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David Wimble, Cabinet Member for Economic Development & Special Projects

Peter Osborne, Cabinet Member for Highways & Transportation

To: Growth, Environment & Transport Cabinet Committee - 13 January 2026

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

Classification: **Unrestricted**

Summary: This report outlines the key policy considerations within the draft capital and revenue budget proposals for the Cabinet portfolios and council departments relevant to this committee. This is a tailored report for each committee and should be considered within the context of the overall whole council budget proposals published separately to support the budget scrutiny process.

Recommendations:

The Growth, Environment & Transport (GET) Cabinet Committee is asked to:

- a) NOTE the draft capital and revenue budget proposals
- b) SUGGEST any alternatives that should be considered related to the Cabinet Committee's portfolio before final draft budget is considered by Cabinet on 29th January 2026 and presented to Full County Council on 12th February 2026.

1. Background and Context

- 1.1 The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Cabinet and Scrutiny Committees to allow for their comments to be considered before the final budget proposals are made to Full Council.
- 1.2 The Council is under a legal duty to set a balanced and sustainable budget for the forthcoming year (2026-27) within the resources available from local taxation and central government grants, and to maintain adequate reserves. This duty applies to the final draft budget presented for Full Council approval at the annual budget meeting and does not necessarily apply the preceding drafts or plans for subsequent years. The overall strategy for the budget is to ensure that the Council continues to plan for revenue and capital budgets which are affordable, reflect the Council's strategic priorities, allow the Council to fulfil its statutory responsibilities and continue to maintain and improve the Council's financial resilience within the overall resource constraints.

- 1.3 A medium-term financial strategy covering the entirety of the resources available to the Council is the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty. A report on the purpose of medium term financial planning was presented to Policy and Resources Committee on 8th July 2025 [P&R MTFP Update](#). This report identified that the strategy should pull together in one place all known factors affecting the financial standing and sustainability of the Council over the medium term. The draft budget publication sets out all this necessary information for the scrutiny process. The final draft will include all the necessary information for the approval process. These are not necessarily the same and the final draft will include supporting strategies e.g. treasury management strategy, necessary for final budget approval.
- 1.4 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. The capital programme will still include individual project schemes and rolling programmes funded from external sources.
- 1.5 The primary focus of the revenue budget must be to strike an appropriate balance between fulfilling the Council’s statutory obligations on service provision and the administration’s strategic priorities. However, 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. In reaching this balance the 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 necessary to balance any differences between spending growth and the available resources from central government and local taxation.
- 1.6 As part of budget scrutiny process it is worth clarifying that savings relate to reducing current recurring spend whereas bearing down on future growth is cost avoidance. Both amount to the same end outcome of reducing planned spending in the forthcoming year from what would otherwise have been needed without action and intervention. Both savings and cost avoidance are essential to ensure the statutory requirement for a balanced budget is met.
- 1.7 Fuller details of the budget plans will be set out in the draft budget report which will be published in due course before the Committee meeting cycle. This Draft report will be available [here](#). A separate report on responses to public consultation on the budget strategy has also been published and is available at [Let’s Talk Kent](#)
- 1.8 The report to this Cabinet Committee focuses on the key policy considerations within the draft budget proposals for the directorate/Cabinet portfolio(s) relevant to each committee. To assist this, a summary of the 2026-27 proposals for the relevant directorate/Cabinet portfolio is included as an appendix to this report. An

interactive dashboard is also provided to Members, enabling the details of all proposals to be examined and scrutinised in depth.

- 1.9 Following the scrutiny process, a revised draft of the final budget proposals will be published in January for Cabinet consideration and approval at County Council in February 2025.

2. Key Policy Considerations

2.1 Medium Term Financial Plan (MTFP) overview

- 2.1.1 The MTFP is the change statement which transforms the 2025-26 budget into the proposed 2026-27 budget e.g. adding in any **revenue spending growth pressures** (pay, price inflation, demography/activity changes, new or updated legislation and service strategies & improvements – the latter usually being local choice/policy led) and offsetting any new savings (efficiency, transformation or policy) or increased income initiatives.
- 2.1.2 If the spending growth pressures exceed the level of savings and income then it is an ask for a share of KCC's increased spending power from increased Council Tax, Business Rates and general grant income. The part of a service budget whereby the gross expenditure (staffing, non-staffing) is not covered by income (specific grant, fees & charges) is then funded by KCC's general funds and is referred to as the net budget or base budget. The MTFP therefore represents the changes in gross, income and net from one year to the next.
- 2.1.3 The Growth, Environment and Transport (GET) directorate has growth spending pressures of +£24.76m and savings/income proposals of -£6.38m. Of those growth spending pressures, £7.85m is due to be funded from ear-marked reserves, leaving a proposed ask that £10.53m is to be funded from KCC's increased levels of Council Tax, Business Rates and general grants.
- 2.1.4 Appendix E contains a detailed list of MTFP changes for the GET directorate, split by Cabinet Member but the salient growth spending pressures and savings/income per Cabinet Member are analysed below. Those which are considered to be local choice and/or policy considerations are included within the '**service strategies and improvements**' sub-heading and counts for £15m of the £24.76m spending growth pressures.

2.2 Revenue Spending Growth and Savings/Income proposals – Paul Webb

- 2.2.1 The significant elements of the MTFP, including a focus on those where there is local choice (e.g. contractually committed price inflation or legislative changes are unavoidable), are analysed below for Paul Webb, Cabinet Member for Community & Regulatory Services.
- 2.2.2 Spending growth pressures of **+£411k**, of which the majority relates to contract price inflation, with smaller amounts in relation to pay uplifts for those staff not on Kent Terms and realignment of current budgets e.g. where price or activity is higher than budgeted. The only area of local choice is the one-off cost within Trading Standards to parallel run both the new and existing system at a cost of £93k. From

27/28, the old system will cease and hence this is not a permanent base budget change.

- 2.2.3 Savings and income of **-£584k** more than offset the pressures above, with income generating services expected to cover off spending growth pressures where the activity is non-statutory. The most significant element relates to the increased income targets within the Libraries, Registration and Archives service, with -£200k for increased activity and -£50k for a price review in line with inflation uplift on costs. There is also recognition of new grant funding of -£200k for border control work within Trading Standards, which now fully covers the costs that KCC had previously had to fund and therefore represents a base budget saving.

2.3 Revenue Spending Growth and Savings/income proposals – David Wimble

- 2.3.1 The significant elements of the MTFP, including a focus on those where there is local choice (e.g. contractually committed price inflation or legislative changes are unavoidable), are analysed below for David Wimble, Cabinet Member for Economic Development & Special Projects.
- 2.3.2 Spending growth pressures of **£0**. The only growth pressure will be for staff pay, which at this stage is held centrally pending consultation and negotiation with the unions.
- 2.3.3 Savings and income of **-£35k**.

2.4 Revenue Spending Growth and Savings/income proposals – Paul King

- 2.4.1 The significant elements of the MTFP, including a focus on those where there is local choice (e.g. contractually committed price inflation or legislative changes are unavoidable), are analysed below for Paul King, Cabinet Member for Environment, Coastal Regeneration & Special Projects.
- 2.4.2 Spending growth pressures of **+£12.8m**, of which the majority relates to
- a) a revenue contribution to capital of +£7.7m for the proposed construction of a Waste Transfer Station (WTS) in Folkestone & Hythe (to be funded from an earmarked reserve, not base funded)
 - b) Realignment of costs of +£645k where 25/26 actual costs are in excess of budgeted levels for tipping away, inter-authority agreements (IAA), running costs for Household Waste Recycling Centres (HWRC) and WTS,
 - c) Provision for future increase in waste tonnages +£984k linked to increased house building targets and population growth.
 - d) Contract price inflation of £3m
 - e) Dilapidation costs of +£541k following condition surveys being performed across the waste system which has been profiled to be completed over a 3–4-year period.
- 2.4.3 Savings and income of **+£175k**, which is actually -£1.5m of new savings/income, offset by a reduced level of Extended Producer Responsibility (EPR) funding of +£1.6m.
- a. -£250k in relation to the re-let of the haulage contract within Waste at preferential rates,

- b. -£130k income target for Country Parks to offset pay and price pressures and finally
- c. Various Waste related savings of -£1.05m linked to both increasing recycling rates and/or reducing the ETS pressure (e.g. cost avoidance).
- d. A reduction in EPR income of £1.6m, reduced from the 25/26 level of £13.3m which is to partly offset the cost of disposal of packaging waste, with the intention to shift the cost of disposal from Local Authorities to manufacturers.

2.4.4 The Waste savings include national legislation changing meaning certain districts will now have to collect food separately – the gate fee for which is at a much reduced rate to black sack/co-mingled waste – as well as working with districts through behaviour change initiatives to improve recycling rates and reduce the level of tonnes that go in to the Energy for Waste (EfW) plant at Allington. This represents both a base budget saving by diverting less tonnes to final disposal, as well as cost avoidance given ETS legislation will place a levy on all tonnes going to final disposal/Allington plant. There are full year effects of these savings of -£3.1m in 2027/28 and 2028/29, so total base savings of -£4.15m.

2.5 *Revenue Spending Growth and Savings/income proposals – Peter Osborne*

2.5.1 The significant elements of the MTFP, including a focus on those where there is local choice (e.g. contractually committed price inflation or legislative changes are unavoidable), are analysed below for Peter Osborne, Cabinet Member for Highways & Transportation.

2.5.2 Spending growth pressures of **-£11.5m**, of which the majority relates to:

- a) Contract price Inflation for highways and public transport (Kent Travel Saver (KTS), English National Concessionary Travel Scheme (ENTCS) and subsidised buses) schemes of +2.9 million
- b) Provision for democracy realignment of current budgets of £2m for example where current and future activity is higher than budgeted levels
- c) A re tender price uplift for the new highways term maintenance contract HCMC of 2.8 million
- d) Grant funded new expenditure of +£3 million of which the increased level of grant is shown below.
- e) A new allocation for making safe and preparation of the increasing regularity of road and embankment collapses and sinkholes of £750K which represents the five-year average cost that has been met from reserves or one of sources in the past but can no longer be absorbed

2.5.3 Savings and income of **-£5.9m** partially offset the pressures above, with the significant elements being:

- a) Increased forecast income of -£1.4m, both in relation to increasing levels of Streetworks and other highways income -£950k, as well as to offset the operator fare inflation for the Kent Travel Saver (KTS) -£480k
- b) increased income of -£290k in relation to review the cost of the direct debit option and discounted pass price for the KTS.
- c) Provision for anticipated on-street car parking surpluses of -£600k (the service is delivered by the district authorities), that are due to be declared to KCC.
- d) Increased level of grant income of £3m to offset the increased level of revenue spending growth pressures

- e) Also included here is -£380k of savings to be achieved through a review of staffing across the entire GET directorate.

2.6 Capital Programme

- 2.6.1 The changes to the approved 10-year capital programme (where projects have approval to plan or approval to spend status, have a full business case/options analysis performed and funding in place), or the 10-year potential projects list (prior to funding identified or business case being developed) are analysed below, by Cabinet Member.
- 2.6.2 Paul Webb - Included within the previous capital programme potential projects list (which are aspirational projects that have not been through the full business case process and are not funded) there was a project for the Coroners Service to construct and deliver a new Digital Autopsy facility. Whilst the capital project in itself was feasible, the delivery of the service needs to be re-considered and will be subject to a future project proposal so has been removed.
- 2.6.3 David Wimble – the only change to the 10-year potential projects list is that the Electric Vehicle Fleet renewal strategy has been removed. No funding was attached to this scheme, with this appendix simply being a list of projects that are either subject to a full business case being proposed, with funding yet to be identified or as an early indication of priorities over the coming decade.
- 2.6.4 Peter Osborne - the Highways Block Maintenance Grant (HBM) for 26/27 and subsequent years has been announced, showing an increase in the core level of Department for Transport (DfT) funding. This increases further 27/28 onwards and goes some way to the aspiration for Govt grants to increase in line with inflation – after being static for many years – as well as increased funding of or the authority's highways asset.
- 2.6.5 This remains significantly below what asset management principles identify are required to achieve “steady state” (asset in the same condition as the prior year) which would require an additional £110m pa to be invested, let alone to make any significant in-roads into the current backlog of three-quarters of a billion pounds. The news is however welcomed.
- 2.6.6 In addition to this funding, we also received clarity in terms of the 26/27 allocations for Active Travel Funding (revenue and capital), and are waiting for final confirmation of the Bus Services Improvement Plan (BSIP) grant (revenue and capital) for the coming year. All of which contained specific terms and conditions on what they can and cannot be spent on, in which time frame and what constitutes eligible expenditure.

3. Contact details

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