

From: Linden Kemkaran, Leader of the Council

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To: Policy and Resources Cabinet Committee - 14 January 2026

Subject: Draft Capital Programme 2026-36, Revenue Budget 2026-27 and Medium Term Financial Plan (MTFP) 2026-29 – Chief Executive's Department and Deputy Chief Executive's Department

Classification: Unrestricted

Summary:

This report outlines the key policy considerations within the Administration's 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 Policy and Resources Cabinet Committee is asked to:

- a) NOTE the Administration's draft capital and revenue budget proposals
- b) SUGGEST any alternatives that should be considered related to the Cabinet Committee's portfolio before the final draft budget is considered by Cabinet on 29th January 2026 and presented to Full 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 Cabinet 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 the impact on the revenue budget, through reducing borrowing requirements, resulting in reduced revenue debt costs and using the capital receipts flexibility powers which allows local authorities to fund permitted revenue costs. 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 are set out in the draft budget report which will be available in due course. 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 Administration’s draft budget proposals for the directorate/Cabinet portfolio(s) relevant to this 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 Administration’s final budget proposals will be published in January for Cabinet consideration and approval at County Council in February 2025.

2. Key Policy Considerations

This report does not include the impact of any decisions made at the full Council meeting on Thursday 18th December 2025. Any decisions taken forward at that meeting will be reflected in the final draft prior to the Budget Meeting on Thursday 12th February 2026.

Capital Spending

2.1 The capital programme includes additional funding as part of the Modernisation of Assets which is essential to ensure that the Highways depots and Salt Barns can meet service requirements. It should be noted that there remains significant risk given the condition of the estate that there is a building failure which cannot be managed within the allocation in the capital budgets leading to service closure.

The decision to sell Invicta House and to continue to use Sessions House as Strategic Headquarters has been reflected in the capital forecast. Further detail on the revenue implications of this decision is included in the *Revenue Savings and Income* section below.

Revenue Spending Growth

2.2 The revenue spending proposals that are due to Local Choice or a mixture of Local Choice and Unavoidable Spend are detailed below:

2.2.1 Annual uplift to Member Allowances (£54.6k additional cost in 2026-27)

In line with existing policy there is an annual increase to allowances linked to staff pay and other public sector pay awards. This spending line provides for the additional costs.

2.2.2 Finance – Counter Fraud (£54.5k additional cost in 2026-27)

The Counter Fraud Team provides a corporate service to KCC, including, but not limited to: tracking and investigation financial irregularities (fraud and error) that occur within KCC; providing advice and support to management to mitigate the risk of financial irregularities occurring within their area; and providing awareness and assessing the risk of financial irregularities with management and front-line staff.

An increase in referrals being received across the organisation is putting pressure on the existing team, and a request is being made for one additional staff member to be hired, to allow the Counter Fraud team to scale up the activity they provide. Investment in the Counter Fraud team safeguards KCC against fraud and contributes to the organisation's ability to reclaim costs incurred through fraudulent means.

2.2.3 Local Democracy – Grants to District Councils (£8.5k additional cost in 2026-27)

Annual uplift in the grant made to district council covering our contribution for Retriever, a CPI-linked debt tracing contract to help increase levels of council tax raised via improving the tax base and collection rates.

Revenue Savings and Income

2.3 These are the relevant savings and income proposals, focussing on areas of policy choice and transformation:

2.3.1 Sessions House (£30k additional cost in 2026-27; cumulative saving of £168k by the end of 2028-29)

The Deputy Leader has confirmed that Sessions House will remain Kent County Council strategic headquarters until Local Government Reorganisation in 2028. Invicta House will instead be sold to reduce holding costs and liabilities.

This decision reflects the Administration's priorities to reduce capital borrowing in the short term, preserve Sessions House as a legacy building for future Administrations, and maintain flexibility in the office estate while meeting minimum legal obligations for safety and heritage conservation. The previous plan to refurbish Invicta House and dispose of Sessions House would have required significant capital investment. Retaining Sessions House and selling Invicta House avoids up to £12 million in capital expenditure, aligning with the Administration's focus on financial prudence and simplicity.

The financial impact of this decision will vary over time and the MTFP has been updated from a capital and revenue perspective. The saving on borrowing costs related to this decision is not reflected here, as it is considered a non-attributable cost and is therefore not attributable to Infrastructure in the MTFP.

2.3.2 Car Parking Review (£1,000k in 2026-27)

Kent County Council will review its approach to car parking across its office estate to ensure that it remains appropriate to the way that we are using our office accommodation. This will include a review of car parking model, hours of operation and charging models.

A review of car parking provision supports the council's wider financial strategy and ensures that resources are used responsibly. Clear communication and engagement with staff will be essential as the review progresses. The aim is to generate a benefit to the Council of £1m from 2026 onwards.

2.3.3 Changes to Drinking Water Provision (£30k saving in 2026-27)

Kent County Council will review its approach to providing chilled drinking water across the estate to deliver a saving of £30,000. The current budget for water provision is approximately £120,000 and covers both plumbed water coolers and bottled water. The proposed change will reduce reliance on bottled water and increase the use of plumbed systems where feasible, ensuring a more cost-effective and environmentally responsible solution.

The key risks associated with this saving include the potential that some sites with older plumbing may not be suitable for plumbed water installations. These risks will be managed through careful site assessments and clear communication with staff to maintain confidence in the quality and availability of drinking water.

2.3.4 Changes to Provision of Plants (£40k saving in 2026-27)

Kent County Council will review the provision of plants in its offices as part of a review of non-essential services. The current contract includes pruning, watering, pest control and replacement of plants when required. These activities cannot be transferred to staff due to previous issues with maintenance. Continuing the contract is no longer considered a priority. Removing plants entirely will deliver a saving of £40,000 while ensuring that resources are focused on core services.

This change reflects a pragmatic approach to managing costs without compromising the council's ability to provide a safe and functional working environment.

2.3.5 KCC Estate – Community and Specialist Assets (£117.7k saving in 2026-27)

Review of Community and Specialist Assets as part of the Future Assets Strategic Reset Programme. Where possible there will be some co-location of services into buildings to

release others, and options for disposal will always consider alternative use for KCC initially.

2.3.6 KCC Estate – Office Assets (£22.1k saving in 2026-27)

The review of Office Assets will deliver the MTFP target over the medium term but has had to be re-phased due to unforeseen costs.

2.3.7 Legal – In-house Solicitors (£487.6k saving in 2026-27)

KCC are proposing to recruit 4 permanent in-house solicitors to reduce the reliance on expensive external legal firms. The cost of c. £360k is offset by income from the directorates, estimated at £847.6k, as spend is redirected from external legal firms to the in-house team. This is forecast to lead to a net saving to KCC of £487.6k overall. This proposal does not impact the existing relationship with Invicta Law. This decision supports the council's wider financial strategy and ensures that resources are used responsibly.

2.3.8 Contact Centre service levels review (£290k saving in 2026-27)

Kent County Council has reviewed its contact centre provision as part of the upcoming contract renewal. The aim is to reduce costs by further employing technology to deliver an estimated saving of £290,000 from 2026 onwards.

3. Contact details

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