junction improvements project	3,381	0	0	3,381	0	0
51	Ebbsfleet Development Corporation (EDC) Landscaping Improvements	To deliver an exemplar approach to design and maintenance of green infrastructure and the creation of ecological value at key gateways into the Garden City	1,878	504	1,374	0	0	0
52	Faversham Swing Bridge [1]	Restoration of an opening bridge.	1,850	735	0	1,115	0	0
53	Department For Transport (DFT) Border Works	Improvements to junctions and roads in Dover to facilitate Border Works.	2,957	1,957	1,000	0	0	0
54	Highways Risks Category 1s	To address most urgent highways works	8,000	0	8,000	0	0	0
55	National Bus Strategy - Bus Service Improvement Plan (BSIP)	Part of the National Bus Strategy for England to provide improved quality buses and services	26,586	18,911	7,675	0	0	0
56	Local Authority Bus Fund (BSIP)	Part of the National Bus Strategy for England to provide improved quality buses and services	48,174	0	11,691	11,926	12,161	12,396
57	Total Individual Projects		702,384	397,050	144,345	76,431	44,454	28,077
58	Total - Growth, Environment & Transport		1,885,717	397,050	235,301	179,010	155,759	153,576

[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 2030-31 to 2035-36  
[3] Rolling programmes have been included for 10 year capital programme  
[4] Initial works only are reflected, with the main scheme in the Potential Projects section, whilst awaiting award of funding.

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
Environment & Circular Economy								
1	Country Parks Access and Development	Improvements and adaptations to country parks	70	70	70	70	70	70
Growth & Communities								
2	Public Rights of Way (PROW)	Structural improvements of public rights of way	900	900	900	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	75	75	75	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	75	75	75	75	75	75
Transportation								
5	Highways Asset Management/Annual Maintenance [2]	Maintaining Kent's roads	120,577	120,577	120,577	120,577	120,577	120,577
6	Integrated Transport Schemes [2]	Improvements to road safety	3,802	3,802	3,802	3,802	3,802	3,802
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	0	0	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 [3]		125,499	125,499	125,499	125,499	125,499	125,499
Growth & Communities								
10	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	0	0	0	0	0	0
11	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

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
12	Javelin Way Development	To provide accommodation for creative industries and the creation of industrial units.	0	0	0	0	0	0
13	Kent & Medway Business Fund	Loan 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
14	Kent & Medway Business Fund - Small Business Boost	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, aimed at helping small businesses	0	0	0	0	0	0
15	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	2,402	0	0	0	0	0
16	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	0	0	0	0	0	0
Environment & Circular Economy								
17	Energy and Water Efficiency Investment Fund - External	Recycling loan fund for energy efficiency projects	0	0	0	0	0	0
18	Energy Reduction and Water Efficiency Investment - KCC	Recycling loan fund for energy efficiency projects	14	2	0	0	0	0
19	Maidstone Heat Network	To install heat pumps in offices in Maidstone	0	0	0	0	0	0
20	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	0	0	0	0	0	0
21	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	500	500	500	500	0	0
22	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	0	0	0	0	0	0
23	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	0	0	0	0	0	0



APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
24	Local Nutrient Mitigation Fund	Grant funding to ensure a dedicated resource to respond to housing stalling resulting from nutrient pollution	0	0	0	0	0	0
25	Dunbrik Transfer Station	Works to Dunbrik Transfer Station	0	0	0	0	0	0
Transportation								
26	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	0	0	0	0	0	0
27	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	0	0	0	0	0	0
28	A28 Chart Road, Ashford [1]	Strategic highway improvement	0	0	0	0	0	0
29	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	0	0	0	0	0	0
30	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
31	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	0	0	0	0	0	0
32	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	0	0	0	0	0	0
33	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	0	0	0	0	0	0
34	Housing Infrastructure Fund - Swale Infrastructure Projects [1]	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	0	0	0	0	0	0
35	Kent Active Travel Fund Phase 2	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0
36	Kent Active Travel Fund Phase 3	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
37	Kent Active Travel Fund Phase 4	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0
38	Kent Active Travel Fund Phase 5	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0
39	Active Travel Capability Fund	To enhance infrastructure and accessibility of walking, wheeling and cycling across Kent	0	0	0	0	0	0
40	Bearsted Road Improvements - formerly Kent Medical Campus (National Productivity Investment Fund - NPIF) [1]	Project to ease congestion in Maidstone	0	0	0	0	0	0
41	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	0	0	0	0	0	0
42	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	0	0	0	0	0	0
43	Sturry Link Road, Canterbury [1]	Construction of bypass	0	0	0	0	0	0
44	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
45	A229 Bluebell Hill M2 & M20 Interchange Upgrades [4]	Initial works for a scheme to upgrade junctions to increase capacity and provide free flowing interchange wherever possible	0	0	0	0	0	0
46	North Thanet Link (formerly known as A28 Birchington) [4]	Initial works on the creation of a relief road	0	0	0	0	0	0
47	Folkestone Brighter Futures	A package of transport and public realm improvements from Folkestone Central Station through to the Town Centre, funded from Levelling Up Fund 2, which KCC are delivering on behalf of Folkestone and Hythe District Council	0	0	0	0	0	0
48	Local Electric Vehicle Infrastructure (LEVI)	Grant funded project to provide electric vehicle infrastructure	1,171	1,193	1,215	4,030	0	0
49	M20 Junction 7	Highway improvements at M20 junction 7	0	0	0	0	0	0



APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
50	Thames Way (STIPS)	Junction improvements project	0	0	0	0	0	0
51	Ebbsfleet Development Corporation (EDC) Landscaping Improvements	To deliver an exemplar approach to design and maintenance of green infrastructure and the creation of ecological value at key gateways into the Garden City	0	0	0	0	0	0
52	Faversham Swing Bridge [1]	Restoration of an opening bridge.	0	0	0	0	0	0
53	Department For Transport (DFT) Border Works	Improvements to junctions and roads in Dover to facilitate Border Works.	0	0	0	0	0	0
54	Highways Risks Category 1s	To address most urgent highways works	0	0	0	0	0	0
55	National Bus Strategy - Bus Service Improvement Plan (BSIP)	Part of the National Bus Strategy for England to provide improved quality buses and services	0	0	0	0	0	0
56	Local Authority Bus Fund (BSIP)	Part of the National Bus Strategy for England to provide improved quality buses and services	0	0	0	0	0	0
57	Total Individual Projects		4,087	1,695	1,715	4,530	0	0
58	Total - Growth, Environment & Transport		129,586	127,194	127,214	130,029	125,499	125,499

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the  
[2] Estimated allocations have been included for 2030-31 to 2035-36  
[3] Rolling programmes have been included for 10 year capital programme  
[4] Initial works only are reflected, with the main scheme in the Potential Projects section, whilst awaiting award c

## APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

### Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Corporate Property Strategic Capital Delivery [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) - Corporate Estate	Maintaining KCC estates	37,726		10,931	5,000	795	3,000
4	Schools' Annual Planned Enhancement Programme [2]	Planned and reactive capital projects to keep schools open and operational	82,600		10,600	8,000	8,000	8,000
5	Schools' Modernisation Programme [2]	Improving and upgrading school buildings including removal of temporary classrooms	27,641		8,154	3,487	2,000	2,000
6	<b>Total Rolling Programmes [3]</b>		<b>179,467</b>		<b>32,835</b>	<b>19,637</b>	<b>13,945</b>	<b>16,150</b>
<b>Basic Need Schemes - to provide additional pupil places:</b>								
7	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	106,702	93,452	1,371	0	10,000	1,879
8	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	7,421	6,421	500	500	0	0
9	Basic Need KCP 2023-27 [1]	Increasing the capacity of Kent's schools	16,068	5,369	8,199	2,500	0	0
10	Basic Need KCP 2024-28 [1]	Increasing the capacity of Kent's schools	36,508	6,836	14,378	13,935	1,359	0
11	Basic Need Markers - Future Projects [1]	Increasing the capacity of Kent's schools	64,786	1,913	3,267	58,512	1,094	0
12	High Needs Provision	Specific projects relating to high needs provision	109,249	45,529	26,380	10,460	26,880	0
13	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	3,280	2,685	595	0	0	0
14	Strategic Estate Programme	Options for the council's future strategic estate	6,862	3,112	2,000	1,750	0	0
15	Strategic Reset Programme	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	6,168	3,898	2,270	0	0	0
16	Additional Accommodation Requirements for Unaccompanied Asylum Seeking Children (UASC)	To provide suitable accommodation requirements for UASC	51,220	46,267	4,953	0	0	0

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
17	Feasibility Fund	Forward funding to enable future projects assess feasibility	3,974	1,385	2,589	0	0	0
18	Total Individual Projects		412,238	216,867	66,502	87,657	39,333	1,879
19	Total - Chief Executive's Department		591,705	216,867	99,337	107,294	53,278	18,029

[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 2026-27 to 2035-36  
[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Corporate Property Strategic Capital Delivery [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) - Corporate Estate	Maintaining KCC estates	3,000	3,000	3,000	3,000	3,000	3,000
4	Schools' Annual Planned Enhancement Programme [2]	Planned and reactive capital projects to keep schools open and operational	8,000	8,000	8,000	8,000	8,000	8,000
5	Schools' Modernisation Programme [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 [3]		16,150	16,150	16,150	16,150	16,150	16,150
Basic Need Schemes - to provide additional pupil places:								
7	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
8	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
9	Basic Need KCP 2023-27 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
10	Basic Need KCP 2024-28 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
11	Basic Need Markers - Future Projects [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
12	High Needs Provision	Specific projects relating to high needs provision	0	0	0	0	0	0
13	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	0	0	0	0	0	0
14	Strategic Estate Programme	Options for the council's future strategic estate	0	0	0	0	0	0
15	Strategic Reset Programme	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	0	0	0	0	0	0
16	Additional Accommodation Requirements for Unaccompanied Asylum Seeking Children (UASC)	To provide suitable accommodation requirements for UASC	0	0	0	0	0	0

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2026-27 to 2035-36								
Chief Executive's Department (CED)								
ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
17	Feasibility Fund	Forward funding to enable future projects assess feasibility	0	0	0	0	0	0
18	Total Individual Projects		0	0	0	0	0	0
19	Total - Chief Executive's Department		16,150	16,150	16,150	16,150	16,150	16,150

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the  
[2] Estimated allocations have been included for 2026-27 to 2035-36  
[3] Rolling programmes have been included for 10 year capital programme

**APPENDIX C - POTENTIAL CAPITAL PROJECTS 2026-27 TO 2035-36 BY YEAR**

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

Directorate	Potential Forthcoming Projects	Description of Project	Total Cost of Scheme	2026-27	2027-28	2028-29	2029-30	2030-31
			£000s	Year 1 £000s	Year 2 £000s	Year 3 £000s	Year 4 £000s	Year 5 £000s
<b>Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State</b>								
CED	Modernisation of Assets	Maintaining KCC's Office Estate	104,574	7,869	10,500	12,705	10,500	10,500
CYPE	Schools Annual Planned Enhancement	Planned and reactive capital projects to keep schools open and operational	59,000	5,000	5,000	5,500	5,500	6,000
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	49,000	4,000	4,000	4,500	4,500	5,000
GET	Highways Asset Management, Annual Maintenance and Programme of Significant and Urgent Safety Critical Works	Maintaining Kent's Roads	1,169,744	93,000	97,650	102,533	107,659	113,042
GET	Public Rights of Way	Structural improvements of public rights of way	25,130	2,513	2,513	2,513	2,513	2,513
<b>Potential Forthcoming Projects</b>								
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation	16,800		4,000	4,000	8,800	
CYPE	Increasing Fostering Capacity	Schemes to increase fostering capacity to reduce reliance on residential placements.	1,000	500	500			
GET	Walking/Cycling/Public Transport Improvement Schemes	Walking, cycling and public transport improvement schemes	14,000	3,500	3,500	3,500	3,500	
GET	Kent Scientific Services (KSS) and Coroners	Renewal/Modernisation of laboratory facilities to combine KSS, digital autopsy and public mortuary	16,000			16,000		
GET	<b><u>Programme of Waste Site Infrastructure Requirements:</u></b>							
GET	Pepperhill Waste Transfer Station Annex (Phase 2)	Transfer Station annex	13,800		8,800	5,000		
GET	Sittingbourne - New Household Waste Recycle Centre and Waste Transfer Station Redevelopment	New Household Waste Recycle Centre and Waste Transfer Station Redevelopment	15,000		5,000	10,000		
GET	North Farm - Waste Transfer Station Relocation and Household Waste Recycling Centre Redevelopment	Transfer Station Relocation and Household Waste Recycling Centre Redevelopment	21,000			5,000	16,000	
GET	Dover - Waste Transfer Station and Household Waste Recycling Centre Expansion	Waste Transfer Station and Household Waste Recycling Centre Expansion	9,000		9,000			
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network	45,000		20,000	20,000	5,000	
GET	Manston to Haine Link	A package of new highway links and improved highway infrastructure linking strategic development in Westwood and Manston	17,434	250	500	8,345	5,771	2,568
GET	Thanet Way	Structural improvements to the Thanet Way A299	20,000	5,000	5,000	5,000	5,000	
GET	North Thanet Link (formerly known as A28 Birchington)	Creation of a relief road	67,783	14,632	27,174	25,977		
GET	A229 Bluebell Hill M2 and M20 Interchange Upgrades	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	243,017	3,205	3,431	11,664	103,494	89,574
CED	Future Assets	Asset review to include community services, office estate and specialist assets	9,000	4,500	4,500			
<b>Total Potential Forthcoming Projects</b>			<b>1,916,282</b>	<b>143,969</b>	<b>211,068</b>	<b>242,237</b>	<b>278,237</b>	<b>229,197</b>

**APPENDIX C - POTENTIAL CAPITAL PROJECTS 2026-27 TO 2035-36 BY YEAR**

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

Directorate	Potential Forthcoming Projects	Description of Project	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£'000s	£000s
<b>Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State</b>							
CED	Modernisation of Assets	Maintaining KCC's Office Estate	10,500	10,500	10,500	10,500	10,500
CYPE	Schools Annual Planned Enhancement	Planned and reactive capital projects to keep schools open and operational	6,000	6,500	6,500	6,500	6,500
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	5,000	5,500	5,500	5,500	5,500
GET	Highways Asset Management, Annual Maintenance and Programme of Significant and Urgent Safety Critical Works	Maintaining Kent's Roads	118,694	124,629	130,860	137,403	144,274
GET	Public Rights of Way	Structural improvements of public rights of way	2,513	2,513	2,513	2,513	2,513
<b>Potential Forthcoming Projects</b>							
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation					
CYPE	Increasing Fostering Capacity	Schemes to increase fostering capacity to reduce reliance on residential placements.					
GET	Walking/Cycling/Public Transport Improvement Schemes	Walking, cycling and public transport improvement schemes					
GET	Kent Scientific Services (KSS) and Coroners	Renewal/Modernisation of laboratory facilities to combine KSS, digital autopsy and public mortuary					
GET	<b><u>Programme of Waste Site Infrastructure Requirements:</u></b>						
GET	Pepperhill Waste Transfer Station Annex (Phase 2)	Transfer Station annex					
GET	Sittingbourne - New Household Waste Recycle Centre and Waste Transfer Station Redevelopment	New Household Waste Recycle Centre and Waste Transfer Station Redevelopment					
GET	North Farm - Waste Transfer Station Relocation and Household Waste Recycling Centre Redevelopment	Transfer Station Relocation and Household Waste Recycling Centre Redevelopment					
GET	Dover - Waste Transfer Station and Household Waste Recycling Centre Expansion	Waste Transfer Station and Household Waste Recycling Centre Expansion					
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network					
GET	Manston to Haine Link	A package of new highway links and improved highway infrastructure linking strategic development in Westwood and Manston					
GET	Thanet Way	Structural improvements to the Thanet Way A299					
GET	North Thanet Link (formerly known as A28 Birchington)	Creation of a relief road					
GET	A229 Bluebell Hill M2 and M20 Interchange Upgrades	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	28,350	3,299			
CED	Future Assets	Asset review to include community services, office estate and specialist assets					
	<b>Total Potential Forthcoming Projects</b>		<b>171,057</b>	<b>152,941</b>	<b>155,873</b>	<b>162,416</b>	<b>169,287</b>



## APPENDIX D - High Level 2026-29 Revenue Plan and Financing

						INDICATIVE FOR PLANNING PURPOSES							
2025-26 restated				2026-27			2027-28			2028-29			
Core £000s	External £000s	Total £000s		Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	
1,429,506.8	0.0	1,429,506.8		Original base budget	1,531,279.8	0.0	1,531,279.8	1,647,791.4	0.0	1,647,791.4	1,701,689.9	0.0	1,701,689.9
-836.6	836.6	0.0		internal base adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,428,670.2	836.6	1,429,506.8		Revised Base	1,531,279.8	0.0	1,531,279.8	1,647,791.4	0.0	1,647,791.4	1,701,689.9	0.0	1,701,689.9
SPENDING													
10,320.7	-744.1	9,576.6		Base Budget Changes	40,562.8	89.8	40,652.6	4,000.0	0.0	4,000.0	0.0	0.0	0.0
3,234.7	11,276.2	14,510.9		Reduction in Grant Income	12,257.3	0.0	12,257.3	0.0	0.0	0.0	0.0	0.0	0.0
21,845.7	626.9	22,472.6		Pay	15,305.3	164.7	15,470.0	10,346.8	153.4	10,500.2	13,849.8	144.2	13,994.0
41,407.1	3,169.4	44,576.5		Prices	28,241.4	918.5	29,159.9	32,027.4	1,056.2	33,083.6	30,649.2	1,071.1	31,720.3
48,209.4	0.0	48,209.4		Demand & Cost Drivers - Cost	27,440.8	0.0	27,440.8	31,568.0	0.0	31,568.0	25,223.4	0.0	25,223.4
22,989.0	24,150.3	47,139.3		Demand & Cost Drivers - Demand	30,295.2	50,400.0	80,695.2	30,059.8	-26,000.0	4,059.8	29,233.7	-11,600.0	17,633.7
-14,666.5	10,875.0	-3,791.5		Government & Legislative	11,317.0	-57,337.5	-46,020.5	2,387.0	39,998.0	42,385.0	2,615.9	-13,784.5	-11,168.6
17,831.2	6,694.3	24,525.5		Service Strategies & Improvements	14,551.7	12,429.3	26,981.0	-4,407.3	-3,197.0	-7,604.3	9,492.7	-623.0	8,869.7
151,171.3	56,048.0	207,219.3		TOTAL SPENDING	179,971.5	6,664.8	186,636.3	105,981.7	12,010.6	117,992.3	111,064.7	-24,792.2	86,272.5
SAVINGS, INCOME & GRANT													
-23,888.1	0.0	-23,888.1		Transformation - Future Cost Increase Avoidance	-7,703.4	0.0	-7,703.4	-3,410.6	0.0	-3,410.6	-6,720.2	0.0	-6,720.2
-3,616.0	0.0	-3,616.0		Transformation - Service Transformation	-3,088.4	-406.8	-3,495.2	-1,489.3	0.0	-1,489.3	-2,113.2	0.0	-2,113.2
-6,371.8	-65.0	-6,436.8		Efficiency	-8,281.6	0.0	-8,281.6	-2,648.8	0.0	-2,648.8	-371.9	0.0	-371.9
-20,109.3	0.0	-20,109.3		Income	-12,942.8	243.3	-12,699.5	-7,848.9	0.0	-7,848.9	-6,989.8	0.0	-6,989.8
1,001.0	0.0	1,001.0	Financing	-7,041.8	0.0	-7,041.8	7,970.0	0.0	7,970.0	71.5	0.0	71.5	
-7,971.4	0.0	-7,971.4	Policy	-9,568.5	0.0	-9,568.5	-5,769.8	0.0	-5,769.8	-983.1	0.0	-983.1	
-60,955.6	-65.0	-61,020.6	TOTAL SAVINGS & INCOME	-48,626.5	-163.5	-48,790.0	-13,197.4	0.0	-13,197.4	-17,106.7	0.0	-17,106.7	
	-34,956.1	-34,956.1	Increases in Grants and Contributions	0.0	-14,233.5	-14,233.5	0.0	-15,667.4	-15,667.4	0.0	23,703.9	23,703.9	
-60,955.6	-35,021.1	-95,976.7	TOTAL SAVINGS, INCOME & GRANT	-48,626.5	-14,397.0	-63,023.5	-13,197.4	-15,667.4	-28,864.8	-17,106.7	23,703.9	6,597.2	
MEMORANDUM:													
37,971.5	30.8	38,002.3	Removal of undelivered/temporary savings & grant	27,956.5	574.2	28,530.7	10,238.4	202.0	10,440.4	522.7	28,400.0	28,922.7	
-75,417.8	-65.0	-75,482.8	New & FYE of existing Savings	-62,003.4	-406.8	-62,410.2	-15,236.9	0.0	-15,236.9	-10,638.4	0.0	-10,638.4	
-23,509.3	0.0	-23,509.3	New & FYE of existing Income	-14,579.6	0.0	-14,579.6	-8,198.9	0.0	-8,198.9	-6,991.0	0.0	-6,991.0	
0.0	-34,986.9	-34,986.9	New & FYE of existing Grants	0.0	-14,564.4	-14,564.4	0.0	-15,869.4	-15,869.4	0.0	-4,696.1	-4,696.1	
-60,955.6	-35,021.1	-95,976.7		-48,626.5	-14,397.0	-63,023.5	-13,197.4	-15,667.4	-28,864.8	-17,106.7	23,703.9	6,597.2	
-21,830.6	-9.2	-21,839.8	Prior Year savings rolling forward *	-11,991.2	0.0	-11,991.2							
-120,757.7	-35,061.1	-155,818.8	TOTAL Savings for delivery in year	-88,574.2	-14,971.2	-103,545.4							
			* the prior year savings rolled forward for delivery in 2026-27 are based on the Qtr 3 monitoring and will be updated as part of the outturn report, and those updated figures will be used for the 2026-27 savings monitoring process										



						INDICATIVE FOR PLANNING PURPOSES						
2025-26 restated				2026-27			2027-28			2028-29		
Core £000s	External £000s	Total £000s		Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s

2025-26 restated						INDICATIVE FOR PLANNING PURPOSES						
Core £000s	External £000s	Total £000s		2026-27		2027-28		2028-29				
				Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s
			<b>Funding per the Provisional Local Government Finance Settlement &amp; Local Taxation</b>									
		15,680.3	Revenue Support Grant			213,393.6			311,812.3			351,702.1
		137,143.6	Social Care Grant									
		26,969.4	Adult Social Care Market Sustainability and Improvement Fund									
		6,759.8	Children's Social Care Prevention Grant									
		149,107.7	Business Rate Top-up Grant									
		61,701.3	Local Authority Better Care Grant			61,701.3						
			<i>(2027-28 &amp; 2028-29 currently not separated from RSG in the 3 year settlement)</i>									
		50,978.6	Business Rates Compensation Grant									
		1,926.7	New Homes Bonus									
		10,072.7	Employer National Insurance Contributions Grant									
			Retained Business Rates Baseline *			294,565.1			301,321.9			307,400.6
			<b>Fair Funding Allocation</b>			<b>569,660.0</b>			<b>613,134.2</b>			<b>659,102.7</b>
			<b>* Memorandum:</b>			<b>294,565.1</b>						
			Business Rates Top Up			214,835.2						
			Baseline Local Share #			79,729.9						
		4,031.2	Domestic Abuse Safe Accommodation Grant			4,031.2			4,031.2			4,031.2
			Families First within Children, Families & Youth grant			21,712.5			21,712.5			18,544.6
		64,847.1	Growth in Local Share of Retained Business Rates #			0.0			0.0			0.0
		4,250.5	Renewable Energy/Designated Areas #			4,250.5			4,250.5			4,250.5
		313.3	Business Rate Collection Fund			0.0			0.0			0.0
		994,287.7	Council Tax Income			1,042,437.2			1,052,861.5			1,063,390.1
		3,209.9	Council Tax Collection Fund			5,700.0			5,700.0			5,700.0

APPENDIX E - 2026-27 Budget by Directorate

	TOTAL			ASCH	Public Health	CYPE			GET			CED			DCED	NAC	CHB
	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	Core £000s	Core £000s
MTFP Category																	
Original base budget	1,531,279.8	0.0	1,531,279.8	708,723.3	0.0	396,668.7	0.0	396,668.7	204,945.3	0.0	204,945.3	26,809.1	0.0	26,809.1	82,624.7	109,871.9	1,636.8
internal base adjustments	0.0	0.0	0.0	439.4	0.0	-5,873.3	0.0	-5,873.3	0.0	0.0	0.0	32,047.0	0.0	32,047.0	-26,617.2	0.0	4.1
Revised Base	1,531,279.8	0.0	1,531,279.8	709,162.7	0.0	390,795.4	0.0	390,795.4	204,945.3	0.0	204,945.3	58,856.1	0.0	58,856.1	56,007.5	109,871.9	1,640.9
SPENDING																	
Base Budget Changes	40,562.8	89.8	40,652.6	37,666.6	89.8	2,641.0	0.0	2,641.0	2,008.2	0.0	2,008.2	393.5	0.0	393.5	143.6	-149.2	-2,140.9
Reduction in Grant Income	12,257.3	0.0	12,257.3	756.1	0.0	11,474.1	0.0	11,474.1	27.1	0.0	27.1	0.0	0.0	0.0	0.0	0.0	0.0
Pay	15,305.3	164.7	15,470.0	15.6	164.7	634.2	0.0	634.2	53.4	0.0	53.4	0.0	0.0	0.0	0.0	102.1	14,500.0
Prices	28,241.4	918.5	29,159.9	9,917.3	918.5	11,011.7	0.0	11,011.7	6,048.7	0.0	6,048.7	805.4	0.0	805.4	424.8	33.5	0.0
Demand & Cost Drivers - Cost	27,440.8	0.0	27,440.8	15,778.7	0.0	11,662.1	0.0	11,662.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand & Cost Drivers - Demand	30,295.2	50,400.0	80,695.2	25,285.2	0.0	3,818.3	50,400.0	54,218.3	1,191.7	0.0	1,191.7	0.0	0.0	0.0	0.0	0.0	0.0
Government & Legislative	11,317.0	-57,337.5	-46,020.5	0.0	198.1	0.0	-58,967.7	-58,967.7	77.0	1,763.0	1,840.0	0.0	-330.9	-330.9	140.0	11,100.0	0.0
Service Strategies & Improvements	14,551.7	12,429.3	26,981.0	385.0	3,113.5	8,939.9	0.0	8,939.9	12,304.7	9,315.8	21,620.5	888.5	0.0	888.5	-7,966.4	0.0	0.0
TOTAL SPENDING	179,971.5	6,664.8	186,636.3	89,804.5	4,484.6	50,181.3	-8,567.7	41,613.6	21,710.8	11,078.8	32,789.6	2,087.4	-330.9	1,756.5	-7,258.0	11,086.4	12,359.1
SAVINGS, INCOME & GRANT																	
Transformation - Future Cost Increase Avoidance	-7,703.4	0.0	-7,703.4	-5,363.7	0.0	-1,947.6	0.0	-1,947.6	-392.1	0.0	-392.1	0.0	0.0	0.0	0.0	0.0	0.0
Transformation - Service Transformation	-3,088.4	-406.8	-3,495.2	-55.2	-406.8	-879.5	0.0	-879.5	-42.0	0.0	-42.0	-136.9	0.0	-136.9	-6.8	0.0	-1,968.0
Efficiency	-8,281.6	0.0	-8,281.6	2,081.7	0.0	-7,277.6	0.0	-7,277.6	-1,029.2	0.0	-1,029.2	-1,480.5	0.0	-1,480.5	-576.0	0.0	0.0
Income	-12,942.8	243.3	-12,699.5	-8,000.2	243.3	-3,024.9	0.0	-3,024.9	-417.7	0.0	-417.7	-1,000.0	0.0	-1,000.0	0.0	-500.0	0.0
Financing	-7,041.8	0.0	-7,041.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8,021.0	-15,062.8	0.0
Policy	-9,568.5	0.0	-9,568.5	-318.9	0.0	-4,889.1	0.0	-4,889.1	-1,422.4	0.0	-1,422.4	-2,938.1	0.0	-2,938.1	0.0	0.0	0.0
TOTAL SAVINGS & INCOME	-48,626.5	-163.5	-48,790.0	-11,656.3	-163.5	-18,018.7	0.0	-18,018.7	-3,303.4	0.0	-3,303.4	-5,555.5	0.0	-5,555.5	7,438.2	-15,562.8	-1,968.0
Increases in Grants and Contributions	0.0	-14,233.5	-14,233.5	0.0	-2,353.3	0.0	-1,132.3	-1,132.3	0.0	-11,078.8	-11,078.8	0.0	330.9	330.9	0.0	0.0	0.0
TOTAL SAVINGS, INCOME & GRANT	-48,626.5	-14,397.0	-63,023.5	-11,656.3	-2,516.8	-18,018.7	-1,132.3	-19,151.0	-3,303.4	-11,078.8	-14,382.2	-5,555.5	330.9	-5,224.6	7,438.2	-15,562.8	-1,968.0
MEMORANDUM:																	
Removal of undelivered/temporary savings & grant	27,956.5	574.2	28,530.7	18,298.7	243.3	0.0	0.0	0.0	1,636.8	0.0	1,636.8	0.0	330.9	330.9	8,021.0	0.0	0.0
New & FYE of existing Savings	-62,003.4	-406.8	-62,410.2	-21,954.8	-406.8	-14,993.8	0.0	-14,993.8	-2,885.7	0.0	-2,885.7	-4,555.5	0.0	-4,555.5	-582.8	-15,062.8	-1,968.0
New & FYE of existing Income	-14,579.6	0.0	-14,579.6	-8,000.2	0.0	-3,024.9	0.0	-3,024.9	-2,054.5	0.0	-2,054.5	-1,000.0	0.0	-1,000.0	0.0	-500.0	0.0
New & FYE of existing Grants	0.0	-14,564.4	-14,564.4	0.0	-2,353.3	0.0	-1,132.3	-1,132.3	0.0	-11,078.8	-11,078.8	0.0	0.0	0.0	0.0	0.0	0.0
	-48,626.5	-14,397.0	-63,023.5	-11,656.3	-2,516.8	-18,018.7	-1,132.3	-19,151.0	-3,303.4	-11,078.8	-14,382.2	-5,555.5	330.9	-5,224.6	7,438.2	-15,562.8	-1,968.0
Prior Year savings rolling forward for delivery in 26-27 *	-11,991.2	0.0	-11,991.2	-10,019.9		-1,362.4		-1,362.4	0.0		0.0	0.0		0.0	-108.9	0.0	-500.0
TOTAL Savings for delivery in 2026-27	-88,574.2	-14,971.2	-103,545.4	-39,974.9	-2,760.1	-19,381.1	-1,132.3	-20,513.4	-4,940.2	-11,078.8	-16,019.0	-5,555.5	0.0	-5,555.5	-691.7	-15,562.8	-2,468.0
* the prior year savings rolled forward for delivery in 2026-27 are based on the Qtr 3 monitoring and will be updated as part of the outturn report, and those updated figures will be used for the 2026-27 savings monitoring process																	
RESERVES																	
Contributions to Reserves	46,395.7	0.0	46,395.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46,395.7	0.0
Removal of prior year Contributions	-43,665.9	-14,200.0	-57,865.9	0.0	0.0	0.0	-14,200.0	-14,200.0	0.0	0.0	0.0	-90.9	0.0	-90.9	-25.0	-43,550.0	0.0
Drawdowns from Reserves	-28,741.8	-4,763.2	-33,505.0	0.0	-4,763.2	0.0	0.0	0.0	-8,010.0	0.0	-8,010.0	0.0	0.0	0.0	-60.0	-20,671.8	0.0
Removal of prior year Drawdowns	11,178.6	26,695.4	37,874.0	0.0	2,795.4	0.0	23,900.0	23,900.0	160.0	0.0	160.0	0.0	0.0	0.0	0.0	11,018.6	0.0
TOTAL RESERVES	-14,833.4	7,732.2	-7,101.2	0.0	-1,967.8	0.0	9,700.0	9,700.0	-7,850.0	0.0	-7,850.0	-90.9	0.0	-90.9	-85.0	-6,807.5	0.0
NET CHANGE (excl internal base adjustments)	116,511.6	0.0	116,511.6	78,148.2	0.0	32,162.6	0.0	32,162.6	10,557.4	0.0	10,557.4	-3,559.0	0.0	-3,559.0	95.2	-11,283.9	10,391.1
NET BUDGET	1,647,791.4	0.0	1,647,791.4	787,310.9	0.0	422,958.0	0.0	422,958.0	215,502.7	0.0	215,502.7	55,297.1	0.0	55,297.1	56,102.7	98,588.0	12,032.0

## APPENDIX F: 2026-29 SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Base Budget Changes	ASCH	Diane Morton	Adult Social Care	Budget Realignment for the underlying pressure from 2025/26 within Adult Social Care	37,666.6	0.0	0.0	Adults and Older People	Core
Base Budget Changes	CYPE	Christine Palmer	Looked After Children	Realignment of the Children's Looked After placement budget to reflect the increase in cost of supporting children in 2025-26	6,455.0	0.0	0.0	Children's Social Care	Core
Base Budget Changes	CYPE	Christine Palmer	Looked After Children (Disability)	Realignment of the Children's Looked After budget to reflect the increase in cost of supporting children in 2025-26 (Children with a Disability)	4,186.0	0.0	0.0	Children's Social Care	Core
Base Budget Changes	CYPE	Christine Palmer	Children's Social Care - Care Leaver Service	Underlying underspend carried forward from 24-25 to 25-26 on care leavers services to reflect ongoing underspending since new practices were implemented in 2023	-500.0	0.0	0.0	Children's Social Care	Core
Base Budget Changes	CYPE	Beverley Fordham	Home to School Transport	Underlying underspend carried forward from 24-25 to 25-26 on Home to School Transport, along with further underspends in 25-26 from implementation of route planning software	-7,500.0	0.0	0.0	Transport	Core
Base Budget Changes	GET	Peter Osborne	English National Concessionary Transport Scheme (ENCTS) - current activity	To account for the cost of additional trips made under the English National Concessionary Travel Scheme (ENCTS) scheme, following build back of confidence in public transport following the pandemic and which local authorities have to fund despite this being a national scheme.	1,446.0	0.0	0.0	Transport	Core
Base Budget Changes	GET	Peter Osborne	Kent Travel Saver	An increase in the number of free and discounted passes	400.0	0.0	0.0	Transport	Core
Base Budget Changes	GET	Paul King	Waste	Rightsizing of budget for household waste recycling centres and waste transfer stations dues to added cost pressures	379.7	0.0	0.0	Waste	Core
Base Budget Changes	GET	Paul King	Waste	Growth in housing in Thanet, has resulted in KCC being charged additional fees for tipping away. Tipping away is a statutory requirement if the waste disposal authority does not provide a facility within the administrative boundaries of the waste collection authority. An agreed payment, must be made to account for the extra costs incurred by the waste collection authority	138.0	0.0	0.0	Waste	Core
Base Budget Changes	GET	Paul King	Waste	Realignment of the budget in line with current tonnage levels following behaviour change initiatives being implemented	-355.5	0.0	0.0	Waste	Core
Base Budget Changes	CED	Brian Collins	Corporate Finance - Financial Assessment & Income	<p>The LGSCO investigation completed under section 26D of the Local Government act 1974 recommended that Kent County Council review its care and financial assessment processes to enable the financial assessment to be completed, prior to a care package starting and to ensure compliance with its policy and the Care Act.</p> <p>Kent County Council are clear that there is no legal requirement to complete a financial assessment in advance of care but recognise that to enable people to make informed choices about their care and to ensure that people are not faced with large, backdated charges it is good practice to complete the financial assessment as quickly as possible.</p> <p>FA&amp;I changed their process to accommodate the outcome of the section 26D. This created additional demand in terms of the statutory services delivered by FA&amp;I alongside managing the complexity of people's financial positions and the increased expectations of the public. This request of £373.4k is to fund 10 additional posts.</p>	373.4	0.0	0.0	Management, Support Services & Overheads	Core



## APPENDIX F: 2026-29 SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Base Budget Changes	CED	Brian Collins	Corporate Finance - Financial Assessment & Income	Require £117.7k (shortfall on current budget) .This budget pays for the printing and delivery of in the region of 15,000 Kentcare invoices sent every four weeks (client billing). The budget also pays for the letters sent associated with the annual reassessment process and the prepaid envelopes required for documentary evidence associated with financial assessments to be returned. Any costs associated with inserts sent with the invoices i.e., Frequently Asked Questions, Direct Debit Flyers, Direct Debit mandates and Payment Methods, along with guides to the Kent Care Invoices. More recently the budget is paying for any charges incurred for the collection of income i.e. gov pay, direct debit portal, death certificates and probate checks.  The spend is determined by the number of invoices produced and amount of income electronically collected. The budget has not been inflated for years despite postage costs increasing i.e., 2018 the cost of a 2nd class stamp was 58p. Currently the cost is 87p.	117.7	0.0	0.0	Management, Support Services & Overheads	Core
Base Budget Changes	CED	Brian Collins	Corporate Finance - Financial Assessment & Income	Corporate Director of Finance agreed in 2023 to the introduction of a new telephony solution (Luware) to support the incoming calls received due to the delivery of in the region of 13,500 Kentcare Invoices every 4 weeks. License costs are £92.2k per year.	92.2	0.0	0.0	Management, Support Services & Overheads	Core
Base Budget Changes	CED	Brian Collins	Strategic Management and Departmental Budgets (CED)	Annual increase of Public Health overhead recharge - funded by PH grant	-89.8	0.0	0.0	Public Health	Core
Base Budget Changes	CED	Brian Collins	Impact of Cap on Capitalisation of Property Disposal costs	Removal of short term funding for 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	-100.0	0.0	0.0	Costs of running our operational premises (CLL)	Core
Base Budget Changes	DCED	Linden Kemkaran	Governance & Democracy	Senior staff reorganisation across Law and G&D - new Head of Governance role in G&D, offset by role deletion in Law (CED)	120.0	0.0	0.0	Management, Support Services & Overheads	Core
Base Budget Changes	DCED	Brian Collins	Kent Commercial Services (KCS)	Increase to cover additional resource for services already delivered by HR Connect due to further requirements from KCC.	23.6	0.0	0.0	Management, Support Services & Overheads	Core
Base Budget Changes	NAC	Brian Collins	Capital Financing Costs	Reinstate in 2027-28 the temporary reduction in debt charges in 2024-25 to 2026-27 due to decisions taken by Members to contain the capital programme; significant levels of re-phasing of the capital programme in 2022-23, 2023-24 and 2024-25; changes in interest rates and a review of asset lives in the modelling of debt charges.	0.0	4,000.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Base Budget Changes	NAC	Brian Collins	Corporate Levies	Rightsize budget for the Environment Agency Levy as the increase in 2025-26 was lower than anticipated when the budget was set	-6.7	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Base Budget Changes	NAC	Brian Collins	Other Non Attributable Costs	Removal of the payment to Kent Fire & Rescue Service of their 3% share of the Retained Business Rates levy in line with the Kent Business Rates pool agreement as the Kent Business Rates pool ceases to exist from 1 April 2026	-142.5	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Base Budget Changes	CHB	Brian Collins	Pay and Reward	Release of 2025-26 unallocated pay and reward allocation. The costs of the pay award were less than assumed when the 2025-26 budget was set based on actual staff in post	-236.9	0.0	0.0	Unallocated	Core

## APPENDIX F: 2026-29 SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Base Budget Changes	CHB	Brian Collins	Pay and Reward - 2025-26 National Insurance increase	Release of 2025-26 unallocated employers national insurance increase. The allocations to directorates for the base funded costs of the 2025-26 employers national insurance increase were lower than the grant allocation.	-1,904.0	0.0	0.0	Unallocated	Core
<b>TOTAL BASE BUDGET CHANGES</b>					<b>40,562.8</b>	<b>4,000.0</b>	<b>0.0</b>		
Reduction in Grant Income	ASCH	Diane Morton	Adult Social Care	Removal of the Social Care in Prisons grant following the Government decision to simplify the local government funding landscape. This simplification includes consolidating some revenue specific grant funding into the Revenue Support Grant (RSG). From 2026-27 this grant will be received as part of the RSG, which is a general funding source rather than a specific grant, and the impact of this change is to increase our net budget by £333.1k. (293.3k in Long Term Division)	293.3	0.0	0.0	Adults and Older People	Core
Reduction in Grant Income	ASCH	Diane Morton	Adult Social Care	Removal of the War Pensions Disregard grant following the Government decision to simplify the local government funding landscape. This simplification includes consolidating some revenue specific grant funding into the Revenue Support Grant (RSG). From 2026-27 this grant will be received as part of the RSG, which is a general funding source rather than a specific grant, and the impact of this change is to increase our net budget by £290.8k.	290.8	0.0	0.0	Adults and Older People	Core
Reduction in Grant Income Page 140	ASCH	Diane Morton	Adult Social Care	Removal of the Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding following the Government decision to simplify the local government funding landscape. This simplification includes consolidating some revenue specific grant funding into the Revenue Support Grant (RSG). From 2026-27 this grant will be received as part of the RSG, which is a general funding source rather than a specific grant, and the impact of this change is to increase our net budget by £132.2k.	132.2	0.0	0.0	Adults and Older People	Core
Reduction in Grant Income	ASCH	Diane Morton	Adult Social Care	Removal of the Social Care in Prisons grant following the Government decision to simplify the local government funding landscape. This simplification includes consolidating some revenue specific grant funding into the Revenue Support Grant (RSG). From 2026-27 this grant will be received as part of the RSG, which is a general funding source rather than a specific grant, and the impact of this change is to increase our net budget by £333.1k. (39.8k in Short Term Division)	39.8	0.0	0.0	Adults and Older People	Core
Reduction in Grant Income	CYPE	Christine Palmer	Children & Families Grant	Removal of the Children's & Families specific grant following Government decision to include this within the Core Spending Power in the 2026-27 Local Government Finance Settlement meaning this is now received as a general funding source rather than specific grant.	8,571.2	0.0	0.0	Children's Social Care	Core
Reduction in Grant Income	CYPE	Christine Palmer	Children & Families Grant	Removal of the Children's & Families specific grant following Government decision to include this within the Core Spending Power in the 2026-27 Local Government Finance Settlement meaning this is now received as a general funding source rather than specific grant.	2,705.0	0.0	0.0	Children's Social Care	Core

# APPENDIX F: 2026-29 SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Reduction in Grant Income	CYPE	Christine Palmer	Children's Social Care	Removal of the Virtual School Heads for children with a social worker and children in kinship care specific grant following the Government decision to include this within the Core Spending Power in the 2026-27 Local Government Finance Settlement meaning this is now received as a general funding source rather than specific grant.	197.9	0.0	0.0	Children's Social Care	Core
Reduction in Grant Income	GET	Paul King	Planning	Removal of the Biodiversity Net Gain Planning Requirement grant following the Government decision to simplify the local government funding landscape. This simplification includes consolidating some revenue specific grant funding into the Revenue Support Grant (RSG). From 2026-27 this grant will be received as part of the RSG, which is a general funding source rather than a specific grant, and the impact of this change is to increase our net budget by £27.1k.	27.1	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
<b>TOTAL REDUCTION IN GRANT INCOME</b>					<b>12,257.3</b>	<b>0.0</b>	<b>0.0</b>		
Pay	ASCH	Diane Morton	Pay and Reward	Uplift in pay budget in line with general pay pot for posts which are temporarily covered by agency staff - 18-25 Disabled Young People Services - long term support	15.6	15.6	15.6	Adults and Older People	Core
Pay	CYPE	Christine Palmer	Pay and Reward	Uplift in pay budget in line with general pay pot for posts which are temporarily covered by agency staff (Integrated Children's Services Operations)	346.2	173.2	177.0	Children's Social Care	Core
Pay	CYPE	Beverley Fordham	Pay and Reward	Uplift in pay budget in line with general pay pot for posts which are temporarily covered by agency staff (Special Educational Needs)	225.1	112.7	115.1	Children's Other Services	Core
Pay	CYPE	Christine Palmer	Pay and Reward	Uplift in pay budget in line with general pay pot for posts which are temporarily covered by agency staff (Children's Disability Services)	62.9	31.5	32.2	Children's Social Care	Core
Pay	GET	Paul Webb	Community Protection (Kent Scientific Services)	Increase in staffing costs within Kent Scientific Services to deliver scientific testing which are offset by increased income	26.9	17.0	18.2	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Pay	GET	Paul Webb	Coroners	Increase in pay for senior, area and assistant coroners. There is no longer a national Joint Negotiating Committee for Coroners. This figure is based on an increase in line with KCC staff pay increases eastimate based on likely inflation	26.5	17.9	16.6	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Pay	NAC	Brian Collins	Apprenticeship Levy	Increase in the Apprenticeship Levy in line with the estimated increase in the pay bill	102.1	78.9	75.1	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Pay	CHB	Brian Collins	Pay and Reward	Contribution for annual pay award and impact on base budgets from the transition to and progression through the Council's new pay structure from 1 April 2025, as agreed at County Council on 23 May 2024. This includes an estimate for staff pay awards and ensuring that lower pay scales increase in line with the Foundation Living Wage. This is still subject to finalising the pay bargaining process with Trade Unions.	19,100.0	14,700.0	13,400.0	Unallocated	Core
Pay	CHB	Brian Collins	Pay and Reward	Employer Pension contribution reduction. 2% reduction in 26-27, with a further 1.9% in 27-28	-4,600.0	-4,800.0	0.0	Unallocated	Core
<b>TOTAL PAY</b>					<b>15,305.3</b>	<b>10,346.8</b>	<b>13,849.8</b>		

## APPENDIX F: 2026-29 SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Prices	ASCH	Diane Morton	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	9,917.3	17,538.4	17,120.7	Adults and Older People	Core
Prices	CYPE	Christine Palmer	Children's Social Care - Non-disabled Children	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance (Integrated Children's Services Operations)	4,592.3	2,970.7	2,828.3	Children's Social Care	Core
Prices	CYPE	Beverley Fordham	Home to School Transport	Provision for inflation on contracted services and season tickets for mainstream & SEN Home to School and College Transport	3,467.0	2,431.6	2,233.9	Transport	Core
Prices	CYPE	Christine Palmer	Children's Social Care - Disabled Children	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance (Children with a Disability)	1,816.1	1,417.3	1,367.5	Children's Social Care	Core
Prices	CYPE	Christine Palmer	Children's Social Care	Provision for uplift to Special Guardianship and Adoption payments	595.6	374.2	332.8	Children's Social Care	Core
Prices	CYPE	Beverley Fordham	Schools' Services - Historic Pension Arrangements	Non specific provision for CPI inflation on other negotiated contracts without indexation clauses - Children, Young People & Education	223.2	140.2	124.8	Schools Services	Core
Prices	CYPE	Christine Palmer	Children's Social Care - Care Leavers	Provision for price negotiations with external providers, and uplift to Kent Supported Homes payments (Care Leavers)	192.6	114.2	66.7	Children's Social Care	Core
Prices	CYPE	Beverley Fordham	Kent 16+ Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass - Kent 16+ Travel Saver	124.9	78.5	69.8	Transport	Core
Prices	GET	Paul King	Waste	Provision for price inflation related to Waste contracts (based on contractual indices) - updated for Office for Budget Responsibility November 25 forecasts	2,983.0	2,636.0	2,678.0	Waste	Core
Prices	GET	Peter Osborne	Highways	Provision for price inflation related to Highways contracted services (based on contractual indices)	1,286.3	1,324.8	1,384.7	Highways	Core
Prices	GET	Peter Osborne	Supported Bus Services	Provision for price inflation, which results from the re-tendering of supported bus services, which reflects increases in operating costs over the life of a contract.	763.0	763.0	0.0	Transport	Core
Prices	GET	Peter Osborne	English National Concessionary Transport Scheme (ENCTS) - Inflation	Provision for price inflation, resulting from bus operator fare increases feeding into the ENCTS re-imbursement calculator. The re-imbursement calculator is used to calculate what a bus operator receives in payment, for each pass presented per trip.	495.0	519.0	543.0	Transport	Core
Prices	GET	Peter Osborne	Kent Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass - Kent Travel Saver	479.7	479.7	479.7	Transport	Core
Prices	GET	Paul Webb	Public Rights of Way	Provision for price inflation related to Public Rights of Way contracts	83.0	56.0	56.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Coroners	Provision for inflationary increase in specialist pathologist fees	31.0	19.5	21.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Coroners - Funeral Directors Contract	Provision for price inflation related to contracted services (based on contractual indices)	25.9	16.4	17.5	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core



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Prices	GET	Paul Webb	Libraries, Registration & Archives	Provision for price inflation related to contracted services (based on contractual indices) - annual uplift to the SLAs we have in place for - Amelia, Tunbridge Wells Borough Council , Sandgate Library, Sandgate Parish Council, Swanley Link, Swanley Town Council and contribution to Beaney, Canterbury City Council.	17.6	18.5	19.5	Community Services	Core
Prices	GET	Paul King	Country Parks	Inflationary increases in the gross costs to supply catering goods, materials and stock used to generate income through resale in on-site cafes and shops.	14.8	9.4	10.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Coroners	Increase in budget for toxicology analysis due to increasing number and complexity of cases plus inflationary rises in salaries and consumables	14.3	10.6	11.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Community Protection (Kent Scientific Services)	Inflationary increases to public laboratory non-staffing costs including consumables, fuel etc.	12.0	7.5	8.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Coroners - Post Mortem Contract	Provision for price inflation related to contracted services (based on contractual indices)	1.9	1.2	1.3	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Coroners	The Coroner Service is required by law to record inquests and provide limited secure access to streaming. AV Equipment to do this was installed at the new facilities at Oakwood House but requires ongoing maintenance.	1.2	0.7	0.8	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Mobile Libraries Fuel	Provision for price inflation related to other transport services	1.0	1.0	1.0	Community Services	Core
Prices	GET	Peter Osborne	Streetlight Energy	Provision for price changes related to Streetlight energy, as estimated by Commercial Services/LASER for 25/26 and 26/27 and same for 28/29 pending energy price information.	-161.0	0.0	0.0	Highways	Core
Prices	CED	Brian Collins	KCC Estate - Facilities Management including Compliance	Estimated future price uplift within the Corporate Landlord budget for Facilities Management contracts	578.2	410.0	405.0	Costs of running our operational premises (CLL)	Core
Prices	CED	Brian Collins	KCC Estate - Rent	Provision for price inflation within the Corporate Landlord budget for rent of the KCC estate	142.3	118.4	122.0	Costs of running our operational premises (CLL)	Core
Prices	CED	Brian Collins	Schools' Services - Facilities Management	Provision for price increase for Facilities Managements in line with contract indexation - schools	82.2	62.7	62.7	Schools Services	Core
Prices	CED	Brian Collins	KCC Estate - Rates	Provision for price inflation within the Corporate Landlord budget for rates for the office estate	41.9	-37.1	136.0	Costs of running our operational premises (CLL)	Core
Prices	CED	Brian Collins	Local Democracy - Grants to District Councils	Annual uplift in grant covering contribution for Retriever (debt tracing) contract (CPI linked) and staff resources grant (pay linked) related to Council Tax collection to help increase levels of council tax raised via improving tax base/collection rates.	8.5	8.3	8.5	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	CED	Brian Collins	KCC Estate - Energy	Anticipated price change on energy contracts for the KCC estate as estimated by Commercial Services	-47.7	86.3	88.1	Costs of running our operational premises (CLL)	Core
Prices	DCED	Brian Collins	Technology	Inflationary uplift on the CBS ICT contract	225.0	186.8	192.9	Management, Support Services & Overheads	Core
Prices	DCED	Brian Collins	Technology	Provision for price inflation on Third Party ICT related contracts	123.8	110.8	103.3	Management, Support Services & Overheads	Core
Prices	DCED	Brian Collins	Human Resources	Inflationary uplift on the KCS HR Connect contract	58.5	48.6	50.2	Management, Support Services & Overheads	Core

## APPENDIX F: 2026-29 SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Prices	DCED	Linden Kemkaran	Contact Centre	Price inflation on Agilisys contract for provision of Contact Centre	17.5	67.2	58.8	Community Services	Core
Prices	NAC	Brian Collins	Environment Agency Levy	Estimated increase in Environment Agency Levy together with impact of estimated change in taxbase	20.2	21.0	21.9	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Prices	NAC	Brian Collins	Non specific price provision - Inshore Sea Fisheries Conservation Area Levy	Non specific provision for inflation on other contracts without indexation clauses - increase in Inshore Sea Fisheries Conservation Area (IFCA) Levy	13.3	16.0	23.6	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
<b>TOTAL PRICES</b>					<b>28,241.4</b>	<b>32,027.4</b>	<b>30,649.2</b>		
Demand & Cost Drivers - Cost	ASCH	Diane Morton	Adult Social Care	Estimated cost pressures. Relates mainly to new people starting to receive services, being at higher cost than those who are continuing or leaving services.	15,778.7	15,778.7	15,778.7	Adults and Older People	Core
Demand & Cost Drivers - Cost	CYPE	Christine Palmer	Children's Social Care - Non-disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand of services for children's social work and Non disabled children's services (increase in cost of packages)	9,285.8	8,779.5	9,061.6	Children's Social Care	Core
Demand & Cost Drivers - Cost	CYPE	Christine Palmer	Children's Social Care - Disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand of services for children's social work and disabled children's services (increase in cost of packages)	5,439.3	5,269.3	5,192.9	Children's Social Care	Core
Demand & Cost Drivers - Cost	CYPE	Beverley Fordham	Mainstream Home to School Transport	The number of school days in a financial year will fluctuate depending on when the school holidays fall each year	-196.4	314.6	-157.5	Transport	Core
Demand & Cost Drivers - Cost	CYPE	Christine Palmer	Children's Social Care	Assumed Actions by Government to manage Children's Market (Children with a disability)	-306.4	-663.9	-1,051.2	Children's Social Care	Core
Demand & Cost Drivers - Cost	CYPE	Christine Palmer	Children's Social Care	Assumed Actions by Government to manage Children's Market (looked after children)	-559.5	-1,212.5	-1,919.8	Children's Social Care	Core
Demand & Cost Drivers - Cost	CYPE	Beverley Fordham	SEN Home to School Transport	The number of schools days in a financial year fluctuations depending on when the school holidays fall during the academic year.	-2,000.7	3,302.3	-1,681.3	Transport	Core
<b>TOTAL DEMAND &amp; COST DRIVERS - COST</b>					<b>27,440.8</b>	<b>31,568.0</b>	<b>25,223.4</b>		
Demand & Cost Drivers - Demand	ASCH	Diane Morton	Adult Social Care	Provision for the impact in Adult Social Care of the full year effect of all current costs of care during 2025-26 in addition to new financial demands that will placed on adult social care including those young people aged 18-25 (a) New people requiring a funded package of support (b) Young people transitioning into adulthood from 1st April 2026 to 31st March 2027 (c) Individuals in receipt of a funded package of support on 31st March 2026, and require an increase in funded support following a review or reassessment (d) People no longer eligible for CHC and now require funded support from ASCH from (e) People who have previously funded their own care and support and now require funded support from ASCH	25,285.2	25,285.2	25,285.2	Adults and Older People	Core
Demand & Cost Drivers - Demand	CYPE	Beverley Fordham	Home to School transport - SEN Demand	Estimated impact of rising pupil population on SEN Home to School and College Transport	3,199.1	2,263.5	1,422.2	Transport	Core
Demand & Cost Drivers - Demand	CYPE	Christine Palmer	Children's Social Care - Disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand of services for children's social work and disabled children's services (higher number of children requiring support)	321.6	490.2	630.5	Children's Social Care	Core

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Demand & Cost Drivers - Demand	CYPE	Christine Palmer	Children's Social Care - Non-disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand of services for children's social work and Non disabled children's services (higher number of children requiring support)	182.2	630.3	451.7	Children's Social Care	Core
Demand & Cost Drivers - Demand	CYPE	Beverley Fordham	Home to School transport - Mainstream - Demand Driven	Estimated impact of rising pupil population on Mainstream Home to School transport	115.4	118.0	121.4	Transport	Core
Demand & Cost Drivers - Demand	GET	Paul King	Waste	This is an increase in spend, due to estimated impact of changes in waste tonnage as a result of increasing population and housing growth	984.2	1,063.1	1,111.2	Waste	Core
Demand & Cost Drivers - Demand	GET	Peter Osborne	English National Concessionary Transport Scheme (ENCTS) - future activity	Forecast build back of journey numbers for this English National Concessionary Travel Scheme (ENCTS) following reduced numbers during/after Covid-19 pandemic	180.0	182.0	184.0	Transport	Core
Demand & Cost Drivers - Demand	GET	Peter Osborne	Streetlight energy & maintenance	Adoption of new streetlights at new housing developments and associated increase in energy costs	27.5	27.5	27.5	Highways	Core
<b>TOTAL DEMAND &amp; COST DRIVERS - DEMAND</b>					<b>30,295.2</b>	<b>30,059.8</b>	<b>29,233.7</b>		
Government & Legislative	GET	Paul Webb	Coroners	Revisions to staffing structure, primarily to adhere with Government guidance on caseload/complexity	65.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Government & Legislative	GET	Paul Webb	Public Rights of Way	Adoption of new routes (e.g. King Charles III England Coast Path), including creation of new routes and recording of historic rights where they are publicly maintainable.	12.0	12.0	12.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Government & Legislative	GET	Paul King	Waste - Waste to Energy Emissions	From January 2028, UK Energy for Waste (EFW) plants will be included within the existing UK Emissions Trading Scheme (ETS), and KCC will be subject to a pass through related to this cap and trade scheme. Please note that we are awaiting the response to the consultation on this so the intricacies of this scheme are unknown and therefore accurate estimations of cost are not possible.	0.0	3,375.0	12,703.9	Waste	Core
Government & Legislative	DCED	Linden Kemkaran	Governance & Democracy	County Council approved the appointment of Political Assistants on 18th December 2025. In line with Sections 9 (6) and (7) of the Local Government and Housing Act 1989, the Council may appoint a maximum of three political assistants, one for each of the three largest parties, providing they have at least 10% of the Members of the authority. In Kent County Council's case, the Reform UK and Liberal Democrat Groups would currently qualify for a Political Assistant.	140.0	0.0	0.0	Management, Support Services & Overheads	Core
Government & Legislative	NAC	Brian Collins	Dedicated Schools Grant (DSG) Deficit - Safety Valve	KCC Contribution towards funding the DSG deficit as agreed with DfE as part of the Safety Valve agreement	11,100.0	-1,000.0	-10,100.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
<b>TOTAL GOVERNMENT &amp; LEGISLATIVE</b>					<b>11,317.0</b>	<b>2,387.0</b>	<b>2,615.9</b>		
Service Strategies & Improvements	ASCH	Diane Morton	Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions	385.0	385.0	385.0	Adults and Older People	Core

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Service Strategies & Improvements	CYPE	Christine Palmer	Children's Social Care - Families First Partnership	Increase in costs to match the increase in the Families First Partnership funding within the Children, Families & Youth Grant to support delivery of the Children's Wellbeing and Schools Bill reforms by strengthening local authority support for children & families in line with national reforms	8,939.9	0.0	-3,167.9	Children's Social Care	Core
Service Strategies & Improvements	GET	Paul King	Waste infrastructure	Revenue contribution towards the development of the waste transfer station in Folkestone & Hythe	7,710.0	-7,710.0	0.0	Waste	Core
Service Strategies & Improvements	GET	Peter Osborne	Mobilisation and increase contract costs for new HTMC contract	Mobilisation and commissioning costs associated with the new Highways Term Maintenance contract (April 2026), then increased cost of HTMC contract	2,833.5	0.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Peter Osborne	Highways	Repairing emergency road collapses due to underlying ground conditions such as sink holes and moving geology.	750.0	0.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Paul King	Waste - remediation works	A condition survey of all of the sites has been carried out, to assess the works required on the Household Waste Recycling Centres (HWRC's) and Waste Transfer Stations (WTS), between 2026 -2030 when the contract expires. This work, is necessary to ensure that the sites are brought up to a specification that ensures a contractor can operate them, post 2030.	541.0	-115.0	-40.0	Waste	Core
Service Strategies & Improvements	GET	Paul King	Waste	The council has a number of inter authority agreements (IAAs), to improve levels of recycling across the county. As performance improves the payments also increase, but should result in savings to the residual budget.	472.0	0.0	0.0	Waste	Core
Service Strategies & Improvements	GET	Paul King	Waste	This is a spend to save initiative to avoid residual waste costs through increasing recycling rates and reduction of residual waste. This focuses on food waste capture and reduction, increasing recycling and decreasing contamination, as well as the introduction of flexible plastics to be recycled: This will be achieved through: - Communications and behaviour change initiatives - Improving waste systems, through supporting the districts to increase the performance of Kerbside recycling schemes - Infrastructure improvement and development to enable maximum opportunities to segregate recycling and comply with legislation.	300.0	0.0	-300.0	Waste	Core
Service Strategies & Improvements	GET	Paul King	Waste Infrastructure	Replacement of 4x Landfill gas extractors and modification of 2x landfill flares	140.0	-40.0	-100.0	Waste	Core
Service Strategies & Improvements	GET	Peter Osborne	Highways - Structures & Tunnels Team	A re-structure of the team has been undertaken and additional posts and re-grading of key posts completed.	125.0	0.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Paul Webb	Trading Standards	Contract extension required in order to complete a service-wide migration from an existing case management system to a more efficient and cost effective platform. Extension needed to retain access to old system until after staff 'onboarding' and full data migration has taken place.	93.2	-93.2	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Service Strategies & Improvements	GET	Peter Osborne	Highways (capital inflation)	Capital budgets are not linked to annual price increases, only the revenue budgets. As capital funding levels remain static, level of highways works delivered via capital spend diminishes year on year. A revenue contribution to capital to mitigate this will ensure consistency with revenue inflation being funded and will ensure consistent levels of works delivered each year	0.0	2,008.5	2,068.8	Highways	Core



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Service Strategies & Improvements	GET	Paul King	Waste - infrastructure	Operating and haulage costs of a new waste transfer facility in the Folkestone & Hythe area which is required as currently this waste is either tipped via a subcontractor or outside of borough	0.0	937.0	0.0	Waste	Core
Service Strategies & Improvements	GET	Peter Osborne	Highways Maintenance	To base fund an annual pothole programme should the Govt grant for Local Highways Maintenance Fund not continue	0.0	100.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Paul Webb	Sports & Physical Activity Development	Capital sports grant to contribute towards refurbishment or improvement of existing sports facilities, sites or buildings; development of new community sports facilities; and purchase of fixed sports equipment.	0.0	37.5	0.0	Community Services	Core
Service Strategies & Improvements	GET	Paul Webb	Village Halls & Community Centres	Change the funding of grants for improvements and adaptations to village halls and community centres from capital to revenue	0.0	37.5	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Service Strategies & Improvements	GET	Paul King	Flood Risk Management	Revenue contributions to capital required to deliver Surface Water Flood Risk Management schemes	0.0	0.0	500.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Service Strategies & Improvements	GET	Peter Osborne	Highways - Streetlighting	Removal of one-off costs of upgrade of the Streetlighting Control Management System from 3G connectivity due to the shutting down of the 3G network	-160.0	0.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Paul King	Waste - HWRC Contract	SPEND REVERSAL - Funds required to mobilise new contract and demobilise existing contract, including getting sites into a condition that new contractor will accept, following the decision to procure a new contract.	-500.0	0.0	0.0	Waste	Core
Service Strategies & Improvements	CED	Brian Collins	Corporate Landlord - Strategic Office Estate	Increased cost of staying in Sessions House per decision 25-00057. Offset by saving template re Invicta House	834.0	0.0	0.0	Costs of running our operational premises (CLL)	Core
Service Strategies & Improvements	CED	Brian Collins	Corporate Finance - Counter Fraud	Seeking additional staffing resources to support KCC in addressing fraud and error	54.5	0.0	0.0	Unallocated	Core
Service Strategies & Improvements	DCED	Linden Kemkaran	Member Allowances	Annual uplift to Member Allowances as agreed and approved by County Council	54.6	45.4	46.8	Management, Support Services & Overheads	Core
Service Strategies & Improvements	DCED	Brian Collins	Technology	Oracle Cloud spend met by flexible use of capital receipts	-8,021.0	0.0	0.0	Management, Support Services & Overheads	Core
Service Strategies & Improvements	NAC	Brian Collins	Dedicated Schools Grant (DSG) Deficit - Safety Valve	Set aside our previous contribution to the Safety Valve Agreement as a provision towards the impact of removal of the statutory override arrangement	0.0	0.0	10,100.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
<b>TOTAL SERVICE STRATEGIES &amp; IMPROVEMENTS</b>					<b>14,551.7</b>	<b>-4,407.3</b>	<b>9,492.7</b>		
Base Budget Changes	Public Health	Diane Morton	Public Health	Increased corporate overheads charge to Public Health	89.8	0.0	0.0	Public Health	External
<b>TOTAL BASE BUDGET CHANGES</b>					<b>89.8</b>	<b>0.0</b>	<b>0.0</b>		
Pay	Public Health	Diane Morton	Public Health - Staffing	Pay adjustments including pay uplifts for Public Health staff	271.5	263.4	144.2	Public Health	External
Pay	Public Health	Diane Morton	Public Health - Staffing	Reduction in pension contribution required for staff in the pension scheme due to actuarial revaluation	-106.8	-110.0	0.0	Public Health	External
<b>TOTAL PAY</b>					<b>164.7</b>	<b>153.4</b>	<b>144.2</b>		
Prices	Public Health	Diane Morton	Public Health - Children's Health Programme	Increased cost of School Health contract	334.8	106.3	108.4	Public Health	External
Prices	Public Health	Diane Morton	Public Health - Sexual Health	Increased cost of Sexual Health contract	264.9	270.0	275.3	Public Health	External
Prices	Public Health	Diane Morton	Public Health Contracts	Contractually committed increases	141.0	679.9	687.4	Public Health	External

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Prices	Public Health	Diane Morton	Public Health	Other smaller increases in expenditure across Public Health	113.2	0.0	0.0	Public Health	External
Prices	Public Health	Diane Morton	Public Health - Advice & Other staffing	Increased analytics staff recharges	64.6	0.0	0.0	Public Health	External
<b>TOTAL PRICES</b>					<b>918.5</b>	<b>1,056.2</b>	<b>1,071.1</b>		
Demand & Cost Drivers - Demand	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) anticipated in year deficit	Anticipated in year deficit of £74.3m in 2026-27 (compared to £23.9m budgeted for 2025-26) reducing to £48.3m in 2027-28 and £36.7m in 2028-29 against the Dedicated Schools Grant due to costs of High Needs Education expected to exceed the grant allocation	50,400.0	-26,000.0	-11,600.0	Schools & High Needs	External
<b>TOTAL DEMAND &amp; COST DRIVER - DEMAND</b>					<b>50,400.0</b>	<b>-26,000.0</b>	<b>-11,600.0</b>		
Government & Legislative	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) Deficit - Safety Valve	Apply the DfE contribution to the Safety Valve agreement to the in year DSG deficit in accordance with the Safety Valve Agreement	14,200.0	14,200.0	-28,400.0	Schools & High Needs	External
Government & Legislative	CYPE	Christine Palmer	Family Hubs	Provisional increase in our share of the rebranded DfE/DHSC Best Start Family Hubs grant following the Government announcement to continue this grant for a further 3 years	1,132.3	-191.4	115.3	Children's Other Services	External
Government & Legislative	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) transfer of in year deficit to DSG Adjustment Account	Transfer to DSG deficit adjustment account of the in year deficit on High Needs Education in accordance with the Safety Valve Agreement	-74,300.0	26,000.0	11,600.0	Schools & High Needs	External
Government & Legislative	GET	Peter Osborne	Local Transport Consolidated Funding - Local Transport Grant	This is revenue from DfT for the preparatory work on schemes we have had to complete at risk up until now. So business case preparation, environmental surveys and so on.	1,126.3	0.0	0.0	Transport	External
Government & Legislative	GET	Peter Osborne	Local Transport Consolidated Funding - Active Travel	Increase in the Consolidated Active Travel Fund spending in accordance with the terms of the revenue grant allocation for 2026-27 to 2028-29	341.5	0.0	0.0	Transport	External
Government & Legislative	GET	Peter Osborne	Local Transport Consolidated Funding - Local Electric Vehicle Infrastructure Grant (LEVI)	Government funding for the revenue costs of installing Electric Vehicle chargers on the highway. This will assist in finding suitable locations, public consultation, pilot schemes (e.g gulley chargers)	295.2	0.0	0.0	Transport	External
Government & Legislative	CED	Linden Kemkaran	Crisis & Resilience Fund (previously Household Support Fund)	Announced in the Spending Review 2025 was the first ever multi-year settlement to transform the Household Support Fund into a new Crisis and Resilience Fund incorporating Discretionary Housing Payments and funding councils to support some of the poorest households so that their children do not go hungry outside of term time. This fund enables local authorities to provide preventative support to communities, working with the voluntary and community sector, as well as to assist people when faced with a financial crisis, with the aim of ending mass dependence on emergency food parcels.	-330.9	-10.6	2,900.2	Unallocated	External
Government & Legislative	Public Health	Diane Morton	Public Health - Supervised Toothbrushing Programme	Continuation of Supervised Toothbrushing Programme for 3-5 year olds	198.1	0.0	0.0	Public Health	External
<b>TOTAL GOVERNMENT &amp; LEGISLATIVE</b>					<b>-57,337.5</b>	<b>39,998.0</b>	<b>-13,784.5</b>		

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Service Strategies & Improvements	GET	Peter Osborne	Subsidised Bus Services (Local Transport Consolidated Funding Local Authority Bus Grant funded routes) (previously Bus Service Improvement Plan (BSIP) grant)	Relates to the allocation and use of Department for Transport Bus Fund, previously referred to as Bus Service Improvement Plan (BSIP). The funding will be used to continue to support 62 bus services cancelled by operators, to continue to maintain the cost of the KCC Travel Saver scheme as low as possible and to meet revenue costs and provide capacity associated with the delivery of other schemes relating to the revenue and capital allocations. This new revenue funding has now been confirmed for 2026-29.	9,315.8	0.0	0.0	Transport	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Redundancy costs relating to the Healthy Lifestyle service transformation	1,400.0	-1,400.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Children's Health Programme	Increased contribution from Public Health to Family Hubs	1,000.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Mental Health	Mental Health innovation projects funded from reserves	407.6	-11.8	-395.8	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Community Safety	Increased contribution from Public Health to Domestic Abuse	295.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Investment in Marmot Accelerator Projects	286.3	-286.3	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Sexual Health	Investment in Mobile Sexual Health Clinic and Clinical Fellows	198.9	-141.1	-57.8	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Increased spend to reflect future grant uplift	142.2	459.8	465.3	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Community Safety	Investment in Community Safety innovation project - Coastal Health Independent Domestic Violence Advisor (IDVA) pilot	140.2	5.1	-145.3	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Investment in pilot of Health Promotion support in Emergency Departments	105.0	-105.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Research & Intelligence	Investment in Research & Intelligence innovation project - System Impact Evaluation and System Modelling Function	103.5	-60.4	-43.1	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Prevention	Investment in Prevention innovation projects	100.0	25.0	-125.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Wider Determinants of Health	Investment in Health and Nature Fund innovation project	80.0	-80.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Contribution to Big Conversations	75.0	-75.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Sexual Health	Investment in Sexual Health Innovation projects	75.0	-75.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Investment in Healthy Lifestyles innovation project	50.0	-50.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Infant Feeding	Investment in innovation project to sustain breast pump loan scheme	34.1	0.0	-34.1	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Workforce Development	Investment in Making Every Contact Count (MECC) Trainer	28.7	-28.7	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Temporary expenditure for the Marmot Coastal Initiative	0.0	-90.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Children's Health Programme	Removal of additional one-off expenditure for children's hearing pilot to support more accurate testing	-10.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Sexual Health	Removal of one off spend on capital works at Rowan Tree Clinic funded by Public Health revenue reserve	-41.3	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Temporary transitional funding for Postural Stability to move to new delivery model	-54.2	12.3	-25.0	Public Health	External

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Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Health Visiting	Removal of one-off transitional costs for Infant feeding Service	-100.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Mental Health	Temporary additional funding for Live Well Mental Health contract	-250.0	-500.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Staffing, Advice & Monitoring	Temporary investment in Public Health staff in 2026-27 and phased removal from 2027-28 onwards of temporary investments in staffing in prior years	-261.0	-795.9	-262.2	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Realignment of activity to staffing budget	-291.5	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Children's Health Programme	Removal of one off costs related to Therapeutic Services for Young People costs transitioning to a new delivery model	-400.0	0.0	0.0	Public Health	External
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					12,429.3	-3,197.0	-623.0		
CORE					179,971.5	105,981.7	111,064.7		
EXTERNAL					6,664.8	12,010.6	-24,792.2		
TOTAL					186,636.3	117,992.3	86,272.5		



## APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Efficiencies through Enablement	-8,086.5	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Technology Enhanced Lives Service (TELS) uses a range of care technologies and data to help people stay safe and independent, both at home and in the community. Care technology achieves financial benefits through right shaping care and support.	-3,591.3	-123.8	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Occupational Therapists	-985.8	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Reduction in Residential and Nursing Placements	163.2	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	In-House Short Term Beds (Maximisation)	173.6	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care Service Redesign	Other Reviews	216.6	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Reviews: First Reviews (assumes 5% current rate is 2.7%)	747.4	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Initial Contact (Front Door) Adult Social Care Connect was established to support preventative, enablement-focused interventions at the point of contact. Our goal is to have meaningful conversations, use our enablement and technology offerings, assess and intervene early, identify emerging themes and gaps, and connect people with appropriate services to avoid unnecessary statutory intervention, in line with the principles of the Care Act: Prevent, Reduce, Delay.	1,435.9	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Reviews: Ongoing Reviews	2,041.7	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care Service Redesign	Realignment for the non delivery of the additional savings target included in the 2025-26 budget	2,521.5	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	CYPE	Christine Palmer	Children's Social Care - In-house fostering	Strategies to improve the recruitment and retention of in-house foster carers (Integrated Childrens Services)	-1,217.8	-1,300.2	-2,586.5	Children's Social Care	Core

## APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Transformation - Future Cost Increase Avoidance	CYPE	Christine Palmer	Children's Social Care - In-house fostering (disability)	Strategies to improve the recruitment and retention of in-house foster carers (children with a disability)	-729.8	-1,274.9	-2,042.3	Children's Social Care	Core
Transformation - Future Cost Increase Avoidance	GET	Paul King	Waste	Increased recycling rate as a result of behaviour change activities	-392.1	-480.1	-575.3	Waste	Core
Transformation - Future Cost Increase Avoidance	GET	Paul King	Waste	Increased recycling rates will result in avoided spend with regards to Emissions Trading Scheme (ETS)	0.0	-231.6	-1,516.1	Waste	Core
<b>TOTAL TRANSFORMATION - FUTURE COST INCREASE AVOIDANCE</b>					<b>-7,703.4</b>	<b>-3,410.6</b>	<b>-6,720.2</b>		
Transformation - Service Transformation	ASCH	Diane Morton	Review of Embedded Staff	Review of embedded teams in ASCH Directorate, to establish opportunities for consolidation and/or centralisation of practice	-55.2	0.0	0.0	Management, Support services & Overheads	Core
Transformation - Service Transformation	CYPE	Christine Palmer	Special School Estate	Development of residential special schools offer creating greater availability of 52-week looked after children placements	-704.4	-1,489.3	-2,113.2	Children's Social Care	Core
Transformation - Service Transformation	CYPE	Christine Palmer	Review of Embedded Staff	Review of embedded teams in CYPE Directorate, to establish opportunities for consolidation and/or centralisation of practice	-175.1	0.0	0.0	Children's Other Services	Core
Transformation - Service Transformation	GET	Paul King	Review of Embedded Staff	Review of embedded teams in GET Directorate, to establish opportunities for consolidation and/or centralisation of practice - Environment and Circular Economy Division	-21.0	0.0	0.0	Management, Support services & Overheads	Core
Transformation - Service Transformation	GET	Peter Osborne	Review of Embedded Staff	Review of embedded teams in GET Directorate, to establish opportunities for consolidation and/or centralisation of practice - Highways and Transportation Division	-21.0	0.0	0.0	Management, Support services & Overheads	Core
Transformation - Service Transformation	CED	Linden Kemkaran	Review of Embedded Staff	Review of embedded teams in CED Directorate, to establish opportunities for consolidation and/or centralisation of practice	-128.4	0.0	0.0	Management, Support services & Overheads	Core
Transformation - Service Transformation	CED	Brian Collins	Review of Embedded Staff	Review of embedded teams in DCED Directorate, to establish opportunities for consolidation and/or centralisation of practice - Infrastructure Division	-8.5	0.0	0.0	Management, Support services & Overheads	Core
Transformation - Service Transformation	DCED	Linden Kemkaran	Review of Embedded Staff	Review of embedded teams in DCED Directorate, to establish opportunities for consolidation and/or centralisation of practice - Marketing & Resident Experience Division	-2.6	0.0	0.0	Management, Support services & Overheads	Core
Transformation - Service Transformation	DCED	Brian Collins	Review of Embedded Staff	Review of embedded teams in DCED Directorate, to establish opportunities for consolidation and/or centralisation of practice - Technology	-2.4	0.0	0.0	Management, Support services & Overheads	Core
Transformation - Service Transformation	DCED	Linden Kemkaran	Review of Embedded Staff	Review of embedded teams in DCED Directorate, to establish opportunities for consolidation and/or centralisation of practice - SMDB Division	-1.8	0.0	0.0	Management, Support services & Overheads	Core
Transformation - Service Transformation	CHB	Brian Collins	Spans and layers	Review of structures across the Council to ensure adherence to the Council's organisation design policy	-1,500.0	0.0	0.0	Unallocated	Core
Transformation - Service Transformation	CHB	Brian Collins	Review of embedded staff	Review of embedded teams in Directorates, to establish opportunities for consolidation and/or centralisation of practice	-468.0	0.0	0.0	Unallocated	Core
<b>TOTAL TRANSFORMATION - SERVICE TRANSFORMATION</b>					<b>-3,088.4</b>	<b>-1,489.3</b>	<b>-2,113.2</b>		

## APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Efficiency	ASCH	Diane Morton	Adult Social Care - Mental Health	Under current arrangements we use the Camberwell Assessment of Need (CAN) Tool to determine the % funding split for services provided to people eligible for aftercare under section 117 of the Mental Health Act. The use of this tool typically ends up with a greater proportion of the care being funded by social care than by health (ICB). There is no nationally agreed mechanism to determine funding splits but other authorities have achieved a 50/50% split and move to 50/50% would be in line with neighbouring authorities.	-5,900.0	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Diane Morton	Adult Social Care	OPRN holding prices up to new retender top of band price	-2,000.0	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Diane Morton	Domestic Abuse	Public Health increased contribution for Domestic Abuse	-295.0	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Diane Morton	Adult Social Care	Commissioning of Residential Care for Learning Disability, Physical Disability & Mental Health clients	-178.1	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Diane Morton	Adult Social Care - equipment contract	Realignment of unachievable efficiency savings in relation to the purchasing of equipment contract	590.0	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Diane Morton	Adult Social Care - Contract & Commissioning Care & Support in the Home	Realign for unachievable efficiency savings in relation to the purchasing of care and support in the home	3,818.8	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Diane Morton	Adult Social Care - Contract & Commissioning Supported Living	Realign for unachievable efficiency savings in relation to the purchasing and monitoring of delivery of supported living	6,046.0	0.0	0.0	Adults and Older People	Core
Efficiency	CYPE	Beverley Fordham	Home to School Transport - SEN	Implementation of a new system to support transport planning and explore route optimisation, along with wider review of existing processes, to deliver efficiencies across the school network.	-1,553.0	-1,170.5	-87.1	Transport	Core
Efficiency	CYPE	Christine Palmer	Children's Prevention Grant	Use of grant to fund the Social Connection Service	-1,500.0	0.0	0.0	Children's Social Care	Core
Efficiency	CYPE	Christine Palmer	Family Hubs	Use of grants to fund Family Hub Offer	-1,500.0	0.0	0.0	Children's Other Services	Core
Efficiency	CYPE	Christine Palmer	Family Hubs	Public Health contribution to Family Hub Offer	-1,000.0	0.0	0.0	Children's Other Services	Core
Efficiency	CYPE	Beverley Fordham	Special Educational Needs	Review to identify opportunities to consolidate and/or standardise practices through use of technology and modernisation of processes (SEN)	-403.6	-67.5	0.0	Children's Other Services	Core
Efficiency	CYPE	Christine Palmer	Children's Other Services	Review to identify opportunities to consolidate and/or standardise practices through use of technology and modernisation of processes (Countywide Children's Other Services)	-400.0	-60.0	0.0	Children's Other Services	Core
Efficiency	CYPE	Christine Palmer	Children's Social Care	Review to identify opportunities to consolidate and/or standardise practices, including through use of technology and modernisation of processes (Children Social Care)	-400.0	-60.0	0.0	Children's Social Care	Core
Efficiency	CYPE	Beverley Fordham	Schools' Services	Reduction in the number of Historic Pension Arrangements - CYPE Directorate	-223.2	-140.2	-124.8	Schools Services	Core
Efficiency	CYPE	Christine Palmer	Virtual School Kent	Use of grant to partly fund Virtual Schools Kent offer	-200.0	0.0	0.0	Children's Social Care	Core
Efficiency	CYPE	Beverley Fordham	Community Learning & Skills	Community Learning & Skills general efficiencies to ensure service is fully funded from external grants and income	-97.8	-69.9	0.0	Community Services	Core

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Efficiency	CYPE	Christine Palmer	Special Educational Needs Contract Review	Review of Together with Parents Contract	0.0	-200.0	0.0	Children's Other Services	Core
Efficiency	GET	Peter Osborne	Growth, Environment & Transport staffing	Review of staffing budgets across GET	-380.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Efficiency	GET	Paul King	Waste	Reduced cost of mixed dry recycling and food waste disposal following Government legislation regarding Simpler Recycling, and work with Kent District Councils to deliver savings from improving kerbside recycling rates	-343.2	-1,029.6	0.0	Waste	Core
Efficiency	GET	Paul King	Waste	A review and re-let of haulage contracts has identified a reduced cost	-250.0	0.0	0.0	Waste	Core
Efficiency	GET	Peter Osborne	Highways - on-street Electric Vehicle Charging	Grant funding to cover part of project cost for a further 3 years of the roll out of the on-street charging (LEVI) infrastructure programme.	-56.0	0.0	0.0	Highways	Core
Efficiency	GET	Paul King	Environmental Management	Reinstatement of a temporary reduction in annual maintenance/weatherproofing of windmills	0.0	50.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Efficiency	GET	Paul Webb	Libraries, Registration & Archives	Continuation of temporary reduction since 2023-24 in the Libraries Materials Fund and continuation of contribution holiday for the Mobile Libraries renewals reserve. The materials fund covers ur purchase of new/replacement books in physical, e-formats including audio, e-magazines, e-newspapers and our online support resources.	0.0	207.0	0.0	Community Services	Core
Efficiency	CED	Brian Collins	Legal Services	Recruitment of in-house solicitors to reduce utilisation of more expensive external law firms. Recruitment of 4 senior solicitors will lead to likely saving of c. £121k per solicitor; an in-house trial has already been accomplished which indicates that this is an achievable target.	-487.6	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	CED	Brian Collins	Legal Services	Support Service targeted reductions - reduced contribution to pension fund in respect of staff who transferred to Invicta Law	-286.1	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	CED	Brian Collins	Legal Services	Full year saving from senior staff reorganisation	-195.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	CED	Linden Kemkaran	Strategy, Policy, Relationships & Corporate Assurance	Staffing savings identified from the deletion of two currently vacant roles	-161.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	CED	Brian Collins	Finance	Staffing savings	-105.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	CED	Brian Collins	Corporate Landlord - rates	Greenbanks, Orchards, & Rainbow MASH sites currently seeking to remove from rating list. We believe they should be exempt.	-70.0	0.0	0.0	Costs of running our operational premises (CLL)	Core
Efficiency	CED	Brian Collins	Corporate Landlord	Removal of payment for family hubs rates where appropriate	-52.0	0.0	0.0	Costs of running our operational premises (CLL)	Core
Efficiency	CED	Brian Collins	Corporate Landlord - Removal of plants from office spaces	Current contract includes pruning, watering, pest control and replacement at no cost of any plants that die. It is not suitable for staff to replace these activities due to previous issues, therefore it is proposed to remove plants entirely.	-40.0	0.0	0.0	Costs of running our operational premises (CLL)	Core
Efficiency	CED	Brian Collins	Corporate Landlord - provision of drinking water	Review service provision of plumbed water coolers and bottled water.	-30.0	0.0	0.0	Costs of running our operational premises (CLL)	Core

## APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Efficiency	CED	Brian Collins	Legal Services	Efficiencies in Legal case management	-27.6	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	CED	Brian Collins	KCC Estate - Specialist Assets	Property savings from a Corporate Landlord (CLL) review of specialist assets	-26.2	-108.1	-160.0	Costs of running our operational premises (CLL)	Core
Efficiency	DCED	Linden Kemkaran	Contact Centre	Review of the use of technology to create efficiencies when the contract for the provision of the Contact Centre is renewed	-290.0	0.0	0.0	Community Services	Core
Efficiency	DCED	Brian Collins	Human Resources & Organisational Development	Senior reorganisation as approved by full council vote	-165.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	DCED	Brian Collins	Governance & Democracy	Process changes approved by Full Council on 18 December 2025 intended to provide Committee administration, SRA and Member expense savings. The arrangements involve the de-commissioning of some Ordinary Committees and the disbanding a sub-committee. Savings also include related decommissioning of a Cabinet Committee as approved by the Leader in December 2025.	-75.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	DCED	Brian Collins	Commercial & Procurement	Savings target - detail to follow	-35.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	DCED	Brian Collins	Governance & Democracy	Efficiencies and use of AI in School Appeals	-6.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	DCED	Brian Collins	Governance & Democracy	Running costs of the County Car, which is no longer in use.	-5.0	0.0	0.0	Management, Support services & Overheads	Core
<b>TOTAL EFFICIENCY</b>					<b>-8,281.6</b>	<b>-2,648.8</b>	<b>-371.9</b>		
Income	ASCH	Diane Morton	Adult Social Care - Client Benefit Uplift	Annual uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams	-5,808.0	-4,148.4	-3,254.9	Adults and Older People	Core
Income	ASCH	Diane Morton	Adult Social Care	Estimated annual increase in Better Care Fund (BCF)	-2,192.2	-2,422.5	-2,422.5	Adults and Older People	Core
Income	CYPE	Christine Palmer	Children's Social Care	Increase contributions from health towards the placement cost of looked after children	-1,150.0	-350.0	0.0	Children's Social Care	Core
Income	CYPE	Beverley Fordham	Home to School Transport	Increased income from other local authorities for transport following recent Government announcements	-1,000.0	0.0	0.0	Transport	Core
Income	CYPE	Christine Palmer	Looked after children	Increase contributions from health towards the placement cost of looked after children with a disability	-750.0	-250.0	0.0	Children's Social Care	Core
Income	CYPE	Beverley Fordham	Kent 16+ Travel Saver	Kent 16+ Travel Saver price realignment to offset bus operator inflationary fare increases	-124.9	-78.5	-69.8	Transport	Core
Income	GET	Peter Osborne	Highways Road Closures	Ensuring full cost recovery against these income lines and reflecting current and forecast activity	-950.0	0.0	0.0	Highways	Core
Income	GET	Peter Osborne	Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases	-479.7	-479.7	-479.7	Transport	Core
Income	GET	Paul Webb	Libraries, Registration and Archives	Increased Libraries, Registration and Archives income due to forecast increase in uptake of services in Registration.	-200.0	0.0	0.0	Community Services	Core
Income	GET	Paul Webb	Trading Standards	Saving due to full government funding now being received for border control work	-200.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Peter Osborne	Highways	Review of all Highways & Transportation fees and charges, that are to be increased annually in line with inflation	-65.0	-65.0	0.0	Highways	Core



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Income	GET	Paul Webb	Libraries, Registration & Archives	Annual inflationary uplift to Library, Registration and Archives (LRA) income levels and fees and charges in relation to existing service income streams	-50.0	-50.0	-50.0	Community Services	Core
Income	GET	Paul Webb	Community Protection	Inflationary increase in income levels and pricing policy for Kent Scientific Services (KSS)	-36.1	-30.8	-21.8	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Paul Webb	Coroners	Changes to the contribution from Medway Council under Service Level Agreement (SLA) relating to increasing/decreasing costs for provision of Coroner service in Medway	-24.8	-9.9	-10.2	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Peter Osborne	Highways - on-street Electric Vehicle Charging	The income share from the roll out of the on-street charging (LEVI) infrastructure programme.	-18.0	-43.0	-61.0	Highways	Core
Income	GET	Paul King	Country Parks	Increase to fees and charges for paid for products and services to offset contract inflation and pay award for Kent Country Parks staff and to move towards full cost recovery as part of Fees and Charges policy	-14.8	-9.3	-10.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Paul Webb	Community Protection	Increased income within Kent Scientific Services (KSS) for toxicology analysis for the Coroners Service	-14.3	-10.6	-11.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Paul Webb	Trading Standards	Trading Standards inflationary fee increases	-1.8	-1.2	1.2	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Peter Osborne	Traffic Management	Surplus from Moving Traffic camera enforcement penalties including contravening certain specific traffic restrictions (including box junctions and bus lanes) under new Moving Traffic Enforcement powers, to offset operational costs and overheads - in compliance with published Highways and Transportation fees and charges policy. Construction of sites with cameras and associated civil engineering costs is significant, but can be offset in the long run and good opportunity exists for significant income and reinvestment in Highways and Transportation service.	0.0	-50.0	-50.0	Highways	Core
Income	GET	Paul Webb	Community Protection - Port Health	Income from increased port health work	0.0	0.0	-50.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	David Wimble	Regeneration	Continuation of a one-off (2026-27) increase in the annual financial distribution to partners from East Kent Opportunities LLP. The remaining land parcels are currently anticipated to be disposed of by the end of 2026-27, at which point East Kent Opportunities LLP will be dissolved and the budget will need to be realigned in 2027-28.	0.0	350.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Paul King	Waste	Review of income levels to offset part of the cost of disposal of packaging waste under Extended Producer Responsibility (EPR) legislation	1,636.8	0.0	0.0	Waste	Core

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Income	CED	Brian Collins	Corporate Landlord - Car Parking	Review of car parking provision associated with office estate to ensure that it is aligned to the office estate. Review car parking models.	-1,000.0	0.0	0.0	Costs of running our operational premises (CLL)	Core
Income	NAC	Brian Collins	Income return from our companies	Estimated increase in income contribution from our limited companies	-500.0	-200.0	-500.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
<b>TOTAL INCOME</b>					<b>-12,942.8</b>	<b>-7,848.9</b>	<b>-6,989.8</b>		
Financing	DCED	Brian Collins	2025-26 Flexible Use of Capital Receipts	One-off use of capital receipts under the Governments flexible use of capital receipts policy, which allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services. We are applying this flexibility to eligible Oracle Cloud costs in 2025-26. This flexible use of capital receipts is partially compensating for the share of the £19,835.2k policy savings required to replace the one-off solutions in the 2024-25 budget that are planned to be delivered in 2026-27. £11,705.8k of the £19,835.2k policy savings is planned for 2026-27, which will be temporarily met in 2025-26 from this £8,021k flexible use of capital receipts, £1,926.7k from our allocation of New Homes Bonus and £1,758.1k use of reserves, until the base budget savings are delivered in 2026-27.	8,021.0	0.0	0.0	Management, Support services & Overheads	Core
Financing	NAC	Brian Collins	2026-27 Flexible use of capital receipts	One-off use of capital receipts under the Governments flexible use of capital receipts policy, which allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services. This is part of a £25m package of one-off measures towards balancing the 2026-27 budget.	-9,000.0	9,000.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Debt Charges	Impact on debt interest costs of £50m early debt redemption in 2025-26	-2,420.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Investment Income	Projected fluctuations in investment income due to predicted changes in base rate as forecast by our Treasury Management Advisor, and also movement in forecast available cash flows and balances including loss of investment income due to repaying £50m loan from cash balances	-1,300.1	-520.0	521.5	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Debt repayment	Review amounts set aside for debt repayment (MRP) based on review of asset life	-1,000.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Debt Charges	Annual discount received for 10 years on £50m early debt redemption in September 2025 and £10m in March 2025	-682.7	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Debt Charges	Impact on debt charges of changes made to the capital programme such as reduction in the Strategic Estate Programme, removal of Digital Autopsy and public mortuary project, use of grant instead of borrowing for Schools Basic Need Programme and Schools Modernisation/annual planned enhancement offset by an increase in the Modernisation of Assets and Highways Risks Category 1's.	-660.0	-510.0	-450.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core

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<b>TOTAL FINANCING</b>					<b>-7,041.8</b>	<b>7,970.0</b>	<b>71.5</b>		
Policy	ASCH	Diane Morton	Community Based Preventative Services	Review of preventive services that prevent, reduce and delay care and support. Looking at where there is duplication within KCC's prevention approach and provision. Ensuring prevention services are more efficient, targeted and making best use of limited resources and focusing on the areas and people with greatest need.	-862.9	0.0	0.0	Adults and Older People	Core
Policy	ASCH	Diane Morton	Mental Health	Temporary contribution from Public Health for Mental Health Live Well Kent contract (£1m in 2024-25 reducing to £0.75m in 2025-26, £0.5m in 26-27 and zero in 2027-28)	250.0	500.0	0.0	Adults and Older People	Core
Policy	ASCH	Diane Morton	Adult Social Care - Housing Related Support	Realign to remove the saving included in the 2025-26 budget from ceasing our contribution to the Home Improvement Agency as the contract has been extended	294.0	0.0	0.0	Adults and Older People	Core
Policy	CYPE	Beverley Fordham	Home to School Transport – 16+ Home to College SEN Transport	Review of 16+ Special Educational Needs (SEN) transport offer (from September 2026)	-1,800.0	-1,350.0	0.0	Transport	Core
Policy	CYPE	Beverley Fordham	Home to College Special Education Needs (SEN) Transport - Post 19	Review of ongoing discretionary offer for post 19 education transport (from September 2026)	-900.0	-650.0	0.0	Transport	Core
Policy	CYPE	Christine Palmer	Children's Residential Care	Development of in-house residential units to provide an alternative to independent sector residential care placements (invest to save)	-640.0	-890.0	0.0	Children's Social Care	Core
Policy	CYPE	Beverley Fordham	Services for Schools	Review of services for schools including contribution to The Education People (TEP), staff care services and any other services for maintained schools (CYPE).	-545.6	0.0	0.0	Schools Services	Core
Policy	CYPE	Beverley Fordham	The Education People (TEP)	Review of services provided by TEP to deliver efficiencies	-383.0	-250.0	0.0	Schools Services	Core
Policy	CYPE	Beverley Fordham	SEN Home to School Transport	Introduction of charging in September 2024 for post 16 Special Educational Needs (SEN) transport and reductions to the Post 19 transport offer	-300.0	0.0	0.0	Transport	Core
Policy	CYPE	Beverley Fordham	Home to School Transport - Kent 16+Travel Saver	Review the Kent 16+ Travel Saver Scheme	-273.8	0.0	0.0	Transport	Core
Policy	CYPE	Beverley Fordham	Education	Review Kent Association of Leaders in Education (KALE) Funding	-46.7	-33.3	0.0	Schools Services	Core
Policy	GET	Peter Osborne	Highways	Efficiency review of on-street parking, which may involve districts working collaboratively to deliver efficiency savings and/or for them declaring their surpluses to KCC	-600.0	0.0	0.0	Highways	Core
Policy	GET	Paul King	Waste - Inter Authority Agreement payments	Savings from reduced incentivisation payments to districts due to the proposed introduction of Extended Producer Responsibility (EPR) legislation and where Department for Environment, Food & Rural Affairs (DEFRA) will recompense the districts for their costs incurred in collection of packaging. These costs will be based on average payments with the districts being put into individual family grouping with average fees rather than actuals	-310.4	-1,626.1	0.0	Waste	Core
Policy	GET	Peter Osborne	Kent Travel Saver	Review of pricing and strategy for the scheme	-290.0	0.0	0.0	Transport	Core



## APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Policy	GET	Paul King	Country Parks	Country Parks Service Dimunition - to deliver this member decisions are required due to the impact on staff or visitors that are in contradiction to the current service strategy to include: Removal of concessions for blue badge car parking / season tickets Amendment to terms and conditions of employment for catering staff to remove bank holiday pay uplift and flexible contracts Closure of public spaces for private events and functions Private / non public sector investment arrangements for carbon offsetting, habitat banking or Biodiversity Net Gain (BNG) development that would restrict visitor access	-130.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	GET	Paul Webb	Kent Music School	Reduction in the level of grant funding awarded	-57.0	0.0	0.0	Community Services	Core
Policy	GET	David Wimble	Regeneration & Economic Development	A reduction in the KCC contribution to the operational costs of the Cyclopark sports and community facility in Gravesend. The park is owned by KCC and operated on KCC's behalf by the Cyclopark charitable trust.	-35.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	CED	Brian Collins	Property Related Services to Schools	Review of services for maintained schools including facilities management costs, tree surveys and health and safety support (Infrastructure)	-2,048.1	0.0	0.0	Schools Services	Core
Policy	CED	Brian Collins	Corporate Landlord - Strategic Estate	Saving from exit and disposal of Invicta House, assuming sale after two years of holding costs.	-526.4	131.4	-607.0	Costs of running our operational premises (CLL)	Core
Policy	CED	Brian Collins	Libraries, Registration & Archives – Corporate Landlord	Review of Library estate to match the Library Service requirements	-250.0	-200.0	0.0	Costs of running our operational premises (CLL)	Core
Policy	CED	Brian Collins	KCC Estate - Community Assets	Corporate Landlord review of Community Delivery including Assets	-91.5	0.0	0.0	Costs of running our operational premises (CLL)	Core
Policy	CED	Brian Collins	KCC Estate - office assets	Corporate Landlord review of Office Assets. 2025-26 includes the re-phasing of savings into future years due to programme timeline changes	-22.1	-127.0	-68.1	Costs of running our operational premises (CLL)	Core
Policy	TBC	TBC	Future Savings under Development	Future Savings under Development	0.0	-1,274.8	-308.0	TBC	Core
<b>TOTAL POLICY</b>					<b>-9,568.5</b>	<b>-5,769.8</b>	<b>-983.1</b>		
Transformation - Service Transformation	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Healthy Lifestyles transformation saving	-406.8	0.0	0.0	Public Health	External
<b>TOTAL TRANSFORMATION - SERVICE TRANSFORMATION</b>					<b>-406.8</b>	<b>0.0</b>	<b>0.0</b>		
Income	Public Health	Diane Morton	Public Health	Reduction in Public Health External Income	243.3	0.0	0.0	Public Health	External
<b>TOTAL INCOME</b>					<b>243.3</b>	<b>0.0</b>	<b>0.0</b>		
Increases in Grants and Contributions	CYPE	Christine Palmer	Family Hubs	Provisional increase in our share of the rebranded DfE/DHSC Best Start Family Hubs grant following the Government announcement to continue this grant for a further 3 years	-1,132.3	191.4	-115.3	Children's Other Services	External
Increases in Grants and Contributions	CYPE	Beverley Fordham	High Needs Education - Safety Valve Agreement	Contribution from the Department for Education towards the Safety Valve agreement to reduce the Dedicated Schools Grant deficit on high needs education	0.0	-14,200.0	28,400.0	Schools & High Needs	External

APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Increases in Grants and Contributions	GET	Peter Osborne	Subsidised Bus Services (Local Transport Consolidated Funding - Local Authority Bus Grant funded routes)	Government has confirmed that this funding (previously known as BSIP) will continue over the medium term plan so this represents the grant to fund the 62 routes that operators ceased to provide/fund in 2022.  KCC took the decision to only continue the routes whilst Govt grant or other income was available to fund it.	-9,315.8	0.0	0.0	Transport	External
Increases in Grants and Contributions	GET	Peter Osborne	Local Transport Consolidated Funding - Local Transport Grant	This is external funding from DfT to cover the revenue costs of developing schemes (eg business cases or environmental surveys)	-1,126.3	0.0	0.0	Transport	External
Increases in Grants and Contributions	GET	Peter Osborne	Local Transport Consolidated Funding - Active Travel	Increase in Consolidated Active Travel Fund to reflect 2026-29 revenue grant allocation	-341.5	0.0	0.0	Transport	External
Increases in Grants and Contributions	GET	Peter Osborne	Local Transport Consolidated Funding - Local Electric Vehicle Infrastructure Grant (LEVI)	Bespoke funding to cover the revenues costs of implementing our electric vehicle charging infrastructure funded by Govt (£12m)	-295.2	0.0	0.0	Transport	External
Increases in Grants and Contributions	CED	Linden Kemkaran	Crisis and Resilience Fund (formerly Household Support Fund)	The Chancellor announced in the Spending Review 2025 the first ever multi-year settlement to transform the Household Support Fund into a new Crisis and Resilience Fund. Our allocation announced at the time of the Provisional Local Government Finance Settlement shows a reduction in 2026-27 and 2027-28 followed by an increase in 2028-29.	330.9	10.6	-2,900.2	Unallocated	External
Increases in Grants and Contributions	Public Health	Diane Morton	Public Health	Increase in Public Health Grant	-2,353.3	-1,669.4	-1,680.6	Public Health	External
TOTAL INCREASES IN GRANTS AND CONTRIBUTIONS					-14,233.5	-15,667.4	23,703.9		
CORE					-48,626.5	-13,197.4	-17,106.7		
EXTERNAL					-14,397.0	-15,667.4	23,703.9		
TOTAL					-63,023.5	-28,864.8	6,597.2		

## APPENDIX F: 2026-29 RESERVES

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Contributions to reserves	NAC	Brian Collins	General Reserves repayment	Repay the General Reserve for the drawdown required in 2024-25 to fund the overspend	20,205.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Contributions to reserves	NAC	Brian Collins	General Reserves	Contribution to general reserves to rebuild financial resilience and provide for future risks, with a reserve balance of between 5% and 10% of net revenue budget considered minimal to acceptable	15,840.1	23,800.0	25,000.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Contributions to reserves	NAC	Brian Collins	Corporate Reserves contribution holiday	Reinstate corporate contributions to reserves following one year payment holiday in 2025-26 facilitated by funding 2025-26 Oracle Cloud expenditure from flexible use of capital receipts instead of reserves.	8,021.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Contributions to reserves	NAC	Brian Collins	General reserve - timing of policy savings	Repayment of the one-off use of general reserves in 2025-26 to compensate for the timing of delivering all of the £19.8m policy savings required to replace the use of one-off solutions in the 2024-25 budget.	2,329.6	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
<b>TOTAL CONTRIBUTIONS TO RESERVES</b>					<b>46,395.7</b>	<b>23,800.0</b>	<b>25,000.0</b>		
Removal of prior year Contributions	CED	Brian Collins	Corporate Landlord - Facilities Management	Removal of prior year contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (due to be fully repaid by 2025-26)	-90.9	0.0	0.0	Costs of running our operational premises (CLL)	Core
Removal of prior year Contributions	DCED	Brian Collins	Removal of directorate contribution to reserves	Removal of annual contribution to Vehicle Plant & Equipment Renewals reserve (for Members IT equipment) following reassessment of need and pending decision on Local Government Review	-25.0	0.0	0.0	Management, support services & overheads	Core
Removal of prior year Contributions	NAC	Brian Collins	General reserve - timing of policy savings	Removal of repayment of temporary loan from General reserves needed to compensate for the timing of delivering all of the policy savings required to offset one-off solutions in the 2024-25 budget	0.0	-2,329.6	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Brian Collins	General Reserves repayment	Removal of prior year repayment of General Reserve for the drawdown in 2024-25 to fund the overspend	0.0	-20,205.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Brian Collins	Local Taxation Equalisation - Business Rates Collection Fund	Removal of prior year contribution to the Local Taxation Equalisation smoothing reserve of the Business Rates Collection Fund surplus	-313.3	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Brian Collins	Removal of corporate contribution to reserves	Removal of annual contribution to the major projects reserve for transformation	-800.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Brian Collins	General Reserves	Removal of prior year one-off contribution to general reserve	-4,798.7	-15,840.1	-23,800.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Brian Collins	General Reserves repayment	Removal of prior year repayment of General Reserve for the drawdown in 2022-23 to fund the overspend	-11,050.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core

## APPENDIX F: 2026-29 RESERVES

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Removal of prior year Contributions	NAC	Brian Collins	Corporate Unspent grant and external funds reserve	Removal of prior year contribution to reserves of the balance of the Extended Producer Responsibility income, after investment in waste behaviour change initiatives to increase recycling and reduce residual waste.	-11,988.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Brian Collins	Dedicated Schools Grant (DSG) Deficit - Safety Valve	Removal of prior year contribution to the DSG deficit in accordance with the Safety Valve Agreement with DfE	-14,600.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
<b>TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS</b>					<b>-43,665.9</b>	<b>-38,374.7</b>	<b>-23,800.0</b>		
Drawdowns from reserves	GET	Paul King	Corporate unspent grant and external funds reserve	Behaviour change initiatives to reduce the existing base budget and/or reduce the future Emissions Trading Scheme levy by increasing recycling rates	-300.0	-300.0	0.0	Waste	Core
Drawdowns from reserves	GET	Paul King	Drawdown from the corporate unspent grant and external funds reserve	Use of reserves to fund revenue contribution to capital (RCCO) towards the development of the waste transfer station at Folkstone & Hythe	-7,710.0	0.0	0.0	Waste	Core
Drawdowns from reserves	DCED	Brian Collins	Release of unrequired reserve balance	One-off release of £60k from Vehicle Plant & Equipment Renewals reserve (for Members IT equipment) following reassessment of need	-60.0	0.0	0.0	Management, support services & overheads	Core
Drawdowns from reserves	NAC	Brian Collins	Drawdown corporate smoothing reserve for taxbase	One-off use of corporate smoothing reserves in 2026-27 to offset the lower taxbase increase than assumed in the budget modelling	-4,671.8	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Drawdowns from reserves	NAC	Brian Collins	Drawdown Earmarked Reserves	Drawdown of earmarked reserves identified as having no ongoing consequences and not requiring repayment as they are no longer required for their original purpose. This is part of a £25m package of one-off measures towards balancing the 2026-27 budget.	-16,000.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
<b>TOTAL DRAWDOWNS FROM RESERVES</b>					<b>-28,741.8</b>	<b>-300.0</b>	<b>0.0</b>		
Removal of prior year Drawdowns	GET	Peter Osborne	ICT Reserve	Removal of the drawdown in 2024-25 and 2025-26 from the ICT reserve to fund the one-off cost of the streetlighting Control Management System upgrade from 3G connectivity	160.0	0.0	0.0	Highways	Core
Removal of prior year Drawdowns	GET	Paul King	Corporate unspent grant and external funds reserve	Removal of the prior year drawdown from reserves required to fund the revenue contribution to capital outlay (RCCO) towards the development costs of the Folkestone & Hythe waste transfer station	0.0	7,710.0	0.0	Waste	Core
Removal of prior year Drawdowns	GET	Paul King	Corporate unspent grant and external funds reserve	Removal of drawdown from reserves to fund the waste behaviour change initiatives to increase recycling rates	0.0	300.0	300.0	Waste	Core
Removal of prior year Drawdowns	DCED	Brian Collins	Removal of one-off release of unrequired reserve balance	Removal of one-off release of £60k in 2026-27 from Vehicle Plant & Equipment Renewals reserve (for Members IT equipment) following reassessment of need	0.0	60.0	0.0	Management, support services & overheads	Core
Removal of prior year Drawdowns	NAC	Brian Collins	Drawdown Reserves for tax base	Removal of use of reserves in 2025-26 and 2026-27 to offset the lower taxbase increase than assumed in the initial draft budgets	4,898.9	4,671.8	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Drawdowns	NAC	Brian Collins	Local Taxation Equalisation - Council Tax Collection Fund	Removal of prior year drawdown from the Local Taxation Equalisation smoothing reserve of the shortfall in the Council Tax Collection Fund surplus compared to the budgeted assumption	3,790.1	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core

## APPENDIX F: 2026-29 RESERVES

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Removal of prior year Drawdowns	NAC	Brian Collins	General reserve - timing of policy savings	Removal of prior year drawdown from General reserve for budget stabilisation due to timing of policy savings	2,329.6	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Drawdowns	NAC	Brian Collins	Drawdown Earmarked Reserves	Removal of use of earmarked reserves in 2026-27 identified as part of the £25m package of corporate one-off measures to balance the budget	0.0	16,000.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
<b>TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS</b>					<b>11,178.6</b>	<b>28,741.8</b>	<b>300.0</b>		
Removal of prior year Contributions	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) Deficit - Safety Valve (DfE)	Removal of prior year DfE Contribution towards funding the DSG deficit as set out in the Safety Valve agreement	-14,200.0	0.0	0.0	Schools & High Needs	External
<b>TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS</b>					<b>-14,200.0</b>	<b>0.0</b>	<b>0.0</b>		
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Workforce Development	Drawdown from reserves to fund costs of Making Every Contact Count (MECC) Trainer	-28.7	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Drawdown from reserves to fund Postural Stability Transition Costs for new delivery model	-30.8	-43.1	-18.1	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Infant Feeding	Drawdown of reserves to fund sustainability of the Kent breast pump loan scheme	-34.1	-34.1	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Drawdown from reserves to fund Healthy Lifestyles Innovation Project	-50.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Sexual Health	Drawdown from reserves to fund Sexual Health innovation projects	-75.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - PH Director Budget	Drawdown of reserves for contribution to the Big Conversations work	-75.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Wider Determinants of Health	Drawdown from reserves to fund investment in Health & Nature Fund innovation project	-80.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health	Drawdown from Reserves for temporary spending for Marmot Initiative	-90.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Prevention	Drawdown from reserves to fund Prevention innovation projects	-100.0	-125.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Research & Intelligence	Drawdown from reserves to fund Research & Intelligence Innovation Project - System Impact Evaluation and System Modelling Function	-103.5	-43.1	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Costed ++ Pilot project	Drawdown of reserves to fund costs of undertaking pilot of Health Promotion support in Emergency Departments	-105.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Community Safety - Innovation project	Drawdown of reserves funding for Coastal Health Independent Domestic Violence Advisor (IDVA) pilot	-140.2	-145.3	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health- Sexual Health	Drawdown of reserves for NHS improvement projects	-198.9	-57.8	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Tackling Health Inequalities	Drawdown from reserves to fund investment in Marmot Accelerator Projects	-286.3	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Mental Health	Reserves drawdown to fund Mental Health innovation projects	-407.6	-395.8	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Mental Health	Temporary funding for Live Well Kent Mental Health contract	-500.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Staffing, Advice & Monitoring	Drawdown of Reserves to fund temporary expenditure to cover staffing costs	-1,058.1	-262.2	0.0	Public Health	External



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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Drawdowns from reserves	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Drawdown of reserves to fund redundancy costs relating to Healthy Lifestyles transformation	-1,400.0	0.0	0.0	Public Health	External
<b>TOTAL DRAWDOWNS FROM RESERVES</b>					<b>-4,763.2</b>	<b>-1,106.4</b>	<b>-18.1</b>		
Removal of prior year Drawdowns	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) - Safety Valve (DfE)	Removal of prior year drawdown of Safety Valve reserve (DfE contributions)	14,200.0	0.0	0.0	Schools & High Needs	External
Removal of prior year Drawdowns	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) - Safety Valve (KCC)	Removal of prior year drawdown of Safety Valve reserve (KCC contributions)	9,700.0	0.0	0.0	Schools & High Needs	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Staffing, Advice & Monitoring	Removal of prior year drawdown of reserves for temporary staffing costs	1,319.1	1,058.1	262.2	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Mental Health	Removal of temporary contribution from Public Health reserve for Live Well Kent Mental Health contract	750.0	500.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Children's Health Programme	Removal of use of reserve for one-off expenditure on Children's Health Programme in prior year	410.0	0.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Health Visiting	Removal of one-off use of reserves in prior year for Infant Feeding Service	100.0	0.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health	Removal of use of reserves for temporary expenditure in prior year for Marmot Initiative	90.0	90.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Removal of prior year use of reserves to fund Postural Stability Transition Costs for new delivery model	85.0	30.8	43.1	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Sexual Health	Removal of prior year drawdown from reserves to fund capital works at Rowan Tree Clinic	41.3	0.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Removal of reserves drawdowns relating to Healthy Lifestyles transformation costs	0.0	1,400.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Mental Health	Removal of reserves drawdowns for Mental Health innovation projects	0.0	407.6	395.8	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Tackling Health Inequalities	Removal of drawdown to fund investment in Marmot Accelerator Projects	0.0	286.3	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Sexual Health	Removal of reserves drawdowns for Sexual Health NHS service improvements	0.0	198.9	57.8	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Community Safety - Innovation project	Removal of drawdown to fund Coastal Health Independent Domestic Violence Advisor (IDVA) pilot	0.0	140.2	145.3	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Costed ++ Pilot	Removal of reserves drawdown to fund pilot of Health Promotion support in Emergency Departments	0.0	105.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Research & Intelligence	Removal of reserves funding for Research & Intelligence innovation project	0.0	103.5	43.1	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Prevention	Removal of drawdown from reserves to fund Prevention innovation projects	0.0	100.0	125.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Wider Determinants of Health	Removal of drawdown from reserves to fund Health & Nature Fund innovation project	0.0	80.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - PH Director Budget	Removal of drawdown from reserves to fund contribution to Big Conversations work	0.0	75.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Sexual Health	Removal of reserves drawdowns for Sexual Health innovation projects	0.0	75.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Removal of drawdown from reserves to fund Healthy Lifestyles Innovation Project	0.0	50.0	0.0	Public Health	External

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Infant Feeding	Removal of drawdown from reserves to fund investment in sustaining Kent breast pump scheme	0.0	34.1	34.1	Public Health	External
Removal of prior year Drawdowns	Public Health	Diane Morton	Public Health - Workforce Development	Removal of reserves drawdown for Making Every Contact Count (MECC) Trainer	0.0	28.7	0.0	Public Health	External
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					26,695.4	4,763.2	1,106.4		
CORE					-14,833.4	13,867.1	1,500.0		
EXTERNAL					7,732.2	3,656.8	1,088.3		
TOTAL					-7,101.2	17,523.9	2,588.3		

**Council Tax**

1. This appendix provides detailed information on the Council Tax charges for 2026–27 for the County Council share of council tax and precepts necessary to finance the 2026-27 draft budget, provisional tax base estimates notified by billing authorities (district and borough councils), and estimated collection fund balances. These figures underpin the summary presented in Section 5 of the draft budget report.

2. The County Council's share of the total council tax bill typically accounts for around 70% of the overall charge for a Band D household in Kent. This proportion reflects the scale of services delivered by the County Council compared to other precepting authorities. While the County Council charge is consistent across the county, the total bill paid by households varies depending on the decisions of district, borough, and parish councils, as well as the Police and Crime Commissioner and Fire and Rescue Authority. This means that although the County Council element is the largest component, local variations in other precepts will influence the final amount payable by residents.

3. The draft referendum principles for 2026–27, published alongside the provisional Local Government Finance Settlement, allow county councils with adult social care responsibilities to increase their council tax by up to 5% in total without triggering a referendum. This comprises a core principle of 3% for general expenditure (the maximum for non-social care authorities i.e. districts and boroughs) and an additional 2% flexibility for the Adult Social Care Precept. Any increase of 5% or more in the relevant basic amount of council tax would require approval through a local referendum. These principles apply to the combined increase and not separately to each of the general and adult social care components. The Government has confirmed that no referendum principles are proposed for local precepting authorities (parish and town councils) in 2026–27, and the thresholds for other classes of authority remain unchanged (e.g., £15 for Police and Crime Commissioners and £5 for Fire and Rescue Authorities). The final principles will be subject to Parliamentary approval in early 2026.

4. The proposed Council Tax increase for 2026–27 is 3.99%. This results in a Band D charge of £1,758.60 for the County Council's share of Council Tax.



**Table 1 – Proposed Council Tax Increases by Band**

Band	Proportion of Band D Tax Rate	2025-26 (incl. ASCL) £p	2026-27 (incl. increase in ASCL) £p	Increase £p
A	6/9	1,127.46	1,172.40	44.94
B	7/9	1,315.37	1,367.80	52.43
C	8/9	1,503.28	1,563.20	59.92
D	9/9	1,691.19	1,758.60	67.41
E	11/9	2,067.01	2,149.40	82.39
F	13/9	2,442.83	2,540.20	97.37
G	15/9	2,818.65	2,931.00	112.35
H	18/9	3,382.38	3,517.20	134.82

ASCL = Adult Social Care Levy

5. The provisional tax base for 2026–27 is 592,765.34 Band D equivalent properties, an increase of 0.82% compared to 2025–26. This combined with the proposed council tax increases results in a total precept of £1,042.4m.

**Table 2 – Provisional Tax base changes and 2026-27 Precept**

District	2025-26 Final Band D Equivalent Taxbase	2026-27 Latest Band D Equivalent Taxbase	2026-27 Precept @ £1,758.60 (incl. ASCL) £000s	% change
Ashford	49,332.00	49,222.00	86,561.8	-0.22%
Canterbury	55,053.98	55,692.52	97,940.9	1.16%
Dartford	41,702.34	42,313.73	74,412.9	1.47%
Dover	42,119.72	42,551.70	74,831.4	1.03%
Folkestone & Hythe	41,413.64	42,266.65	74,330.1	2.06%
Gravesham	35,442.89	35,356.20	62,177.4	-0.24%
Maidstone	68,085.50	68,207.10	119,949.0	0.18%
Sevenoaks	53,008.33	53,104.84	93,390.2	0.18%
Swale	50,518.20	51,023.68	89,730.2	1.00%
Thanet	48,260.89	48,699.16	85,642.3	0.91%
Tonbridge & Malling	53,849.82	54,672.16	96,146.5	1.53%
Tunbridge Wells	49,134.60	49,655.60	87,324.3	1.06%
<b>Total</b>	<b>587,921.91</b>	<b>592,765.34</b>	<b>1,042,437.13</b>	<b>0.82%</b>

ASCL = Adult Social Care Levy

6. Some district and borough councils have also notified estimated collection fund balances for 2026–27. The draft budget includes an estimated surplus of £5.7m, compared to a £3.2m surplus in 2025–26. This surplus will be applied in accordance with established policy and practice.

7. Table 3 provides a comparison of County Council Tax Charges in 2025–26 (South East authorities are highlighted). Kent's Band D council tax charge for 2025–26, including the Adult Social Care precept, was £1,691.19. However, a valid comparison needs to also include the charge for the Fire and Rescue where there is a separate authority as for those counties which still have responsibility for fire services there is no separate charge. KCC's and K&MFRS combined charge is £1,786.05 which is the 4th highest out of seven South East areas and just above the overall (including Fire) median.

**Table 3 - Comparison Council Tax Charges (2025–26)**

Authority	2025-26 Local Authority Charge (Band D) £	Fire & Rescue charge where applicable (Band D) £	Combined for Comparison (Band D) £
Nottinghamshire	£1,894.54	£97.21	£1,991.75
East Sussex	£1,867.05	£112.49	£1,979.54
Oxfordshire	£1,911.40		£1,911.40
Devon	£1,801.26	£104.68	£1,905.94
Surrey	£1,846.35		£1,846.35
Lancashire	£1,735.79	£89.73	£1,825.52
Warwickshire	£1,822.95		£1,822.95
West Sussex	£1,800.54		£1,800.54
Cambridgeshire	£1,700.64	£87.21	£1,787.85
<b>Kent</b>	<b>£1,691.19</b>	<b>£94.86</b>	<b>£1,786.05</b>
Hertfordshire	£1,769.87		£1,769.87
Leicestershire	£1,681.50	£86.65	£1,768.15
Norfolk	£1,755.63		£1,755.63
Derbyshire	£1,629.16	£93.41	£1,722.57
Worcestershire	£1,615.71	£102.22	£1,717.93
Staffordshire	£1,621.71	£91.77	£1,713.48
Hampshire	£1,609.83	£87.84	£1,697.67
Gloucestershire	£1,679.65		£1,679.65
Essex	£1,579.59	£87.57	£1,667.16
Suffolk	£1,649.43		£1,649.43
Lincolnshire	£1,625.85		£1,625.85
Median			£1,769.87

## **Sensitivity Analysis**

1. This sensitivity analysis assesses how changes in external and internal factors could affect Kent County Council's 2026–27 revenue budget. It sets out a clear view of current performance, key “what-if” scenarios, and the potential consequences for financial planning and risk management. External factors include interest rates, inflation, demographic demand and market sustainability. Internal factors include forecast accuracy, delivery of savings and service policy choices.

### **Baseline and current performance**

2. The Council is forecasting a substantial overspend against its revenue budget for 2025-26, which poses a serious risk to financial resilience. Any residual overspend after corrective action will need to be funded from reserves, reducing the Council's ability to respond to future challenges.

3. The most significant pressure is within adult social care, driven by rising demand, increasing complexity of needs, higher cost of placements for new clients and inflationary costs in provider contracts. Residential and community-based services for older people are particularly affected, alongside pressures in learning disability and physical disability services. Where these clients are placed and the cost of these placements is critical to maintaining financial control of social care budgets. Ensuring new clients are placed within framework contracts wherever possible is essential to managing these pressures effectively. These challenges reflect national trends but remain acute for Kent, and continued growth in demand or ability to place new clients within framework contracts could result in further overspends if not managed.

4. Children's services are also under strain, mainly due to the high cost of placements for looked after children, although this is partly offset by savings in areas such as home-to-school transport. Growth, Environment and Transport faces pressures from increased passenger journeys on concessionary travel schemes and unplanned highways works, adding to the overall financial challenge.

5. While some underspends in corporate budgets provide limited mitigation, the scale of the overspend means urgent action is being taken. Measures include a Council-wide restriction on non-essential spending, tighter recruitment controls and targeted interventions in adult social care to manage demand and renegotiate provider contracts. Despite these efforts, the position remains highly sensitive to future demand and cost trends.

## Spending Estimates

6. Total spending growth for 2026–27 is £180.0 million, an increase of £28.8 million (19%) compared to 2025–26. This also represents a significant increase compared to the £113.0m forecast for 2026-27 in the original 2025-28 MTFP. Table 1 shows a comparison of spending growth in the 2025-26 & 2026-27 in the original MTFP with the updated draft plan for 2026-27

**Table 1 spending growth in the 2025-27 MTFP vs updated draft plan for 2026-27**

	Original MTFP		Updated Draft
	2025-26	2026-27	2026-27
Cost Driver (forecast)	£48.2m	£46.6m	£27.4m
Demand Driver (forecast)	£23.0m	£23.0m	£30.3m
Prices (contractual)	£41.4m	£31.4m	£28.2m
Base budget Changes (FYE of current)	£10.3m	-£0.1m	£40.6m
Other	£28.3m	£12.1m	£53.5m
<b>Total</b>	<b>£151.2m</b>	<b>£113.0m</b>	<b>£179.7m</b>

7. While the overall scale of growth has risen, the drivers have shifted. Table 2, 3 and 4 below show comparisons between demand (Table 2) cost drivers (Table 3) and Prices (Table 4) in 2025-28 and 2026-29 MTFP by main service/directorates.

**Table 2 Demand Drivers**

	2026-29 Draft MTFP £m			2025-28 Final MTFP £m		
	26-27	27-28	28-29	25-26	26-27	27-28
Adults & Older Persons	25.3	25.3	25.3	11.3	11.3	11.3
Children's Social Care	0.5	1.1	1.1	6.0	5.2	5.2
Home to School Transport	3.3	2.4	1.5	4.7	5.5	5.5
Waste Disposal & Recycling	1.0	1.1	1.1	1.1	1.1	1.0
Other	0.2	0.2	0.2	0.0	0.0	0.0
<b>Total</b>	<b>30.3</b>	<b>30.1</b>	<b>29.2</b>	<b>23.0</b>	<b>23.0</b>	<b>23.0</b>
% of Core Funded Growth	16.8%	28.4%	26.3%	15.2%	20.4%	19.9%

**Table 3 Cost Drivers**

	2026-29 Draft MTFP £m			2025-28 Final MTFP £m		
	26-27	27-28	28-29	25-26	26-27	27-28
Adults & Older Persons	15.8	15.8	15.8	33.4	33.4	33.4
Children's Social Care	13.9	12.2	11.3	4.4	5.1	5.1
Home to School Transport	-2.2	3.6	-1.8	10.5	8.2	8.2
<b>Total</b>	<b>27.4</b>	<b>31.6</b>	<b>25.2</b>	<b>48.2</b>	<b>46.6</b>	<b>46.6</b>
% of Core Funded Growth	15.2%	29.8%	22.7%	31.9%	41.3%	40.4%

**Table 4 Prices**

	2026-29 Draft MTFP £m			2025-28 Final MTFP £m		
	26-27	27-28	28-29	25-26	26-27	27-28
Adults & Older Persons	9.9	17.5	17.1	28.4	18.3	15.8
Children's Social Care	7.2	4.9	4.6	3.0	3.0	2.4
Home to School Transport	3.5	2.4	2.2	3.9	2.6	2.1
Waste Disposal & Recycling	3.0	2.6	2.7	2.9	2.7	2.7
Other	4.7	4.6	4.0	3.3	4.7	4.6
<b>Total</b>	<b>28.3</b>	<b>32.0</b>	<b>30.7</b>	<b>41.4</b>	<b>31.4</b>	<b>27.6</b>
% of Core Funded Growth	15.7%	30.2%	27.6%	27.4%	27.7%	23.9%

8. Demand-related growth pressures, which dominated in 2025–26, have eased but remain significant at £30.3 million (16.8% of core funded growth) in 2026–27, compared to £23.0 million (15.2%) last year. Adults and Older Persons represent the largest contributor at £25.3 million, reflecting demographic trends and the need to manage new demand effectively. Children's Social Care adds £0.5 million, a reduction from £6.0 million in 2025–26, while Home to School Transport contributes £3.3 million, down from £4.7 million last year, primarily due to fewer school days in 2026-27 compared to 2025-26. Waste Disposal and Recycling remains broadly stable at around £1.0 million. Demand forecasts for later years currently mirror the current year as they are based on recent performance and activity data; as forecasts are refined, alternative variables will be introduced to model different scenarios.

9. Cost-related growth pressures, which were significant in 2025–26, have reduced markedly in 2026–27 to £27.4 million (15.2% of core funded growth), compared to £48.2 million (31.9%) last year. Adults and Older Persons account for the largest share at £15.8 million and reflect the strategy for 2026-27 to place as many clients as possible into placements within framework. Children's Social Care rises to £13.9 million, driven predominantly by market conditions. Home to School Transport shows a net reduction of £2.2 million driven by other costs outside of market inflation.

10. Price-related pressures account for £28.2 million (15.7% of core funded growth) in 2026–27, down from £41.4 million (27.4%) in 2025–26. Adults and Older Persons again dominate at £9.9 million, although this is a significant reduction from £28.4 million last year, reflecting tighter control over provider contract inflation. Children’s Social Care increases to £7.2 million from £3.0 million, driven by higher placement costs linked to inflation. Home to School Transport adds £3.5 million, slightly down from £3.9 million, while Waste Disposal and Recycling contributes £3.0 million, broadly in line with previous years. Other services account for £4.7 million, up from £3.3 million. Price pressures are expected to rise in later years, with totals increasing to £32.0 million in 2027–28, underlining the importance of continued focus on contract management and cost containment.

11. The significant in-year variances in 2025–26 (quarter 3 forecast overspend of £43.5 million, £49.7m of which is within Adult Social Care) will have a direct impact on the 2026–27 budget. Where spending exceeds the current year’s assumptions, the full-year effect of these pressures must be reflected in the MTFP to avoid structural deficits. This is especially critical in Adult Social Care, where higher placement volumes and costs, combined with undelivered savings, create a baseline that cannot simply be rolled forward without adjustment. The MTFP incorporates these revised baselines to ensure that ongoing commitments are funded, but the strategy depends largely upon actions that contain demand and manage placement costs in Adult Social Care within framework arrangements.

### **Key budget elements for 2026–27 sensitivity**

12. The analysis focuses on the following budget areas:

- Adult social care costs and demand
- Children’s social care demand (and costs where material)
- Waste volumes and contract retender prices
- Home to school transport demand and market capacity
- Investment income (interest rate sensitivity)
- Council tax base growth and collection risks

**Table 5 What-if scenarios (better / baseline / worse)**

<b>Area</b>	<b>Baseline (built into 2026–27 draft)</b>	<b>Better case (downside risk reduced / upside realised)</b>	<b>Worse case (adverse variation)</b>	<b>Explanation</b>
Adult Social Care – Demand	Assumes demand growth is lower than recent historical trends, reflecting an expectation that demographic pressures will stabilise and that the Council will manage new demand more effectively through preventative measures and timely reviews.	Demand growth slows further, with fewer older people requiring long-term care and greater success in supporting independence at home.	Demand rises faster than forecast, driven by higher numbers of older people assessed as needing care and/or increased complexity of needs	Demand is highly sensitive to demographic trends and health system pressures. A surge in hospital discharges or delayed preventative interventions could increase demand significantly.
Adult Social Care – Cost.	Assumes successful retendering of major service contracts, with most new client placements made within framework providers and at costs aligned to the price bands set out in revised tenders. This represents a shift from previous patterns where spot placements were more common and often at higher cost.	All new placements secured within framework providers, with a greater proportion at the lower end of the price range than assumed in the budget.	Provider fees exceed planned uplifts due to wage inflation and workforce shortages Risk that not all major providers join the framework, forcing spot placements at significantly higher cost. The 2026–27 strategy is built on controlling placement costs through framework compliance rather than relying on additional savings, so any	Placement costs are highly sensitive to market conditions and provider participation in frameworks. Failure to secure framework compliance or manage inflationary pressures could lead to substantial overspends.

Area	Baseline (built into 2026–27 draft)	Better case (downside risk reduced / upside realised)	Worse case (adverse variation)	Explanation
			failure to achieve this will significantly increase financial risk.	
Children's social care: demand	Growth reflects current placement mix and health contributions.	Demand stabilises; more children placed with in-house foster carers or independent fostering agencies rather than costly residential care.	Increased numbers of looked-after children and higher reliance on residential placements with rising fees.	Placement costs vary significantly: residential care can cost several times more than fostering. Demand is influenced by safeguarding pressures and court decisions.
Waste: volumes & retender prices	Assumes household waste volumes grow by 1.5% and contract inflation adds £4m.	Lower household waste volume growth and improved recycling reducing overall waste costs. Tender prices come in below forecast.	Higher waste volumes (e.g., from population growth) and adverse tender outcomes increase costs.	Waste costs depend on tonnage and market prices for recycling. Contract retenders can swing costs significantly.
Home to school transport (HTST)	Assumes most pupils attend local placements and route optimisation continues.	Greater uptake of Personal Transport Budgets (PTBs) and route optimisation reduce costs. Local placements remain available, limiting long-distance travel.	Lack of suitable local education placements for children with Special Educational Needs forces parents to seek schools outside their locality. This results in longer journeys,	Home to school transport costs are highly sensitive to placement patterns. When local provision cannot meet needs, the Council must fund longer-distance transport, increasing costs significantly.



Area	Baseline (built into 2026–27 draft)	Better case (downside risk reduced / upside realised)	Worse case (adverse variation)	Explanation
			additional routes, and higher contractor rates.	This risk can create recurring budget pressures and may require compensating savings or use of reserves.
Debt Management	Assumes borrowing costs remain stable with no significant changes to debt profile.	Interest rates decrease, enabling early repayment or refinancing of debt at lower cost, potentially with discounts or no penalties.	Additional borrowing required to finance capital spend or manage short-term cash flow, increasing overall interest costs.	Debt management risk relates primarily to the cost of borrowing and opportunities for early repayment. Most KCC borrowing is at fixed interest rates, meaning it is largely insulated from short-term rate fluctuations. However, active treasury strategies such as refinancing, re-profiling, or early repayment where permitted, can still reduce exposure and deliver savings.
Investment income: interest rates	Assumes investment returns broadly in line with current interest rates and cash balances, with sensitivity of around $\pm£2.8$ m for each $\pm 1\%$	Interest rates remain higher for longer, boosting returns on cash balances and pooled funds.	Rates fall faster than expected, reducing investment income.	Investment income depends on interest rates and cash balances. Higher rates improve returns, while lower

Area	Baseline (built into 2026–27 draft)	Better case (downside risk reduced / upside realised)	Worse case (adverse variation)	Explanation
	movement in rates (per Q2 Treasury report).			rates reduce income.
Council tax base & collection	Growth assumed at 0.82% p.a.	Improved collection rates (towards 100%) and steady taxbase growth increase income.	Lower growth and policy changes (e.g., reinstating discounts) reduce income.	Council tax is a major funding source with each 1% increase equating to an additional £10m of funding for the Council. Risks include economic downturns, policy changes, and collection performance.

### **Cross-cutting external factors**

13. External economic factors such as interest rates and inflation continue to influence the Council's financial position, but to a much lesser extent on borrowing costs as most debt is held at fixed rates. The main opportunity lies in the ability to renegotiate rates or repay debt early, securing discounts or avoiding penalties. Inflationary pressures remain the more significant risk, feeding directly into provider contract costs across social care, transport, and waste services. Even modest changes in inflation can lead to substantial contractual uplifts, particularly in sectors where workforce costs and market fragility are high. These factors introduce uncertainty into budget planning and require close monitoring to maintain resilience against potential fluctuations.

### **Savings and Income Estimates**

14. Savings and income delivery plans for 2025–26 continue to be subject to enhanced scrutiny and governance. The most significant savings, which represent a substantial proportion of the total planned savings for the year, are monitored through the Strategic Reset Programme (SRP) with regular updates to the SRP Board. Delivery plans are categorised using the established traffic light system:

- Blue – delivered
- Green – key milestones on track
- Amber – milestones not on track but remedial strategies identified
- Dark Amber – milestones not on track and remedial strategies yet to be confirmed
- Red – savings now considered unachievable in the current year

15. The total savings requirement for the current year is £121.5 million, which includes the roll-forward of undelivered savings from previous years. As at quarter 3, £97.0 million is forecast to be delivered against that requirement in 2025–26 with an additional £2.6m to be delivered against alternative savings. This leaves a net variance of £21.9m of which £18.8m is considered undeliverable. £12.0 million is planned for delivery in future financial years.

16. Adult Social Care and Health present the greatest challenge: of £62.6m planned savings, only £41.7m is forecast to be achieved, leaving £20.9m at risk. Persistent difficulties in controlling costs for residential and home care commissioning, supported living, and review programmes have compounded these risks, alongside rising provider costs. Children's services savings of £22.2m are largely on track, with only £1.0m slipping. Growth, Environment and Transport savings of £17.2m remain broadly on track.

17. Failure to achieve these savings in 2025–26 will have a direct and severe impact on the Council's financial resilience. Any shortfall must be met

through drawdowns from reserves, weakening the Council's ability to manage future risks. Irrecoverable savings creates additional budget pressures in 2026–27, requiring adjustments to remove undelivered targets and increasing the risk of structural gaps in the MTFP.

18. The draft 2026–27 budget reflects the latest monitoring position. While the Strategic Reset Programme (SRP) continues to oversee the most significant savings, the emphasis for 2026–27 shifts towards controlling costs rather than relying on large-scale savings delivery, particularly in Adult Social Care. The strategy assumes that demand growth will be lower than recent trends and that new client placements can be secured within framework providers at costs aligned to revised tender price bands. This represents a fundamental change from previous patterns and is critical to maintaining financial control.

19. Continued focus on remedial strategies and identification of alternative efficiencies remains essential to avoid further erosion of reserves and protect service delivery. Persistent overspends would otherwise require even higher savings targets in subsequent years or unplanned service reductions, undermining the sustainability of the MTFP

### **Key Risks and Mitigations**

20. The Council continues to face significant financial risks in 2025–26 arising from demand pressures, cost increases, market sustainability, and inflation remaining above forecast in the short term. These risks have driven the current overspend position and require immediate mitigation. Strict financial discipline remains essential: all services are operating under a “no non-essential spend” approach, with budget managers held accountable for delivery. Recruitment is restricted to roles critical for statutory compliance, and opportunities to maximise grant funding are being pursued wherever possible.

21. These same risks are also reflected in the 2026–27 budget, where spending growth is forecast to continue at a level well above available funding from central government and local taxation. The draft budget assumes a fundamental shift in strategy, focusing on controlling costs in Adult Social Care rather than relying on large-scale savings delivery. This includes placing new clients within framework providers at agreed price bands and reducing reliance on high-cost spot placements. Sustainable recurring efficiencies and income generation remain critical to closing the structural gap and protecting financial resilience.

22. Directorates are implementing targeted actions to mitigate these risks. In Adult Social Care and Health, the focus is on resetting provider relationships through re-commissioning, strengthening Care Act-compliant

practice, and reducing reliance on short-term beds. The directorate is accelerating the use of technology-enabled care and increasing throughput of first reviews to ensure packages remain proportionate to assessed needs. In Children, Young People and Education, efficiencies in home-to-school transport will continue through route optimisation and greater uptake of personal transport budgets, while work progresses to expand in-house residential capacity and secure appropriate health contributions for high-cost placements. Treasury management remains a key mitigation strategy throughout, with active management of cash balances, internal borrowing options, and careful profiling of debt maturities to balance risk and return in a volatile economic environment.

## **Assessment of Financial Resilience**

Financial resilience describes the ability of the authority to remain viable, stable and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment.

This appendix sets out the key 'symptoms' of financial stress identified by CIPFA and assesses the current position of the County Council against each indicator. This assessment includes a score out of 10, where with a score of 1 indicates a low level of financial resilience and 10 indicates a high level of financial resilience. In addition, a scope for improvement assessment is provided.

Overall, the prognosis is that there has been a recent deterioration in resilience which needs to be reversed in particular on the delivery of savings and managing spending within approved budgets.

<b>Symptom</b>	<b>KCC Assessment</b>
<p>Running down reserves / a rapid decline in reserves</p> <p>Score = 5/10</p> <p>Scope for Improvement = Moderate</p>	<p><u>Evidence</u></p> <p>In the years leading up to and including 2021-22, the Council's level of revenue reserves (as indicated in the table at the end of this appendix) had initially been stable and then increased more rapidly, largely as a result of additional funding for / underspends arising from Covid.</p> <p>In 2022-23 there was an overall reduction in usable revenue reserves to £391m (£37m general, £271m earmarked, £47m Covid-19 and £36m in new partnership reserve from the excess safety valve contributions). The reductions included £47m draw down from general reserves and earmarked reserves to balance 2022-23 outturn.</p> <p>In 2023-24 there was a further reduction in total usable reserves to £358m (£43m general, £268m earmarked, £10m Covid-19 and £36m Safety Valve partnership reserve). The small increase in the general reserve reflected the overall increase in 2023-24 budget to maintain the reserve as % of net revenue but did not include any movement to restore the reserve to 5% of net revenue following the draw down in 2022-23. 2023-24 included a review of reserves to ensure balances in individual categories remained appropriate. This included transfer of £48m from other earmarked reserves into the smoothing category which was partially drawn on by £12m to balance the 2023-24 outturn.</p> <p>In 2024-25 there was a further reduction in the total useable reserves to £334m (£79m general, £219m earmarked (inc Public Health), £36m Safety Valve partnership reserve). The general reserve increased significantly through a combination of budgeted contributions (£16m), the transfer of some earmarked reserves now deemed useable (£39m) less the drawdown of £20m to balance the 2024-25 outturn. The draft 2026-27 includes provision for replenishment of this drawdown.</p> <p>The quarter 3 revenue budget monitoring for 2025-26 shows further forecast overspends (£43.5m), primarily in adult social care, reduced by further flexible use of capital receipts to £36.5m. In response, firmer spending controls have been introduced across the Council for the remainder of this</p>

	<p>financial year to try and reduce the amount of overspend. If the overspend cannot be eliminated, it would require a draw down from reserves at year end which would further reduce the Council's financial resilience. The draft 2026-29 plan does not include any replenishment at this stage although will need to be considered once the 2025-26 outturn is confirmed.</p> <p><b><u>Conclusions</u></b></p> <p><b>Three successive years of drawdowns from reserves to balance overspends (with a fourth year likely) represents a significant cause for concern, with its impact on financial resilience.</b></p> <p><b>The Council's reserves were previously deemed as adequate in the short term by the S151 officer pending those restoration plans being delivered in future budgets. In particular, the general reserve needs to be restored to 5% of net revenue within the 2026-29 MTFP. The section 25 assurance report to accompany the draft 2026-27 budget will include an updated assessment on the adequacy of reserves</b></p> <p><b>A small amount of smoothing within the annual revenue budget to reflect timing differences between spending and savings plans has been considered acceptable provided these are replaced (and where appropriate replenished in future years) through a balanced MTFP. The draft 2026-27 budget does not include any such smoothing but does include £16m use of earmarked reserves which are no longer needed for their original purpose (these need to be replaced in subsequent years but not replenished).</b></p>
<p>A failure to plan and deliver savings in service provision to ensure the council lives within its resources</p> <p>Score = 5/10</p> <p>Scope for Improvement = High</p>	<p><b><u>Evidence</u></b></p> <p>The council has planned (and largely delivered/is forecast to deliver) just over £1bn of savings and income since 2011-12 (up to 2025-26). The council has delivered a balanced outturn with a small surplus each year since 2000-01 up to 2021-22 (22 years) including throughout the years when government funding was reducing and spending demands were still increasing. This demonstrated that in the past savings were sustainable.</p> <p>The 2022-23 outturn was the first year in 23 years that the authority ended the year with a significant overspend (£44.4m before rollover). This overspend was partly due to under delivery of savings and partly due to unbudgeted costs.</p> <p>The approved budget for 2023-24 included £54.8m of savings and income (4.6% of net budget) to balance spending growth (£178.9m) and increase in funding (£124.1m).</p> <p>The 2023-24 outturn showed an overspend of £9.6m before rollovers. This was significantly lower than had been forecast earlier in the year. As in 2022-23 the 2023-24 overspend arose from a combination of unbudgeted costs and under delivery/rephasing of savings.</p> <p>The approved budget for 2024-25 included £88.9m of savings and income (6.8% of 2023-24 net budget) to balance spending growth (£209.6m), a net change in use of reserves (-£6.8m) and increased funding (£113.9m).</p>

	<p>The 2024-25 outturn showed an overspend of £19.6m before rollovers, which was broadly in line with earlier forecasts. Spending controls first introduced in 2023-24 have remained in place throughout 2024-25 and these have contributed to mitigating the level of the overspend. Adult Social Care accounts for the most significant overspend, of which approximately 40% relates to the non-delivery of agreed savings, however some of these have been identified as achievable in future years.</p> <p>The approved budget for 2025-26 includes £98.9m of savings and income (6.9% of 2024-25 net budget) to balance spending growth (£150.4m), removal of undelivered/temporary savings from 2024-25 (£38.0m), net change in use of reserves (£12.4m) and increased funding (£101.8m). The increased spending growth included demand (activity) and cost drivers as well as price uplifts (linked to inflation forecasts) and full year effect of 2024-25.</p> <p>Savings planning and monitoring continues to be enhanced with greater emphasis on more detailed monitoring of progress on the most significant savings. Enhanced monitoring will not in itself ensure improved delivery performance, especially in the short-term.</p> <p><b><u>Conclusions</u></b></p> <p><b>The significant increase in the savings requirement over the last four years is cause for serious concern and is unsustainable. This savings requirement is driven by ever increasing gap between forecast spending growth and increase in available resources from core government grants and local taxation. This gap needs to be resolved either from reducing spending expectations and / or increased funding if resilience is to be improved.</b></p> <p><b>The quarter 3 budget monitoring report for 2025-26 shows just over 80% of budgeted savings are forecast to be achieved this year, which represents an improvement on 2024-25 where 64% of budgeted savings were achieved. Whilst this improvement is in the right direction, there is still some concern over capacity within the organisation and that savings are put forward with over optimistic timescales (or inadequate resources to ensure delivery) and in some instances were not sustainable. This combination is weakening financial resilience. We have provided training to all managers setting out the planning and governance requirements for approval of savings in budget plans and the likely timescales with need for adequate planning lead times.</b></p>
Shortening medium term financial planning horizons perhaps from three or four	<p><b><u>Evidence</u></b></p> <p>The council has traditionally produced a three-year medium term financial plan (MTFP). This plan sets out forecast resources from central government and local taxation with spending forecasts balanced by savings, income generation and use of smoothing reserves. Generally funding forecasts have</p>



<p>years to two or even one</p> <p>Score = 7/10</p> <p>Scope for Improvement = Moderate</p>	<p>been robust and tax yields have remained buoyant. Spending forecasts for later years of the plan have tended to be underestimated.</p> <p>High-level three-year plans were produced in recent years although experience has proved that these have been less robust and susceptible to the un-forecast spending trends experienced in these years. Funding forecasts have continued to be speculative in the absence of multiyear settlements. Council tax base estimates have proved to be extremely reliable although business rates have been more volatile.</p> <p>The provisional settlement for 2026-27, published on 17<sup>th</sup> December 2025, included indicative grant allocations for 2027-28 and 2028-29, and marked a welcome return to a multi-year funding announcement. This information has enabled us to plan our grant funding with more certainty over the medium term.</p> <p><b><u>Conclusions</u></b>  <b>Medium term financial plans are still considered to be reasonable even if spending forecasts for the later years are less reliable, as a broad indicator of direction of travel rather than a detailed plan. Plans should be less speculative now that multi-year settlements have been re-introduced.</b></p> <p><b>Draft budget proposals need to be made available for scrutiny and savings planning earlier (even if these have to be based on less up to date forecasts). The preplanning of savings needs to recognise leading times of 6 to 9 months from initial concept to final approval.</b></p>
<p>A lack of firm objectives for savings – greater “still to be found” gaps in savings plans</p> <p>Score = 5/10</p> <p>Scope for Improvement = Good</p>	<p>It has been common that in later years of the plan there have been balancing “savings still to be found” and those savings that were identified have often lacked detailed plans, especially in later years and plans were held and maintained locally within directorates and services.</p> <p>Even where plans are detailed there have been evidence that some savings have subsequently not been implemented following further scrutiny. Greater emphasis needs to be placed on identifying consequences, risks, sensitivities, opportunities and actions in the early planning stages before plans are presented for scrutiny.</p> <p>In a change from previous practice the plans for 2027-28 and 2028-29 do not include assumed council tax increases. This results in a larger “budget gap” i.e. the difference between planned spending and the indicative local government finance settlement. This difference would need to be resolved when plans are updated from either additional savings/income or council tax.</p> <p><b><u>Conclusions</u></b>  <b>Changes have been introduced to maintain a comprehensive central database of all savings plans over the three years which contain information about impacts, risks, dependencies, sensitivities as well as forecast financials, timescales and staffing. This database is backed up with detailed delivery plans where appropriate.</b></p>

<p>A growing tendency for directorates to have unplanned overspends and/or carry forward undelivered savings into the following year</p> <p>Score = 4/10</p> <p>Scope for Improvement = High</p>	<p><b>Evidence</b></p> <p>In recent history the Council have had to manage its budget through periods of significant uncertainty, from the Covid-19 pandemic which commenced in 2020-21, with further instability in 2022-23 arising from global and national economic turbulence. 2022-23 was the first year the Council had an unplanned overspend in its revenue budget in over 20 years.</p> <p>The 2023-24 budget included unprecedented levels of growth including the full year impact of 2022-23 overspends, historically high levels of inflation and other cost driver growth as best could be forecast at the time. This still proved insufficient and further unplanned overspends were reported in 2023-24 due to a combination of unbudgeted growth and under delivery of savings.</p> <p>The 2024-25 budget had even higher levels of growth compared to 2023-24. This included the full year impact of overspending in 2023-24, historically high levels of inflation and other cost driver growth. Like 2023-24 this still proved insufficient and further unplanned overspends were reported in 2024-25 due to a combination of unbudgeted growth and under delivery of savings.</p> <p>The 2025-26 budget is similar to 2024-25 in that it continues to have higher levels of spending growth. This included the full year impact of overspending in 2024-25, continuation of higher levels of inflation, demand and cost drivers.</p> <p>The quarter 3 forecast for 2025-26 shows further unplanned overspend arising primarily in Adult Social Care. Again these arise from a combination of unbudgeted growth (both in costs of services and demand) and under delivery or rephasing of savings, albeit at a lower percentage than 2024-25. Budget plans did not include alternative mitigations or any contingency to allow for variations from the original plan.</p> <p><b>Conclusions</b></p> <p><b>Failure to deliver to budgets is becoming a significant concern. Failure to deliver budget has multiple impacts in that it either requires “right-sizing” in future budgets (increasing spending growth), roll forward of savings (increasing the in-year savings requirement in future years to an extent that there may be inadequate capacity) and is a drain on reserves which need to be replenished if medium to longer term financial resilience for the Council is to be retained.</b></p>
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**Table: Useable Revenue Reserves Balances 2015-16 to 2024-25**

	2015-16 £000s	2016-17 £000s	2017-18 £000s	2018-19 £000s	2019-20 £000s	2020-21 £000s	2021-22 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s
General	-36,404	-36,671	-36,903	-37,054	-37,183	-37,075	-56,188	-36,918	-43,030	-78,562
Earmarked	-163,914	-159,357	-155,319	-180,424	-190,656	-261,165	-259,933	-254,219	-251,339	-202,631
Covid	0	0	0	0	-37,307	-88,209	-75,122	-47,100	-10,000	0
Public Health	-1,988	-3,825	-3,634	-6,036	-5,877	-11,126	-16,817	-16,899	-16,984	-16,720
Safety Valve	0	0	0	0	0	0	0	-36,263	-36,263	-36,263
<b>Totals</b>	<b>-202,306</b>	<b>-199,852</b>	<b>-195,856</b>	<b>-223,514</b>	<b>-271,023</b>	<b>-397,575</b>	<b>-408,060</b>	<b>-391,398</b>	<b>-357,616</b>	<b>-334,176</b>

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure	Estimated Lifetime Financial Exposure
						£m	£m
<b>Significant Risks (over £10m)</b>							
<b>CYPE</b>	High Needs Spending	The Dedicated Schools Grant (DSG) High Needs Block does not meet the cost of demand for placements in schools, academies, colleges and independent providers. Whilst the Government have indicated Local Authorities will not be expected to top-up future SEN cost from the General Fund from 2028-29. This is contingent on Local Authorities being able to demonstrate they are taking steps to move to a financially sustainable position (presumably within reformed grant funding). The Council is currently part of Safety Valve programme, the Government's previous initiative to support Local Authorities to manage the system more effectively in return for additional funding to support paying off accumulated deficits.	<p>The Council's actions fail to deliver the planned reduction in the in-year deficit for supporting children with high needs, resulting in a higher accumulated deficit, outside of the Government's future expectations. While progress in 2022–23 and 2023–24 was positive and ahead of target, 2024–25 and 2025-26 has been more challenging. The Council is no longer on target to eliminate the in-year deficit, or to clear the accumulated deficit from previous years, by the end of current Safety Valve Agreement in 2027-28. The DSG accumulated deficit at the end of 2025-26 is forecast to be around £135m with an in-year deficit of over £65m.</p> <p>This shortfall is due to a combination of rising prices, continual demand for more specialist provision and increased demand for financial support in mainstream schools. The Government have not confirmed whether future Safety Valve payments will continue in line with the original agreement or the value of any future financial assistance to cover either historic or future overspends. Therefore, if satisfactory plans to deliver compensating savings cannot be achieved and/or these pressures persist in future years, the Council is still at risk that when the statutory override ends in March 2028 the Government could deem the Council's plans as insufficient. This could mean any future funding from central government may not be sufficient to clear any outstanding balances, with the outstanding deficit needing to be reflected in the Council's accounts in 2028–29.</p>	<p>The Department for Education may withhold its contribution towards the accumulated deficit and/or the increased overspend may leave a residual deficit. Current government policy requires the total deficit on the schools' budget to be carried forward and does not permit authorities to offset amounts above those included in the Safety Valve agreement from general funds without explicit approval from the Secretary of State. Whilst Government have indicated they intend to provide additional assistance for those local authorities that cannot manage within their local resources, this is not a guarantee, therefore continues to pose a significant risk to the Council.</p> <p>If the statutory override is removed and no additional funding is provided to clear the residual deficit, the accumulated deficit will form part of the Council's accounts, potentially preventing the Council from setting a balanced budget.</p>	4		238.5
<b>ASCH</b>	Adult Social Care and Health (ASCH) Financial Sustainability and Strategy Risks	ASCH remains the single largest financial risk to the Council, with historic overspends exceeding £45m in 2024–25 and £49.7m forecast for 2025–26 (Q3 forecast). Pressures arise from rising demand and complexity, market fragility, workforce shortages, and inflationary cost drivers. To address the budget gap for 2026–27, ASCH has adopted a new strategy focused on reducing growth through measures such as limiting provider price uplifts (0–3.6%), resisting demand growth, and securing additional income. While this approach aims to stabilise finances, it introduces risks around provider sustainability, service capacity, and delivery of statutory duties.	The strategy may not deliver the planned savings if demand continues to rise, providers exit the market, or legal challenges occur. Reduced fee uplifts could exacerbate recruitment and retention issues, leading to contract hand backs and higher-cost placements. Failure to achieve savings or manage demand will result in significant overspends and increased reliance on reserves, which are already insufficient.	Persistent overspends in ASCH will severely constrain the Council's ability to set a balanced budget, requiring reductions in other services or emergency measures. Market instability could increase costs and reduce service quality, while failure to meet statutory duties risks legal challenge and reputational damage. Overall, this represents one of the most critical threats to the Council's financial resilience in 2026–27.	4	68.0	

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	Non-Delivery of Agreed Savings and Income	Delays or failure in delivering agreed savings and income targets due to changes in circumstances, operational challenges, or external factors. This includes slippage on planned savings programmes and inability to implement cost reduction measures at the expected pace.	Inability to progress with plans to generate savings or additional income as scheduled, resulting in shortfalls against the Medium-Term Financial Plan.	Overspend on the revenue budget, requiring alternative compensating in-year savings or temporary unbudgeted funding from reserves. Persistent under-delivery creates recurring budget pressures for future years.	4	58.6	
ASCH	2025-26 potential overspend impact on reserves	Significant in-year overspend in Adult Social Care for 2025–26, currently forecast at £49.7m (Q3), driven by undelivered savings, higher-than-forecast demand and complexity, and market fragility.	If the recovery plan does not succeed in reducing the overspend by year-end, the shortfall will need to be met from reserves, significantly reducing financial resilience.	Insufficient reserves will remain to manage risks in 2026–27 and beyond, increasing the likelihood of emergency measures or statutory intervention. Persistent overspends will also create structural budget gaps for future years.	4	49.7	
ALL Page 186	Future Financial Sustainability and Reserves Resilience	The Council's financial resilience is under pressure due to repeated overspends, rising demand-led costs, and uncertainty over future funding settlements. Current forecasts indicate that general reserves could fall below the Council's preferred minimum of 5%. This position reflects the cumulative impact of prior year overspends met from the General Reserve, in-year overspends, slippage on savings, and reliance on one-off measures.	If reserves continue to be drawn down to cover budget gaps without required replenishment, the Council will have insufficient capacity to manage future financial shocks or unforeseen pressures.	Reduced reserves weaken the Council's ability to absorb risk, fund transformation, and maintain financial stability. This increases vulnerability to external funding changes and demand growth, and may require significant corrective action in future years.	4	50.0	
GET	Ageing Waste Infrastructure and Insufficient Capacity to Meet Growth Demands	Several of KCC's Household Waste Recycling Centres (HWRCs) and Waste Transfer Stations (WTSs) are life-expired (35–40 years old) and require major repair, replacement, or reconfiguration. District Local Plan housing targets and population growth will increase waste volumes, creating capacity pressures. While Council Tax income covers inflation, demographic tonnage increases, and legislative changes, it does not provide for upgrading or building new or enlarged facilities. Additional investment would require significant capital borrowing.	KCC may fail to secure sufficient Section 106 developer contributions and be forced to fund the replacement or upgrade of existing facilities, as well as construct new sites to accommodate increased housing and population. If funding is not secured, more waste will need to be processed at the Allington Energy from Waste plant, which has among the highest gate fees in Kent. This approach conflicts with the waste hierarchy, which prioritises recycling, processing, and diversion to more efficient disposal methods.	The Council may need to provide full or match funding for new or reconfigured sites, resulting in additional borrowing and associated financing costs, which would place further pressure on the revenue budget.	4		50.0

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET/DCED	Impact of Policy Change and Reduced Government Funding for Net Zero Initiatives	KCC has formally withdrawn its commitment to deliver Net Zero targets for 2030 and 2050 and no longer recognises a Climate Change Emergency. This coincides with a shift in Government policy on Net Zero funding: previously, the Public Sector Decarbonisation Scheme (PSDS) funded up to 100% of costs with minimal (0–20%) match funding. Current requirements now demand at least 50% match funding, which would require significant KCC resources.	Government may introduce punitive measures or financial penalties for failing to meet national Net Zero targets. Alternatively, KCC may need to provide substantial match funding to deliver these targets, despite the absence of budget provision.	The Council could face significant unbudgeted costs either through penalties or by having to allocate match funding for capital projects. This would require borrowing or use of reserves, increasing revenue costs and adding to the financing budget, which is currently unaffordable. If funding cannot be secured, KCC may need to seek alternative compliance measures, which could also incur costs.	4		30.0
ALL	Local Government Reform – Pre-Implementation Costs	Local Government Reform is expected to require significant preparatory work before implementation. At this stage, no budget provision has been made for pre-implementation costs, which are likely to be incurred over several years and could be substantial.	If pre-implementation costs arise without allocated funding, the Council will need to identify unplanned resources or divert funds from other priorities, creating additional financial pressure.	Unbudgeted expenditure could weaken financial resilience and increase the risk of overspends or the need for emergency measures. This may also delay preparatory work, impacting the Council's ability to meet statutory deadlines for reform.	4	30.0	
ALL	Failure to Replace One-Off Measures with Sustainable Alternatives	Reliance on one-off measures, such as use of reserves or temporary funding solutions, without identifying and implementing permanent alternatives. This risk is heightened by the scale of one-off solutions used in recent budgets to balance the position.	Inability to replace one-off measures with sustainable base budget savings or income streams, leaving a structural gap in the budget.	Future years' budget planning start with an underlying deficit, increasing the risk of significant savings requirements, service reductions, and potential failure to set a balanced budget.	4	25.0	
ALL	Demand & Cost Drivers	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Non inflationary cost increases (cost drivers) continue on recent upward trends particularly but not exclusively in adult social care, children in care and home to school transport above the current MTFP assumptions and the Council is not able to suppress these	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	10.0	
CYPE	Market Sustainability	Availability of suitable placements for looked after children.	Continued use of more expensive placements, where it is difficult to find suitable placements as no suitable alternative is available.	Unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4	10.0	
CYPE	Home to School Transport	Lack of suitable local education placements for children with Special Education Needs	Parents seek alternative placements outside of their locality requiring additional transport support	Additional transport costs incurred resulting in an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves and potential recurring budget pressure for future years; or seek to demonstrate that the available local placements are suitable for the child's needs	3	10.0	

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
<b>Other Risks (under £10m - individual amounts not included)</b>						<b>100.0</b>	<b>35.0</b>
Page 188	DCED	Oracle Cloud Programme – Cost and Timescale Overruns	The implementation phase of the Oracle Cloud Programme (formerly Enterprise Business Capabilities) is experiencing cost pressures and potential timescale overruns. Current forecasts indicate an overspend of £4.9m, with the total estimated overspend at risk of increasing should there be further slippage to the programme schedule. Approximately £2.5m of this is expected in 2026–27.	<p>Unforeseen or higher-than-budgeted costs continue to arise due to delayed go-live or during implementation, exceeding the reserve set aside for the project.</p> <p>Additional unfunded costs beyond the allocated reserve could lead to financial pressure. However, mitigating actions are in place:</p> <p>Current overspends are being funded from reserves and underspends within IT base budgets.</p> <p>Additional costs not reported to the Oracle Cloud Programme Board are expected to be funded from the IT reserve and therefore have not been included in the MTFP for 2026–27.</p> <p>The programme team is actively monitoring costs and implementing controls to minimise further overruns.</p>	5		
	ALL	Increasing Development Appeals and Associated Cost Pressures	There is a growing number of viability challenges to both strategic and smaller developments, leading to an increase in planning appeals.	<p>Appeals create significant cost pressures due to additional legal fees and the diversion of staff resources for preparation and response. This includes time for case preparation, drafting, court attendance, reviewing determinations, and responding to outcomes, alongside further legal costs. Currently, there is no agreed process for allocating these additional legal fees, although GET is developing a proposal for Corporate Management Team (CMT) approval. No service has budget provision for these escalating costs, which are increasing in line with viability challenges.</p> <p>Additional unfunded costs could lead to overspends on the revenue budget, requiring compensating in-year savings or temporary, unbudgeted funding from reserves. This may also create a recurring budget pressure in future years if the trend continues. Mitigation includes continuing to defend appeals robustly to protect the Council's position, funding unavoidable costs from reserves in the short term, and considering the inclusion of ongoing pressures in the MTFP for future years.</p>	5		
	DCED	Aborted Property Strategy Costs	The Council's Property Accommodation Strategy requires significant upfront investment in feasibility studies, design work, compliance upgrades, and enabling works for both temporary and permanent office solutions. There is currently no dedicated funding for abortive costs, and the Council does not hold sufficient reserves to absorb them, meaning any write-off would directly impact the revenue budget.	<p>The accommodation strategy has been revised, and abortive costs for professional fees, compliance works, and preparatory activities will need to be paid. These costs are no longer speculative and will be charged to revenue.</p> <p>Abortive costs will create an unplanned pressure on the General Fund, reducing financial resilience and potentially requiring compensatory savings or temporary funding from reserves. However, costs will be funded from the abortive costs reserve, reducing the immediate impact on the revenue budget.</p>	5		

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure	Estimated Lifetime Financial Exposure
						£m	£m
DCED	Sessions House Decant and Building Reliability	Following the decant from Invicta House, staff are now accommodated in Sessions House, a listed building with ageing infrastructure and life-expired systems. While compliance works have enabled temporary occupation, critical elements such as lifts, heating, and hot water systems remain vulnerable to failure. The building's listed status limits modernisation options, and alternative evacuation procedures are in place due to non-fire-rated lifts.	Failure of essential building systems or compliance issues could require urgent remedial works or temporary relocation of staff. Amber-rated risks, if realised, would create significant unbudgeted costs and operational disruption.	A major failure could result in service disruption, health and safety risks, and additional expenditure beyond the approved capital allocation. This may require drawing on reserves or diverting funds from other priorities. However, mitigating actions are in place to manage exposure.	4		
		The cost of restoring Sessions House has been RAG-rated:					
		Red risks (£4m) – essential works that will happen and are included in the Capital Plan. Amber risks (£16m) – not currently budgeted; include potential critical failures (e.g., boiler system) that could become urgent if machinery expires. Green risks – not included in the risk register.					
		Amber risks could escalate to red over time.					
ALL	Capital - Developer Contributions	Developer contributions built into funding assumptions for capital projects are not all banked.	Developer contributions are delayed or insufficient to fund projects at the assumed budget level.	Additional unbudgeted forward funding requirement and potential unfunded gaps in the capital programme	4		
ALL	Council Taxbase & Collection Fund assumptions	Collection authorities assume lower collection rates (increased bad debts) and/or change local discretionary discounts/premiums	Reduced council tax funding continues into 2027-28 and beyond	The existing smoothing reserve earmarked for this is insufficient to cover the ongoing base shortfall beyond 2026-27	4		
ALL	Full year effect of current overspends	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Increases in forecast current year overspends on recurring activities resulting in higher full year impact on following year's budget than included in current plan meaning services would start the year with an existing deficit (converse would apply to underspends). This risk is less significant than in previous year budget risk register due to a lower amount of base budget changes required in 2025-26 draft budget compared to 2024-25 budget	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4		

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	Capital	Capital project costs are subject to higher than budgeted inflation.	Increase in building inflation above that built into business cases.	Capital projects cost more than budgeted, resulting in an overspend on the capital programme, or having to re-prioritise projects to keep within the overall budget. For rolling programmes (on which there is no annual inflationary increase), the level of asset management preventative works will reduce, leading to increased revenue pressures and maintenance backlogs.	4		
GET Page 190	Financial Pressure from Increased ENCTS and Kent Travel Saver Journey Levels	ENCTS journeys declined significantly during the pandemic, leading to budget reductions of £3.4m in 2022–23 and £1.9m in 2023–24. If patronage returns to pre-COVID levels, this would create a £5.3m budget shortfall. As this is a national scheme, KCC must reimburse operators.	Journey levels exceed revised budget assumptions, creating financial pressure. Towards the end of 2024–25 and into 2025–26, patronage increased, resulting in an unbudgeted overspend of £1.3m, which is being realigned in the 2026–27 budget. If pre-COVID activity resumes, this could lead to an annual pressure of around £4m, compounded by operator appeals over reimbursement factors and rising fare costs. Current Medium-Term Financial Plan (MTFP) provisions may be insufficient.	Additional unfunded costs could lead to overspends on the revenue budget, requiring compensating in-year savings or temporary, unbudgeted funding from reserves. If current activity and pricing trends persist, this may create a recurring budget pressure in future years.	4		
GET	Absence of a Fully Funded Highways Asset Management Plan – Growing Maintenance Backlog and Risk of Critical Failures	KCC has a costed highways asset management plan, but funding remains static and does not keep pace with inflation, reducing purchasing power year on year. This underinvestment creates a 'managed decline' scenario, adding to the maintenance backlog and preventing proactive works. Steady-state principles require annual inflationary uplifts of around £3.5m to maintain current levels of activity, yet these are unfunded. In addition, the lack of sufficient capital investment is driving revenue pressures from reactive works and urgent Category 1 defects, including sinkholes, road collapses, and structural failures. While some bids for additional capital funding have been partially met, significant risks remain unfunded, accelerating deterioration across the network.	Without adequate funding and a comprehensive plan, preventative maintenance will continue to reduce, increasing the likelihood of major defects and failures. Reactive repairs will escalate as assets fail well before their expected life, creating operational and financial strain.	The highways maintenance backlog will grow significantly, increasing revenue pressures and reliance on emergency repairs. This approach is less cost-effective than proactive asset management and risks service disruption, safety concerns, and reputational damage. Failure to address this gap will undermine the Council's ability to maintain a safe and reliable network.	4		



## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Waste income, tonnage and gate fee prices	The current market has seen a considerable volatility in the income received for certain waste streams (potentially due to other supply shortages), as well as increased gate fees due to the double digit inflation seen in 2023 (majority of Waste contracts are RPI which was 12% during the year). The proposed budget includes significant price pressures for contract inflation, gate fees, HWRC management costs as well as provision for additional tonnages/demography due to significant housing targets within District Local Plans and which generate additional waste with population of Kent increasing year on year.	Projected levels of income fall, or gate fees/contractual price uplifts are above budgeted levels which leave an unfunded pressure.	This will result in an unfunded pressure that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4		
GET	Insufficient Revenue and Capital Funding for Drainage in Adverse Weather Conditions	Persistent heavy rainfall and increasingly frequent storm events are placing significant pressure on drainage services. Current revenue and capital budgets are insufficient to meet both reactive and proactive demands.	If adverse weather patterns continue, additional unbudgeted funding will be required to address drainage issues and maintain service levels.	Unfunded costs could lead to overspends on the revenue budget, requiring compensating in-year savings or temporary, unbudgeted funding from reserves.	4		
GET	Insufficient Investment in the Public Rights of Way (PROW) Network	Funding for the PROW network is inadequate to maintain assets to a steady-state standard. The estimated shortfall compared to asset management principles is approximately £2.5m per annum.	The condition of the PROW network continues to deteriorate due to under-investment, a situation worsened by the significant increase in usage during the COVID-19 restrictions and national lockdowns.	There is an increased risk of claims against the Council for injury and from landowners, as well as the need for urgent, unplanned works. This could lead to overspends on the revenue budget, requiring compensating in-year savings or temporary, unbudgeted funding from reserves.	4		
ALL	Contract retender	Contracts coming up for retender are more expensive due to prevailing market conditions and recruitment difficulties.	This risk could result in a shortage of potential suppliers and/or increases in tender prices over and above inflation.	Higher than budgeted capital/revenue costs resulting in overspends unless that can be offset by specification changes.	4		
CYPE	Use of Grants	Grants have been used to support spend on existing services rather than investment in new or extended services. Detailed grant conditions have yet to be confirmed.	The Grant conditions may require a higher level of investment in new services than budgeted.	Insufficient funding for existing services. Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	Capital Receipts	Capital receipts not yet banked are built into the budget to fund projects/revenue transformation costs.	Capital receipts are not achieved as expected in terms of timing and/or quantum.	Funding gap on capital projects which would require additional forward funding, or would lead to a pressure on the revenue budget.	3		
ALL	Revenue Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Inflation rises above the current forecasts leading to price increases on commissioned goods and services rising above the current MTFP assumptions and we are unsuccessful at suppressing these increases.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
ALL Page 192	Business Rates Growth and Safety Net Exposure	Under the new settlement from April 2026, the Business Rates retention system and pool have been reset, removing historic growth benefits. The risk now relates to future levels of Business Rates growth. If growth slows significantly, Kent could fall towards the safety net threshold, reducing retained income. Conversely, if growth exceeds certain limits, the Council could face levy payments, reducing the benefit of any additional growth.	Future Business Rates growth is lower than forecast, or volatility in the tax base results in Kent tipping into the safety net. This would trigger a government top-up but at a much lower level of retained income than historically achieved. Alternatively, strong growth could lead to levy payments, reducing the net benefit to the Council.	Reduced retained income would increase reliance on council tax and government grants, exacerbate budget gaps, and require further savings or service reductions. The loss of historic growth advantage means the Council is more exposed to fluctuations in the local economy.	3		
CYPE	Central Services for Schools - Historic Commitments Grant	The Department of Education are planning to reduce the grant for Historic Commitments by 20% per year. This is used to contribute towards historic school related pension costs. The Local Authority has successfully applied for an exemption to this reduction however, the criteria continues to be tightened each year. Awaiting confirmation for 26-27.	The DfE do not agree to protect this historic grant at the same rate as previous years. The total spend on historic pension costs does not reduce in line with the reduction in the historic pension costs.	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
ALL (except ASCH)	2025-26 Overspend in Other Directorates (excluding ASCH) Impact on Reserves	Under delivery of recovery plan to bring 2025-26 revenue budget into a balanced position by 31-3-26.	If these overspends are not mitigated, they will require additional use of reserves alongside the Adults position.	Further depletion of reserves reduces flexibility to manage unforeseen risks and increases vulnerability in future years, though the financial impact is lower than the Adults risk.	3		
Non Attributable Costs	Volatility on Investment Income	The budget for investment income relies on assumptions about short-term interest rates, the amount of cash available for investment, and the performance of investments. While the budget already factors in a reduction in interest rates, a faster or more significant decline than anticipated could result in actual returns falling short of expectations.	Performance of our investments falls below predicted levels as a result of volatility in the economy	Reduction in investment income leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Capital - Galley Hill Cliff Collapse – Uncertainty Over Ownership and Remedial Costs	A privately owned cliff face at Galley Hill, Swanscombe collapsed, causing significant damage to the road above, which is KCC's responsibility. The road has been closed and diversions implemented. Discussions are ongoing with businesses at the base of the cliff to establish site ownership and determine liability for remedial works.	Costs incurred to date total £1.162m (since 2023–24), funded through a mix of reserves and forecast overspend within the GET directorate for 2024–25. These costs were not met from reserves in full and required offsetting through one-off savings within the directorate. The full cost of reinstating the cliff, repairing the road, and implementing other necessary measures has not yet been quantified, nor has liability been established.	There is a risk that costs to date will not be recovered and that KCC may be liable for future capital works to restore and reopen the road. At this stage, the likelihood and total cost remain uncertain, as estimates cannot be provided until quotes are obtained and liability is clarified. The damage occurred due to the cliff collapse rather than a surface defect, making it too early to determine cost, timing, or likelihood with certainty.	3		
CYPE	Unaccompanied Asylum Seeking (UAS) Children	Home Office Grant for Unaccompanied Asylum Seeking Children and (former UAS Children) Care Leavers permanently residing in Kent has not increased for inflation for several years	The Grant no longer covers the full cost of supporting UAS Children and Care Leavers permanently residing in Kent. The Home Office does not increase the rates with inflation.	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
ASCH (PH)	Uplift in Public Health Grant	The 'real' increase in the Public Health grant is insufficient to meet additional costs due to i) price increases (particularly those services commissioned from NHS staff where pay has increased) and/or increased demand; and/or ii) costs of new responsibilities.	The increase in the Public Health grant is less than the increases in costs to Public Health.	(i) Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. (ii) Public Health Reserves could be exhausted	3		
DCED	Cyber Security	Malicious attacks on KCC systems.	Confidentiality, integrity and availability of data or systems is negatively impacted or compromised leading to loss of service, data breaches and other significant business interruptions.	Financial loss from damages and potential capital/revenue costs as a result of lost/damaged data and need to restore systems	3		
ALL	Income	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust income estimates.	Income is less than that assumed in the MTFP.	Loss of income or reduced collection of income that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
DCED	Capital Investment in Modernisation of Assets	Unless the Council estate asset base is reduced sufficiently, there is risk of insufficient funding to adequately address the backlog maintenance of the Corporate Landlord estate and address statutory responsibilities such as Health & Safety requirements	Condition of the Corporate Landlord estate suffering from under-investment. Recent conditions surveys estimate an annual spend requirement of £12.7m per annum required for each of the next 10 years. Statutory Health & Safety responsibilities not met.	The estate will continue to deteriorate; buildings may have to close due to becoming unsafe; the future value of any capital receipts will be diminished. Potential for increased revenue costs for patch up repairs. Risk of legal challenge.	2		

## Appendix K: Budget Risks Register 2026-27

<b>TOTAL £m</b>	<b>411.3</b>	<b>353.5</b>
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	IFRS 9 – Impact of Statutory Override Expiry on Pooled Fund InvestmentsIFRS 9 – Impact of Statutory Override Expiry on Pooled Fund Investments	Local authorities are currently protected by a statutory override that allows unrealised gains or losses on pooled investment funds to be transferred to an unusable reserve until the asset matures. This override, in place since 2018, is scheduled to end in 2029–30. If it ceases as planned, councils will be required to recognise these gains or losses in the General Fund under IFRS 9. Any new investments made after 1 April 2024 must already comply with IFRS 9.	If the override ends, any unrealised losses caused by adverse stock market performance will directly impact the General Fund. This represents a significant financial risk, as gains would be beneficial but losses would create budget pressures.	A substantial unrealised loss would reduce the General Fund, weaken financial resilience, and potentially affect the Council's ability to set a balanced budget. This could lead to service reductions, increased reliance on reserves, and reputational risk regarding financial management.	2		
CYPE	Recruitment, retention & cover for social workers	Higher use of agency staff to meet demand and ensure caseloads remain at a safe level in children's social work. The Service has relied on recruitment of newly qualified staff however this is being expanded to include a more focused campaign on attracting experienced social workers. There are higher levels of sickness and maternity leave across children's social work	Inability to recruit and retain sufficient newly qualified and experienced social workers resulting in continued reliance on agency staff, at additional cost. Higher levels of sickness and maternity leave resulting in need for further use of agency staff.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2		
ALL	VAT Partial Exemption	The Council VAT Partial Exemption Limit is almost exceeded.	Additional capital schemes which are hosted by the Council result in partial exemption limit being exceeded.	Loss of ability to recovery VAT that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	1		
DCED	Highways unadopted land	Maintenance costs for residual pieces of land bought by Highways for schemes and subsequently tiny pieces not required or adopted.	Work becomes necessary on these pieces of land and neither Highways or Corporate Landlord have budget to pay for it.	Work needs to be completed whilst estates work to return the land to the original landowner	1		
DCED	Backlog of maintenance for properties transferring to Corporate Landlord	Maintenance backlog historically funded by services from reserves or time limited resources which have been exhausted. Properties that have been transferred to the corporate landlord require investment.	Urgent repairs required which cannot be met from the Modernisation of Assets planned programme within the capital budget	Unavoidable urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	1		

### Likelihood Rating

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

## **Provisional Local Government Finance Settlement**

The provisional local government finance settlement, herein referred to as the settlement, was published on 17<sup>th</sup> December 2025. The settlement is the first multi-year announcement since 2016. The settlement includes reforms to the methodology for, and updating of the data used to redistribute retained business rates and allocate additional central government grants according to relative needs and resources. The settlement includes transitional floor protection for authorities losing funding within the settlement and from assumed council tax increases compared to legacy settlement and council tax. The settlement includes some changes to the distribution of resources since the Fair Funding 2.0 consultation in the summer. These changes are aimed at targeting additional resources to the more deprived areas and tackling inequalities in council tax household charges. The settlement is subject to a four-week consultation which closed on 14<sup>th</sup> January 2026.

The settlement includes the first major reset to the business rate retention arrangements since these were introduced in 2013-14. This reset includes redistribution of 50% of the estimated business rates for 2026-27 including previously locally retained growth, compensations for caps on the multiplier, and business rate pooling. The redistribution continues to be based on tariffs and top-ups to the local share compared to business rate funding baseline using the new spending needs formula. The reset takes full effect from 2026-27 with authorities able to retain future local growth (subject to revised safety net and levy arrangements) and inflationary uplifts to the multiplier.

The core settlement is now called the Fair Funding allocation (FFA) and includes revised business rate baseline and Revenue Support Grant (RSG). Local authorities can decide how the FFA is to be spent according to local priorities. The RSG includes the consolidation of 18 separate grant streams including some that were previously included within the core settlement and some that were paid as separate departmental grants. The majority of these are allocated according to the new relative needs and resources formula with changes phased in over the three-year multi year period. Details of the grants consolidated into RSG are set out in table 1 below. The Local Authority Better Care Grant (LABCG) is included as part of FFA but will continue to be paid as a standalone ring-fenced Section 31 grant recognising the role played by the grant in NHS pooling. The LABCG allocations for 2027-28 and 2028-29 have not yet been announced although the total funding available for social care authorities will not be impacted (with the minimum levels already assumed within the 2027-28 and 2028-29 FFA).

The settlement includes 4 new consolidated grants (see table 2 below), some of which are included within the core spending power calculation along with the FFA and assumed council tax levels. The settlement includes three-year allocations for these consolidated grants and draft conditions. The newly consolidated grants are (with the details of the previous grants set out below):

- The Children, Families and Youth Grant
- The Crisis and Resilience Fund
- The Homelessness, Rough Sleeping and Domestic Abuse Grant
- The Public Health Grant

## SEND Deficit

The government has recognised that local authorities continue to face significant pressure from Dedicated Schools Grant (DSG) deficits. There is currently a statutory override in place until March 2028 that prevents DSG deficits being funded from the general fund. The government has announced that a Schools White Paper will be published in the new year setting out substantial plans to reform special educational needs provision to deliver a system which supports children and families and is financially sustainable.

In the Autumn Budget it was announced that when the override ends funding for SEND will be managed within the overall government departmental spending envelope. Limited information has been published on how this will work. The provisional local government finance settlement indicates local authorities should not expect to have to top-up future SEN costs from their general fund as long as they can demonstrate they are taking steps to manage the system effectively (presumably within reformed grant funding). The settlement also acknowledged that some of the deficits accruing while the override is in place may not be manageable within local resources alone and assistance arrangements during this period will be included within the White Paper reforms. Local authorities have been advised that they do not need to plan on having to meet deficits in full but future support will not be unlimited. In the meantime, councils have been advised to continue to work to keep deficits as low as possible.

KCC's DSG accumulated deficit at the end of 2025-26 is forecast to be in excess of £130m after including all of the Department for Education (DfE) and local authority contributions. Currently the council is not on target to eliminate the in year deficit by the end of 2027-28 or to have cleared the accumulated deficit from previous years as per the Safety Valve agreement. In accordance with the expectations set out in the provisional settlement the council will continue to identify further measures to reduce the deficit.

Under the planned reforms the government continues to expect local authorities to manage the SEND system effectively ensuring money is spent in line with best practice. The government expects this to be a joint effort between themselves, local authorities, health partners and schools. All partners are expected to work together families, teachers, experts and representative bodies to deliver better experiences and outcomes for children.

## Consolidated Grants - Revenue Support Grant (RSG)

Table 1 provides details of the specific grants which have transferred into the RSG in 2026-26 along with the basis of allocation, which is either the new Fair Funding Allocation (FFA) or existing distribution (ED).

Table 1 - Specific Grants transferred into the Revenue Support Grant from 1 April 2026	2025-26 KCC Allocation £000s	2026-27 basis of allocation
<b>Specific Ring Fenced Grants transferred into RSG</b>		
Virtual School Heads for children with a social worker and children in kinship care	197.943	FFA
Biodiversity Net Gain Planning requirement	27.142	FFA
Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding	132.208	FFA
War Pensions Disregard grant	290.840	ED
Social Care in Prisons grant	333.073	ED
<b>Existing Settlement Funding transferred into RSG</b>		
Social Care Grant	137,143.646	FFA
Market Sustainability & Improvement Fund	26,969.400	FFA
Employer National Insurance Contributions	10,072.664	FFA
New Homes Bonus	1,926.665	FFA
<b>Part of Children's and Families Grant transferred into RSG</b>		
Supported Accommodation Reforms new burdens	3,070.614	FFA
Staying Put	913.975	FFA
Leaving Care Allowance uplift	720.224	FFA
Personal Advisors Extended Duty	438.061	FFA
Virtual Schools Heads (VSH) – extension of the VSH role to previously looked after children	120.572	FFA

## New Consolidated Grants

Table 2 provides details of the specific grants which have been transferred into one of the new consolidated grants (indicated in bold text within the table).

Table 2 - Specific Grants transferred into one of the new consolidated grants	2025-26 Allocation £000s	Within Core Spending Power	2026-27 £000s	2027-28 £000s	2028-29 £000s
<b>Children, Families and Youth Grant</b>					
Children's Social Care Prevention Grant	6,760	Yes	21,712	21,712	18,545
Supported Families	6,013				
<i>Sub Total (Families First Partnership)</i>	<i>12,773</i>				
Holiday Activities and Food Programme	5,828	No	6,130	5,874	5,874
Post 16 Pupil Premium Plus Programme	445	No	445	445	445
Total Children, Families and Youth Grant	19,046		28,287	28,031	24,863
<b>Crisis and Resilience Fund</b>					
Household Support Fund	19,502	No	19,172	19,161	22,061
<b>Homelessness, Rough Sleeping and Domestic Abuse Grant</b>					
Domestic Abuse	4,031	Yes	4,031	4,031	4,031
<b>Public Health Grant</b>					
Public Health Grant	82,040	No	91,287	92,956	94,637
Drug and Alcohol Treatment and Recovery Improvement Grant	5,301				
Local Stop Smoking Services and Support Grant	1,892				
Individual Placement and Support Grant	284				
Total Public Health Grant	89,517				



## Multi-Year Settlement

The multi-year settlement provides authorities with increased certainty for medium term financial planning. Although the allocations for years 2 and 3 will be subject to annual recalculation, it is assumed that any changes from the amounts included in this settlement will only be increases with the existing allocations representing the minimum levels of funding for subsequent years. The recovery grant introduced in 2025-26 as a transitional arrangement continues to be available to all qualifying authorities over the 3-year period 2026-27 to 2028-29 based on deprivation and low council tax base. The recovery grant allocations have not been updated for the revised Fair Funding methodology or data updates.

The funding floor is determined on four levels:

- Guaranteed growth of 5% (2026-27), 6% (2027-28) and 7% (2027-28) for upper tier and single tier authorities in receipt of recovery grant
- 100% cash protection for authorities whose legacy funding is less than 15% higher than the new settlement and assumed council tax
- 95% protection for authorities whose legacy funding is more than 15% higher than new settlement and assumed council tax
- Real terms protection for standalone Fire and Rescue authorities

The assumed council tax in the floor calculation is based on increases up to the maximum pre-referendum levels and assumed increases in the council tax base. There are special arrangements for the upper tier and single tier authorities subject to 95% protection with a flat £150 increase applied for the floor calculation, these authorities have additional flexibility to increases council tax (these councils have the lowest band D rates in the country).

Table 3 below shows the multi-year settlement for KCC as shown in the core spending power calculation published by Government.

# CORE SPENDING POWER

Please select authority

Kent

## Illustrative Core Spending Power of Local Government:

	2024-25	2025-26	2026-27	2027-28	2028-29
	£ millions	£ millions	£ millions	£ millions	£ millions
<b>Fair Funding Allocation<sup>1</sup></b>	0.0	0.000	569.660	613.134	659.103
of which: Baseline Funding Level	0.0	0.000	294.565	301.322	307.401
of which: Revenue Support Grant <sup>2</sup>	0.0	0.000	213.394	311.812	351.702
of which: Local Authority Better Care Grant <sup>3</sup>	0.0	0.000	61.701	-	-
<b>Legacy Funding Assessment</b>	483.7	512.889	0.000	0.000	0.000
of which: Legacy Business Rates <sup>4</sup>	256.1	259.395	0.000	0.000	0.000
of which: Legacy Grant Funding <sup>5</sup>	177.7	191.793	0.000	0.000	0.000
of which: Local Authority Better Care Grant	50.0	61.701	0.000	0.000	0.000
<b>Council tax requirement<sup>6,7</sup></b>	935.7	994.288	1,062.166	1,134.711	1,212.245
<b>Homelessness, Rough Sleeping and Domestic Abuse<sup>8,9</sup></b>	3.2	4.031	4.031	4.031	4.031
<b>Families First Partnership<sup>10</sup></b>	6.0	12.773	21.712	21.712	18.545
<b>Total Transitional Protections<sup>11</sup></b>	0.0	0.000	0.000	0.000	0.000
of which: 95% income protection	0.0	0.000	0.000	0.000	0.000
of which: 100% income protection	0.0	0.000	0.000	0.000	0.000
of which: Fire and Rescue Real-terms floor	0.0	0.000	0.000	0.000	0.000
<b>Grants rolled in to Revenue Support Grant<sup>12</sup></b>	6.3	6.248	0.000	0.000	0.000
<b>Recovery Grant</b>	0.0	0.000	0.000	0.000	0.000
<b>Recovery Grant Guarantee<sup>13</sup></b>	0.0	0.000	0.000	0.000	0.000
<b>Mayoral Capacity Fund</b>	0.0	0.000	0.000	0.000	0.000
<b>Core Spending Power</b>	<b>1,434.9</b>	<b>1,530.228</b>	<b>1,657.570</b>	<b>1,773.589</b>	<b>1,893.923</b>
Core Spending Power year-on-year change (£ millions)		95.3	127.3	116.0	120.3
Core Spending Power year-on-year change (%)		6.6%	8.3%	7.0%	6.8%
Core Spending Power change since 2024 (£ millions)		95.3	222.6	338.7	459.0
Core Spending Power change since 2024 (%)		6.6%	15.5%	23.6%	32.0%
Core Spending Power change since 2025 (%)			8.3%	15.9%	23.8%
			595.404	638.878	681.679

Further information on the settlement consultation can be found via the following link:

[Provisional local government finance settlement 2026 to 2027 - GOV.UK](#)

## Reserves Policy

### 1. Background and Context

- 1.1 Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued their latest guidance to Local Authorities in March 2023, [Bulletin 13 – Local Authority Reserves and Balances](#) which updated previous Bulletins. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.
- 1.3 All earmarked reserves are categorised as per the LAAP guidance, into the following groups:
- **Smoothing** – These are reserves which are used to manage large fluctuations in spend or income across years e.g., Private Finance Initiative (PFI) equalisation reserves. These reserves recognise the differences over time between the unitary charge and PFI credits received.
  - **Trading** – this reserve relates to the non-company trading entities of Laser and Commercial Services to cover potential trading losses and investment in business development.
  - **Renewals for Vehicles Plant & Equipment** – these reserves should be supported by an asset management plan, showing projected replacement profile and cost. These reserves help to reduce fluctuations in spend.
  - **Major projects** – set aside for future spending on projects.
  - **Insurance** - To fund the potential cost of insurance claims in excess of the amount provided for in the Insurance Fund provision, (potential or contingent liabilities)
  - **Unspent grant/external funding** – these are for unspent grants which the Council is not required to repay, but which have restrictions on what they may be used for e.g., the Public Health grant must be used on public health services. This category also consists of time limited projects funded from ringfenced external sources.
  - **Special Funds** – these are mainly held for economic development, tourism and regeneration initiatives.
  - **Partnerships** – these are reserves resulting from Council partnerships and are usually ringfenced for the benefit of the partnership or are held for investing in shared priorities.
  - **Departmental underspends** – these reserves relate to re-phasing of projects/initiatives and bids for use of year end underspending which are requested to roll forward into the following year.
- 1.4 Within the Statement of Accounts, reserves are summarised by the headings above. By categorising the reserves into the headings above, this is limited to the nine groups, plus General and Schools. Operationally, each will be divided into the relevant sub reserves to ensure that ownership and effective management is maintained.

- 1.5 Reserves are an important part of the Council's financial strategy and are held to create long term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of ensuring the Council's financial standing and resilience. The risk of unforeseeable events and uncertainties (such as the Council's key sources of funding) remains high and as part of the response to these risks the Council may need to consider using general reserves as short term measure while making the necessary sustainable adjustments to spending over the medium term including replenishing the reserves used as short-term expedience.
- 1.6 Earmarked reserves are reviewed regularly as part of the monitoring process and annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three-year period.

## **2. Overview**

- 2.1 The Council's overall approach to reserves will be defined by the system of internal control.
- 2.2 The system of internal control is set out, and its effectiveness reviewed, in the Annual Governance Statement (AGS). Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management. The AGS includes an overview of the general financial climate which the Council is operating within and significant funding risks.
- 2.3 The Council will maintain:
- a general reserve; and
  - a number of earmarked reserves.
- 2.4 The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context). The Council's had traditionally aimed to hold general reserves of 5% of the net revenue budget. With the heightened financial risk the Council is facing in the medium term from continued spending growth we are now aiming to hold general reserves of between 5% and 10% of the net revenue budget, based on the following assessed levels.
- Below 3% considered dangerous
  - 3% to 5% considered too risky
  - 5% to 10% range considered minimal to acceptable
  - Over 10% considered comfortable

### **3. Strategic context**

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

### **4. Management and governance**

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

A questionnaire is completed by the relevant budget holder and reviewed by Finance to ensure all reserves comply with legislative and accounting requirements. A de-minimis limit has been set to avoid small funds being set up which could be managed within existing budgets or declared as an overspend and then managed collectively. This has been set at £250k.

- 4.2 Reserves protocols and questionnaires must be sent to the Chief Accountant's Team within Finance for review and will be approved by the Corporate Director of Finance, Corporate Management Team and then by the Deputy Leader of the Council. Protocols should clearly identify contributions to and drawdowns from reserves, and these will be built into the Medium Term Financial Plan (MTFP) and monitored on a quarterly basis.

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

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

The current Financial Regulations state:

#### ***Maintenance of reserves & provisions***

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

- i. proposing the Council's Reserves Policy.
- ii. advising the Leader and the Council on prudent levels of reserves for the Authority when the annual budget is being considered having regard to assessment of the financial risks facing the Authority.

- iii. ensuring that reserves are not only adequate but also necessary.
- iv. ensuring that there are clear protocols for the establishment and use of each earmarked reserve. Reserves should not be held without a clear purpose or without a planned profile of spend and contributions, procedures for the reserves management and control, and a process and timescale for review of the reserve to ensure continuing relevance and adequacy.
- v. ensuring that all renewals reserves are supported by a plan of budgeted contributions, based on an asset renewal plan that links to the fixed asset register.
- vi. ensuring that no money is transferred into reserves each financial year without prior agreement with him/herself.
- vii. ensuring compliance with the reserves policy and governance procedures relating to requests from the strategic priority and general corporate reserves.

4.3 All reserves are reviewed as part of the monitoring process, the budget preparation, financial management and closing of accounts processes. Cabinet is presented with the monitoring of reserves on a regular basis and in the outturn report. The County Council budget meeting will receive a separate S25 assurance report from the S151 Officer including recommendation on the adequacy of reserves, and the appendices to the main budget report will include an assessment of financial resilience including the extent to which reserves have been drawn down. The Governance and Audit Committee will consider actual reserves when approving the statement of accounts each year.

4.4 The following rules apply:

- Any in year use of the General Reserve will need to be approved by Cabinet and any planned use will be part of the budget setting process.
- In considering the use of reserves, there will be no or minimal impairment to the Council's financial resilience unless there is no alternative.

4.5 The Council will review the Reserves Policy on an annual basis.

# Treasury Management Strategy

## Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
3. Investments held for service purposes or for commercial profit are considered in the separate Appendix O - Investment Strategy.

## External Context

### **Economic background**

4. The following economic commentary is provided by the Council's appointed treasury advisors, MUFG Corporate Markets:
  - The first half of 2025/26 saw:
    - A 0.3% pick up in Gross Domestic Product (GDP) for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth, but picked up to 0.1% compared with the previous month in August before falling back by 0.1% in September.
    - The annual rate of growth in average earnings excluding bonuses, measured over a three-month period, has fallen from 5.5% to 4.6% in September.
    - CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.5%.
    - The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
    - The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70% (before falling back to 4.43% in early November).
  - From a GDP perspective, the financial year got off to a bumpy start with the 0.3% fall in real GDP in April compared to the previous month, as front running of US tariffs in the first quarter (when GDP grew 0.7% on the quarter) weighed on activity. Despite

the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% compared with the previous quarter. Nonetheless, the 0.0% change in real GDP in July, followed by a 0.1% increase compared with the previous month in August and a 0.1% decrease compared with the previous month in September will have caused some concern. GDP growth for 2025 and 2026 is currently forecast by the Bank of England to be in the region of 1.4% before picking up in 2027.

- Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026. Indeed, on 13 November we heard that GDP for July to September was 0.1% compared with the previous quarter.
- Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but the headwinds are gathering.
- With the November Budget edging nearer, the public finances position looks weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.
- The weakening in the jobs market looked clear in the spring. May's 109,000 fall in the PAYE measure of employment compared with the previous month was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to October 2025 stood at 723,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.
- A looser labour market is driving softer wage pressures. The annual rate of growth in average earnings excluding bonuses, measured over a three-month period, has



fallen from 5.5% in April to 4.6% in September. The rate for the private sector slipped from 4.3% to 4.2%.

- CPI inflation remained at 3.8% in September, whilst core inflation fell to 3.5%. Services inflation stayed at 4.7%. A further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- An ever-present issue throughout recent months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the “Liberation Day” tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended June at 4.50%.
- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves’ future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK’s fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England kept yields elevated over 4.70% although by early November yields had fallen back again to a little over 4.40%.
- The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 ended June at 8,761, around 2% higher than its value at the end of March and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed September at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors’ global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings. In early November, the FTSE100 climbed to a record high just above 9,900.

## Interest rate forecast

- Part of the role of MUFG Corporate Markets as the Council's treasury advisor is to assist the formulation of a view on interest rates. MUFG Corporate Markets provided the following forecasts on 22 December 2025.

These are forecasts for Bank Rate and PWLB certainty rates (gilt yields plus 80 bps).

MUFG Interest Rate View 22-12-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
Bank Rate	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
5yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.40	5.30	5.30	5.20	5.20	5.20	5.20
50yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

- MUFG Corporate Markets forecast that the Bank of England will reduce Bank Rate (in cuts of 0.25%) to 3.25% by December 2026 in order to keep inflation at a mandated target level of 2%. Gilt yields and PWLB rates are similarly projected to fall back over the timeline of MUFG Corporate Markets forecasts.
- These interest rate forecasts are a central estimate, not a prediction, and there are upside and downside risks, which could alter the eventual path of interest rates.

## Local Context

- The following table summarises the Council's balance sheet for the current year (2025-26), the previous financial year and provides a forecast for the medium term.
- The Council's capital expenditure plans are the key driver of treasury management activity and the starting point for the treasury management strategy is the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The Council's current capital expenditure and financing plans are set out in the Capital Strategy at appendix P

### Balance sheet summary and forecast

	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
<b>Total CFR</b>	<b>1,295.9</b>	<b>1,267.5</b>	<b>1,283.9</b>	<b>1,275.7</b>	<b>1,235.8</b>
Other long-term liabilities	230.3	211.9	196.9	182.1	167.3

Adjustment for Transferred Debt <sup>1</sup>	26.6	25.6	24.5	23.6	22.6
<b>Loans CFR</b>	<b>1,092.2</b>	<b>1,081.2</b>	<b>1,111.5</b>	<b>1,117.2</b>	<b>1,091.1</b>
External borrowing	-732.6	-650.3	-625.1	-616.9	-608.7
<b>Internal borrowing</b>	<b>359.6</b>	<b>430.9</b>	<b>486.4</b>	<b>500.3</b>	<b>482.4</b>
Less balance sheet resources	-791.7	-722.3	-720.5	-762.1	-743.6
<b>Treasury investments</b>	<b>473</b>	<b>315</b>	<b>258.6</b>	<b>285.5</b>	<b>283.7</b>

10. The CFR does not increase indefinitely, due the requirement to make a minimum revenue provision, a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life and so charges the economic consumption of capital assets as they are used. The MRP charge is not shown separately here but is factored into the CFR.
11. The Total CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. For the purposes of determining the treasury management strategy, other long-term liabilities are removed to arrive at the Loans CFR.
12. The Council had external borrowing of £732.6m (as at 31 March 2025) to meet most of the borrowing requirement implied by the Loans CFR, and this figure will decline gradually over the medium term as external loans mature and are repaid (assuming no additional external borrowing is undertaken).
13. The balance of the Loans CFR borrowing requirement is met through internal borrowing, namely the temporary use of the Council's balance sheet resources in lieu of investment. The Council's internal borrowing is forecast to rise over the medium term, compensating for the change in external borrowing noted above.
14. Balance sheet resources represent the Council's underlying capacity for investment (mostly reserves, provisions and working capital). Balance sheet resources exceed internal borrowing and therefore the Council is forecast to continue to have positive external investment balances for the foreseeable future.
15. The current borrowing and investment balances, as at 30 November 2025, when the Council held £654.5m of external borrowing and £402.3m of treasury investments, are set out in further detail in Annex A.

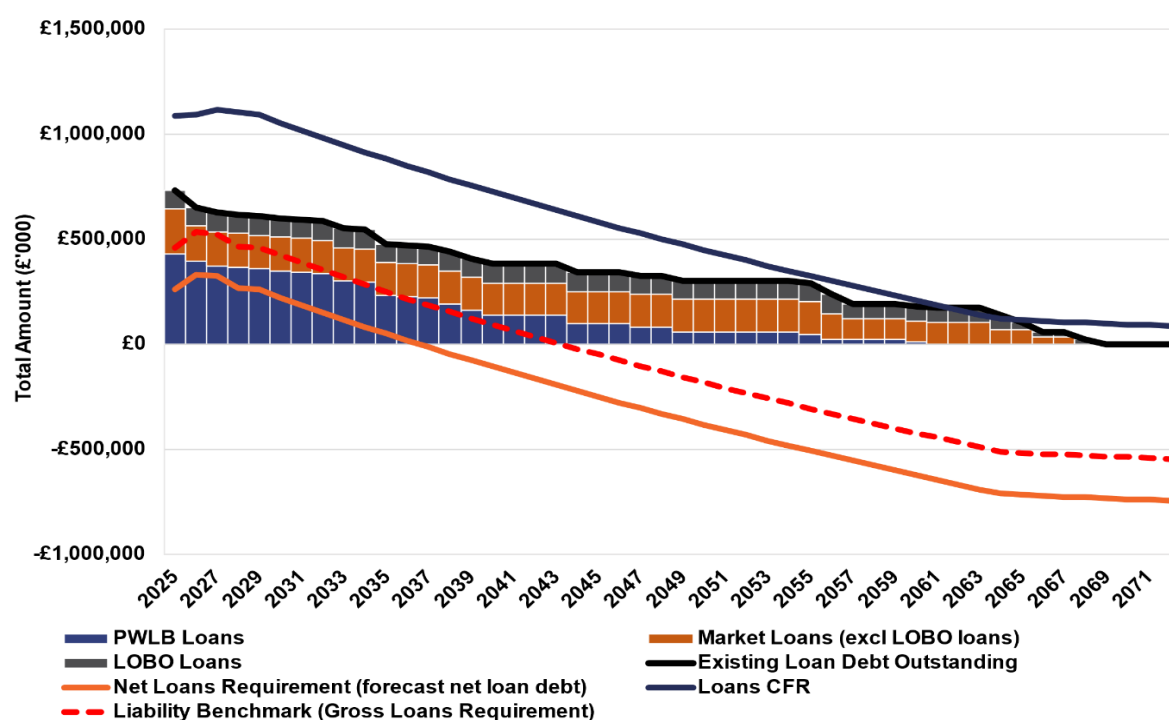
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<sup>1</sup> The Council manages debt on behalf of Medway Council that was transferred to it following the reorganisation that created Medway Council. The value of this debt is included within the total sum of external borrowing shown in the balance sheet summary and forecast table and therefore it is also included in the calculation of the loans CFR within the table. This is in accordance with the requirements of the Prudential Code and ensures that resultant comparison between the loans CFR, external borrowing and internal borrowing is presented on a consistent basis.

## Liability benchmark

16. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Balance sheet summary and forecast table above, but that cash and investment balances are kept to a minimum level of £200m at each year-end to maintain sufficient liquidity but minimise credit risk.
17. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the minimum cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.
18. The liability benchmark is shown in the below chart. The chart illustrates the maturity profile of the Council's existing borrowing and assumes no new capital expenditure financed by borrowing beyond 2028/29.

Figure 1: Liability Benchmark Chart



19. The chart shows the overall borrowing requirement (the Loans CFR), which is projected to increase moderately over the medium term in line with the authority's plans, before declining over the long term as the annual minimum revenue provision (MRP) charge

gradually reduces the Council's borrowing requirement. The borrowing requirement is currently met by a combination of fixed rate loans, LOBO loans and internal borrowing.

20. The Council could theoretically reduce its investment balances to zero and maximise the use of internal borrowing before acquiring any external borrowing. The net loans requirement (orange solid line) represents the minimum amount of external borrowing required under this strategy. However, such an approach would naturally involve an intolerable level of liquidity risk, and therefore a minimum liquidity requirement (assessed at £200m) is added to the net loans requirement to arrive at the liability benchmark itself. In effect, the liability benchmark represents the minimum amount of debt that the Council requires to meet its borrowing requirement and to provide sufficient liquidity for day-to-day cash flow.
21. The chart demonstrates that the Council's existing stock of external debt, exceeds the minimum amount required based on current financial plans, and therefore the authority does not have a need to enter into new external borrowing. The liability benchmark is forecast to rise over the medium term due to a combined increase in capital expenditure and reduction in available balance sheet resources (usable reserves, mainly) before declining over the long term. At the same time external debt is forecast to decline as individual loans expire.
22. Although not shown in figure 1, both the Loans CFR and the liability benchmark are likely to increase in later years as new capital expenditure cycles are approved.

### **Borrowing Strategy**

23. On 30 November 2025, the Council had £654.5m external debt, including £25.9m attributable to Medway Council, as part of its strategy for funding previous years' capital programmes. This represents a decrease of £78.1m from 31 March 2025 and reflects the Council's strategy of maintaining external borrowing below the underlying capital funding requirement.
24. The balance sheet forecast in table 1 shows that the Council does not expect to need to undertake additional borrowing in 2026-27. However, the Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing set out in the Capital Strategy (Appendix P).

### **Objective**

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

### Strategy

26. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
27. The Council is currently maintaining an under-borrowed position. This means that the underlying borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. Although the path of future interest rates is uncertain, the central expectation is that borrowing rates (costs) will fall from their current levels (see interest rate forecast table above). The Council is forecast to have sufficient liquidity in the near to medium term to support an under borrowed position.
28. By doing so, the Council is able to reduce net borrowing costs and reduce investment counterparty exposure. Internal borrowing is not cost free as it is at the expense of investment returns foregone and neither does it remove the need for Minimum Revenue Provision (MRP) to be made.
29. Given borrowing rates are forecast to decline over the medium term, consideration will also be given to short term rather than long term external borrowing should liquidity considerations necessitate any additional external borrowing (although it is not the Council's central expectation that borrowing will be required for liquidity reasons).
30. Against this background and the risks within the economic forecast, caution will be adopted with the 2026-27 treasury operations. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years. The Corporate Director Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
  - *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
  - *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*
31. The Council also retains the option to arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
32. Any decisions will be reported to the Treasury Management Group and the Governance and Audit Committee at the next available opportunity.

### Sources of borrowing

33. The Council has previously raised the majority of its long-term borrowing from the PWLB and is likely to continue with this practice but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

34. The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Kent Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- UK National Wealth Fund

35. PWLB lending arrangements have changed, and loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Council does not intend to borrow to invest primarily for financial return and will retain its access to PWLB loans.

### Other sources of debt finance

36. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire-purchase
- Private Finance Initiative
- sale and leaseback

### LOBO (Lender's Option Borrower's Option) loans

37. The Council holds £90m of LOBO loans (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. LOBOs totalling £80m have option dates during 2026-27, and there is a reasonable chance that lenders will exercise their options. If they do, the Council will need to explore the option to repay LOBO loans to reduce refinancing risk in later years.

### Debt rescheduling

38. The PWLB allows councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other

lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

39. Any decisions involving the repayment of LOBO loans or debt rescheduling will be reported to the Treasury Management Group and the Governance and Audit Committee at the next available opportunity.

### **Policy on Borrowing in Advance of Need**

40. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

### **Treasury Investment Strategy**

41. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the beginning of April 2025, the Council's cash balance has ranged between £333m and £705m; investment balances are forecast to be around £315m at the end of 2025-26 and approximately £259m at the end of 2026-27.
42. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) risks when investing.
43. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and to mitigate the negative impact of inflation on the value of the Council's long-term resources. The portion of the Council's cash invested in the strategic pooled funds' portfolio will be kept under review during the year to ensure it remains proportionate.
44. **ESG policy:** The Council is committed to responsible treasury management and to being a good steward of the assets in which it invests. As stated in paragraph 1 above, the successful identification, monitoring and control of financial risk are central to the Council's prudent financial management, and this includes the identification and



management of environment, social and governance (ESG) risks that arise in the course of carrying out treasury management activities. Therefore, the Council integrates ESG considerations into its treasury management decision-making process.

45. The framework for evaluating investment opportunities is still developing. When investing in banks and funds, and after satisfying security, liquidity and yield considerations, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code
46. Assets within the strategic pooled fund portfolio are managed by third-party investment managers responsible for the day-to-day investment decisions, including undertaking voting and engagement activities on behalf of the Council. The Council incorporates analysis of ESG integration and active ownership capabilities when selecting and monitoring investment managers.
47. The Council requires its investment managers to engage with companies to monitor and develop their management of ESG issues in order to enhance the value of the Council's investments. The Council also requires feedback from the investment managers on the activities they undertake and regularly reviews this feedback through meetings and reporting.
48. **Business models:** Under IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

### Approved counterparties

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

	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	unlimited	
UK Local Authorities	3 years	£10m	
Other Government entities	25 years	£20m	£30m
UK banks and building societies (unsecured) *	13 months	£20m	Unlimited
Council's banking services provider *	Overnight	£20m	
Overseas banks (unsecured) *	13 months	£20m	£30m country limit
Money Market Funds *	n/a	£25m per fund or 0.5% of the	

		fund size if lower	
Cash plus / short term bond funds		£20m per fund	
Secured investments *	25 years	£20m	£150m
Corporates (non-financials)	5 years	£2m per issuer	£20m
Registered Providers (unsecured) *	5 years	£10m	£50m
Loans incl. to developers in the No Use Empty programme			£40m
<b>Strategic pooled funds and real estate investment trusts</b>	n/a		£200m
- Absolute Return funds		£25m per fund	
- Multi Asset Income funds		£25m per fund	
- Property funds		£75m or 5% of total fund value if greater	
- Bond funds		£25m per fund	
- Equity Income Funds		£25m per fund	
- Real Estate Investment Trusts		£25m per fund	

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

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

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

52. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used.

53. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in

should the regulator determine that the bank is failing or likely to fail. Unsecured investments with banks rated below the agreed minimum rating of A- are restricted to overnight deposits with the Council's current banking services provider.

54. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.
55. **Money Market Funds:** Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to Money Market Funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
56. **Pooled investment funds:** Bond, equity, multi-asset and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
57. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
58. **Other investment:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
59. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

### Risk assessment and credit ratings

60. Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

61. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that entity until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

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

62. The Council understands that credit ratings are good but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the entities in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from MUFG Corporate Markets, the Council’s treasury management advisor. No investments will be made with an entity if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

63. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This may cause investment returns to fall but will protect the principal sum invested.

### **Investment limits**

64. The Council may invest its surplus funds with any of the counterparty types listed above subject to the cash limits per counterparty and the durations shown in the table at paragraph 49.

### **Liquidity management**

65. The Council forecasts its cash flow requirements to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium-term financial plan and cash flow forecast.

66. The Council will spread its liquid cash over several bank accounts and money market funds to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

### **Treasury Management Prudential Indicators**

67. The Council measures and manages its exposures to treasury management risks using the following indicators.

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

<b>Credit risk indicator</b>	<b>Minimum Level</b>
Portfolio average credit rating	AA-

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

<b>Liquidity risk indicator</b>	<b>Minimum Level</b>
Total cash available within 3 months	£75m

70. **Interest rate exposure:** The 2021 CIPFA Prudential Code removes the requirement to set treasury indicators for fixed and variable interest rate exposure. Instead, the Council is required to set out how it intends to manage interest rate exposure.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

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

<b>Refinancing rate risk indicator</b>	<b>Upper limit</b>	<b>Lower limit</b>
Under 12 months	100%	0%

12 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	50%	0%
20 years and within 40 years	50%	0%
40 years and longer	50%	0%

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

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

Price risk indicator	2026-27	2027-28	2028-29	No fixed date
Limit on principal invested beyond year end	£100m	£80m	£50m	£220m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

73. **Liability indicator:** see paragraph 16 above.

### **Related Matters**

74. The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.

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

76. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

77. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
78. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
79. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance believes this to be the most appropriate status.
80. **IFRS 9 Statutory Override:** Under the accounting standard IFRS 9, entities are required to recognise the revenue impact arising from the movement in value of investments held at fair value. The MHCLG (DLUHC) initially enacted a statutory over-ride from 1 April 2018 for a five-year period until 31 March 2023 following the introduction of IFRS 9 in respect of the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year. This was subsequently extended until 31 March 2025 and then again for existing pooled investments only until 1 April 2029 and has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2029. The Council currently holds investment assets which fall under the statutory override (the strategic pooled funds), and which will be subject to the provisions of IFRS 9 if (as anticipated) and when the override expires on 1 April 2029. In effect, this means the Council will recognise unrealised gains and losses on these investments within the revenue budget from 2029-30.

### **Financial Implications**

81. The budget for external borrowing costs for 2026-27 is £24.6m based on the Council's current external debt portfolio (anticipated to be £625.1m at 31 March 2027) and assuming no new external borrowing is undertaken during 2026-27.
82. The budget for net investment income in 2026-27 is £11.46m, based on an average investment portfolio of £506.6m at an average interest rate of 4.08%.<sup>2</sup> If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different.

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<sup>2</sup> Gross investment income for 2026-27 is estimated to be £20.65m, however £9.19m is attributable to balances held on behalf of other bodies including schools, Insurance Fund, refundable developer contributions, and other conditional receipts.

83. The resultant net cost of treasury (interest payable costs less net investment income) is expected to be £13.14m for 2026-27.

### **Other Options Considered**

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

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income may be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income may be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income in the long term	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income in the long term though potentially not in the short term	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

### **Training**

The CIPFA Treasury Management Code requires the responsible officer (the Corporate Director of Finance) to ensure that members with responsibility for treasury management receive adequate training in treasury management.



## Annex A – Existing Investment &amp; Debt Portfolio Position

	30-Nov-25	30-Nov-25
	Actual Portfolio	Average Rate
	£m	%
<b>External borrowing</b>		
Public Works Loan Board	400.69	4.20
LOBO loans from banks	90.00	4.15
Banks and other lenders (Fixed term)	156.10	4.50
Streetlighting Project	7.66	2.88
<b>Total external borrowing</b>	<b>654.45</b>	<b>4.20</b>
<b>Treasury investments</b>		
Bank Call Accounts	9.00	3.70
Covered bonds (secured)	103.29	4.30
Government (incl. local authorities)	9.80	4.10
Money Market Funds	67.31	4.10
Equity	1.30	0
No Use Empty Loans	23.79	3.70
<b>Total internally managed investments</b>	<b>214.49</b>	<b>4.10</b>
<b>Pooled investments funds</b>		
- Property	55.28	5.16
- Multi Asset	27.77	4.56
- Absolute Return	5.73	3.62
- Equity UK	66.53	5.48
- Equity Global	32.51	3.09
<b>Total pooled investments</b>	<b>187.82</b>	<b>5.26</b>
<b>Total treasury investments</b>	<b>402.31</b>	<b>4.68</b>
<b>Net debt</b>	<b>252.14</b>	

## GLOSSARY

### Local Authority Treasury Management Terms

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

## Appendix N

FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange; the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
GILT	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
Income return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
IMF	International Monetary Fund
LIBID	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
LOBO	Lender's Option Borrower's option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Monetary Policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
MPC	Monetary Policy Committee. Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
MRP	Minimum Revenue Provision – an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP. Not applicable in Scotland, but see Loans Fund
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code. The Code was updated in December 2021

PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy in order to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
REIT	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways
Share	An equity investment, which usually also confers ownership and voting rights
Short-term	Usually means less than one year
SONIA	Based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.
Weighted average life (WAL)	The weighted average time for principal repayment, that is, the average time it takes for every dollar of principal to be repaid. The time weights are based on the principal payments,
Weighted average maturity (WAM)	The weighted average maturity or WAM is the weighted average amount of time until the securities in a portfolio mature.

### Annual Minimum Revenue Provision (MRP) Statement

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

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

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

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

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

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

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

Each year an updated MRP statement will be presented.

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