Summons to and Agenda for the Budget County Council

Meeting on

Thursday, 12th February, 2026

at **9.30 am**

DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Wednesday, 4 February 2026

To: All Members of the County Council

A meeting of the County Council will be held in the Council Chamber, County Hall, Maidstone, Kent, ME14 1XQ on Thursday, 12th February, 2026 at **9.30 am** to deal with the following business. **The meeting is scheduled to end by 5.00 pm.**

A G E N D A

1.	Apologies for Absence	
2.	Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda	
3.	Minutes of the meeting held on 18 December 2025 and, if in order, to be approved as a correct record	**(Pages 1 - 18)**
4.	Chairman's Announcements	
5.	Section 25 Assurance Statement	**(Pages 19 - 36)**
6.	Revenue Budget 2026-27, 2026-29 MTFP and Capital Programme 2026-36	**(Pages 37 - 224)**

Benjamin Watts
Deputy Chief Executive
03000 416814

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KENT COUNTY COUNCIL

COUNTY COUNCIL

MINUTES of a meeting of the County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 18 December 2025.

PRESENT: Mr J Baker, Mr B Barrett, Mr B Black, Mr O Bradshaw, Mr A Brady, Mr M Brice, Mr M Brown, Mr D Burns, Mr C Burwash, Mr A Cecil, Mr P Chamberlain, Mr W Chapman, Mr B Collins, Mr J Defriend, Mr S Dixon, Mr M Ellis, Ms S Emberson, Mr J Eustace, Mr L Evans, Mr P Evans, Mr J Finch, Mr R Ford, Mrs B Fordham, Mrs G Foster, Mrs M Fothergill, Mr M Fraser Moat, Mr B Fryer, Mr M Harrison, Mr S Heaver, Mr J Henderson, Mr C Hespe, Mr M A J Hood, Mr A J Hook, Mrs S Hudson, Mr S Jeffery, Ms L Kemkaran, Ms I Kemp, Mr A Kennedy, Mr A Kibble, Mr P King, Mrs M Lawes, Mr T Mallon, Mr R Mayall, Mr T Mole, Mr J Moreland, Miss D Morton, Mr M Mulvihill, Mr M Munday, Ms C Nolan, Mr P Osborne, Mrs C Palmer, Mr R Palmer, Mr M Paul, Mrs B Porter, Mr T Prater, Ms A Randall, Mr H Rayner, Mr A Ricketts, Mrs S Roots, Ms C Russell, Mr C Sefton, Mr T L Shonk, Mr D Sian, Mr M J Sole, Mr R G Streatfeild, MBE, Dr G Sturley, Mr P Thomas, Mr D Truder, Mr R Waters, Mr P Webb, Mr N Wibberley, Mr N Williams, Mrs P Williams and Mr D Wimble

IN ATTENDANCE: Mr J Cook (Democratic Services Manager) and Ms P Der Man (Head of Law – Monitoring Officer)

UNRESTRICTED ITEMS

34. Apologies for Absence
(Item 1)

The Democratic Services Manager reported apologies from Mrs Dean, Mr Lehmann, Mr Logen, Mr Samme, Mr Thorp and Mr Stepto.

35. Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda
(Item 2)

There were no declarations of interest

36. Minutes of the meeting held on 6 November 2025 and, if in order, to be approved as a correct record
(Item 3)

RESOLVED that the minutes of the Council meeting held on 6 November 2025 be approved as a correct record.

37. Corporate Parenting Panel - Minutes for noting
(Item 4)

RESOLVED that the minutes of the meeting of the Corporate Parenting Panel on 21 October 2025 be noted.

38. Chairman's Announcements
(Item 5)

1) The Chairman reported that he had attended the KCC Infrastructure Team Christmas event and expressed his thanks to June Diplock for organising the occasion in support of the Corporate Parenting Christmas Campaign.

2) The Chairman acknowledged recent donations to the Chairman's Charities, the Young Lives Foundation and SATEDA, highlighting that £6,000 had been raised through reuse initiatives and the Staff Lottery. He thanked staff for their generosity and highlighted that the funds contributed to the Corporate Parenting Christmas Campaign and to SATEDA's Choice Liberty Programme, which supported girls aged 13–18 who were at risk of abusive relationships.

3) The Chairman reminded Members of the introduction of the new Members' Grant System, designed to streamline the grant process. He explained that training for the pilot scheme would be delivered in the new year.

4) The Chairman recorded his thanks to Paul Royel, Director of Human Resources and Organisation Development, on the occasion of his retirement following nearly 40 years of service. He also extended his thanks to John Betts, Interim Chief Finance Officer, for his support to Members, including his role as Section 151 Officer during a period of significant financial challenge.

39. County Council Questions
(Item 6)

In accordance with Sections 14.15 to 14.22 of the Constitution, 21 questions were submitted by the deadline and 19 questions were put to the Executive. 11 questions were asked and replies given. A record of all questions and answers is available online with the papers for this meeting.

40. Report by Leader of the Council
(Item 7)

1. The Leader confirmed that KCC had received information on the Fair Funding Review which provided long needed financial clarity. It was reported that there would be a £127.3 million funding increase for 2026/27, with further increases of 7% for 2027/28 and 6.8% for 2028/29 indicated. Whilst the increased funding was welcomed, it was acknowledged that demand for services, particularly Adult Social Care and Special Educational Needs and Disabilities (SEND), continued to rise significantly. Additionally, the Leader explained that the funding settlement disproportionately disadvantaged rural areas in favour of urban councils.

2. The Leader expressed her commitment to continue to lobby the Government for long term sustainable funding that reflected the true cost of delivering services in Kent.

3. The Leader raised concerns about proposed inheritance tax changes affecting farmers, the Leader shared that she had written to the Chancellor requesting a policy reversal. Significant emotional and financial pressures facing farmers were highlighted, alongside concerns for long term food security. The Leader reaffirmed her commitment to continue advocating on behalf of the farming community.

4. The importance of the armed forces was emphasised in the context of growing global instability. The Leader shared her intention to lobby the Government to remove Diversity, Equity and Inclusion (DEI) targets from armed forces recruitment, with an emphasis on merit based selection.

5. The Leader explained that KCC Members would join a SEND working group, which aimed to redefine children with special educational needs, not as disabled but as differently abled. The Cabinet Member for Education and Skills was expected to play a key role in this working group, to set out policies to ensure that the system worked for those who needed it, whilst also being financially viable for local authorities.

6. Progress in Adult Social Care was highlighted, particularly through stronger management of the market between health and social care. The introduction of the Integrated Joint Brokerage Team, with the NHS Kent and Medway Integrated Care Board, was highlighted as improving hospital discharge processes, standardisation and value for money.

7. The Council's Local Government Reorganisation submission was finalised with Option 1A (a single unitary for Kent and Medway) presented as the most cost effective and practical solution. Informational videos and posts on social media and in the local press had been shared, to inform residents as to why option 1A made sense.

8. The Leader explained that proposed changes to committee arrangements were welcomed as a means of reducing duplication, cutting bureaucracy and delivering annual savings of £75,000. Claims that the changes weaken scrutiny were rejected and the importance of transparency and accountability was reaffirmed.

9. The new in-house visitor economy and inward investment service, Brand Kent, was launched in partnership with Medway Council and planning had begun for future growth.

10. Kent was confirmed as one of the first four areas to launch the £34 million Connect to Work Programme, which aimed to support over 9000 people into employment.

11. The Leader highlighted the success of the first wave of Skills Bootcamps, which were funded by the Department for Education (DfE), with around 250 learners enrolled since July 2025.

12. The Leader chaired the Kent & Medway Employment Taskforce, which brought agencies from across the county together to support the delivery of the Get Kent

and Medway Working Plan, which coordinated employment and met the needs of local employers.

13. The Pathways for All initiative was highlighted in response to the Government's Post 16 Education and Skills White Paper. A £20 million investment in specialist resource bases was confirmed, alongside improvements in attendance and achievements across key stages

14. Since April 2025, £35 million in loans had been approved for 26 local businesses through the Kent & Medway Business Fund. Furthermore, the No Use Empty Scheme was reported to have returned 128 empty homes to active use in the last quarter.

15. Significant progress on highways maintenance was reported, including the signing of a new long term highway contract with Ringway.

16. Finally, the Leader paid tribute to retiring senior officers Paul Royel, Director Human Resources and Organisation Development and John Betts, Interim Chief Finance Officer, for their long and valuable service to the Authority, and was pleased to confirm that Kent County Council's Chief Executive, Amanda Beer, had agreed to remain in post.

17. Mr Hook, Leader of the Opposition, offered his thoughts and prayers to all those affected by the recent shooting at a Hannukah celebration in Bondi Beach, Australia. He urged the Council to stand firmly with Kent's Jewish residents and all those that were facing bigotry and prejudice.

18. Mr Hook also expressed his gratitude to KCC workers, particularly highways staff for keeping roads safe during winter and social services staff for providing 24/7 support to vulnerable residents. He highlighted the rise in loneliness, domestic violence and depression at the wintertime and commended the Council's staff for providing a vital lifeline to those most in need.

19. This praise was also extended to staff working with unaccompanied asylum-seeking children, acknowledging the importance of their work and the challenges they had faced during the year. These challenges included a protest at the Acacia Court Centre, driven by an unfounded social media campaign regarding the children cared for there.

20. Mr Hook expressed concern over the rise in misinformation and xenophobia, detailing the physical violence and vandalism displayed at a recent attack at Swale Borough Council's offices . He stressed that such behaviour could not be tolerated and constituted an attack on democracy and local government.

21. Regarding Fair Funding, Mr Hook acknowledged the additional funding from central Government but asserted that it did not constitute a detailed plan in the absence of a clear County Council budget. He requested clarification on whether reserves would be strengthened or depleted and how the Administration intended to address the overspend, which had increased by 66% since their election. He also referenced the significant rise in Adult Social Care costs and a comment made at a recent Policy and Resources (P&R) Cabinet Committee meeting regarding service provision. Mr Hook expressed that these factors and the absence of the budget, caused serious concerns surrounding the future of public services and the Administration's priorities.

22. Turning to the Armed Forces, Mr Hook argued that the greatest threat to the Forces came from comments praising Vladimir Putin rather than incorrect claims that promotions were based on diversity.

23. Finally, Mr Hook outlined the Liberal Democrat proposals to ensure a fair deal for farmers in Kent. This consisted of scrapping family farm tax, ensuring fair trade standards and investing in the farming budget. Mr Hook emphasised the importance of farming for both food production and the future of Kent's countryside.

24. Mr Hood, Leader of the Green Group, responded to the Leader's report by stating that whilst the Fair Funding Settlement could ease the impact of 14 years of municipal austerity, such measures were likely to return under a Reform- led government.

25. Mr Hood highlighted that Kent had the highest incidence of domestic violence in the Southeast and London and noted the Green Group's participation in 16 days of activism coordinated by the White Ribbon campaign to address this issue. He expressed concern that only 6% of domestic related crimes in Kent resulted in the perpetrator being summoned and charged and called for the Council to implement pragmatic measures to improve incident and conviction rates.

26. On extremism, Mr Hood stated that strengthening the Armed Forces would not be possible, whilst continuing to undermine minority groups. He also echoed previous sentiments surrounding the violence and intimidation displayed at Swale Borough Council. He criticised the Administration for their permissive attitude towards the misuse of flags and emblems and condemned the perpetrators for their attack on a proud and compassionate community.

27. Moving to agriculture, Mr Hood emphasised that a successor to 'Produced in Kent' should continue supporting farmers and highlighted potential issues regarding the impact of Labour grey belt and housing policies on countryside spaces. He cited risks of further land being sold for development and the war in Ukraine and called for a greater focus on the green belt and food security.

28. Mr Hood emphasised that the Administration should focus on building social housing, rather than luxury housing as it encouraged population growth from other UK regions.

29. Whilst referencing biblical passages, Mr Hood recognised the holiday period as a time for celebration for many faiths and reflected on the Christian teachings of forgiveness, compassion and community. Mr Hood asserted that these core themes could not be reconciled with a rise in intolerance and political othering. Finally, Mr Hood concluded by reflecting on the multi- cultural origin of Christmas traditions and shared a message of optimism and change in 2026, particularly for those that had been globally displaced.

30. Mr Rayner, Leader of the Conservative Group, responded to the Leader's report by emphasising the Administration's failure to meet the Council's obligations under the Safety Valve Agreement with the Department for Education (DfE). He highlighted that this had resulted in increased loans and commensurate liabilities, with an additional £65 million incurred this year. He anticipated a similar increase next year and for the total outstanding liabilities figure to reach £150 million by March 2028. He advised Members that these figures were not reflected in the balance sheet and stressed the financial impact should the DfE demand full or

partial repayment. Mr Rayner also cited recent criticism from the Chancellor of the Exchequer and Prime Minister on the financial competence of KCC. He argued this placed KCC in a more vulnerable position to government intervention, including potential call- ins of outstanding liabilities.

31. Finally, Mr Rayner outlined the timeline of austerity measures being implemented in the Adult Social Care sector and highlighted the relevant Cabinet Member's previous experience within Local Government.

32. Mr Thomas, Leader of the Independent Group, began by expressing concern on the Administration's focus on national rather than local policy. He asserted that the Fair Funding Review and multi- year settlement should create a foundation for effective strategy, financial planning and sound policy for the Administration that had failed to produce a timely budget based on contingencies. He called for an effective leadership that delivered sensible decisions to avoid having to implement costly, reactive measures.

33. Turning to the Administration's proposal to freeze allowances for private sector providers, Mr Thomas highlighted potential challenges for smaller local providers, operating on low rates compared to higher in- house rates. He suggested the Administration intended to target larger institutions or rogue providers but could risk driving local providers out of the market, increasing pressure on service delivery unless fair rates or joint working arrangements were considered. He also suggested the alternative of a county- based private provision would result in disruption and a further burden on KCC's budget.

34. Mr Thomas raised concerns on the lack of support for farmers regarding the Lidsing Garden Community and Heathlands Garden Settlement, as well as the impact of losing agricultural land to solar installations.

35. Mr Thomas praised the Cabinet Member for Education and Skills for her work on noise- cancelling headphones in schools and home to school transport.

36. Finally, Mr Thomas expressed disappointment that the Leader did not give the keynote speech at the launch of the 34th Kent Property Market Report. He stated that the speech given had failed to reference significant developments, including the demise of Visit Kent, Locate in Kent and shortly the Thames Estuary Growth Board as well as Eurotrains returning to Kent. He called for the Leader to utilise these public opportunities in future to demonstrate the aspirational work delivered by KCC.

37. Mr Brady, Leader of the Labour Group, stated that upon the Labour Government taking office, KCC had received an additional 8% in funding in the 2025-26 funding settlement. He added that a further increase of over 8% was announced for 2026-27 as part of a multi- year settlement, enabling longer- term planning, stability and progress. He also highlighted the delay in the Administration's budget and called for stronger leadership rather than increased setbacks and distraction.

38. Mr Brady continued by outlining further Labour initiatives to improve the lives of Kent residents, including reducing energy bills by £150 (£300 for the most vulnerable), freezing train fares and prescription charges, and guaranteeing a six-month work placement for 18–21-year-olds. He also highlighted commitments to protect the pension triple lock, raising national living wage and scrapping the two-child benefit limit.

39. Turning to farming, Mr Brady identified how the sector had been adversely affected by Brexit. He outlined the Government investments and initiatives to address the issue such as land management schemes, technology support and pledges to purchase more British produce.

40. Finally, Mr Brady questioned the Administration's approach, stating it would lead to austerity and significant cuts, without a clear plan or budget for improving services and meeting demand.

41. Mr Barrett, Leader of the Independent Reformers, reflected on the concept of correlation, referencing the link between financial decisions and their impact on Kent residents and services.

42. In reference to the budget, Mr Barrett explained that residents primarily cared about the quality of services because they paid council tax. He expressed concern that the scale of the financial problem was larger than currently understood. It was outlined that the budget gap stood at £20 million in May when the Administration was elected, this rose to £60 million by August, approximately £75 million by November and was projected to potentially reach £100 million by the start of the new year. Whilst the Fair Funding Review was expected to provide some financial relief, it was emphasised that this would not fully address the problem. Mr Barrett warned the forthcoming budget cuts would have severe impacts on residents.

43. In conclusion, Mr Barrett called for bi-partisan co-operation to minimise the impact of budget cuts on Kent residents. It was stressed that accountability would fall on all Councillors, not solely the Executive. The importance of cooperation for the benefit of Kent residents rather than bi-partisan conflict was strongly emphasised. Mr Barrett concluded that failure to work together on the budget would result in negative consequences for all parties involved.

44. The Leader responded to comments made by the Group Leaders. She explained that the Reform Administration had reduced the Council's long term debt by £67 million. This contrasted with the debt of over £700 million that had been accumulated during the nearly three decades of Conservative control.

45. The Leader thanked Members for paying tribute to the victims of the attack at Bondi Beach, explaining that the attack was part of a wider global problem involving religious extremism.

46. The Leader expressed appreciation for the tribute paid to key workers, including those working over the Christmas period in essential services. It was said the council staff would also be on duty during the festive period to ensure continuity of services.

47. The Leader welcomed comments on unaccompanied asylum seeking children (UASC), she explained that there were known issues with the robustness of age verification checks. Concern was expressed that current checks allowed some adults to be placed within children services. Pressure would be applied to the Home Office to strengthen these procedures. The Leader emphasised the need to prioritise safeguarding children already in care.

48. The Leader shared her agreement with other Group Leaders of support for farmers.

49. The Leader cited examples of Liberal Democrat run councils with high levels of debt and financial intervention. She explained that Kent County Council was in a stronger and safer financial position by comparison.

50. The Leader highlighted significant budget failure from the Labour Government, explaining that the Government's budget had been delayed until the last possible date and that its details had been leaked in advance. The Leader referred to recent press coverage that suggested that dissatisfaction within the Labour party was linked to recent membership changes, highlighting reported growth in Reform UK membership and comparatively lower membership figures for the Labour Party. The Leader also suggested that under the Labour Government, job losses had increased with 88,000 jobs reportedly lost over the previous three months.

51. The Leader concluded her response by expressing confidence in the Administration and sharing her belief that the Council was in a strong position under its current leadership.

52. RESOLVED that the Leader's Report be noted.

41. Armed Forces Covenant - Annual Report
(Item 8)

Canon Peter Bruinvels CC, Covenant Lead and Civilian- Military Liaison Advisor, was in attendance for this item.

1. The report was introduced by Canon Peter Bruinvels CC, who provided a briefing on Kent County Council's work to support Kent's Armed Forces community and summarised key achievements during 2025. This included a short PowerPoint presentation, the slides of which can be found HERE.

2. Ms Kemkaran proposed and Mr Streatfeild seconded the motion that:

"County Council is asked to:

- NOTE all that is being done to deliver the Armed Forces Covenant in Kent and to ENDORSE priorities going forward including promoting Kent County Council's status as the lead MoD Employers Recognition Gold Award Holder.

- Continue to support the Armed Forces Covenant across the county and to ENDORSE the Council's commitment to this work by engaging locally in Covenant efforts and Military related events."

3. Members expressed their support and appreciation for the work undertaken to deliver the Armed Forces Covenant in Kent.

4. The Chairman put the motion in paragraph 2 and it was agreed unanimously.

5. RESOLVED that County Council:

- Notes all that is being done to deliver the Armed Forces Covenant in Kent and endorses priorities going forward including promoting Kent County Council's status as the lead MoD Employers Recognition Gold Award Holder.

- Continues to support the Armed Forces Covenant across the county and endorses the Council's commitment to this work by engaging locally in Covenant efforts and Military related events.

42. Committees Review

(Item 9)

1. Mr Chamberlain proposed, and Mr Collins seconded the motion that:

"The County Council is asked to:

a. Approve the proposed amendments to the Ordinary Committee arrangements:

   - Planning Application Committee to add the functions of the Regulation Committee into its terms of reference and take on the latter's sub-committees and Panels in line with this change.
   - Selection and Member Services Committee to add the functions of the Electoral and Boundary Review Committee into its terms of reference.
   - Delete the Regulation Committee and Electoral and Boundary Review Committee from the list of Committees.
   - Delete the Member Development Sub-Committee.

b. Delegate authority to the Democratic Services Manager, in consultation with the Monitoring Officer, to implement the above changes subject to appropriate Member training and transition arrangements.

c. Request that the Monitoring Officer, at the point of implementation, make the required changes to the Constitution and current Committee Terms of Reference to reflect the transfer of functions and the deletion of obsolete Committees.

d. Request that the Democratic Services Manager, in consultation with the Monitoring Officer, undertake a review of the updated Ordinary Committees' Terms of Reference to improve and develop their arrangements on a longer term basis, with the outcome of the review to be considered by Selection and Member Services in due course.

2. Following the debate, the Chairman put the motion in paragraph 1 to the vote and the voting was as follows.

For (47)
Mr J Baker, Mr M Brown, Mr D Burns, Mr C Burwash, Mr A Cecil, Mr P Chamberlain, Mr W Chapman, Mr B Collins, Mr J Defriend, Mr S Dixon, Ms S Emberson, Mr J Eustace, Mr L Evans, Mr P Evans, Mr J Finch, Ms B Fordham, Mrs G Foster, Mr M Fraser Moat, Mr B Fryer, Mr M Harrison, Mr J Henderson, Mr C Hespe, Ms L Kemkaran, Mr A Kennedy, Mr A Kibble, Mr P King, Ms M Lawes, Mr T Mallon, Mr R Mayall, Mr T Mole, Ms D Morton,

Mr M Mulvihill, Mr P Osborne, Mrs C Palmer, Mr R Palmer, Mr M Paul, Ms B Porter, Ms S Roots, Mr T Shonk, Mr D Sian, Dr G Sturley, Mr D Truder, Mr R Waters, Mr P Webb, Mr N Wibberley, Mrs P Williams and Mr D Wimble.

Against (25)
Mr B Barrett, Mr B Black, Mr O Bradshaw, Mr A Brady, Mr M Brice, Mr M Ellis, Mr R Ford, Mrs M Fothergill, Mr S Heaver, Mr M Hood, Mr A Hook, Mrs S Hudson, Miss I Kemp, Mr J Moreland, Ms C Nolan, Mr T Prater, Ms A Randall, Mr H Rayner, Mr A Ricketts, Ms C Russell, Mr C Sefton, Mr M Sole, Mr R Streatfeild, Mr P Thomas and Mr N Williams.

Abstain (0)

Motion Carried.

3. RESOLVED that Council:
   a. Approves the proposed amendments to the Ordinary Committee arrangements:

      - Planning Application Committee to add the functions of the Regulation Committee into its terms of reference and take on the latter's sub-committees and Panels in line with this change.
      - Selection and Member Services Committee to add the functions of the Electoral and Boundary Review Committee into its terms of reference.
      - Delete the Regulation Committee and Electoral and Boundary Review Committee from the list of Committees.
      - Delete the Member Development Sub- Committee.

   b. Delegates authority to the Democratic Services Manager, in consultation with the Monitoring Officer, to implement the above changes subject to appropriate Member training and transition arrangements.

   c. Requests that the Monitoring Officer, at the point of implementation, make the required changes to the Constitution and current Committee Terms of Reference to reflect the transfer of functions and the deletion of obsolete Committees.

   d. Requests that the Democratic Services Manager, in consultation with the Monitoring Officer, undertake a review of the updated Ordinary Committees' Terms of Reference to improve and develop their arrangements on a longer term basis, with the outcome of the review to be considered by Selection and Member Services in due course.

43. Proportionality and appointments to committees and other bodies
(Item 10)

1. Ms Kemkaran proposed, and Mr Collins seconded the motion that:

"The County Council is asked to:

   a. Determine the total number of Committee places; the allocation of those places between the political groups; and the allocation of places on certain bodies (as per the appropriate appendix subject to Council decision on the Committees Review item);

b. Delegate authority to the Democratic Services Manager, in consultation with the Group leaders and the Monitoring Officer, to adjust and confirm the allocation of committee places as necessary in order to conform to overall proportionality requirements; and to confirm external Joint Committee appointments where required"

2. Following the debate, the Chairman put the motion in paragraph 1 to the vote and the voting was as follows.

For (65)
Mr J Baker, Mr B Barrett, Mr O Bradshaw, Mr A Brady, Mr M Brice, Mr M Brown, Mr D Burns, Mr C Burwash, Mr A Cecil, Mr P Chamberlain, Mr W Chapman, Mr B Collins, Mr J Defriend, Mr S Dixon, Mr M Ellis, Ms S Emberson, Mr J Eustace, Mr L Evans, Mr P Evans, Mr J Finch, Mr R Ford, Ms B Fordham, Mrs G Foster, Mr B Fryer, Mr M Harrison, Mr J Henderson, Mr C Hespe, Mr A Hook, Ms L Kemkaran, Mr A Kennedy, Mr A Kibble, Mr P King, Ms M Lawes, Mr T Mallon, Mr R Mayall, Mr M Fraser Moat, Mr T Mole, Mr J Moreland, Ms D Morton, Mr M Mulvihill, Ms C Nolan, Mr P Osborne, Mrs C Palmer, Mr R Palmer, Mr M Paul, Ms B Porter, Mr T Prater, Mr H Rayner, Mr A Ricketts, Ms S Roots, Ms C Russell, Mr C Sefton, Mr T Shonk, Mr D Sian, Mr M Sole, Mr R Streatfeild, Dr G Sturley, Mr P Thomas, Mr D Truder, Mr R Waters, Mr P Webb, Mr N Wibberley, Mr N Williams, Mrs P Williams and Mr D Wimble.

Against (4)
Mr B Black, Mrs M Fothergill, Mrs S Hudson and Ms A Randall.

Abstain (3)
Mr M Hood, Mr S Heaver and Miss I Kemp.

Motion Carried.

3. RESOLVED that Council:

a. Determines the total number of Committee places; the allocation of those places between the political groups; and the allocation of places on certain bodies (as per Appendix 1 to the report).
b. Delegates authority to the Democratic Services Manager, in consultation with the Group leaders and the Monitoring Officer, to adjust and confirm the allocation of committee places as necessary in order to conform to overall proportionality requirements; and to confirm external Joint Committee appointments where required.

44. Political Assistants
(Item 11)

1. Ms Kemkaran proposed, and Mr Collins seconded the motion that:

"County Council is asked to:

a. Approve the establishment of Political Assistant posts for qualifying Political Groups in accordance with section 9 of the Local Government and Housing Act 1989;

b. Delegate authority to the Monitoring Officer to make the necessary consequential amendments to the Constitution;
c. Authorise the Chief Executive to appoint Political Assistants in accordance with the relevant legislation and guidance and for her to develop and agree a local protocol in relation to Political Assistants, incorporating a job description and salary for the role, in consultation with the Leaders of the Political Groups who qualify for appointment of a Political Assistant; and
d. Authorise the Corporate Director for Finance to identify the options for funding the roles for 2025/26 and to agree the most appropriate funding source, in consultation with the Leaders of the Political Groups who qualify for appointment of a Political Assistant."

2. Following the debate, the Chairman put the motion in paragraph 1 to the vote and the voting was as follows.

For (45)
Mr J Baker, Mr M Brown, Mr D Burns, Mr A Cecil, Mr P Chamberlain, Mr W Chapman, Mr B Collins, Mr J Defriend, Mr S Dixon, Ms S Emberson, Mr J Eustace, Mr L Evans, Mr P Evans, Mr J Finch, Ms B Fordham, Mrs G Foster, Mr B Fryer, Mr M Harrison, Mr J Henderson, Mr C Hespe, Ms L Kemkaran, Mr A Kibble, Mr P King, Ms M Lawes,, Mr T Mallon, Mr R Mayall, Mr M Fraser Moat, Mr T Mole, Ms D Morton, Mr M Mulvihill, Mr P Osborne, Mrs C Palmer, Mr R Palmer, Mr M Paul, Ms B Porter, Ms S Roots, Mr T Shonk, Mr D Sian, Dr G Sturley, Mr D Truder, Mr R Waters, Mr P Webb, Mr N Wibberley, Mrs P Williams and Mr D Wimble.

Against (26)
Mr B Barrett, Mr B Black, Mr O Bradshaw, Mr A Brady, Mr M Brice, Mr M Ellis, Mr R Ford, Mrs M Fothergill, Mr S Heaver, Mr M Hood, Mr A Hook, Mrs S Hudson, Miss I Kemp, Mr A Kennedy, Mr J Moreland, Ms C Nolan, Mr T Prater, Ms A Randall, Mr H Rayner, Mr A Ricketts, Ms C Russell, Mr C Sefton, Mr M Sole, Mr R Streatfeild, Mr P Thomas and Mr N Williams.

Abstain (1)
Mr C Burwash.

Motion Carried.

3. RESOLVED that Council:

a. Approves the establishment of Political Assistant posts for qualifying Political Groups in accordance with section 9 of the Local Government and Housing Act 1989;
b. Delegates authority to the Monitoring Officer to make the necessary consequential amendments to the Constitution;
c. Authorises the Chief Executive to appoint Political Assistants in accordance with the relevant legislation and guidance and for her to develop and agree a local protocol in relation to Political Assistants, incorporating a job description and salary for the role, in consultation with the Leaders of the Political Groups who qualify for appointment of a Political Assistant; and
d. Authorises the Corporate Director for Finance to identify the options for funding the roles for 2025/26 and to agree the most appropriate funding source, in consultation with the Leaders of the Political Groups who qualify for appointment of a Political Assistant.

45. Corporate Parenting - Annual Report
(Item 12)

Ms Caroline Smith, Assistant Director Corporate Parenting, and Ms Jo Carpenter, Participation and Engagement Manager, were in attendance for this item.

1. Ms Caroline Smith introduced the item, highlighting the work carried out by key corporate parenting services over the past year. It was confirmed that the Corporate Parenting Christmas Appeal had successfully reached its £25,000 fundraising target.

2. Ms Williams proposed, and Mrs Palmer seconded the motion that:

"County Council is asked to:

1. Note the Corporate Parenting Annual Report 2025.
2. Note the responsibilities as Corporate Parents, to be a champion for our children and care experienced adults."

3. Members shared their thanks to the fostering team and foster carers for their hard work and dedication.

4. The Chairman put the motion in paragraph 2 and it was agreed unanimously.

5. RESOLVED that Council:

    1. Notes the Corporate Parenting Annual Report 2025.
    2. Notes the responsibilities as Corporate Parents, to be a champion for our children and care experienced adults.

46. Pension Pooling Arrangements
(Item 13)

1. Mrs Emberson proposed, and Mr Collins seconded the motion that:

"County Council is asked, as recommended by the Pension Fund Committee, to:

1. Agree that Kent County Council, as Administering Authority for the LGPS Kent Pension Fund, enter into the Pension Pooling arrangements with Border to Coast Pensions Partnership.
2. Agree to join the Border to Coast Joint Committee.
3. Approve the appointment of the Chair of the Pension Fund Committee as the Kent Council Representative on the Joint Committee.
4. Delegate authority to the Pension Fund Committee to manage required updates or amendments to the ACCESS Inter-authority Agreement as required to support the transition to Border to Coast.
5. Delegate authority to the Pension Fund Committee to manage future appointments to the Joint Committee.
6. Delegate authority to the s151 Officer to take required actions, including but not limited to entering into contracts or other legal agreements, as necessary to implement this decision.

2. Following the debate, the Chairman put the motion in paragraph 1 to the vote and the voting was as follows.

For (70)
Mr J Baker, Mr B Barrett, Mr B Black, Mr O Bradshaw, Mr A Brady, Mr M Brice, Mr M Brown, Mr D Burns, Mr C Burwash, Mr A Cecil, Mr P Chamberlain, Mr W Chapman, Mr B Collins, Mr J Defriend, Mr S Dixon, Mr M Ellis, Ms S Emberson, Mr J Eustace, Mr L Evans, Mr P Evans, Mr J Finch, Mr R Ford, Ms B Fordham, Mrs G Foster, Mrs M Fothergill, Mr B Fryer, Mr M Harrison, Mr J Henderson, Mr C Hespe, Mr A Hook, Mrs S Hudson, Ms L Kemkaran, Miss I Kemp, Mr A Kennedy, Mr A Kibble, Mr P King, Ms M Lawes, Mr T Mallon, Mr R Mayall, Mr M Fraser Moat, Mr T Mole, Mr J Moreland, Ms D Morton, Mr M Mulvihill, Ms C Nolan, Mr P Osborne, Mrs C Palmer, Mr R Palmer, Mr M Paul, Ms B Porter, Mr T Prater, Ms A Randall, Mr H Rayner, Mr A Ricketts, Ms S Roots, Ms C Russell, Mr C Sefton, Mr T Shonk, Mr D Sian, Mr M Sole, Mr R Streatfeild, Dr G Sturley, Mr P Thomas, Mr D Truder, Mr R Waters, Mr P Webb, Mr N Wibberley, Mr N Williams, Mrs P Williams and Mr D Wimble.

Against (0)

Abstain (2)

Mr S Heaver and Mr M Hood.

Motion Carried.

3. RESOLVED that Council:

    1. Agrees that Kent County Council, as Administering Authority for the LGPS Kent Pension Fund, enter into the Pension Pooling arrangements with Border to Coast Pensions Partnership.
    2. Agrees to join the Border to Coast Joint Committee.
    3. Approves the appointment of the Chair of the Pension Fund Committee as the Kent Council Representative on the Joint Committee.
    4. Delegates authority to the Pension Fund Committee to manage required updates or amendments to the ACCESS Inter-authority Agreement as required to support the transition to Border to Coast.
    5. Delegates authority to the Pension Fund Committee to manage future appointments to the Joint Committee.
    6. Delegates authority to the s151 Officer to take required actions, including but not limited to entering into contracts or other legal agreements, as necessary to implement this decision.

47. Marine and Coastal Act - Delegations update
(Item 14)

1. Mr Webb proposed and Mrs Lawes seconded the motion that:

"County Council is asked to:

a. Agree to update the Appendix to the Constitution delegating the Council's functions set out in Schedule 20, sections 2, 3, 6(5), 8(1)(b), and 9(2) of the

Marine and Coastal Act 2009 to the Corporate Director of Growth, Environment and Transport; and

b. Ask the Monitoring Officer to update the Appendix to the Constitution accordingly.”

2. The Chairman put the motion in paragraph 1.

3. RESOLVED that Council:

a. Agrees to update the Appendix to the Constitution delegating the Council’s functions set out in Schedule 20, sections 2, 3, 6(5), 8(1)(b), and 9(2) of the Marine and Coastal Act 2009 to the Corporate Director of Growth, Environment and Transport; and

b. Asks the Monitoring Officer to update the Appendix to the Constitution accordingly.

48. Appointment of Standards Independent Persons
(Item 15)

1. Ms Foster proposed, and Mr Waters seconded the motion that:

“County Council is asked to:

a. Thank Mr George for his work as Independent Person; and
b. Appoint Michael Turner to a four-year term as Independent Person for Standards for Kent County Council, subject to satisfactory completion of the relevant background checks overseen by the Monitoring Officer.

2. The Chairman put the motion in paragraph 1.

3. RESOLVED that Council:

a. Thanks Mr George for his work as Independent Person; and
b. Appoints Michael Turner to a four-year term as Independent Person for Standards for Kent County Council, subject to satisfactory completion of the relevant background checks overseen by the Monitoring Officer.

49. Motion for Time Limited Debate
(Item 16)

1. Mr Brice proposed and Mr Streatfeild seconded the following updated motion to the motion that was published as part of the agenda. The updated motion was agreed in advance by the proposer and the seconder alongside the Administration and other relevant Political Groups. This was circulated to Members prior to the debate.

“The Council expresses:

1. Its formal thanks to KCC Staff who have worked to help local people during this major incident.

2. Its deep concern about the approach of South East Water and its failures to deliver a vital service to Kent residents.

3. Support for any formal investigations or inquiries into South East Water failures in the last few years.

The Council calls for:

4. The establishment of a Short- Focussed Inquiry by the Scrutiny Committee. This inquiry should seek:

   - To identify what lessons were learned but not enacted between 2022 and 2025.

   - What can be learned from the recent water outage in Tunbridge Wells (and elsewhere in Kent within recent years), including steps required to prevent recurrence of similar incidents and measures to build greater resilience particularly for care homes, schools and other KCC services.

   - How KCC can best contribute to effective support and relief efforts in the event of similar incidents in the future.

5. The Council Endorses the Leader's call on the Government to:

   a) Establishes a dedicated compensation/ recovery fund to provide meaningful and urgent financial relief to affected businesses and residents. Others have called for a "covid style support" officer and urgent action is required to support the liquidity of businesses and the financial wellbeing of our residents who have subsidised this failure. As part of this, South East Water should immediately address the cashflow issues for businesses.

   b) Ensure that any costs incurred by public service partners are reimbursed in full by South East Water.

   c) Ensure that the necessary capital expenditure is prioritised by South East Water to ensure that there is a permanent resolution to this issue and to shore up the fragility of water supply in Tunbridge Wells.

   d) Work with Ofwat and the Drinking Water Inspectorate to ensure a swift, full and transparent investigation into the causes of the failure and the adequacy of South East Water's response.

   e) Consider legislative or regulatory reforms to ensure greater accountability and resilience in the water sector, particularly in light of repeated failures by South East Water in recent years.

6. The Council requests that;

   - The Chief Executive arranges for appropriate officer to draw the minister's attention to the Council's resolution."

2. Following the debate, the Chairman put the motion in paragraph 1 to the vote and the voting was as follows.

For (71)

Mr J Baker, Mr B Barrett, Mr B Black, Mr O Bradshaw, Mr A Brady, Mr M Brice, Mr M Brown, Mr D Burns, Mr C Burwash, Mr A Cecil, Mr P Chamberlain, Mr W Chapman, Mr B Collins, Mr J Defriend, Mr S Dixon, Mr M Ellis, Ms S Emberson, Mr J Eustace, Mr L Evans, Mr P Evans, Mr J Finch, Mr R Ford, Ms B Fordham, Mrs G Foster, Mrs M Fothergill, Mr M Fraser Moat, Mr B Fryer, Mr M Harrison, Mr S Heaver, Mr J Henderson, Mr C Hespe, Mr M Hood, Mr A Hook, Mrs S Hudson, Ms L Kemkaran, Miss I Kemp, Mr A Kennedy, Mr A Kibble, Mr P King, Ms M Lawes, Mr T Mallon, Mr R Mayall, Mr T Mole, Mr J Moreland, Ms D Morton, Mr M Mulvihill, Ms C Nolan, Mr P Osborne, Mrs C Palmer, Mr R Palmer, Mr M Paul, Ms B Porter, Mr T Prater, Ms A Randall, Mr A Ricketts, Ms S Roots, Ms C Russell, Mr C Sefton, Mr T Shonk, Mr D Sian, Mr M Sole, Mr R Streatfeild, Dr G Sturley, Mr P Thomas, Mr D Truder, Mr R Waters, Mr P Webb, Mr N Wibberley, Mr N Williams, Mrs P Williams and Mr D Wimble.

Against (0)

Abstain (0)

Motion carried.

RESOLVED that Council expresses:

1. Its formal thanks to KCC Staff who have worked to help local people during this major incident.

2. Its deep concern about the approach of South East Water and its failures to deliver a vital service to Kent residents.

3. Support for any formal investigations or inquiries into South East Water failures in the last few years.

The Council calls for:

4. The establishment of a Short- Focussed Inquiry by the Scrutiny Committee. This inquiry should seek:

    - To identify what lessons were learned but not enacted between 2022 and 2025.

    - What can be learned from the recent water outage in Tunbridge Wells (and elsewhere in Kent within recent years), including steps required to prevent recurrence of similar incidents and measures to build greater resilience particularly for care homes, schools and other KCC services.

    - How KCC can best contribute to effective support and relief efforts in the event of similar incidents in the future.

5. The Council Endorses the Leader's call on the Government to:

a) Establish a dedicated compensation/ recovery fund to provide meaningful and urgent financial relief to affected businesses and residents. Others have called for a “covid style support” officer and urgent action is required to support the liquidity of businesses and the financial wellbeing of our residents who have subsidised this failure. As part of this, South East Water should immediately address the cashflow issues for businesses.

b) Ensure that any costs incurred by public service partners are reimbursed in full by South East Water.

c) Ensure that the necessary capital expenditure is prioritised by South East Water to ensure that there is a permanent resolution to this issue and to shore up the fragility of water supply in Tunbridge Wells.

d) Work with Ofwat and the Drinking Water Inspectorate to ensure a swift, full and transparent investigation into the causes of the failure and the adequacy of South East Water’s response.

e) Consider legislative or regulatory reforms to ensure greater accountability and resilience in the water sector, particularly in light of repeated failures by South East Water in recent years.

6. The Council requests that:

- The Chief Executive arranges for appropriate officer to draw the minister’s attention to the Council’s resolution.

From : David Shipton, Acting Section 151 Officer

To : County Council 12th February 2026

Subject : Section 25 Assurance Statement

Classification : Unrestricted

Summary:

This report sets out an assessment of the robustness of the financial estimates for the proposed capital programme 2026-36, revenue budget for 2026/27 and the medium-term financial plan (MTFP) 2026-29, and the adequacy of reserves. This report applies to both the Administration's budget proposals and all amendments to this proposal. It includes an evaluation of the background to budget preparations for 2026/27, including the impact of the forecast position for 2025/26, multi-year settlement from government and macro-economic environment.

It is acknowledged that setting a balanced budget for 2026/27 has been especially challenging, due to a combination of exceptional and unique circumstances and the ongoing and escalating cost pressures the Council faces in excess of funding available from central Government and local taxation. Together, these mean that the Council can only set a balanced budget with a revised more affordable approach to spending growth, further and significant savings, and an acceptable level of one-off measures which must be replaced with sustainable solutions in 2027/28. This approach does not come without significant risks with the risk on adult social care now considered to be on a par with the risk on special education needs (SEND) spend as the highest risks. The decision to raise the council tax household charge below the level permitted without a referendum poses a long-term financial risk as a result of the council tax income forgone.

The use of reserves to balance previous budgets have reduced the level of these to a minimum level and any further unplanned drawdowns would pose a significant and existential risk to the Council's medium to long term sustainability. The levels of reserves continue to pose a bigger risk than levels of capital debt. It is important the rebuilding of reserves (especially general reserves) is a key aspect of the 2026/27 budget and 2026-29 MTFP.

Setting a robust revenue budget for 2026/27 means reflecting:

- affordable forecast future cost increase provisions covering price uplifts and other cost/demand drivers affecting spending in the forthcoming year. Some of these are lower than previous years
- provision for Kent Scheme pay award 2026/27
- the full year, recurring effect of higher than budgeted costs and demand in the current year

- building in the impact of the under delivery and rephasing of savings plans
- rebuilding reserves, including replenishment of previous drawdowns for overspends
- the revenue consequences of the borrowing required for the capital programme.

These cost increases amount to a significant additional revenue spending requirement on core funded activities of £178.0m (11.6%) of net revenue budget 2025/26. This is more than the government forecast increase in core spending power of 8.3% and the increase in proposed budget for 2026/27 of 7.6% based on the proposed local decision on council tax.

To safeguard the Council's financial resilience and sustainability there must continue to be a relentless focus on financial management, cost avoidance, demand management and the delivery of the agreed savings in all parts of the Council. The necessary key decisions must be taken in a timely manner, with no additional spending requests that would add to costs over and above budgeted levels. This is the only way to strengthen the Council's financial resilience and sustainability.

Provided the measures set out in the draft budget and medium-term plan are implemented, including:

- the delivery of the proposed revenue savings and income
- resisting future spending growth
- minimising the level of borrowing for the capital programme
- implementing the proposed council tax increase and precepts
- maintaining general reserves between minimum to acceptable range of 5% to 10%

then the Council will continue to demonstrate financial sustainability, although there remains considerable uncertainty over the medium to long term.

Recommendation:

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

Background and Introduction

The 2003 Local Government Act places specific responsibilities on the Chief Financial Officer to report on the robustness of the budget and the adequacy of proposed financial reserves, when the authority is considering its budget requirement. The Council is required to have regard to this report when it sets the budget. There are a range of other safeguards that the Chief Finance Officer must also consider, including:

- the balanced budget requirement (England, Scotland and Wales) (sections 31A, 42A and 93 of the Local Government Finance Act 1992)

- the legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs (section 151 of the Local Government Act 1972); and
- Best Value responsibilities (section 3 of Local Government Act 1999)

The report includes an evaluation of the background to budget preparations for 2026/27, including the forecast for 2025/26 and the evaluation of the most significant budget variances, changes in the national funding arrangements for local authorities, and necessary changes in spending forecasts, savings/income plans and contributions/drawdowns from reserves to meet the requirement for a balanced budget.

It is acknowledged that setting a balanced budget for 2026/27 has been especially challenging due to a combination of exceptional and unique circumstances as well as the continuing trend of increases in costs of and demands for council services and insufficient funding in the local government finance settlement to fully fund these inescapable cost pressures. This trend of higher spending increases than funding available from central Government and local taxation has been a feature of budget plans for a number of years. Together these mean that the Council can only set a balanced budget through significant savings and additional income, a new approach to planning for demand and cost increases in adult social care, and one-off measures from flexible use of capital receipts and use of reserves.

Assessment Criteria

In carrying out the assessment there has been consideration of:

The macroeconomic context within which the council operates and medium-term economic outlook, including:

- The Government's fiscal rules and spending plans
- Inflation forecast
- Local authority borrowing

The Council's governance and control environment, including:

- The Constitution and the Financial Regulations that govern and control the financial position of the Council.
- The financial control environment, alongside Internal Audit findings.
- The Council's Annual Governance Statement (AGS).

External guidance and advice:

- Chartered Institute of Public Finance and Accountancy (CIPFA) standards and guidance/bulletins.
- External audit reporting.

The Council's risk management, including:

- Corporate Risk Register
- The risks facing the Council in running its day-to-day operations which could impact on the robustness of estimates, as well as the need to deliver legacy savings.

The Council's financial management and resilience:

- The 2025/26 forecast outturn and controls in place to mitigate and strengthen the control environment through spending controls

- The robustness of budget proposals being considered
- The Council's business and medium-term financial plans beyond 2026/27 and the ability to manage change to control future costs
- The Council's capital programme.
- The effectiveness of the Council's treasury management

The restoration of multi-year funding settlement and reforms to grant settlement and business rate retention

- Full reset of business rate baseline using reformed and updated assessment of spending needs
- The consolidation of grants and phased introduction of transfers into Revenue Support Grant

The Exceptional Financial Support arrangements

Upcoming proposals for local government reorganisation.

Commentary

Macroeconomic Context

The Government has set itself two fiscal rules, a stability rule (spending on day-to-day services to be brought into balance by 2029/30), and investment rule (Public Sector Net Financial liabilities [PSNFL] to be falling as proportion of the whole economy [GDP] by 2029-30). The Autumn Budget 2025 included the latest Office for Budget Responsibility (OBR) forecasts for the targets. These show that the stability rule is on target to be met one-year early (a forecast surplus of £21.7bn in 2029/30 with a 59% probability) and the investment rule to be met by 2029/30 (PSNFL peaking at 83.7% in 2028/29 with a 52% probability).

Total public spending (total managed expenditure – TME) is forecast to peak at 45% of GDP in 2025/26 and then gradually reduce to 44.3% by 2029/30. Within this Government departmental spending is forecast to peak at 21.2% of GDP in 2027/28 and then gradually reduce to 20.6% by 2029/30. Annually managed expenditure (AME) is forecast to peak at 23.9% of GDP in 2025/26 and then remaining largely stable at around 23.6% of GDP thereafter. This context means that local authority spending is likely to be at best broadly neutral in real terms over the forecast period.

Inflation (Consumer Price Index – CPI) is forecast to peak at 3.9% in quarter 3 of 2025 falling to 3.6% in quarter 4 with further reductions forecast throughout 2026 before reaching the 2% target in 2027 (remaining at this level throughout the remainder of the forecast period). Inflation provisions within the draft budget proposals are based on these November 2025 OBR forecasts.

The OBR has identified the significant increase in local authority borrowing with an additional £43bn borrowed between 2022/23 and 2024/25. This borrowing has come from central Government Public Works Loans Board (£12bn), reducing local authority liquid financial assets (£10bn), with the remainder largely from commercial lenders.

The OBR forecasts this higher level of local authority borrowing will persist into 2025/26 (a further £16.4bn) with further increases reducing gradually thereafter. The OBR has identified that the borrowing arises from a combination of funding SEND deficits (£1.8bn in 2024/25 rising to each year to £4.9bn in 2027/28, with SEND deficits absorbed in central Government spending thereafter), supporting net current spending (£6.1bn in 2024/25, rising to £7.2bn in 2025/26 before reducing substantially thereafter) and funding capital spending (£7.5bn in 2024/25 reducing to £6.1bn in 2027/28 and rising thereafter).

The Council's capital strategy is based on no additional borrowing over and above that already identified in capital programme (with financing costs already included in the revenue medium-term financial plan) and wherever possible to reduce debt levels. The biggest risk in this regard is the level of the SEND deficit which currently impacts on cash balances available for investment, rather than borrowing.

Governance & Control
The Annual Governance Statement (AGS) for 2024/25 was considered by Governance & Audit committee in October 2025. The AGS identified that despite a challenging operating environment internal controls and governance arrangements have been strengthened but the relentless focus on continuous improvement in recent years must persist to keep pace with the challenges the authority faces.

A number of particular aspects are highlighted:

- Long running improvements to governance have been completed successfully notwithstanding a change in national government that has brought forward an agenda for devolution and local government reorganisation
- Financial controls have remained in place and budget planning arrangements strengthened although financial pressures and risks around delivery of savings persist and will continue to be a dominant feature.
- Demand and cost pressures on statutory services mean the Council must continue to deliver a range of innovative, efficient services and savings programmes to offset some of these pressures
- Political and officer capacity is directed towards the focus on securing the Council's financial position
- Considerable work has been put into preparing induction programme for newly elected councillors and further training is being developed and delivered
- The grip on improvement needs to be maintained and strengthened to maintain progress and provide continued assurance

The Head of Internal Audit is required to provide an annual opinion to inform the AGS and an opinion has been provided, confirming adequate assurance in relation to corporate governance, risk management and internal control arrangements. Internal audit noted continued upward trajectory of substantial and high assurances in audit opinions, although there was also a worsening in the number of limited assurance opinions. Internal audit also noted an improvement in the number of recommendations that have been fully implemented.

In summary the internal evaluation demonstrates that good foundations are in place regarding the Council's overall financial governance and financial control environment.

External Guidance and Advice
In producing this statement, consideration has been given to external guidance and advice. Specifically, including the Chartered Institute of Public Finance and Accountancy (CIPFA) standards, such as a positive compliance assessment against

CIPFA's Financial Management Code of Practice and guidance on preparation of Section 25 assurance.

The External Auditors, Grant Thornton UK LLP, presented their annual report to the Governance and Audit Committee on 24th September 2025 and 30th October 2025. This report discharges the auditor's responsibilities in accordance with the Local Audit and Accountability Act 2014 and National Audit Office Code of Practice. The report identified significant weaknesses in regard to financial sustainability of the Council. This included two areas of most significant weakness in the control of Adult Social Care spend and Dedicated School Grant high needs block element of SEND. The auditors noted that overspends were continuing in these areas in 2025/26 despite significant work to transform adult social care and the continuation of statutory override on DSG deficits. The auditors recommended that the Council explore further options for increased efficiency in Adult Social care and ensure that DSG management plan is sufficient to address the legacy deficit and in-year overspends. Grant Thornton also recommended improvements are needed to savings plans, ensuring these are realistic, timely and lessons are learnt.

The proposals in the draft budget include a revised emphasis on efficiency in adult social care. This revised approach is summarised under risk 2 later in this report focussing on an affordable approach to annual fee uplifts for existing contracts and tighter management of the cost of and demand for new placements. This also addresses the review of savings where Adult Social care has accounted for nearly all of previous under delivery and the budget includes more realistic plans for retendering social care contracts. The risks associated with this approach are highlighted noting that risks on adult social care are now highlighted as highest risk on a par with SEND risks. Progress on SEND deficit depends on government reforms in forthcoming White Paper although as identified in risk 6 local councils are expected to manage the system effectively. The proposed mitigations of this risk include more robust formal regular monitoring and reporting of the local deficit recovery action plan, highlighting any corrective action, remains critical to ensure the deficit is being tackled effectively.

Grant Thornton noted improvements to governance and in particular the improved performance in implementing internal audit recommendations but highlighted the importance of recruiting a suitably qualified Head of Internal Audit, the high priority on training for members of the Governance & Audit Committee, implementation of new decision-making application, and improvements to contract management. Grant Thornton made no recommendations on improving Value for Money and has given unqualified assurance to the Council's accounts noting the high standard the Council has maintained in terms of the quality of the accounts and associated working papers.

Risk Management

The Council has a well-established approach towards risk management and key risks (including those with financial implications) are captured and mitigating actions are in place to minimise those risks. In addition, the corporate risk register specifically identifies a number of key financial risks around the future financial and operating environment for Local Government; the affordability of the capital programme and its impacts on assets, performance and statutory duties; and the risk of any significant failure to bring any forecast budget overspend under control within the assumed budget level. These all have specific mitigating actions and controls.

The risk around future financial and operating environment for Local Government has been reviewed and updated to take into the impact of multi-year settlement published on 17th December 2025 (the first time the impact of updates and reforms were available at individual council level).

The 2026/27 budget includes a drawdown from earmarked reserves that are no longer necessary for their original purpose and further use of flexibility to use capital receipts. These one-off measures need to be replaced in subsequent years and are feasible following the re-introduction of a multi-year settlement which includes the phasing in of reforms to Revenue Support Grant over the three-year period of the settlement.

The £20.2m drawdown from general reserve to balance 2024/25 outturn is replenished in the 2026/27 budget but there is no provision at this stage for any replenishment which may be needed should a further drawdown be necessary to balance 2025/26 final outturn. It has been normal practice that replenishment is only included in future budget plans once the final outturn is known i.e. any replenishment for 2025/26 final outturn drawdown would be included in 2027/28 once the final amount is known. The 2026/27 budget and medium-term plan includes further contributions to general reserve to improve resilience to within the 5% to 10% range considered acceptable to provide adequate resilience and some capacity for investing in essential improvements to improve value for money. This strategy to hold between 5% to 10% is a mitigation against heightened risks.

Financial Management and Resilience
The Council's financial standing has improved, relative to its peers, in terms of the level of usable reserves as a percentage of net revenue. However, general reserves continue to remain on the edge of an acceptable minimum (acknowledging that the 2026/27 budget goes some way to restoring the level of these).

The 2025/26 forecast outturn remains a cause for significant concern. The full year implications for the 2026/27 budget from the quarter 2 forecast are built into the spending growth estimates and reprofiling of savings plans (through roll forward of rephased plans from current year and realignment of those savings now deemed irrecoverable). However, any remaining overspend in the 2025/26 final outturn would have to be balanced from reserves which would further weaken the Council's financial resilience.

The financial control environment continues to be managed through stringent spending controls in the current year. These include stopping discretionary spending; limiting statutory spending to the minimum legal requirements; freezing of all recruitment other than in approved exceptional cases; limiting staff training to internal courses; ceasing attendance at external conferences or events; all internal meetings to be held at KCC owned facilities; and ceasing travel other than for direct service delivery.

The annual budget represents a robust plan for forecast spending, savings, income and changes reserves. As such it is a plan and as with any plan there are likely to be variances. However, a well structured budget should represent the most likely scenario for balanced spending within the year necessary to comply with the council's statutory functions and Best Value obligations, this includes not planning for overspends or underspends. Planning for overspends would result in additional strain on reserves. Planning for underspends which whilst having the benefit of increasing capacity for reserves carries additional risks such as the council failing to meet statutory obligations or failing to meet strategic objectives.

Monitoring of the council's resilience will continue including updating previous analysis of reserves to debt ratio, benchmark comparisons on spending and use of CIPFA resilience index.

Multi-Year Settlement

The 2026-29 settlement represents the first multi-year local government settlement since 2016 providing additional certainty over medium term financial planning. The settlement includes reforms to the methodology for, and updating of the data used to redistribute retained business rates and allocate additional central Government funding according to relative needs and resources. The settlement sets out the impact of the changes for individual local authorities. This level of detail was not available either in support of the consultation on reforms in the summer, or in the policy statement published in November.

The 2026-29 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 based on the new spending assessment. The reset takes full effect from 2026/27.

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 previously separate grant streams. The vast majority of consolidated funding within RSG is allocated according to the new relative needs and resources formula but with changes from previous distribution phased in over the three-year muti year period.

KCC's FFA in the provisional settlement increases by £50.5m (9.7%) in 2026/27 compared to legacy grant settlement for 2025/26. Further increases of £43.5m (7.6%) and £46.0m (7.5%) are shown in the indicative allocations for subsequent years. The majority of the increase in 2026/27 arises from the reset of business rates, with the majority of the increases in subsequent years from the phased introduction of RSG reforms. The grant settlement alone is not sufficient to fully fund forecast increases in spending in 2026/27 or subsequent years.

Exceptional Financial Support

The Government has announced a continuation of the Exceptional Financial Support (EFS) framework for 2026/27. Under the framework councils can make a request for financial assistance towards financial pressures that they consider to be unmanageable and to enable them to set a balanced budget. These would usually arise due to any of the following circumstances:

- specific revenue pressure that a council cannot manage over a single year
- support to manage upfront costs and investment associated with transformation programmes critical to long-term financial sustainability
- an unmanageable budget gap due to demand for one or multiple services areas
- significantly increasing

- unmanageable financial pressures resulting from errors or failures in relation to local financial management and governance

EFS initially comes in the form of capitalisation, allowing councils to set a balanced budget including an assumption of capitalised expenditure (only later confirmed through a statutory capitalisation direction should conditions set by the Secretary of State be fulfilled). Capitalisation permits revenue costs to be treated as capital costs. This is a relaxation of the accounting convention that revenue costs should be met from revenue resources.

EFS can also include requests for council tax flexibility where a council is facing significant local financial difficulty and considers additional sustainable increase in funding as critical to managing financial risk. The Government would not agree to requests for additional council tax flexibilities from councils where council tax charges are already more than the average. KCC band D charge is already marginally above the comparable average for county councils (see appendix H of the draft budget report).

The Government expects EFS should only be considered once all available local options have been explored to close a budget gap without the need for a capitalisation direction. For example, the Government would not expect councils to request support where there is scope to drawdown from reserves to close a budget gap. Although not explicitly stated in the guidance it is also presumed this would also mean councils should take-up the existing flexibility on council tax and increase charges up to maximum without a referendum before applying for EFS.

Local Government Reorganisation

There is no provision within the medium-term plan for any set-up or transitional costs of Local Government Reorganisation incurred prior to the establishment of shadow authorities or vesting of new authorities. This is based on an expectation that any initial costs would be met within existing budgets and where this is not possible costs would be met from additional borrowing (including borrowing from long-term reserves) which would be repaid from the savings arising for the new authorities. This is consistent with the pay-back assumptions in business cases, and it would not be prudent to budget for additional costs ahead of government formal consultation on the preferred structure of new authorities in Kent.

Analysis of Risks

Taking into account the contextual financial situation outlines above, the key risks associated with the proposed budget and how they can be managed are outlined below, so that Members are clear on the risks associated with these budget proposals when making their budget decision. A fuller assessment of financial resilience is included in Appendix J of the budget report together with a register of budget risks in Appendix K. It is worth noting that the maximum exposure from these budget risks is now higher than the total usable revenue reserves, due to a combination of recent reductions in the council’s reserves and increased risks. The risk register includes revenue and capital risks, and it is highly unlikely that the maximum exposure would occur in the forthcoming year.

The draft revenue budget for 2026/27 includes one-off use of earmarked reserves which together with a technical change to the treatment of contributions to DSG deficit (which are longer held in a separate reserve) results in a reduction in earmarked reserves. However, the earmarked reserves are still considered to be adequate. The budget and medium-term plan includes additional contributions to the general reserve consistent with the 5% to 10% target range.

However, there is a risk that reserves may be inadequate in the future should further unplanned drawdowns in 2025/26 and beyond be necessary. In the short-term this could arise should the forecast overspend for 2025/26 remains at the current level and/or savings/income planned for 2026/27 and 2026-29 MTFP are not delivered in full, or spending growth is not managed within the forecast provisions. A substantial risk remains over the medium term from the SEND deficit as well as any other unforeseeable circumstances. In light of these risks it is imperative that any changes to the draft budget proposals, including amendments, should not rely on further use of reserves and funding shortfalls identified in the indicative plans for 2027/28 and 2028/29 are resolved through managing down spending growth, identification and delivery of further savings/income, or additional funding from government settlement and decisions on local taxation.

The main risks are as follows and are explored in more detail below:
Short term

- Impact of forecast revenue overspend
- Spending pressures especially but not exclusively on social care services
- Sustainability of key markets, especially social care
- Delivery of the savings plans / income targets
- Council tax

Medium term

- Dedicated Schools Grant deficit
- Impact on the Medium-Term Financial Strategy
- Tax collection rates
- Local government reorganisation

Risk 1 - Impact of Forecast Overspend
The latest budget monitoring for 2025/26 was reported to Cabinet on 29th January 2026. This showed a forecast revenue overspend of £36.5m, a reduction of £10m compared to the quarter 2 forecast of £46.5m. This assumes an additional £7m use of capital receipts to be used to for transformation projects so much of the improvement is not due to reduction in pressures that have caused the overspend. The most significant forecast overspend is in adult social care most notably on older persons residential and nursing care. There are forecast overspends in other areas e.g. children's social care which are cause for concern, but these are offset by underspends and other one-off measures elsewhere within that directorate.

The level of forecast overspend for 2025/26 poses a significant risk to the council's reserves and financial sustainability. This assurance statement is based on the presumption that the overall 2025/26 revenue outturn shows further improvement in the final 2025/26 outturn. Without improvement there is a risk that the general reserve available in 2026/27 would be below the recommended 5% to 10% target range.

To mitigate the overspend risks and pressures noted above:

- The Council has introduced more stringent its spending controls to reduce and minimise spending for the remainder of the current year

- The full-year impact of forecast service overspends has been reflected in the draft 2026/27 budget.

Capital spending continues to show a forecast net underspend. This comprises of real variances (the majority of which are expected to be offset from external funding). These forecast real variances are more than offset by a rephasing variance on a number of projects reflecting slippage against the original approved capital programme. Overall capital spending does not pose a significant risk although the programme itself continues to pose a risk due to inadequate funding and consequential deterioration in condition of infrastructure assets.

Risk 2 – Spending Pressures
Setting a robust revenue budget for 2026/27 means the budgets with forecast overspends in 2025/26 need to reflect the full year effect of higher than budgeted costs and demand in the current year, as well as under delivery and rephasing of savings plans and the revenue consequences of the borrowing required for the capital programme. It is critical that budgets are not simply increased to reflect increased spending, without a rigorous approach to demand and financial management. The full-year effect of recurring underspends is also reflected to ensure a balanced approach.

The proposed 2026/27 budget also includes estimates for future demand and price, based on a combination of current trends and forecasts for future costs and demand at affordable levels. These forecasts do not come without risks, particularly in demand led areas of spending such as adult's and children's social care, waste disposal and recycling, and home to school/public transport.

The most significant risks are within the forecast spending growth in adult social care. The draft budget includes proposals to limit the annual fee uplift paid to contracted providers for existing placements based on a differential approach which not only reflects inflationary and other cost pressures on providers but also takes into account the sustained investment in recent years that has resulted in higher fees compared to other councils. The demand and cost driver forecasts for new client placements in adult social care also reflect an affordable approach which will require a more rigorous approach to managing placements including review of previous "self-funded" costs; successful retendering of framework contracts for new placements; and ongoing focus on assessment of eligible need through only meeting statutory local authority duties. This approach is necessary to ensure adult social care spending is sustainable, but the inherent risk means this is now on a par with special needs spending as the most significant budget risks.

There are also risks within the budget proposals for children's social care which include adjustments to base budget for full year effect of current year variances, forecast price uplifts, cost and demand increases for new client placements but also include significant transformation/efficiency/policy savings and increased income from health/other local authorities.

The budget includes sensitivity analysis of the budgeted spending growth in 2025/26 and 2026/27 for the key demand and cost drivers (see appendix I of the draft budget report).

These cost increases amount to a significant additional revenue spending requirement on core funded activities of £178.0m (11.6%). This is significantly more than the 7.6% increase in funding from central Government and local taxation.

This mix of revising budgets for known variances and forecast spending growth is a robust approach and provides a sound basis for financial planning. However, there inevitably remains considerable uncertainty about these forecasts. So, although the risk has been mitigated through the allocations in this budget resolution, the risk cannot be completely removed. To further mitigate this risk:

- Growth based on future estimates will be held in a way that ensures it is separately identifiable so that it can be revised once the actual incidence has been evidenced.
- Enhanced budget monitoring arrangements are implemented as soon as any areas of overspending begin to emerge together with in-year management corrective action to compensate.

Risk 3 – Market Sustainability
Commissioned providers of key council services have been under substantial sustainability pressures for several years, particularly in adult social care. These pressures include imposed increases in costs through National Living/National Minimum wage (and for 2025/26 unfunded increases in employer National Insurance); workforce supply challenges and shortages; complexity of need increasing person care costs; regulatory and compliance requirements; inflation on non-staff costs; increased complaints; oversee worker restrictions; and Employment Rights Bill. The risk to the Council arises from provider fragility closures with the need to reprocure services from a depleted market, potentially increasing costs (alongside potentially changing services for vulnerable clients). These have been mitigated as far as possible in previous budgets through above inflationary increases (although this has resulted in fee levels above those for comparable councils) and further mitigation will be addressed through working more closely with those providers that can meet client needs within affordable levels through framework contracts.

Risk 4 – Delivery of the Savings Plans / Income Targets
The proposed 2026/27 draft budget requires the delivery of a package of gross £87.6m of planned savings and income on core funded services. This comprises of £62.0m for full year effect of existing savings plans and new plans, £13.6m of increased income partially and £12.0m forecast roll forward of prior year undelivered savings. The net savings of £47.6m exclude the roll forward but include £28.0m removal of one-offs and reversal of unachieved/irrecoverable savings from previous years' budgets. Additional income from specific government departmental grants not included within the core spending power is shown separately along with associated spending.

The planned budget reductions need to be fully implemented to ensure the Council's 2026/27 budget remains balanced and sustainable into the future. The Council does not have the capacity within its reserves to fund the impact of delays to difficult policy decisions by Members, nor a failure to deliver on savings within services that impact on the reduction or cessation of services. In an environment of rapidly increasing cost/demand pressures, together with market and workforce challenges, delivery of the savings will be more challenging than ever.

To mitigate this risk:

- Key policy changes associated with major savings proposals in 2026/27 have been identified and been subject to scrutiny;
- Corporate Directors, Directors and Portfolio Holders must ensure that processes are in place to ensure that the planned savings are delivered to the required timetable including where necessary key decisions are planned and taken in accordance with governance arrangements;
- If the planned savings are not delivered, Corporate Directors, Directors and Portfolio Holders must identify alternative ways of balancing the Service and/or Directorate budgets; and
- Monitoring of the delivery of the planned savings will include the monitoring of project delivery milestones to ensure decisions are taken in a timely manner and implementation timescales are met.

Risk 5 – Council Tax

The draft budget includes a proposed 3.99% increase in household council tax charges for 2026/27. This is less than the council tax flexibility which allows increases up to 5% without requiring a referendum. This decision principally creates a long-term financial risk as it is effectively irreversible as under the current regulations it is not permissible to have higher council tax increases in subsequent years above the prescribed level to offset previous lower increases without a referendum or ministerial approval of higher permitted levels. The impact of this decision is £10.1m of tax revenue (1%) foregone in 2026/27. The medium-term impact increases every year as any future increases would yield (0.05%) less tax revenue i.e. the impact in 2027/28 would be £10.6m if council tax in that year were increased by the maximum permitted (rising further to £11.1m in 2028/29). This is a cumulative impact of £31.8m over the MTFP period. Council tax revenue foregone would increase by more if future increases are below the maximum level.

As well as the main financial risk to tax revenues the decision to proceed with less than maximum permitted increase without a referendum poses potential reputational risks. This could include where proposals in the budget may not be universally well received e.g. unpopular savings/income where the impact on individuals is greater than the tax they would have paid; or fee uplifts; or to restore services that have been cut in previous budgets.

The decision on council tax could also rebound should the budget not be delivered and there are further in-year overspends especially if this results in drawdowns from reserves placing the Council in a financially insecure position. As already outlined in considering applications for Exceptional Financial Support (EFS) the government expects Councils to have taken all reasonable steps locally to manage financial pressures. If EFS is not available and the Council's reserve are reduced to an inadequate level, then the only option would be a Section 114 notice.

The council tax decision does not alter the allocation of grants included in the local government finance settlement even though it means the Council's budget is increasing less than the core spending power. It is not possible to say whether the decision will impact on other departmental grants that are not included in the settlement or how the decision will be viewed by other partners e.g. health authorities, other local authorities etc.

Risk 6 – Dedicated Schools Grant Deficit
For several years, the single greatest financial risk to the Council was the substantial and growing deficit on High Needs spending from the Dedicated Schools Grant (DSG). This risk has been substantially mitigated by a Safety Valve agreement with Department for Education (DfE), which includes £140m of DfE funding, contingent on keeping spend to an agreed trajectory, alongside £82m of Council funding (over a 5-year period). There has been a technical change necessary to show the £11.1m local authority contribution for 2026/27 as part of spending growth (under the government and legislative category) rather than contribution to reserves (with previous contribution shown under removal of reserve contributions).

Currently, the Council is off track to meet either the in-year deficit reductions or the cumulative deficit targets set by DfE, Initially, this was caused by the delay to the establishment of two new special schools that DfE was building. This has been compounded by a combination of rising prices, continual demand for more specialist provision and increased demand for financial support in mainstream schools. The accumulated deficit at the end of 2025/26 is forecast to be £136.5m, with an in-year deficit for the year of £67.8m. These deficits are after the DfE and local authority Safety Valve contributions.

The Government has not confirmed whether future Safety Valve contributions will continue in line with the original agreement. This combined with being off target for the deficit reductions poses a significant risk that could materialise when the current statutory override (this precludes councils from funding DSG deficits form the general fund) expires in March 2028. 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. As part of these plans the Government intends that funding for SEND after March 2028 will be managed within the overall government departmental spending resource, albeit there is limited information how this will work other than an expectation that that local authorities would not have to top-up future SEND costs from the general fund as long as they can demonstrate they are taking steps to manage the system effectively.

The government also acknowledged as part of the Local Government Finance Settlement 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. This highlights the continued importance of implementing local SEND reforms, so that scarce resources can be most effectively targeted to those who most need it, rather than being spent on having to repay historic and accumulating deficits.

The statutory override mitigates the risk for SEND deficits in the short-term. However, to further mitigate the risks formal regular monitoring and reporting of the local deficit recovery action plan, highlighting any corrective action, remains critical to ensure the deficit is being tackled effectively. Members will need to support changes to SEND policy and services that help delivery this financial sustainability.

If councils are expected to make further contributions to address SEND deficits this would likely be the case for the majority of upper tier authorities in England and would pose a substantial sustainability risk for many councils. At this stage the assurance in this statement is on the presumption that the Government will find a solution towards dealing with (and accounting for) the accumulated deficit at the end of March 2028 when the current statutory override is due to end.

Risk 7 – Impact on the Medium-Term Financial Strategy
The Medium-Term Financial Strategy (MTFS) outlines the significant additional financial challenge to the authority in future years. The indicative future spending plans are not balanced within the additional funding from central Government in the multi-year settlement. This is currently presented as the funding gap although this includes no assumptions on future council tax levels. This is only acceptable on the understanding that Members will agree the necessary spending reductions (either from resisting growth or from savings), income generation or consideration of future council tax levels. Balancing the medium-term shortfalls from reserves would in all likelihood leave the Council with inadequate reserves. If these solutions are not identified and agreed as part of developing 2027/28 budget the Authority may need to seek Exceptional Financial Support from central Government.

In the medium to longer term the Council needs a sustainable plan, where spending growth is more closely aligned to Council priorities and available funding, as the scope for savings without significant changes to legislative requirements is limited.

The commitment of Members to meet the financial challenges ahead and take the decisions needed to ensure the finances of the authority remain robust into the future is welcomed.

Risk 8 – Tax Collection Rates
As the largest element of the Council's funding, there is a risk that less council tax or business rates is collected by the district councils in Kent than anticipated, which could adversely affect the County Council's financial standing and its ability to deliver vital services. There is sufficient in the smoothing reserve to cover the disappointing increase in the estimated council taxbase based on presumption that collection rates in the tax base estimate improve closer to the average of other councils in the future. However, if this becomes a sustained pattern, then the availability of resources within the medium-term financial plan will need to be revised downwards.

Risk 9 – Local Government reorganisation
In December 2024 the Government published its White Paper on English Devolution. Reforms to the structure of local government will have a significant impact on the County Council, the District Councils and the neighbouring unitary authority, subject to the Government's decision on future structure expected later this year. Any future local government reorganisation involving the County Council will need to ensure that the assessment and due diligence places a strong focus on financial stability for as long as the current authority continues to exist, alongside the financial resilience of all successor authorities. At this stage it is too soon to assess the impact of reorganisation on the Council's reserves although this will be kept under continued review.

Reserves
The draft budget includes an assumed net impact on the MTFP from the change in the use of reserves of -£13.5m in 2026/27 and of +£0.5m over the medium term 2026-29 on the core funded budget. The externally funded element includes a net impact of +£7.7m in 2026/27 and net impact of +£12.5m over the medium term 2026-29. The movement in reserves includes new contributions, drawdowns and removing previous year's drawdowns and contributions.

The planned total contributions to reserves of £48.8m includes £39.4m contribution to general reserves in 2026/27 (comprising £20.2m repayment of the amount drawn down to balance the 2024/25 outturn, £16.8m additional contribution towards the 5% to 10% target and £2.3m repayment of the drawdown in 2025/26 budget to balance the phasing of delivery of policy savings). The 2026/27 budget also includes £8.0m reinstatement of contributions to smoothing & major projects reserves to replace the use of capital receipts flexibility to fund Oracle Cloud project spending in 2025/26 that previously were planned to be funded from reserves. There are further indicative contributions to general reserves of £48.8m over 2027/28 and 2028/29 towards the 5% to 10% target.

The planned total drawdown of £29.8m from reserves in 2026/27 includes £16.0m from earmarked reserves considered no longer necessary for their original purpose, £8.0m from earmarked EPR reserve as revenue contribution to capital spending primarily on a waste transfer station, and £5.8m from local taxation equalisation reserve for lower than anticipated council taxbase estimate (on the presumption future collection rates improve). The impact on the MTFP from reserves also includes -£43.7m removal of previous contributions and +£11.2m removal of previous drawdowns.

Overall, the budget includes a net increase in reserves on the core budget in 2026/27 +£19.0m i.e. excluding removal of prior year's contributions and drawdowns. Within this there is an increase in general reserve and reduction in earmarked reserves. This net increase improves the overall financial resilience of the Authority although resilience will be reduced by any drawdown from general reserve to balance 2025/26 outturn.

As a result of the above, I have also undertaken a risk analysis of the adequacy of financial reserves, taking account the financial risks above. This resolution makes provision for this level of reserves. I am therefore of the view that this budget does provide for an adequate level of reserves for 2026/27 and over the medium-term.

Conclusions
The external auditor's latest assessment of the arrangements in place to assure value for money highlighted considerable improvements that have already been implemented in improving economy, efficiency and effectiveness, whilst noting that the Council needs to focus on the drivers of its forecast overspends (most significantly adult social care and High Needs spend), if it is to protect its reserves position in future years. This budget addresses those concerns and this assessment identifies appropriate mitigations.

So, to safeguard the Council's financial resilience and sustainability, in 2026/27 there will continue to need to be a relentless focus on financial management, cost avoidance, demand management and the delivery of the agreed savings, with all the necessary key decisions taken in a timely manner, and that there are no additional spending requests that would add to costs over and above budgeted levels, or repurposing of budget variances, without following due governance processes. It is likely this will require the retention of some spending controls.

The budget information used in preparing this budget resolution has undergone extensive scrutiny by Corporate Directors, Directors and their staff, alongside staff within the Finance Service and the Corporate Management Team collectively. In addition, there has been close working with and agreement by Members in preparing this draft budget

This revenue budget has been prepared on realistic assumptions in an uncertain environment and as such it represents a robust, albeit challenging, budget albeit with heightened risk.

Provided all the measures set out in the draft budget and medium-term plan are implemented, including:

- the delivery of the proposed revenue savings and income
- resisting future spending growth
- minimising the level of borrowing for the capital programme
- implementing council tax increases and precepts

then the Council will continue to demonstrate financial sustainability over the medium term (defined here as over the following two years), although there remains considerable uncertainty over the longer term.

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From: Linden Kemkaren, Leader of the Council
Brian Collins, Deputy Leader of the Council

To: County Council 12th February 2026

Subject: **Draft Revenue Budget 2026-27, 2026-29 MTFP and Draft Capital Programme 2026-36**

Classification: **Unrestricted**

Summary:
The draft budget proposals for the 2026-27 revenue budget, 2026-29 Medium Term Financial Plan 2026-36 Capital Programme were initially published on 8th 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. Scrutiny Committee received the full draft budget report and had the opportunity to scrutinise the overall financial position reflected in the draft proposals.

There were no proposed changes to the draft proposals during this Cabinet Committee and Scrutiny process.

An updated draft, which reflected some minor changes from the initial draft, was published on 21st January and endorsed by Cabinet on 29th January.

This report represents the final draft budget proposals to be presented to the annual County Council budget setting meeting on 12th February 2026. Changes in this final draft have been kept to a minimum and only relate to essential matters that could not be confirmed in previous drafts. This final draft includes final council tax base and collection fund balances (necessary for approving the final council tax precept), and the impact of the Personnel Committees recommendations on Kent Scheme pay award from 1 April 2026 (following the latest stages of pay bargaining). The Kent Scheme pay award needs to be approved as part of budget approval and the final recommendation allows scope for other changes to the draft spending and savings plans, including cancelling proposed review of car parking provision across the office estate and additional investment for modernisation of assets.

The final local government finance settlement is due to be published week commencing 9th February. Our expectation is that the final settlement will be broadly the same as the provisional settlement with some data correction and possibly some minor methodological changes.

The final local government finance settlement, final share of retained business rates and collection fund balances have not been received in time to include in this report and will be reported to and agreed by Cabinet in March as has become common practice in recent years. The report to March Cabinet will include any other material issues affecting the budget that have arisen since full Council approval.

This final draft budget replaces the previous drafts and represents the administration's final proposals and amounts for Council consideration and approval. The attached budget report continues to be set out in 8 separate sections, designed to make it easier to reference individual aspects of the key components of the budget setting process and main proposals. The details of the proposals are set in in appendices to the report.

Appendices A, B, D, E, and F of the final draft budget report set out the numerical presentation of the administration's updated final budget plans and are published in a format recommended by the Acting Section 151 Officer and agreed by the Leader as required under the Council's constitution and Financial Regulations. These are produced in the same format as previous drafts published for scrutiny. Appendix G (key service analysis) can only be produced as part of the final budget proposals. The other appendices include other vital information for approval of the budget.

Members are asked to refer to the final updated draft 2026-27 budget report published on 4th February for this meeting and not previous drafts.

Recommendations:

County Council, having given due regard to the s25 Report (published for consideration and noting as agenda item 5 of this meeting), is asked to agree the following:

2026-36 Capital Programme

(a) The 10-year Capital programme and investment proposals of £1,967m over the years from 2026-27 to 2035-36 together with the necessary funding and subject to approval to spend arrangements.

(b) The directorate capital programmes as set out in appendices A & B of the final draft budget report published on 4th February 2026.

2026-27 Revenue Budget and Medium Term Financial Plan

(c) The net revenue budget requirement of £1,648.1m for 2026-27.

(d) The directorate revenue budget proposals for 2026-27 and the 2026-29 medium term financial plan as set out in appendices D (high level 2026-29 plan), E (high level 2026-27 plan by directorate), F (individual spending, savings, income and reserves variations for 2026-29) and G (2026-27 key services) of the final draft budget report published on 4th February 2026.

2026-27 Council Tax

(e) To increase Council Tax band rates by 3.99% as set out in section 5 and appendix H of the final draft report published on 4th February 2026.

(f) The total Council Tax requirement of £1,041,352,757 to be raised through precepts on districts as set out in section 5 and appendix H in the final draft report published on 4th February 2026.

Kent Pay Scheme 2026-27

(g) Note the continuation of the transition of all Kent Scheme staff to the new pay structure agreed by County Council in May 2024.

(h) Agree to the Personnel Committee recommendations on the uplift and changes to Kent Pay Scheme pay scales and spinal points as set out in section 6.8 of the final draft budget report published on 4th February 2026.

Key Policies and Strategies

(i) The Reserves Policy as set out in appendix M of the final draft budget report published on 4th February 2026.

(j) The Treasury Management Strategy as set out in appendix N of the final draft report published on 4th February 2026, including the Treasury Management Prudential Indicators.

(k) The Investment Strategy for service/commercial investments as set out in appendix O in the final draft report published on 4th February 2026.

(l) The Capital Strategy to meet requirements of Prudential Code as set out in appendix P of the final draft report published on 4th February 2026 including the Capital Prudential Indicators.

(m) The Minimum Revenue Provision (MRP) Statement as set out in appendix Q of the final draft report published on 4th February 2026.

(n) The Flexible Use of Capital Receipts Strategy as set out in appendix R of the final draft report published on 4th February 2026.

(o) Fees and charges to continue to be reviewed in line with the policy agreed in the 2023-24 budget approval.

In addition:

(p) To delegate authority to the Section 151 Officer, in consultation with the Leader and Deputy Leader, to make any necessary technical adjustments and required amendments in line with relevant Treasury Management and Financial Policy arrangements, arising from the final funding announcement, retained Business Rates, and Business Rate Collection Fund balances, and to address minor technical or structural issues required for the final budget publication, provided these do not materially alter the approved budget. All changes will be reported to Cabinet via the appropriate governance process and will be reflected in the final approved version of the Budget Book when it is published at the end of March 2026.

(q) To note the information on the impact of the Final Local Government Finance Settlement, the County Council's share of retained business rates, and business rate collection fund balances on the revenue budget will be reported to and agreed by Cabinet once it has all been received.

(r) To note the ongoing and escalating cost pressures on the Council's budget alongside insufficient funding in the multi-year local government finance settlement and knock on requirement for savings and income in the final draft 2026-27 budget and 2026-29 medium term financial plan.

(s) To note that the planned use of reserves still ensures sufficient reserves are available in the short term with no immediate concerns triggering a Section 114 notice provided the use of these reserves is replaced with sustainable savings over the medium term.

(t) To note the rate of recent drawdown from reserves and potential drawdown to balance 2025-26 outturn is still cause for serious concern and reserves will still need to be maintained ahead of decisions on Local Government Reorganisation. Further unplanned drawdowns would weaken resilience and should only be considered as a last resort with an agreed strategy to replenish reserves at the earliest opportunity.

(u) To note that the draft budget includes no assumption of potential structural changes under Local Government Reorganisation or any provision for additional costs of reorganisation. Any such costs incurred by KCC would need to be funded through the savings from reorganisation over the pay back period including any temporary borrowing costs.

All Members of the County Council are respectfully reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to a matter relating to, or which might affect, the calculation of council tax.

Any Member of a Local Authority who is liable to pay council tax, and who has any unpaid council tax amount overdue for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must not cast their vote on anything related to KCC's Budget or council tax.

2. Contact details

Report Author(s)
- Dave Shipton (Acting Section 151 officer and Head of Finance Policy, Planning and Strategy)
- 03000 419418
- dave.shipton@kent.gov.uk

- Cath Head (Head of Finance Operations)
- 03000 416934
- cath.head@kent.gov.uk

Relevant Corporate Director:
- Amanda Beer (Chief Executive)
- 03000 415835
- amanda.beer@kent.gov.uk

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 the 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 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[1] in 2026-27 of £1,648.1m - an increase of £116.9m on 2025-26 (7.6%), of which:

- Adult social care £787.5m (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 £112.7m (6.8% of budget) (1.7% reduction)
- Non-Attributable (mainly net Debt costs) and Corporately Held budgets £109.5m (6.6% of budget) (1.8% reduction)

Funding sources in 2026-27 of £1,648.1m i.e. balanced, of which:

- Council tax inc. collection fund £1,048.5m (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 £105.3m for 2027-28 (6.4%) 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)	£7.6m	£10.5m
Shortfall in government settlement	**£54.2m**	**£42.1m**
Council Tax charge increase	Nil	Nil

[1] 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 received 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 were asked to make recommendations to the Executive. The Scrutiny committee were asked to consider and make recommendations on the whole council budget at the meeting on 22nd January 2026. The final draft budget was reported to and endorsed by Cabinet on 29th January 2026 ahead of full Council budget meeting on 12th 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 the 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 5th August to 29th 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 1st 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 31st 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 had been based had 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 20th June to 15th 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 20th 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 17th 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[2] 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

[2] 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 20027-28 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
Included in CSP					
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
Total Grants in CSP	**535.940**	**595.404**	**+59.464**	**638.878**	**681.679**
Other Consolidated Grants outside CSP					
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).

4.7 The government is expected to publish the final local government finance settlement week commencing 9th February. We do not expect wholesale changes from the provisional settlement, however there is likely to be some minor data corrections and there may also be slight methodological changes. Any impact from the final settlement will be reported to Cabinet in March.

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%.

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[3]. 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. Appendix G provides, by directorate, the 2026-27 proposed budgets, showing gross spending, income and net spending for each key service budget line.

[3] Changes in retained business rates can only be included following receipt of details from collection authorities. This information has not been received in time for the publication of County Council budget papers and will therefore be reported to Cabinet in March (along with details of the final local government finance settlement).

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

Table 2 (Core only)	Initial Draft 8 Jan £m	Updated Draft for Cabinet 29 Jan £m	Final Draft for County Council £'m	Change (Final vs Initial Draft) £m	Notes
Spending Growth	+179.5	+180.0	+178.0	-1.5	1 & 2
Removal of Savings	+28.0	+28.0	+28.0	0.0	
New and FYE Savings	-61.7	-62.0	-62.0	-0.3	
New and FYE Income	-14.6	-14.6	-13.6	+1.0	
Reserves	-14.7	-14.8	-13.5	+1.2	1
Council Tax & collection funds	-50.3	-50.3	-50.7	-0.3	
Government Settlement inc. Business Rates	-66.2	-66.2	-66.2	0.0	2
Balanced	0.0	0.0	0.0	0.0	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 £178.0m). 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 £27.6m 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 (as set out in the flexible use of capital receipts strategy at appendix R) 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.

6.8 The draft budget includes provision for Kent Scheme pay sufficient to fund the continuation of transition to the new pay points under the pay strategy agreed by full Council in May 2024 and the following uplifts, recommended by Personnel Committee who met on 29th January 2026, to be applied from 1st April 2026:

- Increase the minimum rate for grade KSA to £13.56 per hour (6.75% increase) to maintain the current positive differential from Living Wage Foundation's Living Wage (+11 pence per hour). This will exceed the minimum requirement for the National Minimum Wage of £12.71 per hour for employees aged over 21.
- A minimum general increase of 3.8% for other pay grades, with tapered increases between KSB and KSF between 6.75% and 3.8%.

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. The Treasury Management Strategy, capital strategy and investment strategy are included as appendices to this final draft for County Council.

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.

Full List of Appendices

	Appendix Description
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, saving, income and reserves changes
G	Proposed 2026-27 directorate budgets by Key Service
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
P	Capital strategy
Q	Annual minimum revenue provision (MRP) statement
R	Flexible use of capital receipts strategy

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 (8th July – item 7)
Fair Funding 2.0 Consultation (10th September – item 6)
Budget Planning Update (13th November – item 8)

Cabinet
Revenue and Capital Budget Forecast Outturn Report – Quarter 1 (25th September – item 5)
Revenue and Capital Budget Forecast Outturn Report – Quarter 2 (19th November – item 5)
Revenue and Capital Budget Forecast Outturn Report – Quarter 3 (29th January – item 4)

Governance and Audit Committee
Treasury Management Outturn 2024-25 (3rd July – item 16)
Treasury Management Mid-Year Update (26th November – item 7)
Treasury Management Mid-Year Update - updated appendices 1 and 2 (26th November – item 7)
Draft Statement of Accounts & Annual Governance Statement 2024-25 (30 October- item 6)
Annual Governance Statement 2024-25 (30th 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 (20th March 2025 – item 13)
Corporate Risk Register (28th January 2026 – item 7)

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	**Total Rolling Programmes [3]**		**95,000**		**9,500**	**9,500**	**9,500**	**9,500**
	Other Projects							
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	**Total Individual Projects**		**8,390**	**2,750**	**5,640**	**0**	**0**	**0**
7	**Total - Children, Young People & Education**		**103,390**	**2,750**	**15,140**	**9,500**	**9,500**	**9,500**

[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 & 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	**Total Rolling Programmes [3]**		**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**
	Other Projects							
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	**Total Individual Projects**		**0**	**0**	**0**	**0**	**0**	**0**
7	**Total - Children, Young People & Education**		**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**

[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 & 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
	Environment & Circular Economy							
1	Country Parks Access and Development	Improvements and adaptations to country parks	740		110	70	70	70
	Growth & Communities							
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
	Transportation							
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	**Total Rolling Programmes [3]**		**1,183,333**		**90,956**	**102,579**	**111,305**	**125,499**
	Growth & Communities							
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 & 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
	Environment & Circular Economy							
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 Ebbsfeet	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

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

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	Departrment 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	Departrment 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 o

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	**Total Rolling Programmes [3]**		**179,467**		**32,835**	**19,637**	**13,945**	**16,150**
	Basic Need Schemes - to provide additional pupil places:							
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
				Year 1	Year 2	Year 3	Year 4	Year 5
			£000s	£000s	£000s	£000s	£000s	£000s
Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State								
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
Potential Forthcoming Projects								
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	**Programme of Waste Site Infrastructure Requirements:**							
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			
	Total Potential Forthcoming Projects		**1,916,282**	**143,969**	**211,068**	**242,237**	**278,237**	**229,197**

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
Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State							
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
Potential Forthcoming Projects							
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	**Programme of Waste Site Infrastructure Requirements:**						
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					
	Total Potential Forthcoming Projects		**171,057**	**152,941**	**155,873**	**162,416**	**169,287**

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

							INDICATIVE FOR PLANNING PURPOSES					
2025-26 restated				2026-27			2027-28			2028-29		
Core	External	Total		Core	External	Total	Core	External	Total	Core	External	Total
£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
1,429,506.8	0.0	1,429,506.8	Original base budget	1,531,279.8	0.0	1,531,279.8	1,648,138.2	0.0	1,648,138.2	1,699,194.7	0.0	1,699,194.7
-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	1,648,138.2	0.0	1,648,138.2	1,699,194.7	0.0	1,699,194.7
			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	12,805.3	164.7	12,970.0	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	15,051.7	12,429.3	27,481.0	-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**	**177,971.5**	**6,664.8**	**184,636.3**	**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	-11,942.8	243.3	-11,699.5	-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**	**-47,626.5**	**-163.5**	**-47,790.0**	**-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**	**-47,626.5**	**-14,397.0**	**-62,023.5**	**-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	-13,579.6	0.0	-13,579.6	-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**		**-47,626.5**	**-14,397.0**	**-62,023.5**	**-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***	***-87,574.2***	***-14,971.2***	***-102,545.4***						

* 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	External	Total		Core	External	Total	Core	External	Total	Core	External	Total
£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
			RESERVES									
43,240.9	14,200.0	57,440.9	Contributions to Reserves	48,826.9	0.0	48,826.9	23,800.0	0.0	23,800.0	25,000.0	0.0	25,000.0
-34,545.8	-10,640.0	-45,185.8	Removal of prior year Contributions	-43,665.9	-14,200.0	-57,865.9	-40,805.9	0.0	-40,805.9	-23,800.0	0.0	-23,800.0
-11,178.6	-26,695.4	-37,874.0	Drawdowns from Reserves	-29,826.2	-4,763.2	-34,589.4	-300.0	-1,106.4	-1,406.4	0.0	-18.1	-18.1
14,877.4	1,271.9	16,149.3	Removal of prior year Drawdowns	11,178.6	26,695.4	37,874.0	29,826.2	4,763.2	34,589.4	300.0	1,106.4	1,406.4
12,393.9	-21,863.5	-9,469.6	**TOTAL RESERVES**	**-13,486.6**	**7,732.2**	**-5,754.4**	**12,520.3**	**3,656.8**	**16,177.1**	**1,500.0**	**1,088.3**	**2,588.3**
102,609.6	**-836.6**	**101,773.0**	**NET CHANGE**	**116,858.4**	**0.0**	**116,858.4**	**105,304.6**	**0.0**	**105,304.6**	**95,458.0**	**0.0**	**95,458.0**
			UNRESOLVED BALANCE: Deficit (-ve) / Surplus (+ve)				-54,248.1	0.0	-54,248.1	-42,139.7	0.0	-42,139.7
1,531,279.8	**0.0**	**1,531,279.8**	**NET BUDGET**	**1,648,138.2**	**0.0**	**1,648,138.2**	**1,699,194.7**	**0.0**	**1,699,194.7**	**1,752,513.0**	**0.0**	**1,752,513.0**
12,260.4		12,260.4	Grant adjustment (rolled into settlement in 2026-27)									
1,543,540.2	**0.0**	**1,543,540.2**	**RESTATED NET BUDGET (FOR 2025-26 ONLY)**									
			MEMORANDUM:									
			The net impact on our reserves balances is:									
43,240.9	14,200.0	**57,440.9**	Contributions to Reserves	48,826.9	0.0	**48,826.9**	23,800.0	0.0	**23,800.0**	25,000.0	0.0	**25,000.0**
-11,178.6	-26,695.4	**-37,874.0**	Drawdowns from Reserves	-29,826.2	-4,763.2	**-34,589.4**	-300.0	-1,106.4	**-1,406.4**	0.0	-18.1	**-18.1**
32,062.3	**-12,495.4**	**19,566.9**	**Net movement in Reserves**	**19,000.7**	**-4,763.2**	**14,237.5**	**23,500.0**	**-1,106.4**	**22,393.6**	**25,000.0**	**-18.1**	**24,981.9**

RESERVES FOOTNOTES:

The contributions to reserves in 2025-26 of £43,240.9k included an annual base contribution to Highways Renewals reserve of £400k, as this is a recurring annual contribution it is not included in the -£43,665.9k removal in 2026-27 of prior year contributions. In addition, the -£43,665.9k removal in 2026-27 includes the removal of an historic £800k annual contribution to major projects transformation reserve and the removal of £25k historic contribution to Vehicle, Plant & Equipment (Members IT) renewals reserve, which were not included in the 2025-26 contributions figure of £43,240.9k as they were already in the base budget. (-£43,240.9k +£400k -£800k -£25k= -£43,665.9k)

The £48,826.9k contribution to reserves in 2026-27 includes the reinstatement of the annual £8,021k corporate contributions to reserves following a one-year payment holiday in 2025-26 facilitated by funding Oracle Cloud expenditure from flexible use of capital receipts instead of reserves. As this is a recurring contribution it is not included in the 2027-28 removal of prior years contributions figure of -£40,805.9k. (-£48,826.9k + £8,021k = -£40,805.9k)

2025-26 restated				2026-27			INDICATIVE FOR PLANNING PURPOSES 2027-28			2028-29		
Core	External	Total		Core	External	Total	Core	External	Total	Core	External	Total
£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
			Funding per the Provisional Local Government Finance Settlement & Local Taxation									
		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									
		149,107.7	Business Rate Top-up Grant									
		61,701.3	Local Authority Better Care Grant *(2027-28 & 2028-29 currently not separated from RSG in the 3 year settlement)*			61,701.3						
		50,978.6	Business Rates Compensation Grant									
		1,926.7	New Homes Bonus									
		10,072.7	Employer National Insurance Contributions Grant									
		57,228.0	Retained Business Rates Baseline *			294,565.1			301,321.9			307,400.6
			Fair Funding Allocation			**569,660.0**			**613,134.2**			**659,102.7**
			*** Memorandum:**			**294,565.1**						
			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
		6,759.8	Children's Social Care Prevention Grant									
			Families First within Children, Families & Youth grant			21,712.5			21,712.5			18,544.6
		7,619.1	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			1,041,352.8			1,051,766.3			1,062,284.0
		3,209.9	Council Tax Collection Fund			7,131.2			4,300.0			4,300.0
		1,531,279.8	**Total Funding**			**1,648,138.2**			**1,699,194.7**			**1,752,513.0**
			# Memorandum - Business Rates Precept:									
			Baseline Local Share, Growth in Local Share and Renewable Energy/Designated Areas are received via the Kent District Councils			**83,980.4**						
			GRANT ADJUSTMENT:									
		6,247.7	Grants rolling into RSG from 2026-27									
		6,012.7	Other Grants rolling into Core Spending Power from 2026-27 (Supporting Families)									
		1,543,540.2	**Restated Total Funding (for 2025-26 only)**									

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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	639.4	0.0	-5,873.3	0.0	-5,873.3	0.0	0.0	0.0	32,047.0	0.0	32,047.0	-26,817.2	0.0	4.1
Revised Base	**1,531,279.8**	**0.0**	**1,531,279.8**	**709,362.7**	**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**	**55,807.5**	**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	12,805.3	164.7	12,970.0	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	12,000.0
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	15,051.7	12,429.3	27,481.0	385.0	3,113.5	8,939.9	0.0	8,939.9	12,304.7	9,315.8	21,620.5	1,388.5	0.0	1,388.5	-7,966.4	0.0	0.0
TOTAL SPENDING	**177,971.5**	**6,664.8**	**184,636.3**	**89,804.5**	**4,484.6**	**50,181.3**	**-8,567.7**	**41,613.6**	**21,710.8**	**11,078.8**	**32,789.6**	**2,587.4**	**-330.9**	**2,256.5**	**-7,258.0**	**11,086.4**	**9,859.1**
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	-11,942.8	243.3	-11,699.5	-8,000.2	243.3	-3,024.9	0.0	-3,024.9	-417.7	0.0	-417.7	0.0	0.0	0.0	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	**-47,626.5**	**-163.5**	**-47,790.0**	**-11,656.3**	**-163.5**	**-18,018.7**	**0.0**	**-18,018.7**	**-3,303.4**	**0.0**	**-3,303.4**	**-4,555.5**	**0.0**	**-4,555.5**	**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	**-47,626.5**	**-14,397.0**	**-62,023.5**	**-11,656.3**	**-2,516.8**	**-18,018.7**	**-1,132.3**	**-19,151.0**	**-3,303.4**	**-11,078.8**	**-14,382.2**	**-4,555.5**	**330.9**	**-4,224.6**	**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	-13,579.6	0.0	-13,579.6	-8,000.2	0.0	-3,024.9	0.0	-3,024.9	-2,054.5	0.0	-2,054.5	0.0	0.0	0.0	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
	-47,626.5	**-14,397.0**	**-62,023.5**	**-11,656.3**	**-2,516.8**	**-18,018.7**	**-1,132.3**	**-19,151.0**	**-3,303.4**	**-11,078.8**	**-14,382.2**	**-4,555.5**	**330.9**	**-4,224.6**	**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	***-87,574.2***	***-14,971.2***	***-102,545.4***	***-39,974.9***	***-2,760.1***	***-19,381.1***	***-1,132.3***	***-20,513.4***	***-4,940.2***	***-11,078.8***	***-16,019.0***	***-4,555.5***	***0.0***	***-4,555.5***	***-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	48,826.9	0.0	48,826.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	48,826.9	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	-29,826.2	-4,763.2	-34,589.4	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	-21,756.2	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	**-13,486.6**	**7,732.2**	**-5,754.4**	**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**	**-5,460.7**	**0.0**
NET CHANGE (excl internal base adjustments)	**116,858.4**	**0.0**	**116,858.4**	**78,148.2**	**0.0**	**32,162.6**	**0.0**	**32,162.6**	**10,557.4**	**0.0**	**10,557.4**	**-2,059.0**	**0.0**	**-2,059.0**	**95.2**	**-9,937.1**	**7,891.1**
NET BUDGET	**1,648,138.2**	**0.0**	**1,648,138.2**	**787,510.9**	**0.0**	**422,958.0**	**0.0**	**422,958.0**	**215,502.7**	**0.0**	**215,502.7**	**56,797.1**	**0.0**	**56,797.1**	**55,902.7**	**99,934.8**	**9,532.0**

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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	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. 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. FA&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&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.	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	Human Resources	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
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
TOTAL BASE BUDGET CHANGES					**40,562.8**	**4,000.0**	**0.0**		

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
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	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
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	Environment	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
TOTAL REDUCTION IN GRANT INCOME					**12,257.3**	**0.0**	**0.0**		

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
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.	16,600.0	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
TOTAL PAY					**12,805.3**	**10,346.8**	**13,849.8**		
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

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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
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 recieves 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
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

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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
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
TOTAL PRICES					**28,241.4**	**32,027.4**	**30,649.2**		
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. The Council will operate a Sustainability Fund to support the discharge of the Council's market shaping and sustainability duties under section 5 of the Care Act 2014, through targeted, proportionate and time-limited interventions where there is clear evidence of risk to the sustainability of the adult social care market or continuity of care, and will be deployed subject to affordability and appropriate governance arrangements	15,671.5	15,778.7	15,778.7	Adults and Older People	Core
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 - Short Term Support	107.2	0.0	0.0	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

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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
TOTAL DEMAND & COST DRIVERS - COST					**27,440.8**	**31,568.0**	**25,223.4**		
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
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
TOTAL DEMAND & COST DRIVERS - DEMAND					**30,295.2**	**30,059.8**	**29,233.7**		
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

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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
TOTAL GOVERNMENT & LEGISLATIVE					**11,317.0**	**2,387.0**	**2,615.9**		
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
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

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Service Strategies & Improvements	GET	Paul King	Waste	This is a spend to save initative 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 initatives - Improving waste systems, through supporting the districts to increase the performance of Kerbside recycling schemes - Infrastructure improvement and development to enable maximum opportunites 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
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

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Service Strategies & Improvements	CED	Brian Collins	KCC Estate - Maintenance	Essential maintenance of our operational buildings to keep them open	500.0	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
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**15,051.7**	**-4,407.3**	**9,492.7**		
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
TOTAL BASE BUDGET CHANGES					**89.8**	**0.0**	**0.0**		
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
TOTAL PAY					**164.7**	**153.4**	**144.2**		
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
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
TOTAL PRICES					**918.5**	**1,056.2**	**1,071.1**		
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
TOTAL DEMAND & COST DRIVER - DEMAND					**50,400.0**	**-26,000.0**	**-11,600.0**		
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

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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
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 Elelctric 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 Toothbrusing Programme for 3-5 year olds	198.1	0.0	0.0	Public Health	External
TOTAL GOVERNMENT & LEGISLATIVE					**-57,337.5**	**39,998.0**	**-13,784.5**		
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 Clincal 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

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
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
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	**177,971.5**	**105,981.7**	**111,064.7**	
EXTERNAL	**6,664.8**	**12,010.6**	**-24,792.2**	
TOTAL	**184,636.3**	**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	Realignment of the unachieveable Transformation saving - Reduction in Residential and Nursing Placements. This saving has been made in part but not in full and therefore the rest is being realigned	163.2	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Realignment of the unachieveable Transformation saving - In-House Short Term Beds (Maximisation). This saving has been made in part but the rest is being realigned	173.6	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care Service Redesign	Realignment of the unachieveable Transformation saving - 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	Realignment of the unachieveable Transformation saving - Reviews: First Reviews (assumes 5% current rate is 2.7%). This saving has been made in part but not in full and therefore the rest is being realigned	747.4	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Diane Morton	Adult Social Care - Service Redesign	Realignment of the unachieveable Transformation saving - 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	Realignment of the unachieveable Transformation saving - Reviews: Ongoing Reviews. This saving has been made in part but not in full and therefore the rest is being realigned	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
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

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	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
TOTAL TRANSFORMATION - FUTURE COST INCREASE AVOIDANCE					**-7,703.4**	**-3,410.6**	**-6,720.2**		
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 - SPRCA Division	-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 CED 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
TOTAL TRANSFORMATION - SERVICE TRANSFORMATION					**-3,088.4**	**-1,489.3**	**-2,113.2**		
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

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	A new Older People Residential & Nursing (OPRN) contract is planned for Quarter 2/3 which will introduce a new sustainable pricing model. Ahead of implementation ASC are managing cost pressures during the transition period ensuring affordability of all new placements until the new contract is mobilised.	-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
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	Paul Webb	Growth, Environment & Transport staffing	Review of staffing budgets across GET - Growth and Communities	-380.0	0.0	0.0	Management, Support services & Overheads	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	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 incuding 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
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 effcieincies when the contract for the provision of the Contact Centre is renewed	-290.0	0.0	0.0	Community Services	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	DCED	Brian Collins	Human Resources	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 following assessment of ongoing service requirements	-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
TOTAL EFFICIENCY					**-8,281.6**	**-2,648.8**	**-371.9**		
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 receieved 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
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

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
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	-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)	1,636.8	0.0	0.0	Waste	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
TOTAL INCOME					**-11,942.8**	**-7,848.9**	**-6,989.8**		
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

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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
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
TOTAL FINANCING					**-7,041.8**	**7,970.0**	**71.5**		
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

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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
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
Policy	GET	Paul King	Country Parks	Income generation initiatives in 25/26 were even more successful than projected, providing an opportunity to build on these further in 26/27 whilst also increasing service efficiency. Additional opportunities to reduce the cost of county parks to the authority will also be explored to include looking at (but not limited to): · Closure of public spaces for income generating private events and functions · Private / non-public sector investment arrangements for carbon offsetting, habitat banking or Biodiversity Net Gain (BNG).	-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

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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
Policy	TBC	TBC	Future Savings under Development	Future Savings under Development	0.0	-1,274.8	-308.0	TBC	Core
TOTAL POLICY					**-9,568.5**	**-5,769.8**	**-983.1**		
Transformation - Service Transformation	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Healthy Lifestyles transformation saving	-406.8	0.0	0.0	Public Health	External
TOTAL TRANSFORMATION - SERVICE TRANSFORMATION					**-406.8**	**0.0**	**0.0**		
Income	Public Health	Diane Morton	Public Health	Reduction in Public Health External Income	243.3	0.0	0.0	Public Health	External
TOTAL INCOME					**243.3**	**0.0**	**0.0**		
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
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 revenus 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					**-47,626.5**	**-13,197.4**	**-17,106.7**		
EXTERNAL					**-14,397.0**	**-15,667.4**	**23,703.9**		
TOTAL					**-62,023.5**	**-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	16,840.1	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
Contributions to reserves	NAC	Brian Collins	Local Taxation Equalisation - Council Tax Collection Fund	Contribution to the Local Taxation Equalisation smoothing reserve of the Council Tax Collection Fund surplus above the budget assumption of a £5.7m surplus	1,431.2	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL CONTRIBUTIONS TO RESERVES					**48,826.9**	**23,800.0**	**25,000.0**		
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 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	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	Local Taxation Equalisation - Council Tax Collection Fund	Removal of prior year contribution to the Local Taxation Equalisation smoothing reserve of the Council Tax Collection Fund surplus above the budgeted assumption	0.0	-1,431.2	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	-16,840.1	-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

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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 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
TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS					**-43,665.9**	**-40,805.9**	**-23,800.0**		
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	-5,756.2	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
TOTAL DRAWDOWNS FROM RESERVES					**-29,826.2**	**-300.0**	**0.0**		
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 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	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	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	5,756.2	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
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

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
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					**11,178.6**	**29,826.2**	**300.0**		
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
TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS					**-14,200.0**	**0.0**	**0.0**		
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 resreves 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
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
TOTAL DRAWDOWNS FROM RESERVES					**-4,763.2**	**-1,106.4**	**-18.1**		
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

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	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 - Workforce Development	Removal of reserves drawdown for Making Every Contact Count (MECC) Trainer	0.0	28.7	0.0	Public Health	External
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 - Healthy Lifestyles	Removal of drawdown from reserves to fund Healthy Lifestyles Innovation Project	0.0	50.0	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 - 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 - 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 - 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 - 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 - 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 - 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 - 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 - 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 - Healthy Lifestyles	Removal of reserves drawdowns relating to Healthy Lifestyles transformation costs	0.0	1,400.0	0.0	Public Health	External
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					**26,695.4**	**4,763.2**	**1,106.4**		

CORE	**-13,486.6**	**12,520.3**	**1,500.0**	
EXTERNAL	**7,732.2**	**3,656.8**	**1,088.3**	
TOTAL	**-5,754.4**	**16,177.1**	**2,588.3**	

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APPENDIX G - DIRECTORATE & FUNDING (PROPOSED BUDGET)

Revenue Spending

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Directorate	Directorate Abbreviation	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s
1	709,362.7	Adult Social Care and Health	**ASCH**	121,089.3	1,004,602.5	**1,125,691.8**	-234,674.9	-103,506.0	**787,510.9**
2	390,795.4	Children, Young People & Education (excluding Schools' Delegated Budgets)	**CYPE**	186,002.7	891,478.3	**1,077,481.0**	-73,508.2	-581,014.8	**422,958.0**
3	0.0	Schools' Delegated Budgets	**CYPE**	649,776.6	177,468.0	**827,244.6**	-46,805.9	-780,438.7	**0.0**
4	204,945.3	Growth, Environment and Transport	**GET**	72,460.7	235,078.8	**307,539.5**	-71,600.8	-20,436.0	**215,502.7**
5	58,856.1	Chief Executive's Department	**CED**	40,519.3	80,649.7	**121,169.0**	-35,355.3	-29,016.6	**56,797.1**
6	55,807.5	Deputy Chief Executive's Department	**DCED**	20,519.6	40,199.0	**60,718.6**	-4,541.9	-274.0	**55,902.7**
7	109,871.9	Non Attributable Costs	**NAC**	1,662.7	130,854.1	**132,516.8**	-32,573.0	-9.0	**99,934.8**
8	1,640.9	Corporately Held Budgets (to be allocated)	**CHB**	9,532.0	0.0	**9,532.0**	0.0	0.0	**9,532.0**
9	**1,531,279.8**	**Budget Requirement**		**1,101,562.9**	**2,560,330.4**	**3,661,893.3**	**-499,060.0**	**-1,514,695.1**	**1,648,138.2**
10	1,531,279.8	Budget Requirement (excluding Schools' Delegated Budgets)		451,786.3	2,382,862.4	2,834,648.7	-452,254.1	-734,256.4	1,648,138.2

Funded By

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Funding Category	Source	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s
11	-15,680.3	Revenue Support Grant (RSG)	Grants					-213,393.6	**-213,393.6**
12	-61,701.3	Local Authority Better Care Grant	Grants					-61,701.3	**-61,701.3**
13	-50,978.6	Business Rate Compensation Grant	Grants						
14	-137,143.6	Social Care Grant	Grants						
15	-26,969.4	Adult Social Care Market Sustainability and Improvement Fund	Grants						
16	-1,926.7	New Homes Bonus	Grants						
17	-10,072.7	Employer National Insurance Contributions Grant	Grants						
18	-149,107.7	Business Rate Top-Up Grant	Grants					-214,835.2	**-214,835.2**
19	-57,228.0	Business Rates Baseline Local Share	Local Taxation				-79,729.9		**-79,729.9**
20		**Fair Funding Allocation Subtotal**							**-569,660.0**
21	-4,031.2	Domestic Abuse Safe Accommodation Grant	Grants					-4,031.2	**-4,031.2**
22	-6,759.8	Children's Social Care Prevention Grant	Grants						
23		Families First within Children, Families & Youth grant	Grants					-21,712.5	**-21,712.5**
24	-12,182.9	Local Share of Business Rates including Renewable Energy & Collection Fund	Local Taxation				-4,250.5		**-4,250.5**
25	-997,497.6	Council Tax income including Collection Fund	Local Taxation				-1,048,484.0		**-1,048,484.0**
26	**-1,531,279.8**	**Total Funding**		**0.0**	**0.0**	**0.0**	**-1,132,464.4**	**-515,673.8**	**-1,648,138.2**

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s			2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s
27	**0.0**	**Total Budget**		**1,101,562.9**	**2,560,330.4**	**3,661,893.3**	**-1,631,524.4**	**-2,030,368.9**	**0.0**

Adult Social Care & Health (ASCH)

Revenue Budget for 2026-27 **£787.5m**
Capital Budget for next 10 years **£3.0m**
Full Time Equivalent (FTE) staff* **2,487.9**

Our vision, co-produced with people that access adult social care in Kent, is: "Making a positive difference every day, supporting you to live as full and safe a life as possible and make informed choices." We continue to work together with people who draw on support, our workforce and our wider partners to drive the best possible outcomes for people in Kent and maintain a high quality and sustainable social care offer.

In line with our Care Act duties, we continue to focus on the strengths of people, families and carers to promote independence and empower communities. We will provide access to person-centred support through our sustainable in-house, and affordable commissioned providers. Through the co-production and development of our five-year Making a Difference Every Day Adult Social Care Strategy, we have been able to reflect, refocus and reset our ways of working, allowing us to reposition and equip ourselves to reach our ambition of being "best in class" for adult social care, whilst maintaining a financially sustainable offer on behalf of all Kent's residents . We also have a responsibility to ensure our workforce is representative of the communities they support, and to achieve this we embed a work environment which is inclusive and reflects the ambition of the whole council to be an employer of choice.

Adult Social Care is a key partner across the Health and Social care partnership throughout Kent and Medway with valuable input from people with lived experience, carers, members of the public, partner organisations and colleagues across our directorate, we have already:

• Developed a clear view of our key strengths and areas for improvement within our practice – Right Person, Right Package, Right Price.

• Agreed on what sustainable success for adult social care will look like in the future

• Built our strategy delivery plan to prioritise immediate actions, set medium- and longer-term objectives and identify key opportunities for continuous improvement.

The Adult Social Care and Health (ASCH) directorate consists of five divisions:

The **Adult Social Care (short-term support)** division includes the social care staff providing early intervention and enablement support for all adults with care and support needs. The move to a place-based way of working requires a more preventative and responsive service with a greater emphasis at short-term interventions and therapies at the initial point of contact. Adult Social Care Connect, Short Term Pathways, Occupational Therapy and Sensory teams achieve this through closely working with local communities, partners, and Public Health and commissioning colleagues to deliver care and support that empowers people in their communities. There are also some in-house services such as short-stay residential services for older people and enablement services within this division.

The **Adult Social Care (long-term support)** division includes the social care staff providing the assessment of community care needs and safeguarding work required to support all adults with care and support needs. The vision and strategic direction for Adult Social Care is to have a place-based structure and is achieved via community teams that work with local communities, partners, Public Health and commissioning colleagues to deliver care and support that empowers people in their communities. The division also includes in-house services such as short-break residential services for people with learning disabilities, community services, and shared lives.

Strategic Commissioning (Integrated and Adults) (SCIA) is responsible for planning and commissioning adult care and support services to meet assessed needs and improve outcomes, in line with the Council's statutory duties. The division works with internal teams and external partners to secure sufficient, appropriate and high-quality care and support across the county. It focuses on promoting independence, prevention and continuity of care, and on ensuring services are available to meet current and future need. Strategic Commissioning also oversees market shaping and contract arrangements in accordance with the Care Act 2014, manages commissioning budgets, and ensures public resources are used effectively to support people who draw on care and support.

Strategic Management and Directorate Budgets (SMDBA) incorporates the costs of the Strategic Management Team. The division also covers areas such as innovation, stakeholder engagement and co-production.

The **Public Health Division (PH)**'s goal is work with all partners to improve and protect the health and wellbeing of Kent's residents. Public Health has three overarching aims: to improve the health of the Kent population, to protect the health of the Kent population, and to improve the equity and quality of health and care services. With these public health goals and actions in place we will not only improve the health and wellbeing of the people of Kent, but also reduce the need for expensive acute interventions, which will ultimately reduce the pressure and demand on other KCC services, and the wider public sector.

**FTE is as per December 2025 data*

Sarah Hammond

Interim Corporate Director Adult Social Care & Health

APPENDIX G - KEY SERVICE STATEMENT (PROPOSED BUDGET)

Adult Social Care and Health

Interim Corporate Director: Sarah Hammond

Strategic Management & Directorate Support (ASCH)

Interim Corporate Director: Sarah Hammond

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
1	4,058.3	Innovation and Partnership	1,693.1	3,844.3	**5,537.4**	-1,413.7	0.0	**4,123.7**	Services supporting involvement and information, innovation, research, and sector workforce development to shape and improve services through co-production, digital and technology, evidence-based practices, and strengthened partnerships.
2	5,131.3	Strategic Management & Directorate Support (ASCH)	771.7	4,188.5	**4,960.2**	-233.2	0.0	**4,727.0**	Central Directorate costs including the costs of the Corporate Director, Directors, and associated Officers
3	**9,189.6**	**Total - Strategic Management & Directorate Support (ASCH)**	**2,464.8**	**8,032.8**	**10,497.6**	**-1,646.9**	**0.0**	**8,850.7**	

Adult Social Care (short-term support)

Director: Michael Thomas-Sam

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
4	1,329.5	Adaptive & Assistive Technology	0.0	10,868.8	**10,868.8**	-8,544.1	0.0	**2,324.7**	Technology enabled care that supports innovative use of technology to improve outcomes and empower people to manage their care in a way that is right for them. Occupational Therapy Services working in partnership with Health to provide equipment to support people to lead a full life
5	15,451.3	Adult Case Management & Assessment Services (short-term support)	15,980.3	1,016.6	**16,996.9**	-1,423.2	0.0	**15,573.7**	Social care staffing providing assessment of needs and ongoing support for vulnerable adults and older people
6	7,738.1	Adult In House Enablement Services	15,975.9	6,371.6	**22,347.5**	-8,892.8	-5,584.9	**7,869.8**	In-House Community-Based Enablement Services to maximise individuals' indpendence and support people to return to living more independently in their community
7	166.4	Adult Social Care - Divisional Management & Support	161.4	5.0	**166.4**	0.0	0.0	**166.4**	Divisional management costs enabling the business to achieve its strategic aims
8	10,400.7	Adult Social Care - Divisional Business Support	9,897.7	768.0	**10,665.7**	-235.2	0.0	**10,430.5**	The Business Support Divisional budget provides for the business support and administrative costs for the entirety of Adult Social Care Operations (both long term and short term support).
9	266.0	CONTEST and Serious Organised Crime (SOC)	470.2	2.0	**472.2**	0.0	-206.2	**266.0**	Services hosted within the Adult Social Care & Health directorate which provide support to the whole authority on Serious Organised Crime (SOC) and counter-terrorism.
10	910.5	Independent Living Support	995.1	297.6	**1,292.7**	-440.1	0.0	**852.6**	The Independent Living Support Service (ILSS) offers a wide range of support to help service users live as independently as possible via the use of equipment and technology solutions. Included on this line are the ILSS Technicians Service, ILSS Independent Mobility Assessors, the Blue Badge Service and ILSS Management

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
11	17,618.9	Older People - In House Provision	11,410.9	14,190.9	**25,601.8**	-2,276.3	-5,407.9	**17,917.6**	In-House provision for Older People, including in-house residential and day care centres, and integrated care centres
12	1,927.4	Statutory and Policy Support	960.7	1,282.7	**2,243.4**	-69.3	0.0	**2,174.1**	Manages the Statutory and Policy support function for the Directorate to achieve the operational business outcomes. This includes Policy and Quality Assurance, Technical Support for Business Operations and Practice Development
13	1,672.3	Sensory Services	761.2	1,536.8	**2,298.0**	-82.1	0.0	**2,215.9**	Commissioned Residential and Community Base Services for Adults with Sensory loss (aged 18+), as well as sensory social care staff providing assessment of care needs, enablement and safeguarding enquiries.
14	591.8	Strategic Safeguarding	579.4	12.4	**591.8**	0.0	0.0	**591.8**	Strategic resource management to ensure a coherent policy and direction for the protection of vulnerable adults
15	**58,072.9**	**Total - Adult Social Care (short-term support)**	**57,192.8**	**36,352.4**	**93,545.2**	**-21,963.1**	**-11,199.0**	**60,383.1**	

Strategic Commissioning (Integrated and Adults)

Director: Helen Gillivan

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
16	9,063.8	Community Based Preventative Services	0.0	15,052.7	**15,052.7**	-6,143.6	-794.1	**8,115.0**	Social Support Services provided by the voluntary sector to prevent social isolation and provide information and early intervention / preventative services to enable Service Users to remain independent. This includes services for residents with immediate need and who are in crisis, to live independently by signposting to alternative appropriate services and helping with the purchase of equipment and supplies to ensure the safety and comfort of the most vulnerable in our society. This service line also includes Local Healthwatch which is a statutory service commissioned by KCC to ensure that patients, users of social care services and their carers, and the public, have a say in how these services are commissioned and delivered on their behalf
17	6,300.8	Transformation Delivery and support	6,322.0	230.1	**6,552.1**	0.0	0.0	**6,552.1**	Covers areas such systems and performance, direct payments and purchasing, and project management and support activity.
18	4,402.3	Housing Related Support	0.0	5,654.9	**5,654.9**	-1,071.9	-181.7	**4,401.3**	Housing related support for vulnerable households via supported housing, Home Improvement Agencies, women's refuges and community based support to enable them to gain the skills they need to live independently in their own home. Providing welfare assistance and advice to households in an emergency or crisis
19	0.0	Partnership Support Services	269.1	2,538.0	**2,807.1**	-2,807.1	0.0	**0.0**	Manages a number of operational support services, which enable the Directorate to achieve its partnership agenda. Includes pooled budgets with health which fund community infrastructure to facilitate discharges from specialist hospitals and prevent new admissions for people with Learning disabilities (LD) or Autism spectrum conditions (ASC)
20	2,396.3	Social Support for Carers	0.0	4,608.5	**4,608.5**	-2,458.8	0.0	**2,149.7**	Services supporting carers provided by the voluntary sector
21	2,990.0	Strategic Commissioning (Integrated and Adults)	3,055.7	18.4	**3,074.1**	-40.0	-44.1	**2,990.0**	Responsible for developing and delivering a commissioning strategy and procurement priorities for older people, vulnerable adults and Public Health
22	**25,153.2**	**Total - Strategic Commissioning (Integrated and Adults)**	**9,646.8**	**28,102.6**	**37,749.4**	**-12,521.4**	**-1,019.9**	**24,208.1**	

Adult Social Care (long-term support)

Director: Sydney Hill

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
23	34,451.8	Adult Case Management & Assessment Services (long-term support)	35,510.2	834.1	**36,344.3**	-1,736.2	0.0	**34,608.1**	Social care staffing providing assessment of needs and ongoing support for vulnerable adults and older people receiving long-term support
24	2,693.6	Adult In House Carer Services	2,601.6	102.6	**2,704.2**	-10.6	0.0	**2,693.6**	In-House residential respite services to support carers
25	6,182.3	Adult In House Community Services	5,790.5	494.2	**6,284.7**	-103.0	0.0	**6,181.7**	In-House Community-Based Services for Learning Disability Service Users (aged 18+) and Physical Disability (aged 18-25) including In-house Day opportunities both virtual and in person to enable Service Users to remain independent
26	47,515.3	Adult Learning & Physical Disability Pathway - Community Based Services	0.0	45,248.3	**45,248.3**	-1,996.3	0.0	**43,252.0**	Commissioned Community Based Services for Physical Disability Service Users and Learning Disability Service Users (aged 18+) including domiciliary care, direct payments, day care, and supported living to enable Service Users to remain independent
27	7,368.2	Adult Learning & Physical Disability pathway - Residential Care Services & Support for Carers	0.0	8,027.8	**8,027.8**	-348.2	0.0	**7,679.6**	Residential Care Services (and Short Breaks) for Learning Disability Service Users and Physical Disability Service Users (aged 18+) and services to support carers
28	134,287.6	Adult Learning Disability - Community Based Services & Support for Carers	0.0	162,399.2	**162,399.2**	-14,993.4	0.0	**147,405.8**	Commissioned Community-Based Services for Learning Disability Service Users (aged 26+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
29	81,990.3	Adult Learning Disability - Residential Care Services & Support for Carers *	0.0	88,048.7	**88,048.7**	-6,393.7	0.0	**81,655.0**	Commissioned Residential Care Services (and Short Breaks) for Learning Disability Service Users (aged 26+)
30	36,107.5	Adult Mental Health - Community Based Services *	0.0	39,610.2	**39,610.2**	-3,476.4	0.0	**36,133.8**	Commissioned Community-Based Services for Mental Health Service Users (aged 18+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communites
31	24,042.4	Adult Mental Health - Residential Care Services *	0.0	29,409.9	**29,409.9**	-2,148.9	0.0	**27,261.0**	Commissioned Residential Care Services for Mental Health Service Users (aged 18+)
32	37,874.4	Adult Physical Disability - Community Based Services *	0.0	47,482.2	**47,482.2**	-5,404.4	0.0	**42,077.8**	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25) including domiciliary care, direct payments, day services, supported living and the introduciton of micro-providers to support the development of resilient communities
33	29,308.3	Adult Physical Disability - Residential Care Services *	0.0	38,830.6	**38,830.6**	-3,801.2	0.0	**35,029.4**	Residential Care Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25)
34	30,297.6	Older People - Community Based Services *	0.0	82,701.1	**82,701.1**	-33,179.4	0.0	**49,521.7**	Commissioned Community-Based Services for Older People (aged 65+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
35	142,313.0	Older People - Residential Care Services *	0.0	296,903.6	**296,903.6**	-119,501.5	0.0	**177,402.1**	Commissioned Residential and Nursing Care Services for Older People (aged 65+)
36	2,334.3	Older People & Physical Disability Carer Support - Commissioned *	0.0	5,095.7	**5,095.7**	-2,108.7	0.0	**2,987.0**	Commissioned services to support carers
37	180.4	Adult Social Care - Divisional Management & Support	175.4	5.0	**180.4**	0.0	0.0	**180.4**	Divisional management costs enabling the business to achieve its strategic aims
38	**616,947.0**	**Total - Adult Social Care (long-term support)**	**44,077.7**	**845,193.2**	**889,270.9**	**-195,201.9**	**0.0**	**694,069.0**	

* provisional budget allocation pending final decisions following ongoing work to ensure appropriate demand and cost drivers are appropriately aligned

Public Health

Director: Dr Anjan Ghosh

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
39	0.0	Public Health - Advice and Other Staffing	7,241.1	1,775.0	**9,016.1**	-312.2	-8,703.9	**0.0**	Includes cost of management, commissioning, and operational staff to deliver statutory Public Health advice including Health Protection and Prevention activities.
40	0.0	Public Health - Children's Programme	0.0	38,587.2	**38,587.2**	0.0	-38,587.2	**0.0**	Children’s Public Health Services provision for 0-19 year olds and their families including: Health Visiting, School Public Health, Oral Health, services delivered through Family Hubs and Adolescent services
41	0.0	Public Health - Healthy Lifestyles	174.8	10,437.5	**10,612.3**	0.0	-10,612.3	**0.0**	Improving health and lifestyles through provision of Integrated Lifestyle services (including statutory Stop Smoking services and Tier 1 and 2 Weight Management) and statutory NHS Health Checks levels
42	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	291.3	19,179.1	**19,470.4**	-686.5	-18,783.9	**0.0**	Includes the provision of drug and alcohol services, domestic abuse services and Mental Health early intervention (including Suicide Prevention)
43	0.0	Public Health - Sexual Health	0.0	16,942.7	**16,942.7**	-2,342.9	-14,599.8	**0.0**	Commissioning of mandated contraception and sexually transmitted infection advice and treatment services
44	**0.0**	**Total - Public Health**	**7,707.2**	**86,921.5**	**94,628.7**	**-3,341.6**	**-91,287.1**	**0.0**	
45	**709,362.7**	**Total - Adult Social Care and Health Budget**	**121,089.3**	**1,004,602.5**	**1,125,691.8**	**-234,674.9**	**-103,506.0**	**787,510.9**	

Children, Young People & Education (CYPE)

Controllable Revenue Budget for 2026-27	**£423.0m**
Capital Budget for next 10 years	**£100.6m**
Full Time Equivalent (FTE) staff*	**3,381.1**

Children, Young People and Education (CYPE) Directorate comprises of four Divisions: Operational Integrated Children's Services; Children's Countywide Services; Education & Special Educational Needs; and Strategic Management and Directorate Budgets.

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

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

We work hard to minimise the impact of reduced resources and continued demand from the most vulnerable in our communities. By seeking to maintain a preventative but targeted approach, CYPE are securing improvements to the efficiency and effectiveness of service delivery. The Directorate continues to respond creatively to the demands placed upon it by forming new partnerships, reshaping services and adopting new ways of working including responding to the Central Government's final Children's Wellbeing and Schools Bill.

Integrated Children's Services (Operations & Countywide): The two Divisions have a statutory duty to safeguard and promote the welfare of some of Kent's most vulnerable children and young people. Focused on providing an effective and consistent integrated children's service across Kent by aiming to keep vulnerable families out of crisis and reduce the risk of harm to children by supporting to prevent the escalation of need and deliver services that provide timely and appropriate support for children and families earlier when they are most in need.

Operational Integrated Children's Services (OICS): leads on operational delivery of children's services, including social work and preventative services from Family Hubs and Early Help.

Children's Countywide Services (CCS): leads on strategic delivery of children's services including corporate parenting functions, quality assurance and management information. Along with operational delivery of countywide services for children with a disability, front door services, permanency arrangements, care leavers, in-house foster carer support and Virtual Schools Kent.

Education & Special Educational Needs (ESEN): This Division's purpose is to secure high quality school, early years and post 16 education places, including delivery of all services for SEN (0-25 years olds) in every community so that every child and young person can have the best start in life, are ready to succeed at school, have excellent foundations for learning and are well equipped for adulthood, regardless of their social background. This includes delivery of the School capital programme and SEN sufficiency plan. The Division is focused on securing the improvements required following challenging SEND Ofsted judgements, in line with financial requirements of the Safety Valve agreement. This Division commissions one of KCC's companies 'The Education People' to deliver traded and statutory elements of education support services, providing a continual focus on improving attainment and standards. The Division is also responsible for commissioning Home to School Transport Services along with the strategy and delivery of adult education across the county.

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

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

**FTE is as per December 2025 data*

Christine McInnes

Interim Corporate Director Children, Young People and Education

Children, Young People and Education
Interim Corporate Director: Christine McInnes

Strategic Management and Directorate Budgets (CYPE)
Interim Corporate Director: Christine McInnes

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
46	5,057.2	Strategic Management & Directorate Budgets (CYPE)	4,355.5	6,265.1	**10,620.6**	-1,158.2	-4,405.2	**5,057.2**	Central Directorate costs including the Corporate Director, Commissioning and Directorate pension costs

Education and Special Needs
Interim Corporate Director: Christine McInnes

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
47	167.7	Community Learning & Skills (CLS)	7,091.6	3,021.2	**10,112.8**	-165.8	-9,877.1	**69.9**	Provision of education & training to adults and young people over 16, responsible for delivering the Government's Adult Skills Fund and Study Programme courses for young people Not in Education, Employment & Training (NEET). Together with the delivery of English and Maths learning, and other courses to help people improve their employability skills
48	0.0	Early Years Education	0.0	240,475.3	**240,475.3**	0.0	-240,475.3	**0.0**	Parents' statutory entitlement to free Early Years education provision, most commonly from private, voluntary and independent providers for which KCC provides reimbursement from the Dedicated Schools Grant. There is a universal entitlement of 15 hours per week for all 3 and 4 year olds, increasing to 30 hours for children of working parents. This budget also provides entitlement to eligible parents of children aged from 9 months to 2 years for up to 30 hours per week
49	1,551.7	Education Management & Division Support	1,468.3	922.9	**2,391.2**	-103.9	-735.6	**1,551.7**	Directorate Support Costs
50	2,386.0	Education Services provided by The Education People	0.0	8,593.8	**8,593.8**	-1,645.9	-4,944.9	**2,003.0**	A range of education services provided by The Education People, including School Improvement, Education, Skills & Employability, Schools Financial Services, and Outdoor Education, along with the Early Years and Childcare service
51	604.8	Fair Access & Planning Services	4,606.6	631.3	**5,237.9**	-1,325.0	-3,308.1	**604.8**	Managing the schools admissions process and eligibility for school transport services, along with statutory processes relating to children missing education and elective home education
52	97,724.8	Home to School & College Transport	208.4	95,147.9	**95,356.3**	-6,373.9	0.0	**88,982.4**	Transport to education establishments for all entitled pupils including specialist transport to school and college for children and young people with Special Educational Needs & Disabilities, together with free mainstream school transport, and the Kent 16+ Travel Saver (which includes an individual contribution). A small team supports specific pupils with their travel arrangements to schools & college to enable them to become independent.
53	1,321.4	Other School Services	307.0	55,537.1	**55,844.1**	-32,199.9	-22,915.1	**729.1**	Provision of a wide range of support services to schools
54	0.0	Pupil Referral Units & Inclusion	2,362.7	7,459.1	**9,821.8**	-860.0	-8,961.8	**0.0**	Inclusion Advisers work with pupils, families, and schools to improve pupil behaviour and attendance, which reduces the need for permanent or fixed-term exclusion. This includes funding paid to secondary schools to support inclusive practices with the aim to reduce suspensions and permanent exclusions, including the use of pupil referral units (short stay centres) to provide suitable alternative eduation.
55	17,732.0	Special Educational Needs & Psychology Services	26,044.5	192,885.7	**218,930.2**	-947.1	-200,429.6	**17,553.5**	Assessment and review of children and young people with Special Educational Needs including those with Education Health Care Plans (EHCPs) including costs of education placements and additional support in the independent sector, other local authorities and post 16 settings; along with exceptional support for children in Kent schools.
56	**121,488.4**	**Total - Education and Special Needs**	**42,089.1**	**604,674.3**	**646,763.4**	**-43,621.5**	**-491,647.5**	**111,494.4**	

Children's Countywide Services

Director: Kevin Kasaven

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
57	18,016.0	Adoption & Special Guardianship Arrangements & Service	4,104.1	16,156.6	**20,260.7**	-1,449.1	-200.0	**18,611.6**	The Adoption Service works to achieve and support permanent care arrangements for Looked after Children within a family setting. This is delivered by The Adoption Partnership, a partnership between Kent, Medway and Bexley (a Regional Adoption Agency). This also includes payments associated with special guardianship arrangements and adoption payments
58	0.0	Asylum - Kent Permanent Care Leavers and New Arrival Service for Unaccompanied Asylum Seeking Children	15,134.2	41,662.3	**56,796.5**	-1,224.7	-55,571.8	**0.0**	Supporting unaccompanied asylum seekers aged 18 or over (who were previously placed in permanent care in Kent when aged under 18) as Care Leavers. Temporary support and accommodation for newly arrived unaccompanied asylum seeking children whilst awaiting their future placement through the National Transfer Scheme.
59	5,845.3	Care Leavers Service	6,025.4	4,727.5	**10,752.9**	-2,603.8	-131.1	**8,018.0**	Enables and assists care leavers (post 18) to develop their skills and enhance their life opportunities as they progress into adulthood
60	12,026.0	Children in Need (Disability) - Care & Support (payments & commissioned services)	0.0	14,193.2	**14,193.2**	-669.8	0.0	**13,523.4**	Service for Children in Need (aged 0-17) with a Disability including day care, direct payments, payments to voluntary organisations including short breaks for carers
61	4,076.3	Children's social care - in house provision	5,563.3	801.3	**6,364.6**	-2,274.5	0.0	**4,090.1**	In-House Residential Children's Homes, Respite Centres and Enablement Services to support both looked After children and provide wider family support
62	11,635.1	Children's Social Work Services - Assessment & Safeguarding Service (County Teams)	14,060.6	318.1	**14,378.7**	-3,143.6	0.0	**11,235.1**	Social care staffing countywide services for the initial assessment and contact service for children services (Front Door), and services in relation to Safeguarding and Practice Development.
63	12,017.9	Countywide Children's and Education support services	13,784.6	455.3	**14,239.9**	-891.1	-1,401.7	**11,947.1**	Support services for education, early help and children social work functions including the provision of management information and business support for the whole Directorate
64	6,670.4	Disabled Children & Young People Service (0-17) - Assessment Service	6,290.1	443.6	**6,733.7**	0.0	0.0	**6,733.7**	Social care staffing providing assessment and support services for eligible children and young people (aged 0-17) with Complex Learning Disability, Physical Disabilities, Sensory Impairment and/or who are neurodiverse
65	325.7	Children's Countywide Services Management & Directorate Support	242.5	101.5	**344.0**	-18.3	0.0	**325.7**	Directorate Support Costs
66	8,743.7	Looked After Children - Care & Support (Staffing)	9,998.4	5,183.4	**15,181.8**	-1,046.4	-5,273.2	**8,862.2**	Looked After Children Services providing countywide recruitment and support services for in-house foster carers, along with Kent's Virtual Schools for Looked After Children
67	26,859.6	Looked After Children (with Disability) - Care & Support (Placements)	0.0	34,620.4	**34,620.4**	0.0	0.0	**34,620.4**	Commissioned services for Looked After Children (aged 0-17) with a Disability including both short and long term residential care and fostering services, along with payments to in-house foster carers
68	**106,216.0**	**Total - Children's Countywide Services**	**75,203.2**	**118,663.2**	**193,866.4**	**-13,321.3**	**-62,577.8**	**117,967.3**	

Operational Integrated Children's Services

Director: Ingrid Crissan

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
69	0.0	Asylum - Kent Permanent Looked After Children (under 18)	0.0	18,393.2	**18,393.2**	-970.5	-17,422.7	**0.0**	Supporting unaccompanied asylum seekers under the age of 18 permanently placed in Kent
70	2,228.4	Children in Need - Care & Support (payments & commissioned services)	1,094.0	2,613.6	**3,707.6**	-1,479.2	0.0	**2,228.4**	Service for Children in Need (aged 0-17) including payments under Section 17 regulations, direct payments, supported accommodation for children in need, and, payments to voluntary organisations to support young carers, parent support services and independent advocacy service.
71	42,002.2	Children's Social Work Services - Assessment & Safeguarding Service (Operational Teams)	44,750.9	2,036.2	**46,787.1**	-6,338.7	0.0	**40,448.4**	Social care staffing providing assessment of children and families' needs, ongoing support to families meeting the statutory threshold for social care intervention including looked after children. The Youth Justice Service assesses, plans and intervenes with 10-17 year olds who have come to the attention of the Police or judicial system, to prevent them offending.
72	8,840.8	Early Help & Preventative Services	10,639.8	13,608.1	**24,247.9**	-520.0	0.0	**23,727.9**	Early intervention and prevention services for families, children and young people
73	4,731.5	Family Hubs	7,642.2	5,563.1	**13,205.3**	-6,012.2	-4,961.6	**2,231.5**	Family Hubs in Kent aim to empower parents/carers with universal and targeted support for children's development (aged 0 -19 and up to 25 for children with SEN). The approach integrates community-based advice and complements existing services provided by partners, providing specialised assistance for families with additional needs, focusing on children’s wellbeing, substance misuse, and targeted interventions for vulnerable youth and families
74	370.2	Operational Integrated Children's Services Management & Directorate Support	228.0	157.0	**385.0**	-14.8	0.0	**370.2**	Directorate Support Costs
75	99,860.7	Looked After Children - Care & Support (Placements)	0.0	119,504.5	**119,504.5**	-71.8	0.0	**119,432.7**	Commissioned services for Looked After Children placement & support costs including residential, fostering, and supported accommodation for under 18s, along with payments to in-house foster carers.
76	**158,033.8**	**Total - Operational Integrated Children's Services**	**64,354.9**	**161,875.7**	**226,230.6**	**-15,407.2**	**-22,384.3**	**188,439.1**	
77	**390,795.4**	**Total - Children, Young People and Education Budget (excluding Schools' Delegated Budgets)**	**186,002.7**	**891,478.3**	**1,077,481.0**	**-73,508.2**	**-581,014.8**	**422,958.0**	

Schools' Delegated Budgets

Interim Corporate Director: Christine McInnes

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
78	0.0	Schools' Delegated Budgets	649,776.6	177,468.0	**827,244.6**	-46,805.9	-780,438.7	**0.0**	Holds the Dedicated Schools Grant (DSG) for Kent schools including the primary and secondary school budgets for Kent maintained schools, High Needs funding for Kent special schools, Specialist Resource Provisions & additional support for Kent mainstream schools; and Early Years funding for the free entitlement offer in school run nursery settings.
79	**390,795.4**	**Total - Children, Young People and Education Budget (including Schools' Delegated Budgets)**	**835,779.3**	**1,068,946.3**	**1,904,725.6**	**-120,314.1**	**-1,361,453.5**	**422,958.0**	

Growth, Environment & Transport (GET)

Controllable Revenue Budget for 2026-27 £215.5m
Capital Budget for next 10 years £1,488.7m
Full Time Equivalent (FTE) staff* 1,488.9

Growth, Environment & Transport (GET) is made up of three Divisions: Growth and Communities (GC), Environment and Circular Economy (ECE), Highways and Transportation (HT), and as well as Strategic Management & Directorate Budgets.

GET is considerable in terms of its range of both strategic and front-line services and projects, as well as having responsibility for a very large capital programme with complex funding streams and delivery targets. GET is responsible for many visible place-based services that help shape, support and grow our local communities.

Growth and Communities (GC) - responsible for the development of a range of growth and community related strategies including: Kent & Medway Economic Framework; Infrastructure Mapping Platform; Developer Contributions Guide; Libraries, Registration & Archive Strategy; Cultural Strategy; Work & Health Strategy; Kent Minerals and Waste Local Plan; the Community Safety Agreement; and the Kent & Medway Mass Fatalities Plan, with the Local (economic) Growth Plan and Spatial Development Strategy both emerging during 26-27.

The division leads on economic development, place-making and sector support including: business growth investment; local economic planning; delivery of certain Government infrastructure programmes; securing developer contributions for social and community infrastructure; strategic planning including influencing Local Plans and planning applications for sites in Kent, as well as an emerging role on energy infrastructure; and the delivery, planning and execution of the County Council's Development Management and Local Plan making functions.

The division is responsible for a range of community services including: Libraries (physical, online and outreach), Registration (birth and death registration and ceremonies) and Archives; Community Protection services (comprising Trading Standards, Coroners, Community Safety including Community Wardens, Kent Scientific Services); the Gypsy Roma Traveller Residents Service; Public Rights of Way Service; and the Creative and Cultural Economy Service. The division additionally hosts Active Kent and Medway (formerly Kent Sport), as well as administering a number of recyclable loan funds such as No Use Empty (NUE), i3 and Kent & Medway Business Fund (K&MBF). The division is underpinned by an Innovation & Business Intelligence team.

Environment and Circular Economy (ECE) - responsible for the development of a range of strategies including the KCC Environment Strategy, Kent and Medway Energy and Low Emissions Strategy, KCC Net Zero Plan, KCC Climate Change Adaptation Plan, Heritage Strategy, Kent and Medway Local Nature Recovery Strategy, Biodiversity Strategy, Local Flood Risk Management Strategy and the Kent Waste Disposal Strategy.

The division leads on the management and enhancement of the natural environment, manages local flood risk, manages the conservation of the historic environment, manages Kent's country parks and runs Explore Kent. It also leads on the Council's commitment to net zero 2030 across its own estate and works with partners towards the delivery of net zero 2050 for Kent.

The division is also responsible for the management of all waste and recycling materials collected by Kent's district, borough and city councils through a network of infrastructure, operating household waste and recycling centres and managing closed landfill sites across the county. The division hosts the Kent Downs National Landscapes team and Countryside Partnership teams that operate across the county.

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

The division delivers services involved with the management and maintenance of the highway (and related) assets including all bridges, structures and tunnels, soft landscaping including highway trees, co-ordination of utility company works and all works that take place on the highway in Kent. Including also critical winter maintenance service to keep Kent moving and emergency incident and out of hours response particularly in severe weather and storm events. The division also delivers specific public transport services including the English National Concessionary Travel Scheme (ENCTS) concessionary fare scheme, subsidised bus schemes and the Kent Travel Saver (KTS), as well as managing the provision of SEN and mainstream home-to-school transport on behalf of the CYPE Directorate.

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

**FTE is as per December 2025 data*

Simon Jones

Corporate Director Growth, Environment & Transport

Growth, Environment and Transport

Corporate Director: Simon Jones

Strategic Management and Directorate Budgets (GET)

Corporate Director: Simon Jones

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
80	1,444.6	Strategic Management & Directorate Budgets (GET)	671.3	773.1	**1,444.4**	-49.0	0.0	**1,395.4**	Centrally held Directorate costs, as well as the Corporate Director, Portfolio Management Office, and Directorate legacy pension and early retirement costs

Environment and Circular Economy

Director: Matt Smyth

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
81	3,297.6	Environment	6,008.6	5,113.1	**11,121.7**	-5,414.0	-2,524.0	**3,183.7**	Covers Net Zero, Climate Change, Natural Environment and Heritage Conservation, Flood and Water Management, Country Parks, Countryside Management Partnerships hosting Kent Downs National Landscape, and partnering High Weald National Landscape
82	2,253.9	Environment and Circular Economy Divisional management costs	2,189.8	299.8	**2,489.6**	-256.0	0.0	**2,233.6**	Commissioning and contract management, resident engagement, business services and business support for the Environment & Circular Economy functions
83	48,497.7	Residual Waste	215.5	57,884.5	**58,100.0**	-7,754.8	0.0	**50,345.2**	Statutory waste services for Kent residents including treatment and disposal of residual household waste, including management of closed landfill sites
84	38,283.6	Waste Facilities & Recycling Centres	0.0	50,222.3	**50,222.3**	-8,665.1	0.0	**41,557.2**	Statutory waste services for Kent residents including Household recycling centres, cost of recycling, and composting household waste
85	**92,332.8**	**Total - Environment and Circular Economy**	**8,413.9**	**113,519.7**	**121,933.6**	**-22,089.9**	**-2,524.0**	**97,319.7**	

Growth and Communities

Director: Stephanie Holt-Castle

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
86	1,555.0	Growth - Economy	1,244.7	1,449.4	**2,694.1**	-1,174.1	0.0	**1,520.0**	Working with public, private, and voluntary sectors to support Kent's economic growth covering business and enterprise. In addition to this providing support to and the delivery of ongoing capital programmes with a value in excess of £100m which includes Kent & Medway Business Loan Fund (KMBF) and No Use Empty
87	6,270.4	Growth and Place	5,758.8	3,835.8	**9,594.6**	-3,246.2	-40.0	**6,308.4**	A group of services working to ensure sustainable growth in Kent including Planning Applications, Strategic Planning, Developer Contributions and Broadband. Supporting the growth of the Creative and Cultural Economy to deliver economic and social outcomes across Kent, including Turner Contemporary. In addition, delivering a wide range of support to Public Rights of Way service, 8 Gypsy and Traveller sites, and hosting Active Kent & Medway as well as co-ordinating Village Halls and Sports facilities grants
88	443.2	Growth and Communities Divisional management costs	220.3	7.7	**228.0**	0.0	0.0	**228.0**	Divisional management and support costs
89	11,520.7	Libraries, Registration & Archives	14,455.1	4,083.6	**18,538.7**	-7,249.4	0.0	**11,289.3**	The Libraries, Registration & Archives (LRA) service is delivered through a network of 99 libraries, 5 Register Offices, 5 mobile libraries, an archive centre, the stock distribution and support function building at Quarry Wood, the information service which includes the public 'Ask a Kent Librarian' service, and the 24 hour accessible online services. The LRA service also delivers the records management service on behalf of KCC, is contracted to deliver 5 prison libraries in Kent and the registration service on behalf of the London Borough of Bexley
90	12,472.6	Community Protection	10,990.1	6,024.4	**17,014.5**	-4,481.3	-39.7	**12,493.5**	Community Protection services including Trading Standards, Community Wardens, Coroners, Kent Scientific Services (KSS), and Community Safety
91	**32,261.9**	**Total - Growth and Communities**	**32,669.0**	**15,400.9**	**48,069.9**	**-16,151.0**	**-79.7**	**31,839.2**	

Highways and Transportation

Interim Director: Andrew Loosemore

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
92	16,628.5	English National Concessionary Travel Scheme (ENCTS)	0.0	18,796.5	**18,796.5**	-47.0	0.0	**18,749.5**	A statutory concessionary travel scheme, providing free bus travel for older people, disabled people and disabled user companions
93	40,400.7	Highway Assets Management	15,423.5	38,586.1	**54,009.6**	-9,801.9	0.0	**44,207.7**	Road and footway reconstruction, renewal and preservation. Safety inspections, emergency and routine maintenance, customer enquiries. Cycle way maintenance. Signs, lines and barrier maintenance, Highway drainage cleansing, repairs and capital improvements. Soakaway maintenance and construction. Highway trees inspection and maintenance, urban shrubs and grass cutting, rural swathe cutting, weed spraying, emergency tree contract. Bridges, structures and tunnels management and capital renewals. Street Works permitting, coordination and inspection of works undertaken by utility companies, developers and KCC contractors. Temporary Road Closures, highway licences and Vehicle Crossovers. Winter service, gritting and salt bins. Out of hours 24/7/365 Highways Emergency and adverse weather response. Street lighting, LED conversion and CMS management, lit signs and bollards maintenance and energy costs of street lighting. Kent lane rental scheme, Third Party damage repair, fly tip removal, High Speed Road Maintenance Programme
94	4,343.7	Highways & Transportation divisional management costs	4,426.0	1,129.5	**5,555.5**	-793.8	-440.0	**4,321.7**	Management, planning, procurement and monitoring of transport services, contract management, business services and business support for Highways & Transportation
95	0.0	Kent Karrier	0.0	520.0	**520.0**	-520.0	0.0	**0.0**	Pre bookable transport service, based on membership, for communities and individuals with no access to conventional public transport
96	4,675.5	Kent Travel Saver (KTS)	0.0	15,895.2	**15,895.2**	-11,109.7	0.0	**4,785.5**	Provides discounted travel on the Kent bus network for young people aged 11-16
97	6,182.1	Supported Bus Services	89.0	25,467.0	**25,556.0**	-3,359.4	-15,251.5	**6,945.1**	Financial support for otherwise uneconomic bus routes, as well as community transport schemes
98	6,675.5	Transportation	10,768.0	4,990.8	**15,758.8**	-7,679.1	-2,140.8	**5,938.9**	Reducing casualties and traffic congestion on Kent's roads by enabling the delivery of a £300m+ capital programme of engineering schemes by managing traffic and through road safety improvements, education and campaigns. Assisting developers in identifying and delivering solutions to protect our network from the negative impacts of development traffic
99	**78,906.0**	**Total - Highways and Transportation**	**30,706.5**	**105,385.1**	**136,091.6**	**-33,310.9**	**-17,832.3**	**84,948.4**	
100	**204,945.3**	**Total - Growth, Environment and Transport Budget**	**72,460.7**	**235,078.8**	**307,539.5**	**-71,600.8**	**-20,436.0**	**215,502.7**	

Chief Executive’s Dept. (CED)

Controllable Revenue Budget for 2026-27 **£56.8m**
Capital Budget for next 10 years **£374.8m**
Full Time Equivalent (FTE) staff* **619.2**

The Chief Executive’s Department provides core services which support frontline service delivery to achieve better outcomes for Kent’s residents and our customers. The Department supports the political and managerial leadership in setting the strategic direction for the Council.

The Chief Executive’s Department also supports the organisation to deliver and respond to changes in our operating environment. Priorities include leading the revenue and capital budget process for the Council, ensuring effective governance and assurance processes for the Council. Our Department also plays a significant role in ensuring the Council is well placed to meet its statutory and regulatory duties.

Chief Executive’s Department has the following roles and responsibilities:

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

Finance (FIN): The Division comprises four key functions that together provide strategic and operational financial, internal audit and counter fraud services to the Council and the Kent Pension Fund. These functions are Finance Operations, Internal Audit and Counter Fraud, Financial Policy, Planning & Strategy and Pensions & Treasury. The services include financial advice and support for all budget holders and members in planning, managing, and reporting on the Council's financial resources, support to the Kent Pension Fund, the provision of Treasury Management services and the provision of an agile, risk based internal audit and counter fraud service.

Law: The division is responsible for the provision of legal services to KCC, including the commissioning of professional legal advice from external legal service providers and the management of the contract with Invicta Law Ltd, along with the discharge of the statutory and governance oversight functions of the Monitoring Officer.

Infrastructure (INF): The Division is responsible for the provision of the Authority’s Property & Emergency Planning Services which support our frontline service delivery; it sets the Council’s asset strategy and delivers the Council’s disposal and capital programmes; strategic management of the Corporate Landlord estate and schools estate. The Corporate Landlord service is responsible for the day-to-day management of the Council’s complex estate of operational front-line buildings, the office estate and non-operational buildings.

Strategic Management & Departmental Budgets (SMDBCE): This area incorporates the Department’s centrally held costs and external grant income.

**FTE is as per December 2025 data*

Amanda Beer

Chief Executive

Chief Executive's Department
Chief Executive: Amanda Beer

Strategic Management & Departmental Budgets
Chief Executive: Amanda Beer

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
101	-1,312.7	Strategic Management & Departmental Budgets (CED)	529.8	1,267.0	**1,796.8**	-1,149.3	-2,050.0	**-1,402.5**	Historic Corporate services costs and grant contributions to central Corporate Services' overheads. Provides support to Corporate Management Team and other Strategic meetings

Finance
Interim Section 151 Officer: Dave Shipton

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
102	10,309.4	Finance	17,506.7	3,492.8	**20,999.5**	-9,183.1	-974.2	**10,842.2**	Finance advice and support for all budget holders and Members in planning, managing, and reporting on the Council's financial resources, both revenue and capital. Pensions & Treasury functions. Provision of Internal Audit and Counter Fraud Services
103	593.6	Subsidies to Kent District Councils to maximise Council Tax collection	0.0	705.9	**705.9**	-103.8	0.0	**602.1**	Funding for counter fraud initiatives and enhanced debt collection for Council Tax
104	**10,903.0**	**Total - Finance**	**17,506.7**	**4,198.7**	**21,705.4**	**-9,286.9**	**-974.2**	**11,444.3**	

Infrastructure
Director: Rebecca Spore

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
105	753.4	Kent Resilience	832.1	182.0	**1,014.1**	-260.7	0.0	**753.4**	The Kent Resilience Team is a multi-agency team that coordinates the work of all Kent Resilience Forum (KRF) partners. They identify risks affecting Kent and Medway and develop plans / capabilities to mitigate them and develop contingency plans
106	8,959.8	Property related services	11,640.8	-898.1	**10,742.7**	-1,791.4	0.0	**8,951.3**	Strategic management of KCC's estate. Leads on the delivery of the Council's Property Asset Management Strategy together with the delivery of day to day management of the KCC estate
107	486.6	Health and Safety	490.9	25.8	**516.7**	-182.1	0.0	**334.6**	Provides expert and proportionate advice to staff in all aspects of health and safety management, including risk management and service resilience
108	26,668.8	Corporate Landlord	0.0	45,107.0	**45,107.0**	-17,501.6	-187.0	**27,418.4**	Day to day costs relating to the running of the Council's complex estate of operational front line buildings; the office estate and holding costs of non-operational buildings
109	5,349.9	School Property Budgets	0.0	5,432.1	**5,432.1**	-1,896.1	0.0	**3,536.0**	Day to day costs relating to the running of the Council's complex school estate.
110	**42,218.5**	**Total - Infrastructure**	**12,963.8**	**49,848.8**	**62,812.6**	**-21,631.9**	**-187.0**	**40,993.7**	

Law

Head of Service: Petra Der Man

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
111	1,294.4	Law	1,509.7	122.0	**1,631.7**	-1,333.6	0.0	**298.1**	The provision of legal services to KCC, including the commissioning of professional legal advice from external legal service providers and the management of the contract with Invicta Law Ltd, along with the discharge of the statutory and governance oversight functions of the Monitoring Officer.

Strategic Policy Relationships & Corporate Assurance

Director: David Whittle

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
112	322.8	Childrens and Adults Safeguarding Services	718.3	90.0	**808.3**	-485.5	0.0	**322.8**	Support to the statutory children's and adult multi agency safeguarding arrangements, commissioning and undertaking Serious Case and Safeguarding Reviews for the Kent and Medway Safeguarding Adults Board (KMSAB) and the Kent Multi-Agency Safeguarding Children Partnership (KSCMP)
113	202.7	Local Welfare Assistance Schemes	1,256.0	24,752.1	**26,008.1**	0.0	-25,805.4	**202.7**	Administration of the council's local welfare assistance grant schemes, including Financial Hardship funded from Crisis and Resilience Grant, Afghan/UKRS Resettlement, Homes for Ukraine and Domestic Abuse Duty
114	5,227.4	Strategy, Policy, Relationships & Corporate Assurance	6,035.0	371.1	**6,406.1**	-1,468.1	0.0	**4,938.0**	Supports the political and managerial leadership of KCC through corporate strategy, policy development, HR strategy, corporate risk management and the Kent analytics service
115	5,752.9	**Total - Strategic Policy Relationships & Corporate Assurance**	8,009.3	25,213.2	**33,222.5**	-1,953.6	-25,805.4	**5,463.5**	
116	**58,856.1**	**Total - Chief Executive's Department Budget**	**40,519.3**	**80,649.7**	**121,169.0**	**-35,355.3**	**-29,016.6**	**56,797.1**	

Deputy Chief Executive's Dept. (DCED)

Controllable Revenue Budget for 2026-27 **£55.9m**
Full Time Equivalent (FTE) staff* **442.7**

The Deputy Chief Executive's Department delivers professional advice and support services to the Council, Kent residents and customers.

Our Department contains key functions which support the Council to respond to changes in our operating environment and support the services and our staff to deliver their objectives. Priorities include enabling the development and delivery of ICT that improves and supports the transformation of the authority, defining the future direction and priorities of the council's property services, working with front line services to help design and improve customer and user experiences, ensuring effective commercial and procurement processes, and providing support for extensive business change across the Council as we continue with our Strategic Reset Programme. The department also provides democratic services to the elected Members, and ensures stable and effective governance.

The Deputy Chief Executive's Department has the following roles and responsibilities:

Commercial and Procurement (CP): Commercial and Procurement works in partnership across the Council to ensure delivery of best value for the county's residents. It prioritises delivery of financial benefits and return on investment; advocates social value; strives for efficiency in commercial and procurement processes and drives up supplier performance to reduce commercial risks.

Governance and Democracy: The division provides democratic services including support of the 81 elected Members of the County Council. The division manages information governance and data protection considerations for the Council, including co-ordination of responses to Freedom of Information (FOI) requests.

Human Resources & Organisational Development (HROD): The Division is responsible for delivering on the priorities of our employment strategy, policy and practice and provides advice and guidance to support and enhance business performance. It also seeks to enhance the capability of the existing and future workforce through learning, development, and engagement, ensuring the right information is available at the right time for employees.

Marketing & Resident Experience (MRX): The Division is responsible for ensuring that the Authority's reputation is protected, enhanced, and promoted and that customer experience is championed, enhanced, and protected across all major customer contact channels. It contains marketing and communications, media relations, public consultation, customer feedback, brand management and engagement functions for the Authority.

Technology (TEC): The Division is responsible for the provision and implementation of the Technology Strategy and overall direction for the Authority's technological and digital priorities ensuring they reflect KCC's wider priorities. The Division holds the client-side responsibility for Cantium Business Solutions Ltd.

Strategic Management & Departmental Budgets (SMDBDC): This area incorporates some of the Department's centrally held functions including health and safety, business management and client relationships.

The Department includes the **Strategic Reset Programme** which brings together critical priority change programmes, including those with significant financial benefits, risk, complexity, and dependencies across the Council.

**FTE is as per December 2025 data*

Ben Watts

Deputy Chief Executive

Deputy Chief Executive's Department
Deputy Chief Executive: Ben Watts

Strategic Management and Departmental Budgets (DCED)
Deputy Chief Executive: Ben Watts

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
117	526.0	Strategic Management & Departmental Support	324.5	201.5	**526.0**	0.0	0.0	**526.0**	Departmental management and support costs, including Heads of Service
118	1,744.0	Strategic Reset Programme	1,743.9	0.1	**1,744.0**	0.0	0.0	**1,744.0**	The Strategic Reset Programme (SRP) is the whole council transformation programme, bringing together priority programmes from across KCC. The SRP Team work closely with services to ensure programmes are delivered successfully
119	**2,270.0**	**Total - Strategic Management & Departmental Budgets**	**2,068.4**	**201.6**	**2,270.0**	**0.0**	**0.0**	**2,270.0**	

Governance & Democracy
Deputy Chief Executive: Ben Watts

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
120	6,551.3	Governance & Democracy	3,620.8	3,381.7	**7,002.5**	-272.6	-35.0	**6,694.9**	Includes the cost of supporting the 81 elected Members of the County Council and their responsibilities, together with the co-ordination of responses to Freedom of Information (FOI) requests.
121	291.6	Local Member Grants	0.0	291.6	**291.6**	0.0	0.0	**291.6**	Member Grants made to a wide range of community based groups, individuals and organisations
122	**6,842.9**	**Total - Governance, Law & Democracy**	**3,620.8**	**3,673.3**	**7,294.1**	**-272.6**	**-35.0**	**6,986.5**	

Commercial and Procurement
Head of Service: Clare Maynard

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
123	3,305.2	Commercial & Procurement	3,339.8	114.0	**3,453.8**	-183.6	0.0	**3,270.2**	Delivery of best value and efficiency in all commercial and procurement processes; improving supplier performance to reduce commercial risks

Human Resources and Organisational Development

Assistant Director: Diane Christie

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
124	5,796.9	Human Resources & Organisational Development	3,940.9	2,012.0	**5,952.9**	-320.0	-1.0	**5,631.9**	Responsible for employment practice and policy and provides advice and guidance to support and enhance business performance
125	2,694.9	Business and Client Relationships	324.9	2,450.3	**2,775.2**	0.0	0.0	**2,775.2**	Provides a range of business critical support activities for services across KCC, including provision of workforce data and people analytics. Responsible for commissioning HR services delivered by Commercial Services Kent Ltd, and managing the divisional service offer to The Education People and Invicta Law
126	**8,491.8**	**Total - Human Resources and Organisational Development**	**4,265.8**	**4,462.3**	**8,728.1**	**-320.0**	**-1.0**	**8,407.1**	

Marketing and Resident Experience

Director: Christina Starte

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
127	2,264.3	Marketing & Digital Services	2,146.2	491.8	**2,638.0**	-373.7	0.0	**2,264.3**	Marketing & Digital Services manage the council's website, corporate social media channels and provides digital and external marketing campaigns across the council. This includes managing and developing all of KCC's brands, plans and advises on content production, develops creative assets and associated campaign materials, buys media space and manages campaign execution and optimisation.
128	4,716.5	Resident Experience - Contact Centre; Gateways; Customer care & Complaints	1,630.6	3,023.2	**4,653.8**	-123.4	-89.0	**4,441.4**	Leads on ensuring that KCC's reputation is protected, enhanced, and promoted and that the customer experience is championed and protected across all contact channels. Provides, manages and develops core customer contact channels and systems including the Gateways, Contact Centre and the Customer Care and Complaints service, and leads on media relations and public consultations. Also works with Members and colleagues to prioritise, plan and advise on content production.
129	**6,980.8**	**Total - Marketing & Resident Experience**	**3,776.8**	**3,515.0**	**7,291.8**	**-497.1**	**-89.0**	**6,705.7**	

Technology

Director: Lisa Gannon

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
130	27,916.8	Technology	3,448.0	28,232.8	**31,680.8**	-3,268.6	-149.0	**28,263.2**	Leads on defining future provision and strategy for Technology, ensuring the best use of available technology to support the needs of the Council. ICT services commissioned from Cantium Business Solutions Ltd
131	**55,807.5**	**Total - Deputy Chief Executive's Department Budget**	**20,519.6**	**40,199.0**	**60,718.6**	**-4,541.9**	**-274.0**	**55,902.7**	

Non Attributable Costs
Interim Section 151 Officer: Dave Shipton

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
132	109,871.9	Non Attributable Costs	1,662.7	130,854.1	**132,516.8**	-32,573.0	-9.0	**99,934.8**	Includes net debt costs (including investment income), transfers to and from reserves, and others including Insurance Fund, audit fees and Apprenticeship Levy

Corporately Held Budgets
Interim Section 151 Officer: Dave Shipton

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s	Key Service Description
133	1,640.9	Corporately Held Budgets to be allocated	9,532.0	0.0	**9,532.0**	0.0	0.0	**9,532.0**	Corporately Held Budgets pending decisions

134	**111,512.8**	**Total - Non Attributable Costs including Corporately Held Budgets**	**11,194.7**	**130,854.1**	**142,048.8**	**-32,573.0**	**-9.0**	**109,466.8**	

Row Ref	2025-26 Revised Base Budget (Net Cost) £000s	Key Service	2026-27 Staffing £000s	2026-27 Non Staffing £000s	2026-27 Gross Expenditure £000s	2026-27 Income £000s	2026-27 Grants £000s	2026-27 Net Cost £000s
135	**1,531,279.8**	**Total Budget Requirement (excluding Schools' Delegated Budgets)**	**451,786.3**	**2,382,862.4**	**2,834,648.7**	**-452,254.1**	**-734,256.4**	**1,648,138.2**
136	**1,531,279.8**	**Total Budget Requirement (including Schools' Delegated Budgets)**	**1,101,562.9**	**2,560,330.4**	**3,661,893.3**	**-499,060.0**	**-1,514,695.1**	**1,648,138.2**
137	-1,531,279.8	Funding	0.0	0.0	**0.0**	-1,132,464.4	-515,673.8	**-1,648,138.2**
138	**0.0**	**Total Budget**	**1,101,562.9**	**2,560,330.4**	**3,661,893.3**	**-1,631,524.4**	**-2,030,368.9**	**0.0**

The 2025-26 Revised Budget column includes changes to budgets as a result of structural changes

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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 592,148.73 Band D equivalent properties, an increase of 0.72% compared to 2025–26 (slightly lower than the provisional figure of +0.82%). This combined with the proposed council tax increases results in a total precept of £1,041.4m.

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

District	2025-26 Final Band D Equivalent Taxbase	2026-27 Final 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	41,567.24	73,100.1	0.37%
Gravesham	35,442.89	35,439.00	62,323.0	-0.01%
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%
Total	**587,921.91**	**592,148.73**	**1,041,352.76**	**0.72%**

ASCL = Adult Social Care Levy

6. The district and borough councils also have to notify us of their estimated collection fund balance for over/under collection in the current year (including any balance brought forward). This must also be reflected in the draft budget as over/under collection has to be taken into account as part of the decision on the Council Tax charge for 2026-27. The draft budget includes a £7.1m collection surplus balance, this is £1.4m more than the £5.7m assumed surplus balance in the January draft. This surplus will be applied in accordance with established policy and practice.

Table 3 – Collection Fund Estimated Balances

District / Borough Council	Collection fund surplus/deficit in 2025-26 Budget £p	Collection fund surplus/deficit in 2026-27 Draft Budget £p	Difference £p
Ashford	-213,723.10	2,381,621.46	2,595,344.56
Canterbury	2,578,646.00	-2,014,224.00	-4,592,870.00
Dartford	1,509,970.00	1,623,911.00	113,941.00
Dover	172,772.00	1,003,653.00	830,881.00
Folkestone & Hythe	-515,661.00	-1,171,289.61	-655,628.61
Gravesham	-1,424,350.00	482,900.00	1,907,250.00
Maidstone	-744,024.00	668,884.00	1,412,908.00
Sevenoaks	1,625,143.00	-584,132.00	-2,209,275.00
Swale	-294,837.65	-37,551.00	257,286.65
Thanet	805,939.11	2,999,910.25	2,193,971.14
Tonbridge & Malling	-289,929.00	1,417,311.00	1,707,240.00
Tunbridge Wells	0.00	360,250.00	360,250.00
Total	**3,209,945.36**	**7,131,244.10**	**3,921,298.74**

7. Table 4 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 4 - 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
Kent	**£1,691.19**	**£94.86**	**£1,786.05**
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 £178.0 million, an increase of £28.8 million (18%) 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 MFTP		**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	£51.5m
Total	**£151.2m**	**£113.0m**	**£178.0m**

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
Total	**30.3**	**30.1**	**29.2**	**23.0**	**23.0**	**23.0**
% of Core Funded Growth	17.0%	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
Total	**27.4**	**31.6**	**25.2**	**48.2**	**46.6**	**46.6**
% of Core Funded Growth	15.4%	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	4.5	4.0	3.3	4.7	4.6
Total	**28.2**	**32.0**	**30.6**	**41.4**	**31.4**	**27.6**
% of Core Funded Growth	15.9%	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 (17.0% 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 (15.4% 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 (15.9% 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)

Area	Baseline (built into 2026–27 draft)	Better case (downside risk reduced / upside realised)	Worse case (adverse variation)	Explanation
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 ±£1.3 m for each ±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 Q3 Treasury report).			rates reduce income.
Council tax base & collection	Growth assumed at 0.72% 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 equation 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.

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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.

Symptom	KCC Assessment
Running down reserves / a rapid decline in reserves Score = 5/10 Scope for Improvement = Moderate	Evidence 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. 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. 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. 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. 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

	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. **<u>Conclusions</u>** **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.** **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** **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).**
A failure to plan and deliver savings in service provision to ensure the council lives within its resources Score = 5/10 Scope for Improvement = High	<u>Evidence</u> 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. 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. 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). 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. 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).

	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. 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. 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. **<u>Conclusions</u>** **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.** **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.**
Shortening medium term financial planning horizons perhaps from three or four	<u>Evidence</u> 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

years to two or even one Score = 7/10 Scope for Improvement = Moderate	been robust and tax yields have remained buoyant. Spending forecasts for later years of the plan have tended to be underestimated. 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. The provisional settlement for 2026-27, published on 17th 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. **<u>Conclusions</u>** **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.** **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.**
A lack of firm objectives for savings – greater "still to be found" gaps in savings plans Score = 5/10 Scope for Improvement = Good	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. 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. 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. **<u>Conclusions</u>** **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.**

A growing tendency for directorates to have unplanned overspends and/or carry forward undelivered savings into the following year Score = 4/10 Scope for Improvement = High	<u>Evidence</u> 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. 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. 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. 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. 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. **<u>Conclusions</u>** **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.**

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
Totals	**-202,306**	**-199,852**	**-195,856**	**-223,514**	**-271,023**	**-397,575**	**-408,060**	**-391,398**	**-357,616**	**-334,176**

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Appendix K: Budget Risks Register 2026-27

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
					TOTAL £m	410.3	353.5
Significant Risks (over £10m)							
CYPE	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.	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. 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.	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. 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.	4		238.5
ASCH	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

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
					TOTAL £m	**410.3**	**353.5**
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	57.6	
ALL	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
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	

Appendix K: Budget Risks Register 2026-27

					TOTAL £m	410.3	353.5

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 supress 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

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
					TOTAL £m	410.3	353.5
Other Risks (under £10m - individual amounts not included)						**100.0**	**35.0**
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.	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.	Additional unfunded costs beyond the allocated reserve could lead to financial pressure. However, mitigating actions are in place: Current overspends are being funded from reserves and underspends within IT base budgets. 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. The programme team is actively monitoring costs and implementing controls to minimise further overruns.	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.	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.	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.	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.	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.	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.	5		

Appendix K: Budget Risks Register 2026-27

TOTAL £m	**410.3**	**353.5**

Directorate	**Risk Title**	**Source/Cause of Risk**	**Risk Event**	**Consequence**	**Current Likelihood (1-5)**	**Estimated Annual Financial Exposure £m**	**Estimated Lifetime Financial Exposure £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. 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.	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		
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

TOTAL £m	410.3	353.5

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	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

TOTAL £m	410.3	353.5

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		
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		

Appendix K: Budget Risks Register 2026-27

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
					TOTAL £m	410.3	353.5
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	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

TOTAL £m	410.3	353.5

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 Levers 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

TOTAL £m	410.3	353.5

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 17th 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 14th 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 muti 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
Specific Ring Fenced Grants transferred into RSG		
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
Existing Settlement Funding transferred into RSG		
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
Part of Children's and Families Grant transferred into RSG		
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
Children, Families and Youth Grant					
Children's Social Care Prevention Grant	6,760	Yes	21,712	21,712	18,545
Supported Families	6,013				
Sub Total (Families First Partnership)	*12,773*				
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
Crisis and Resilience Fund					
Household Support Fund	19,502	No	19,172	19,161	22,061
Homelessness, Rough Sleeping and Domestic Abuse Grant					
Domestic Abuse	4,031	Yes	4,031	4,031	4,031
Public Health Grant					
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 £ millions	2025-26 £ millions	2026-27 £ millions	2027-28 £ millions	2028-29 £ millions
Fair Funding Allocation[1]	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[2]	0.0	0.000	213.394	311.812	351.702
of which: Local Authority Better Care Grant[3]	0.0	0.000	61.701	-	-
Legacy Funding Assessment	483.7	512.889	0.000	0.000	0.000
of which: Legacy Business Rates[4]	256.1	259.395	0.000	0.000	0.000
of which: Legacy Grant Funding[5]	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
Council tax requirement[6,7]	935.7	994.288	1,062.166	1,134.711	1,212.245
Homelessness, Rough Sleeping and Domestic Abuse[8,9]	3.2	4.031	4.031	4.031	4.031
Families First Partnership[10]	6.0	12.773	21.712	21.712	18.545
Total Transitional Protections[11]	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
Grants rolled in to Revenue Support Grant[12]	6.3	6.248	0.000	0.000	0.000
Recovery Grant	0.0	0.000	0.000	0.000	0.000
Recovery Grant Guarantee[13]	0.0	0.000	0.000	0.000	0.000
Mayoral Capacity Fund	0.0	0.000	0.000	0.000	0.000
Core Spending Power	**1,434.9**	**1,530.228**	**1,657.570**	**1,773.589**	**1,893.923**
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 N - 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

5. 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

6. 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.

7. 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

8. 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.

9. 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**
Total CFR	**1,295.9**	**1,269.3**	**1,284.2**	**1,277.7**	**1,237.8**
Other long-term liabilities	230.3	209.5	194.7	180.7	165.1

Adjustment for Transferred Debt[1]	26.6	25.6	24.5	23.6	22.6
Loans CFR	**1,092.2**	**1,085.4**	**1,114.0**	**1,120.6**	**1,095.3**
External borrowing	-732.6	-650.3	-625.1	-616.9	-608.7
Internal borrowing	**359.6**	**435.1**	**488.9**	**503.7**	**486.6**
Less balance sheet resources	-791.7	-722.3	-720.5	-762.1	-743.6
Treasury investments	**432.1**	**287.2**	**231.6**	**258.4**	**257.0**

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.

[1] 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.

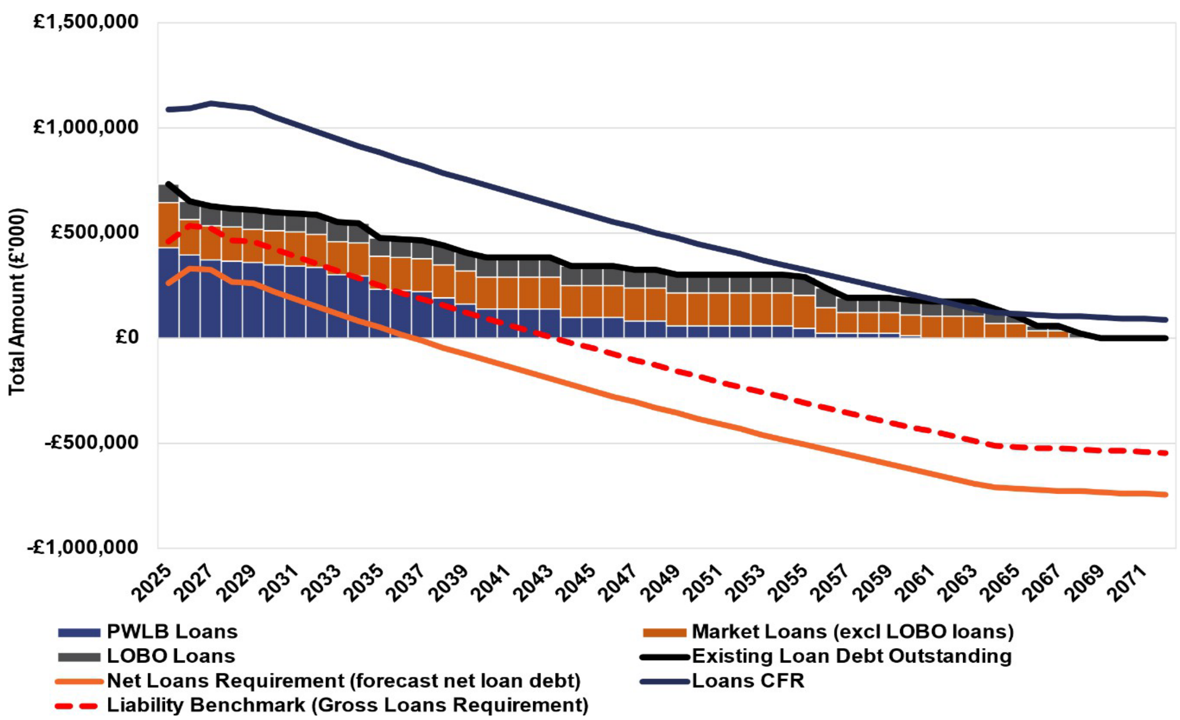
Liability benchmark

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
Strategic pooled funds and real estate investment trusts	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.

Credit risk indicator	Minimum Level
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.

Liquidity risk indicator	Minimum Level
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:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%

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

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

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%.[2] If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different.

[2] 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.

Alternative	**Impact on income and expenditure**	**Impact on risk management**
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 & Debt Portfolio Position

	30-Nov-25	30-Nov-25
	Actual Portfolio	Average Rate
	£m	%
External borrowing		
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
Total external borrowing	**654.45**	**4.20**
Treasury investments		
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
Total internally managed investments	**214.49**	**4.10**
Pooled investments funds		
- 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
Total pooled investments	**187.82**	5.26
Total treasury investments	**402.31**	**4.68**
Net debt	**252.14**	

GLOSSARY

Local Authority Treasury Management Terms

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

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

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

INVESTMENT STRATEGY

Introduction

1.1 This investment strategy meets the statutory guidance issued by the government in January 2018 (Statutory Guidance on Local Government Investments 3rd Edition).

1.2 The Authority invests its money for three broad purposes:

- Because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- To support local public services by lending to or buying shares in other organisations (service investments), and
- To earn investment income (known as commercial investments where this is the main purpose).

1.3 The Investment Strategy focusses on the second and third of these categories. Treasury management investments are covered separately in the Treasury Management Strategy – see Appendix N to the final draft budget report.

1.4 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

1.5 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

1.6 **Further details:** Full details of the Authority's policies and its plan for 2026/27 for treasury management investments are covered in a separate document, the Treasury Management Strategy, at Appendix N.

<u>Service Investments: Loans</u>

1.7 The Council lends money for service and regeneration purposes, and to subsidiaries.

1.8 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk financial vetting is done prior to distributing loans and the value of the loans is immaterial.

1.9 As at 31.03.25 the Council had the following amounts outstanding in relation to loans distributed by its own funding:

Loans in relation to:	Investment Value £m
Kent Empty Property Initiative - No Use Empty	13.89
Marsh Millions	0.03
Kent PFI Company 1 Ltd	2.15
Visit Kent	0.15
Loan to Developer re Chilmington Green	2.58
Total service investments - loans	**18.80**

Kent Empty Property Initiative - No Use Empty

1.10 The Council runs a "No Use Empty" initiative, which was set up in 2005 with the aim of returning long term empty properties back into use. This operates as a revolving loan fund and is open to those who currently own or have acquired a long-term empty property which needs financial assistance to bring the property back into use for rental or sale. As at 31 March 2025 the debt due to KCC under the scheme totalled £13.89m.

Marsh Millions

1.11 KCC contributed to the Marsh Millions loan scheme. This was set up to aid small businesses in the Romney Marsh area. As at 31.03.25 the balance outstanding to KCC was £0.03m.

Kent PFI Company 1 Ltd

1.12 In 2013-14 KCC purchased loan notes in Kent PFI Company 1 Ltd, which is the holding company to the contractor who runs six schools for KCC under a Private Finance Initiative (PFI) arrangement. As at 31.03.25 the balance outstanding to KCC was £2.15m.

1.13 Visit Kent

During 2020-21 KCC provided a loan to Visit Kent. The balance as at 31.03.25 was £0.15m. Repayment is due in April 2026, however the balance will need to be written off as Visit Kent are in the process of liquidation.

1.14 Loan to Developer re Chilmington Green

The Council entered into a loan agreement with a developer in March 2024, in order for the developer to deliver infrastructure works which are required before the site transfers to the Department for Education (DfE), for the DfE to then build a new secondary school at Chilmington Green, Ashford. The loan is due to be repaid before 1st March 2027.

<u>Service Investments: Shares</u>

1.15 As at 31.03.25 the Council had the following equity investments:

Company	Amount Invested £m	Value in Accounts (Fair Value) as at 31.03.25 £m
Kent PFI Company 1 Ltd (Note 1)	1.902	0.948
Global Commercial Service Group Ltd (previously Kent Holdco Ltd)	7.890	15.923
Total service investments - shares	**9.792**	**16.871**

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

1.16 **<u>Service Investment: Property</u>**

As at 31.03.25 the Council had the following service investments in property:

Property	Initial Investment (Build Costs) £m	Value in Accounts (Fair Value) as at 31.03.25 £m
Creative Enterprise Quarter Industrial Units, Ashford units 1, 2, 3, 10, 14, 18, 19, 20, 21, 22, 23, 24	2.474	3.166
Jasmin Vardimon Dance Studio	6.401	4.540
Kings Hill Solar Park	4.230	4.888
Total service investments - property	**13.105**	**12.594**

<u>Creative Enterprise Quarter, and Jasmin Vardimon Dance Laboratory, Ashford.</u>

KCC has invested in the Creative Enterprise Quarter in Ashford, using both own resources and a significant amount of external funding to create a suitable space for the Jasmin Vardimon Dance Laboratory. This investment included the build of industrial units to ensure a financially viable project. Some of the units have been sold and those identified in the table are being retained for rental income.

Kings Hill Solar Park

KCC has invested in the construction of a solar park as part of its Net Zero strategy, by using a significant amount of public sector decarbonisation grant funding and its own resources. This came into operation in October 2023 and provides an income stream through the Global Commercial Service Group (previously Kent Holdco Ltd).

1.17 The Council considers each investment on a case-by-case basis and uses several criteria to obtain a risk/benefit analysis for the Council. Overall, the value of loans outstanding and equity investments as at 31.03.25 are immaterial in relation to the Council's balance sheet. The service benefits derived from these investments are deemed to outweigh the risks. The Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue payments.

Commercial Investments: Property

1.18 The Council invests in property with the intention of making a profit that will be spent on local public services. The main property investments are listed below:

Property	**Purchase/ build cost (including fees)**	**Value in accounts as at 31.03.24**	**Value in accounts as at 31.03.25**
	£m	**£m**	**£m**
Sheehan House	0.723	0.780	0.780
Eurogate Business Park Units 1, 2, 3, 4, 6	2.275	3.398	3.659
1 & 42 Kings Hill Avenue	23.000	26.095	25.888
Brook House, Whitstable*	1.075	-	0.838
Other property investments**	-	3.993	2.688
Total	**27.073**	**34.266**	**33.853**

*This represents the part of Brook House that was transferred into the Investment Property asset register during financial year 2024-25 as it is not used operationally by KCC and is held for rent.

** These consist of properties that now come under the definition of investment, because they are held by the Council for no other purpose other than for income or appreciation, although the original acquisition was not for investment purposes. The initial purchase price of these properties is not available.

1.19 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs, which the table above shows is the case for all such properties.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2025-26 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments including any revenue consequences. However, the Council is not specifically relying on the sale of these assets to fund future expenditure, therefore the risk relating to fluctuations in the property market is minimal.

Investment Indicators

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

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

Investment exposure	**31.03.25 Actual £m**
Service investments: Loans	18.800
Service investments: Shares	16.871
Service investments: Property	12.594
Commercial investments: Property	33.853
Total	**82.118**

2) Net income from commercial and service investments to net revenue stream: This prudential indicator is calculated to show the proportion of income from commercial and service investments to the Council's net revenue stream and is included in the Council's Capital Strategy document at Appendix P. This indicator shows that the proportion of income from commercial and service investments to net revenue stream is forecast to be 0.49% for 2025-26.

1.21 Other investment indicators:

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

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CAPITAL STRATEGY

INTRODUCTION

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

Capital Expenditure and Financing

1.2 Capital expenditure is where the Council spends money on assets, such as property, highways assets or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are deemed *de-minimis,* they are not capitalised and are instead charged to revenue in year.

1.3 Details of the Council's policy on capitalisation are included in the Council's annual Statement of Accounts, the relevant extract is set out below:

"Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

1.4 All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment above our *de-minimis* of £10k (£2k in schools) is capitalised on an accruals basis. In this context, enhancement means work that has substantially increased the value or use of the assets. Work that has not been completed by the end of the year is carried forward as "assets under construction".

Capital Strategy Principles

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

The Capital Strategy will:

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

- Exclude property investments where loans are provided to third parties, such as No Use Empty – these will be considered as part of the Treasury Management Strategy,
- Health and safety aspects of the Council's estate and roads will be monitored closely and prioritised accordingly, with emergency situations being dealt with.

The Council's Strategic Outcomes

1.6 *Reforming Kent 2025-2028* is KCC's new Strategic Statement, replacing the previous administration's strategy, *Framing Kent's Future*. The strategy sets out the challenges facing the Council over the next three years and the aims and objectives of the administration to meet these. The strategy is structured around four key aims, each supported by specific objectives and priorities:

1. Putting Kent Residents First
2. Reforming Kent County Council
3. Supporting Residents that Need Help
4. Building Better Communities

1.7 KCC's budget strategy for 2026/27 recognises the continuing economic challenges and the need to maintain a balanced financial position. Delivery of ambitions will take into account the requirement to prioritise financial sustainability, with delivery of ambitions phased appropriately across the strategic period. The Capital Strategy will mirror this approach, ensuring that capital investment remains closely aligned with the Council's budget strategy and process and demonstrates clear value for money in all decisions.

1.8 The Capital Strategy will be refreshed annually to incorporate the organisation's strategic direction. Business planning across the organisation will provide oversight of key activity across the Council that contributes to both strategic ambitions and financial sustainability. The capital programme will align itself to the business planning process.

1.9 Capital investment should also evidence how it will support the priorities and principles set out in significant strategies. The following are examples of the Council's key strategies:

- Local Transport Plan 5 – this plan sets out the county's strategic transport priorities
- Highways Asset Management Plan – this plan sets out approach to management of Kent's highways assets
- Raising ambition. Enabling curiosity. Building resilience – A Strategy for Education in Kent 2025-2030
- Commissioning Plan for Education Provision 2024-28 – this sets out changes to existing schools and commissioning of new schools
- Making a difference every day - Our strategy for Adult Social Care 2022 to 2027.
- Asset Management Strategy– this sets the framework for managing the Council's property portfolio effectively

- KCC Digital Strategy 2024-27 – this outlines the plans for digital transformation within the council
- KCC's People Strategy 2022-27 – this sets out how it will shape the future of work within the council
- KCC's Commercial Strategy 2026-28 – this sets out the approach to procurement and commercial activity within the council

Affordability

1.10 Capital plays an important role in delivering long-term priorities as it can be targeted in creative and innovative ways. However, capital is not unlimited or "free money" – capital funding decisions can have significant revenue implications. Every £10m of prudential borrowing costs approximately £0.9m per annum in revenue financing costs (including repayment of the principal) for 25 years, assuming an asset life of 25 years. For Information Technology projects the revenue financing costs are much higher per annum as the life is shorter. This is in addition to any ongoing maintenance and running costs associated with the investment. The more revenue that is tied up to repay borrowing, the less is available for service provision, and this is considered alongside revenue pressures.

1.11 In assessing affordability, indicators set by the Prudential Code and the Council's own internal set of fiscal indicators are considered. The fiscal indicator "net debt costs should not exceed 10% of net revenue spending" is considered a suitable indicator to help ensure long-term affordability of the capital programme. The Council is also following the reporting requirements of the 2021 Prudential Code.

1.12 In 2026-27, the Council is planning capital expenditure of £339m as shown in the following table:

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

	2024-25 actual	**2025-26 forecast**	**2026-27 budget**	**2027-28 budget**	**2028-29 budget**
General Fund services	272.05	322.61	350.51	296.02	218.79
Capital investments*	0.05	0.04	0.00	0.03	0.00
TOTAL	272.10	322.65	350.51	296.05	218.79

*Represents spend on service investments.

1.13 The main General Fund capital projects for 2026-27 include: investments in highways and other transport improvements (£124m), highways, structures & waste enhancement (£97m), additional school places to increase capacity (£54m), other school projects (£34m), modernisation and improved utilisation of council premises (£27m), economic development initiatives (£13m), community projects (£1m) and adults, social care and health (£1m). The

Council does not incur capital expenditure on investments primarily for financial return which is in line with the 2021 Prudential Code.

1.14 **Governance**: Service managers bid to include projects in the Council's capital programme. Projects must come forward with alternative options for delivering outcomes, and with a variety of funding options. All projects must be supported by a business case, using the agreed template which captures this information. The business case must also show realistic phasing of the proposed project, with project plans to support this. If a project slips, funding assigned to that project could have been attributed to other worthy projects that were ready to proceed. A critical element of the business case is to identify revenue costs and revenue savings as these will be integral to the budget setting process. Bids are collated by the Capital Finance Team in Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). The bids are taken through the budget process, and the final capital programme is presented to Cabinet in January and to County Council in February each year for approval. Bids requiring KCC funding are not currently being encouraged to mitigate against the challenging global and national financial situation, other than invest/spend to save bids.

Statutory Requirements

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

Invest/Spend to save bids

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

Enhancement of Existing Estate and Roads

1.17 Maintenance of the estate and highway roads and structures network is coming under increasing pressure following years of reactive works. The 10-year capital planning period helps provide the service with future funding stability and the ability to highlight forthcoming pressures for early consideration by Members. In addition to the investment set out in Appendices A and B, funding will be made accessible if required for urgent/emergency "safety vital" works.

➢ Full details of the Council's capital programme are set out in Appendices A and B.

FUNDING

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

Table 2: Capital financing in £millions

	2024-25 actual	2025-26 forecast	2026-27 budget	2027-28 budget	2028-29 budget
External sources*	193.3	256.27	261.25	229.95	187.03
Own resources	51.9	31.47	12.42	7.01	6.98
Borrowing	26.9	34.91	76.84	59.09	24.78
TOTAL	**272.1**	**322.65**	**350.51**	**296.05**	**218.79**

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

Grants

1.19 The challenging financial environment means that national government grants are reducing or changing in nature and becoming more heavily prescribed. These prescriptions reduce the freedom to decide where and how to spend grants – they are largely tied to specific service areas such as education or highways and must be closely monitored. The Council's aim is to use other, less specific grants for their intended purpose in a way that meets statutory obligations. Where the grant is not sufficient, other sources of external funding such as Central Government grants and s106/Community Infrastructure Levy

(CIL) will be explored first, before using the Council's resources such as capital receipts and borrowing.

Developer Contributions: Community Infrastructure Levy (CIL),S106 & S278 agreements

1.20 Developer contributions assist in mitigating the impact of new development on infrastructure. Funding can only be secured if it meets the three statutory tests set out in Regulation 122 of the Community Infrastructure Levy Regulations 2010 (Statutory Instrument 2010/948). The nature of s106 agreements means that once the total funding figure has been secured with a s106 contract, in some cases, the funding is received by the County Council in staged payments as the development is built out, with the full funding potentially not received until the development has been fully completed. Depending on size, a development can take several years to be fully completed. Developer contributions will be built into the programme at the point they are secured within s106 agreements, but it must also be recognised that at this point there are still risks around the timing that funding is received. Careful monitoring of expenditure against funding triggers is therefore a critical factor to be considered when profiling capital spend that includes developer contributions.

1.21 KCC secures s106 contributions towards primary and secondary education, Special Education Needs and Disabilities (SEND), highways and transportation, adult social care, sustainable urban drainage, strategic waste disposal services, libraries, adult education and integrated children's services. In most instances KCC will have ten years to allocate funding received.

1.22 Any forward funding arrangements of developer contributions must be approved to ensure appropriate debt costs of forward funding are built into the repayments. The repayment schedule must be formalised by being built into the s106 agreement. It is always difficult to predict when a development will commence and how long it takes to be completed. Therefore, ongoing engagement between Infrastructure and the Development Investment Team, alongside the monitoring of development progress, is critical to ensure infrastructure is delivered at the most efficient time.

1.23 Several districts in Kent have adopted the Community Infrastructure Levy (CIL), a flat rate tariff charge based on the floorspace of the development being proposed. CIL rates are set by districts, as the Charging Authorities, through their CIL Charging Schedules. They are also responsible for collection and spend of the levy. The share of CIL funding which the County Council will receive varies across the County and also depends on the individual CIL governance that is set up and the decisions of district council administered CIL Spending Boards. This means that the future CIL income is unknown and cannot currently be forecast, as unlike s106 agreements, KCC does not automatically receive a share.

1.24 KCC, as the local highway authority, is responsible for the maintenance and development of the local road network within its borders. If planning permission has been granted for a development that requires changes or improvements to public highways, then KCC will often enter into a Section 278 (s278) agreement with the developer. As with s106 agreements this can only take place when the requested improvements are compliant with the CIL 122 regulations. A s278 agreement enables changes to be made to highway capital assets that the developer pays for and constructs. Examples of works that may be featured in a s278 agreement include roundabouts, improved facilities for pedestrians and cyclists, and traffic calming measures.

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1.25 The Community Infrastructure Levy(amendment) (England) (no.2) Regulations 2019 place a duty on Local Authorities to provide a summary of all financial and non-financial developer contributions that they have been involved with over the course of a given financial year. The annual Infrastructure Funding Statement also demonstrates the amount of developer contributions being held by the authority for expenditure on specific capital projects. Over the last five years KCC has received an average of £33.4m each year, demonstrating that developer contributions form a key component of securing the Council's financial sustainability and funding infrastructure for our growing population and communities.

Borrowing

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

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

	2024-25 actual	**2025-26 forecast**	**2026-27 budget**	**2027-28 budget**	**2028-29 budget**
MRP	64.5	61.5	62.0	65.6	64.6

- The Council's full minimum revenue provision statement is at Appendix Q.

1.27 The level of borrowing to fund the capital programme considers the revenue implications and the requirements of the prudential code. In line with the Code, borrowing is not undertaken in advance of need. The 10-year capital programme planning period will assist in more effective management of borrowing levels over the longer-term.

1.28 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with repayments from MRP and capital receipts used to replace debt. The CFR is expected to decrease by £26.6m during 2025-26 to £1.269bn. Based on the figures in tables 1 and 2 for expenditure and financing, the Council's estimated CFR is shown in table 4:

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

	31.3.2025 actual	31.3.2026 forecast	31.3.2027 budget	31.3.2028 budget	31.3.2029 budget
TOTAL CFR	1,295.9	1,269.3	1,284.2	1,277.7	1,237.8

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

As a result of International Financial Reporting Standard (IFRS)16 the forecast CFR as at 31.03.26 may be affected as a result of in-year changes in leases. The impact of which will not be quantified until after the year end, however it is not expected to be material.

Asset Management and Capital Receipts

1.29 **Strategic Asset Management Framework**

To ensure that capital assets remain useful in the long term and deliver maximum value, the Council has adopted the 2024–2030 Asset Management Strategy (AMS), replacing the previous 2018–2023 strategy. This updated AMS provides a robust framework for managing the Council's owned, tenanted, and leased assets over the next six years, aligning with statutory duties, corporate policies, and service priorities.

The Strategy focuses on optimising and flexibly using assets, so they are appropriately located, efficiently utilised, and adaptable to changing service needs. It incorporates short-, medium-, and long-term planning to future-proof the estate and maintain sustainability. While environmental considerations, including energy efficiency and renewable energy adoption, remain important, the AMS places equal emphasis on improving operational efficiency and ensuring assets deliver maximum value for services.

Digital transformation is a key enabler, with smart building technologies and advanced data analytics used to optimise performance, enable predictive maintenance, and support informed decision-making. The Strategy also promotes community and partnership working through co-location and shared use of facilities with public sector partners, reducing costs, improving service accessibility, and enhancing collaboration.

Overall, the AMS prioritises efficient use of KCC's assets and encourages partnership working to deliver statutory and essential services effectively. Securing the short- and medium-term position is critical for sustainable future planning, and property assets play a pivotal role in enabling the Council to transform public service delivery, making an innovative and forward-thinking approach essential.

1.30 **Capital Receipts and Disposal Strategy**

When an asset is no longer required, a full options appraisal will determine its future. Disposal remains an option, with proceeds (capital receipts) reinvested into new assets, repay debt, or fund revenue transformation projects as allowable under the Government direction. While previous disposal programmes have successfully minimised borrowing future receipts will increasingly come from underutilised assets rather than surplus ones. This may require targeted investment to unlock value, subject to rigorous business case assessment and alignment with capital programme priorities.

KCC will also explore alternative income generating models, such as joint ventures, leasing arrangements, and repurposing assets for community benefits, ensuring financial resilience and long-term sustainability.

1.31 **Capital Investment Principles**

The AMS requires that all business cases for new non-school buildings must take a comprehensive approach by considering whole-life costs, including upfront delivery expenses, ongoing operational costs, and the environmental impact of the project. Each proposal should include mandatory contributions to a capital reserve to cover long-term maintenance, as the current Modernisation of Assets budget is insufficient for the scale of KCC's estate. In addition, investments should demonstrate alignment with sustainability objectives while prioritising operational efficiency and service delivery. Future investment will also focus on digital systems and smart technologies on an "invest-to-save" basis, supported by robust evidence of efficiency gains and cost savings.

1.32 **Governance and Performance Monitoring**

To ensure accountability and continuous improvement, KCC will implement a robust governance framework that includes Key Performance Indicators (KPIs) to measure asset utilisation, energy performance, and financial returns. The Council will conduct annual reviews of the Asset Management Strategy to maintain alignment with corporate priorities and respond to emerging service needs, ensuring the strategy remains relevant and effective.

Capital Receipts

1.33 The Council plans to use up to £9m of capital receipts (under the Government direction that allows revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services to be funded from asset sale proceeds) to balance the 2026-27 revenue budget. This reduces the level of receipts available to fund capital expenditure.

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

Table 5: Capital receipts to be applied in £millions

	Prior Years	**2026-27 budget**	**2027-28 budget**	**2028-29 budget**
Application of asset sales	15.94	0.35	0.48	0.55
Loan repayments	75.51	10.37	7.59	9.11

Treasury Management

1.35 Treasury management is concerned with keeping sufficient, but not excessive, cash available to meet the Council's spending needs while managing the risks involved. Surplus cash is invested earning revenue income until required, while any liquidity shortage would be met by short-term borrowing to avoid excessive overdraft fees. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

1.36 As documented in the proposed treasury management strategy (appendix N) for 2026-27, 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. The budget for net investment income in 2026-27 is £11.5m, based on an average investment portfolio of £506.6m at an average interest rate of 4.08%.[1] If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different. The resultant net cost of treasury (interest payable costs less net investment income) is expected to be £13.1m for 2026-27.

1.37 **Borrowing strategy:** The Council's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. The Council does not borrow for the primary purpose of financial return and therefore retains full access to the Public Works Loan Board.

1.38 Projected levels of the Council's total outstanding debt comprising external borrowing and other long-term liabilities identified in the balance sheet (including PFI liabilities, leases, etc) are shown below, compared with the capital financing requirement (see above) and the resulting balance funded from internal borrowing.

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

	31.3.2025 actual	**31.3.2026 forecast**	**31.3.2027 budget**	**31.3.2028 budget**	**31.3.2029 budget**
Other Long-term Liabilities	230.3	209.5	194.7	180.7	165.1
External Borrowing*	706.0	624.7	600.6	593.3	586.1
Total Debt	936.3	834.2	795.3	774.0	751.2
Capital Financing Requirement**	1,295.9	1,269.3	1,284.2	1,277.7	1,237.8
Internal Borrowing	359.6	435.1	488.9	503.7	486.6

*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 has been excluded from external borrowing shown in table 6 in accordance with the Prudential Code.

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

1.40 **Liability benchmark:** To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the

[1] Gross investment income for 2026-27 is estimated to be £20.7m including £9.2m attributable to other bodies.

lowest risk level of borrowing. This is shown in the Treasury Management Strategy at Appendix N.

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

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

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

	2025-26 limit	2026-27 limit	2027-28 limit	2028-29 limit
Authorised limit – borrowing	1,059.8	1,089.5	1,097.0	1,072.7
Authorised limit – other long-term liabilities	209.5	194.7	180.7	165.1
Authorised limit – total external debt	1,269.3	1,284.2	1,277.7	1,237.8
Operational boundary – borrowing	959.8	989.5	997.0	972.7
Operational boundary – other long-term liabilities	209.5	194.7	180.7	165.1
Operational boundary – total external debt	1,169.3	1,184.2	1,177.7	1,137.8

The operational boundaries and authorised limit include capacity for managing the transferred debt belonging to Medway Council as referred to under table 6. This ensures that the Council has sufficient capacity to manage it's own ultimate borrowing requirement.

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

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

Table 8: Treasury management investments in £millions

	31.3.2025 actual	31.3.2026 forecast	31.3.2027 budget	31.3.2028 budget	31.3.2029 budget
Near-term investments	254.6	103.1	76.6	143.4	167.0
Longer-term investments	177.5	184.1	155.0	115.0	90.0
TOTAL	**432.1**	**287.2**	**231.6**	**258.4**	**257.0**

- Further details on treasury investments are in the Treasury Management Strategy at Appendix N.

1.44 **Risk management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

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

Investments for Service Purposes

1.46 The Council makes investments to assist local public services, including making loans to or buying shares in other organisations (service investments). In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to generate a surplus after all costs.

1.47 **Governance:** Decisions on service investments are made by the relevant service manager after consultation with and approval of the Corporate Director of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are in the Investment Strategy at Appendix O.

Commercial Activities

1.48 With central government financial support for local public services declining, the Council has, in the past, strategically invested in commercial property purely or mainly for financial gain. Some of these are still held, and all details are available in the Investment Strategy at Appendix O.

1.49 With financial return being the main objective, the Council accepted higher risk on commercial investment than with treasury investments. The principal risk exposures include void periods when properties are empty and reductions in market value. These risks were managed by a rigorous appraisal process prior to any acquisition decision. Total commercial investments as at 31st March 2025 were valued at £33.9m.

1.50 In line with Government expectations, the Authority will not be pursuing commercial investments going forward.

1.51 **Governance:** Decisions on commercial investments and disposals have been made by the Director of Infrastructure in accordance with the Councils constitution, and more relevantly the Property Management Protocol, and following consultation with and approval of the Corporate Director of Finance. Property and most other commercial investments are also capital expenditure and purchases have also been approved as part of the capital programme. The proportion of net income from commercial and service investments to net revenue stream are shown in Table 9.

- Further details on commercial investments and limits on their use are included in the Investment Strategy – Appendix O.

Table 9: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2024-25 actual	**2025-26 forecast**	**2026-27 budget**	**2027-28 budget**	**2028-29 budget**
Total net income from service and commercial investments £m	4.9	7.5	6.8	6.9	6.9
Proportion of net revenue stream (%)	0.34	0.49	0.41	0.40	0.39

- The Council also has commercial activities in several trading companies, details of which are included in the Investment Strategy – Appendix O.

Liabilities

1.52 In addition to the forecast debt detailed in table 6, the Council is committed to making future payments to cover its pension fund deficit (valued at £29.3m as at 31.03.25). It has also set aside £48m in general reserves, which is the estimated balance as at 31.03.26 after an assumed drawdown to fund a 2025-26 overspend, based on the 2025-26 Quarter 3 revenue monitoring. This reserve balance is to cover unforeseen risks as identified in the Reserves Policy – Appendix M to this document. The Council has identified a number of budget risks but has not put aside any money because the Council has sufficient reserves (before any drawdown to fund a 2025-26 overspend) to cover these eventualities should they arise. These risks are identified in the Budget Risks Register at Appendix K to this document, which includes the risk of the impact on reserves of the 2025-26 overspend.

1.53 **Governance:** Decisions on incurring new discretional liabilities are taken by service managers after consultation with and approval of the Corporate Director of Finance. The risk of liabilities crystallising and requiring payment is monitored by Corporate Finance and included in monitoring reports.

Revenue Budget Implications

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

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2024-25 actual	2025-26 forecast	2026-27 budget	2027-28 budget	2028-29 budget
Proportion of net revenue stream	7.38%	6.67%	5.93%	5.90%	5.71%

1.55 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Corporate Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the rigour which has been applied to the appraisal of schemes and the application of an affordable future borrowing strategy based on an absolute fiscal limit that the costs of borrowing cannot exceed 10% of the annual revenue budget. The Capital Programme will be reviewed and revised annually to ensure it is affordable in the medium term.

Knowledge and Skills

1.56 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The wider finance team includes a number of qualified accountants who are members of professional accountancy bodies including the Association of Chartered Certified Accountants (ACCA), Chartered Institute of Management Accountants (CIMA), Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Public Finance and Accountancy (CIPFA). In addition, KCC Finance is an approved employer with professional accreditations from ACCA and CIPFA.

1.57 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Group as treasury management advisers, and Amey/Kier/Skanska as property consultants/facilities management contractors. The Council will use the services of other specialists and consultants as necessary. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

1.58 The Council's policy on the use of external advisers is that where a contract for a consultant is estimated to cost £50,000 or more, details of the proposed award must be forwarded to the relevant Cabinet Member prior to the appropriate officer making the award.

Governance Arrangements

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

Appendix Q

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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Flexible use of Capital Receipts Strategy 2026-27

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 2026-27

The council currently has a number of transformation schemes with one-off or time limited activity costs.

The proposal for 2026-27 is to use £9m of capital receipts funding to support:

a) 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 of 2024-25 to 2026-27. As approved in the 2025-26 Strategy, qualifying spend on this Programme is being funded by flexible use of capital receipts and the proposal is for 2026-27 qualifying spend to also be funded from flexible use of capital receipts, with any balance of spending being met from ear-marked reserves specifically set aside for Information Technology projects.

b) 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 2026-29 proposed Medium Term Financial Plan. The latest estimate of these budgeted savings are shown in the table below. These are ongoing annual savings, meaning that from 2028-29 onwards there is expected to be an annual saving of £3.715m:

	2026-27 £k	2027-28 £k	Total saving over the MTFP £k
Technology Enhanced Lives	-3,591.3	-123.8	-3,715.1

c) development of in-house children's residential units to provide an alternative to more costly independent sector residential care placements. This is an invest to save project with estimated savings reflected in the proposed Medium Term Financial Plan shown in the table below. These are ongoing annual savings, meaning that from 2028-29 onwards there is expected to be an annual saving of £1.530m:

	2026-27 £k	2027-28 £k	Total saving over the MTFP £k
Children's In-house Residential Units	-640	-890	-1,530

d) Waste disposal behaviour change – this is a spend to save initiative to avoid costs of dealing with residual waste through increasing recycling rates and reducing the amount of residual waste. This focuses on food waste capture and reduction, increasing recycling and decreasing contamination. This will be achieved through:

- Communications and behaviour change initiatives
- Improving waste systems, through supporting district councils to increase the performance of kerbside recycling schemes
- Infrastructure improvement and development to enable maximum opportunities to segregate recycling and comply with legislation.

The estimated savings reflected in the proposed Medium Term Financial Plan are shown in the table below. These are ongoing annual savings, meaning that from 2029-30 onwards there is expected to be annual savings of £3.195m:

	2026-27 £k	2027-28 £k	2028-29 £k	Total saving over the MTFP £k
Increased recycling rate as a result of behaviour change activities	-392.1	-480.1	-575.3	-1,447.5
Increased recycling rates resulting in avoided spend with regard to Emissions Trading Scheme		-231.6	-1,516.1	-1,747.7

4. <u>Rationale and Considerations</u>

In the opinion of the Section 151 Officer the expenditure for the Oracle Cloud project, Technology Enhanced Lives, development of children's in house residential units and increased waste recycling 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 as part of the government's permitted exceptional financial support arrangements.

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 2027 has exceeded the assumed amount by £9m, 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

This funding, along with the associated costs, are factored into the council's final draft budget plans for 2026-27 alongside the savings and operational efficiency gains that are expected to be generated from this transformation activity.

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 flexible use of capital receipts option set out in this strategy, 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 2026-27 Statement of Accounts.

7. Monitoring the Strategy

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