From:	Deputy Leader, Brian Collins Acting S151 Officer, Dave Shipton Head of Finance Operations, Cath Head
To:	Cabinet, 29 January 2026
Subject:	Revenue and Capital Budget Forecast Outturn Report – Quarter 3
Classification:	Unrestricted

Summary:

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

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

Recommendation(s):

Cabinet is asked to:

a) NOTE the revenue and capital forecast outturn position for 2025-26 as detailed in the report, and accompanying appendices

b) AGREE the capital budget adjustments detailed in the report

c) AGREE the use of the additional £7m flexible capital receipts and the associated changes to the flexible use of capital receipts strategy for 2025-26

Contact details

Report Authors

Cath Head
Head of Finance Operations
03000 416 934
cath.head@kent.gov.uk

Joe McKay
Acting Chief Accountant
03000 419 601
joe.mckay@kent.gov.uk

Joanna Lee
Capital Finance Manager
03000 416 939
joanna.lee@kent.gov.uk

Relevant Director

Dave Shipton
Acting S151 Officer
03000 419 418
dave.shipton@kent.gov.uk

Cath Head
Head of Finance Operations
03000 416 934
cath.head@kent.gov.uk

Contents

About this report

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

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

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

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

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

The revenue position

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

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

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

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

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

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

The most significant overspend is in Adult Social Care & Health (ASCH), totalling £49.7m (7.0% overspend). Of this variance, £20.9m relates to savings which are no longer anticipated to be achieved in this year, leaving £28.8m of other service related pressures. The overspend has remained stable in the last quarter, and whilst this represents a continuation of the financial challenges facing the social care sector in general and by many other upper-tier local authorities, action does need to be taken to reduce this overspend. It is important to recognise that this forecast is based on the assumption that any further spending growth can be managed. If it cannot, the forecast overspend is likely to increase further.

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

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

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

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

A table by directorate is shown at the beginning of Section 1.

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

Update on the urgent actions to mitigate the revenue overspend

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

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

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

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

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

Staff have also been reminded to continue to:

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

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

Holding budget managers to account

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

Idea cards

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

Update on the targeted actions in Adult Social Care & Health

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

A vacancy control panel to ensure recruitment is only authorised to deliver the core statutory duties of the Council. In addition, fixed term and interim arrangements are being reviewed to ensure roles that are not critical to the delivery of core duties are ended. Establishment control panel is now fully embedded and provides the opportunity for consideration of how the directorate best uses all its available resource to ensure we only seek permission to recruit where this is business critical. There is now senior leadership ownership and oversight of all essential recruitment requests through DMT. The financial benefit of the panel is monitored and has seen a reduction in spend on staffing. We have also reviewed and removed 2 senior interim leadership roles and will manage the service on a reduced leadership capacity. Ongoing work to further reduce spend arising from fixed term, and interim roles (which includes converting agency to permanent) where it is appropriate and safe to do so is planned, and all decisions involved HR business partner.

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

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

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

Flexible use of capital receipts policy

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

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

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

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

Savings and additional income

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

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

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

Schools' Delegated Budgets

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

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

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

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

The capital position

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

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

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

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

Section 1 | Revenue by directorate

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

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

All figures in £m

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

1a | Adult Social Care & Health including Public Health

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

All figures in £m

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

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

The most significant variances are in the following Key Services:

- **Older People – Residential Care Services: +22.9m**
  +£6.5m pressure on this service line relates to in-year savings targets not being fully achieved, and +£16.2m from pressures relating to the numbers of people supported being higher than budgeted for which is partly offset by growth in cost pressures being lower than anticipated. Above service related pressure includes impact of provider closure resulting in higher costs when sourcing alternative placements of +£1.2m. There is a further pressure on this service line of +£0.2m due to anticipated contributions to the provision for bad and doubtful debts being higher than budgeted for.

- **Older People – Community Based Services: +16.4m**
  A net +£1.5m pressure on this service line relates to in-year savings targets not being fully achieved, with +£14.8m pressure across Community Based services in the main due to Older Persons Homecare activity and cost being higher than budgeted for.
  There is a further pressure on this service line of +£0.1m due to anticipated contributions to the provision for bad and doubtful debts being higher than budgeted for.

- **Adult Learning Disability – Community Based Services & Support for Carers: +8.2m**
  +£7.9m pressure on this service relates to in-year savings targets not being fully achieved, with +£0.4m relating to service activity.

- **Adult Learning & Physical Disability Pathway – Community Based Services: -4.9m**
  Underspends across Community Services relating to younger adults which transferred into the Adult Social Care & Health directorate for 25/26, with these service lines seeing similar underspends in 24/25.
  The forecast on activity and costs for these services continued to reduce in the latter part of 24/25 after the 25/26 budget assumptions were agreed, which is the main reason for this variance.

- **Adult Case Management & Assessment Services (long-term support): -2.5m**
  Staffing underspends across long-term support case management and assessment services are largely due to transfer of staffing resource into short-term support case management and assessment services.

- **Adult Case Management & Assessment Services (short-term support): +2.2m**

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

- **Adult Physical Disability - Residential Care Services: +2.1m**
  Pressures due to combination of both activity and cost pressures above budgeted levels.

- **Adult Mental Health - Residential Care Services: +1.9m**
  Pressures due to activity pressures above budgeted levels.

- **Adult Physical Disability - Community Based Services: +2.3m**
  +£2.3m pressure on this service relates to service activity, with +£0.1m pressure relating to in-year savings targets not being fully achieved.

- **Adult In House Enablement Services: +1.0m**
  Pressure in the main due to increase in staffing resource across Kent Enablement At Home (KEaH) services to increase capacity.

- **Community Based Preventative Services: -0.7m**
  +£1.6m pressure relates to savings in payments to voluntary organisations which are no longer expected to be realised in 25/26, with this pressure offset by -£0.3m in anticipated one-off efficiencies on other Community Preventative Service contracts for 25/26.

- **Older People & Physical Disability Carer Support - Commissioned: +0.7m**
  Pressure across Carer Support services due to increase in Carer Direct Payments and use of short term beds to offer carers respite.

- **Adult Mental Health - Community Based Services: -1.9m**
  Underspends across community services, predominantly on Direct Payments.

A breakdown by Key Service is available in Appendix 1.

1b | Children, Young People & Education

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

All figures in £m

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

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

The most significant variances are in the following Key Services:

- **Home to School & College Transport: -7.6m**
  The forecast underspend reflects the expectation that savings achieved against last year's budget are ongoing and the contingency budget for higher price increases has not been required (£5m). A recent re-procurement of some SEN contracts has also resulted in higher savings that originally budgeted in the MTFP (estimated at £2.5m). This forecast is based on current demand with a small contingency for any further price fluctuations (£0.6m).

- **Looked After Children - Care & Support (Placements): +9.1m**
  This overspend reflects the possible acceleration of the reduction in the number of in-house foster carer placements and increased reliance on the external market, including an increasing use of independent fostering agencies and where this is not possible, the use of residential care. Health Contributions towards placements is also forecast to reduce by £1.5m compared to the previous year. The average cost of residential care has increased by over 10% between March and September 2025. The forecast includes provisions of £1.3m for any potential increases in LAC or costs throughout the remainder of the year. There is also a forecast overspend on Legal services of £0.7m as a result of several months of higher than average costs.

- **Looked After Children (with Disability) - Care and Support (Placements): +6.2m**
  This is due to the high cost of packages within the service, particularly within residential care. £2.4m of this forecast relates to one child with specific needs. The forecast contributions from health & education has reduced by £1.0m compared to 24-25. The number of disabled LAC increased during 2024-25 and is remaining steady at the moment. This forecast includes £1.0m of provisional costs for any potential increases in LAC (or more likely costs) throughout the remainder of the year - this is in line with the trend in increasing costs between the same period last year.

- **Early Help and Preventative Services: -3.3m**
  Use of Children & Families Prevention Grant to fund early help services in line with grant conditions

- **Children's SW Services - Assessment and Safeguarding Service (Operational Teams): -1.3m**
  Underspends across various social work teams with vacancies being held where possible until after the end of the financial year.

A breakdown by Key Service is available in Appendix 1.

1c | Growth, Environment & Transport

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

All figures in £m

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

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

All services/budgets across the directorate will continue to review their staffing and spend levels to ensure only essential spend is incurred and income/activity levels will continue to be reviewed and reflected. It should be noted that vacancies have been held, in some instances, for the entirety of the year or for significantly longer than the usual timeframe which means that staff capacity is stretched, especially with increasing demands and activity levels, and therefore whilst the financial position has improved significantly, this is not without risk and implications and is not sustainable for the long term. The unavoidable pressures are proposed to be realigned in the MTFP.

The most significant variances are in the following Key Services:

- **English National Concessionary Travel Scheme (ENCTS): +1.5m**
  Pressure resulting from higher than expected passenger growth significantly exceeding budgeted levels (+£1.1m). Passenger journeys have increased by approx. 5/5.5% following confidence in the use of public transport following the pandemic.
  The ENCTS pressure has been further exacerbated due to increase in fare charges above budgeted rates (+£0.3m).
  Both of these pressures are proposed to be realigned in the MTFP for 2026/27 as it is a change in the demand and pricing levels compared to current budgeted activity.

- **Libraries, Registration & Archives: -1.2m**
  Underspend mainly from combination of agreed draw down from RFID reserve plus one-off contribution holiday for 2025/26 (-£0.7m in total).
  In addition, higher than budgeted levels of Registration and Citizenship income due to demand for service alongside additional reduced spend, in line with updated spending controls.
  Included within the MTFP for 2026/27 is an increased income target, both in terms of inflationary price uplift as well as activity.

- **Highway Assets Management: +0.8m**
  Pressures continue to be reported in general maintenance across East/West Kent budgets with prices above budgeted inflation and increased demand for reactive works due to the condition of the network and necessary safety critical works (+£1.3m).
  Additionally, increasing pressure already in relation to unfunded road collapses/sinkholes (+£0.8m), staffing pressures across various teams (+£0.5m), costs resulting from fire at Ramsgate Tunnel (+£0.2m), increased pressure in vehicle fleet costs across Highway Ops teams (+£0.2m), costs associated with the closure of the Road of Remembrance in Folkestone (+£0.1m) and increased spend on specialist external agency staff due to unsuccessful recruitment to vacant posts (+£0.1m).

These overspends are partially offset by additional income (-£2.0m), lower than budgeted rate within Streetlight and Tunnels energy (-£0.3m) and reduction in anticipated works across various service areas due to contractors unable to deliver programmed works in 25/26 (-£0.2m).
Forecast includes assumed drawdown from Corporate Reserves for recent Storm events (+£0.1m)

- **Kent Travel Saver (KTS): +0.4m**
  Pressure resulting from growth in number of free/discounted passes over the past 2 years, which were offset by one-off grant income in the prior year but the increased pass numbers have continued into 25/26 which presents an adverse variance.
  This pressure has been proposed to be realigned in the MTFP for 2026/27 as it is a change in the demand levels based on the current policy/offering.

- **Waste Facilities & Recycling Centres: +0.6m**
  There are a number of compensating variances within this area.
  Pressures largely relate to additional incentivisation payments to districts (+£0.5m) as a result of improved recycling rates which prevents tonnes from being incinerated (Waste to Energy plant) at a higher cost to the authority than other forms of disposal. The savings from increased recycling were included in the 25/26 budget but this increased payment was not realigned. There are also increased costs for Fixed Management across Transfer Stations and Household Waste Recycling Centres (HWRC) above budgeted levels (+£0.3m) and backdated rent and rates costs due to renegotiation of payment/revaluation (+£0.3m), delay with set-up of re-use income scheme (+£0.1m) and increased Tipping Away charges to districts (+£0.1m).
  Majority of these pressures are proposed to be realigned in the MTFP for 2026/27.
  In addition, there are emergency floor repair works at Ashford WTS following new legislation (+£0.6m), emergency replacement of quick-roll access doors into Ashford TS following H&S regulations (+£0.1m) and emergency Tree Surveys/Works at HWRC sites (+£0.2m).
  Included within forecast is one-off payments to three districts (+£0.6m) following a small proportion of Extended Producer Responsibility (EPR) funding from Government incorrectly paid to KCC rather than directly to districts.
  These pressures are offset by favourable volume variance (-£0.7m), a one-off saving on HWRC/WTS mobilisation due to extension of current contract (-£0.5m), reduction in Behaviour Change spend due to time constraints to get projects up and running -£0.5m), reduction in IAA payments for two districts due to end of agreement/rebasing of payment based on performance issues (-£0.2m) and favourable price inflation savings across various contracts (-£0.1m).

- **Residual Waste: -0.4m**
  Underspend primarily resulting from favourable volume variance (-£0.7m) offset by emergency works on Gas Extraction system at Closed Landfill site (+£0.3m).

- **Community Protection: -0.6m**
  Underspend is mainly due to additional income within Trading Standards (-£0.6m) as well as high turnover of Coroners staff, meaning there are always a number of vacancies and posts that cannot be filled quickly so there is a small vacancy management savings on staff costs (-£0.4m).
  This underspend is slightly offset by pressures within Coroners for legal costs relating to inquest (+£0.1m) and toxicology tests due to the upgrade of testing methods to improve turnaround times (+£0.1m) plus Trading Standards legal costs for long standing court case (+£0.1m).

A breakdown by Key Service is available in <u>Appendix 1</u>.

1d | Chief Executive’s Department

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

All figures in £m

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

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

The most significant variances are in the following Key Services:

- **Children’s and Adults Safeguarding Services: +0.2m**
  The variance relates to both the Children and Adult Safeguarding Boards hosted by the council. Increased costs, particularly that of staff, are not met by the existing contribution rates from partners. A review of partner contributions for both boards is required.

- **Law: +0.2m**
  Small overspend relates to additional expenditure on legal staffing, subscriptions, software, legal and specialist fees. The variance is improving month on month in line with spending controls.

- **Strategy, Policy, Relationships and Corporate Assurance: -0.1m**
  This variance is as a result of in year staff savings.

- **Corporate Landlord: -0.2m**
  Small underspend resulting from minor variances across a number of budget headings.

- **Property Related Services: -0.2m**
  Majority of the underspend is due to the impact of actions to reduce expenditure in line with the spending controls, primarily holding vacancies, as well as reduced activity on building surveys.

  A breakdown by Key Service is available in Appendix 1.

1e | Deputy Chief Executive’s Department

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

All figures in £m

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

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

The most significant variances are in the following Key Services:

- **Strategic Management & Departmental Support: -0.2m**
  Majority of underspend due to vacancy management of key posts.

- **Marketing and Digital Services: +0.2m**
  Additional costs to deliver our creative services are partially offset by an additional recharge expected from Public Health.

- **Resident Experience - Contact Centre; Gateways; Customer care and Complaints: -0.2m**
  Majority of the underspend is due to a reduction in costs as a result of a Gateway closing. Additional expenditure on the Customer Service Delivery team is offset by a reduction in the Customer Feedback and associated teams.

- **Human Resources & Organisational Development: -0.2m**
  Increased staffing expenditure and one-off staff related costs as a result of the service restructure, is more than offset by an increased up take up of salary sacrifice schemes leading to NI rebates and the additional income expected in Learning & Development. The implementation of spending controls have also resulted in savings in training costs and staffing, with vacancies no longer being recruited to.

- **Strategic Reset Programme: -1.3m**
  Underspend on staffing is due to phasing of activity and vacancy slippage.

- **Governance & Democracy: -0.7m**
  This underspend primarily relates to savings in travel and reduced costs of appeals, which are due to the use of virtual hearings and existing internal resources. There is also an underspend in member allowances due to the extended time required to allocate new roles post election as well as holding vacancies in line with the new spending controls.

  In addition to the savings achieved from the County Council decision to reduce all Member Allowances and Special Responsibility Allowances by 5%, a further transfer of £113.4k from underspends within the Directorate is proposed to deliver the planned Combined Member Grant fund increase.

A breakdown by Key Service is available in Appendix 1.

1f | Non Attributable Costs including Corporately Held Budgets

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

All figures in £m

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

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

The key variances are summarised below:

- **Non Attributable Costs: -4.7m**
  Impact of slower than anticipated reductions in the Bank of England base rate meaning higher returns on our cash balances which is partially offset by higher interest payments to third parties. Cash balances have been impacted by the upfront receipt of £52m Highways Maintenance grant from Government rather than the previous quarterly profile, but have been recently reduced by the early redemption of £50m of debt in September. The reduction in investment income as a result of the lower cash balances following the early debt repayment is more than offset by the discount and interest saved from repaying the loan early. The reported underspend also reflects savings in borrowing costs due to the early repayment of a loan at the end of 2024-25, and contributions to debt costs from the Home Office grant related to the Unaccompanied Asylum Seeker reception centres and from CYPE directorate related to the development of in-house children's residential units.
  It should be noted that the investment income forecast can be quite volatile due to the possibility of unforeseen fluctuations in our cash balances.
  This forecast includes a £0.6m reconciling adjustment for 2024-25 Business Rates Compensation Grant based on the provisional District Council NNDR3 returns published by Government in the autumn. This figure is provisional and could change during the final stages of the audit of the District Accounts.

- **Corporately Held Budgets: -1.6m**
  Release of residual unallocated pay and employers national insurance budget, which is included as a saving in the draft 2026-27 budget. The forecast now reflects that the HR spans and layers saving from reviewing adherence to the Council's organisation design policy is undeliverable in 2025-26. Several reporting errors have been corrected that did not result in the deletion of roles.
  Service Directorates have committed to undertaking strategic workforce planning in the new year that present an opportunity to ensure compliance with the organisational design principles and an ability to identify the necessary reduction in managerial posts. The issue was discussed at CMT on 25th November 2025 who reiterated their commitment to the saving, and that this £0.5m in 2025-26 is to be rolled forward and added to the £1.5m for delivery in 2026-27.
  HR Business Partners will be working closely with DMT's to focus on the parts of the structure which aren't currently compliant, and the results of this work will be taken back to CMT for agreement. At this stage it is not possible to say whether the total saving of £2m is achievable or what the split by directorate will be so this saving will continue to be held corporately until this work is complete and agreed by CMT.

  A breakdown by Key Service is available in Appendix 1.

1h | Schools' Delegated Budgets

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

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

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

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

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

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

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

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

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

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

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

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

Key Issues	Details
Individual Maintained Schools Reserves	As at 31st March 2025, there were 288 maintained schools with a surplus reserve balance and 3 schools with a deficit reserve balance. Maintained Schools are required to submit a six & nine-month monitoring return each financial year and these forecasts will be reported in future reports. The Council commissions The Education People to support Schools with their recovery plans. This forecast includes 3 schools converting to academy status during 2025-26. When a maintained school converts to an academy status, the council is no longer responsible for holding the schools' reserve and the school's remaining school balance is either transferred to the academy trust, or in the case of a deficit, may have to be retained and funded by the Council depending on the type of academy conversion.
Schools' Block: general overspend on growth funding	The Schools' Block funds primary and secondary core schools' budgets including funding for additional school places to meet basic need or to support schools with significant falling rolls which is forecast to overspend by a combined total of +£1.2m. There has been more funding commitments to support growing schools than originally anticipated when the budget was set.
Early Years Block: underspend on new entitlements	The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds, including the newly expanded offer for working parents for children from 9 months to 2 years, along with the funding of some council led services for early years. Each year, when setting the funding rate an estimate must be made as to likely hours that will be provided to ensure it is affordable within the grant provided. This can lead to under or overspends if activity is slightly lower or higher than expected. This has resulted in a forecast underspend of £3.6m. The unknown trend in the new entitlement for working parents (aged 2 years and under) has contributed towards the £1.3m underspend where hours paid has been lower than planned and the contingency funding has not been required (& will be removed in 26-27). 3 & 4 year olds entitlements is also underspent by a similar amount. This is expected to be one-off, as the grant income has been calculated based on hours at a particularly high point in the year which is not expected to repeated in future years. Payments for deprivation have been lower than budgeted (-£0.5m, & will be corrected in 26-27) along with lower take-up of the Disability Access Fund of -£0.7m. The Schools Funding Forum have requested further

	suggestions as to how to use this DAF underspend to improve inclusion and support.
High Needs Block: Higher demand and higher cost for high needs placements. Safety Valve Payment & Local Authority Contribution.	The High Needs Block (HNB) is intended to support the educational attainment of children and young people with special educational needs and disabilities (SEND) and pupils attending alternative education provision . The in-year funding shortfall for High Needs placements and support in 2025-26 is £70.2m due to a combination of continual higher demand for additional SEN support and higher cost per child resulting from continual demand for more specialist provision. Whilst there were some initial indicators the level of growth in spending was starting to slow slightly (in comparison to recent years, see table 3 & 4), resulting from actions to support future financial sustainability, this has not been sufficient to meet the original expectations of the safety valve agreement . The number of placements in independent schools remains high and is forecast to grow further, even though the numbers in mainstream, post 16 settings and special schools continue to increase. Higher placements costs, driven by inflation and greater demand by schools for additional funding, along with delays in DfE lead special school builds and larger numbers of other local authorities now refusing to fund the cost of their looked after children (where they had done so in the past), are all contributing to higher spend. The Council has confirmed to the DfE it no longer expects to reach an in-year breakeven position by 2027-28, and will have a residual accumulated overspend of around £195m by March 2028 (rather than £0m). This estimate was made prior to recent funding announcements for 2026-27. The DfE have continued to pay their contributions at this time, and the Council is awaiting further actions following the expected national announcements on the future SEN system in the Spring. Many other councils are also reporting deficits on their high needs block, despite extra monies from the Government in recent years, resulting from significant increases in their numbers of EHCPs and demand for SEN services. However, historically Kent has seen this demand rising at a significantly faster rate than other comparative councils resulting in the council now educating a greater proportion of children in both special and independent schools compared to other councils, and a smaller proportion of children with SEND in mainstream schools. The impact of this is highlighted in national benchmarking data on the placement of children with SEN in Kent and our spend on High Needs Block. The tables below detail the trend in both spend and number of HNB funded places or additional support across the main placement types.

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

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

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

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

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

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

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

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

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

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

Section 2 | Savings and additional income by directorate

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

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

Figures in £m

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

Section 3 | Reserves monitoring

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

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

Figures in £m

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

Figures in £m

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

Section 4 | Capital by directorate

Figures in £m

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

The total approved General Fund capital programme including roll forwards for 2025-26 is £378.8m. The capital programme spend for the year to 30th November 2025 is £163.6m, which represents 43% of the approved budget. There is a forecast £64.3m underspend against the budget, which is split between a +£15.2m real variance and -£79.5m rephasing variance. Of the real variance, £13.9m is due to additional funding that is not yet included in the budget. Of the rephasing, £8.5m is funded by borrowing and the rest is grant or external funding.

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

4a | Adult Social Care & Health

Figures in £m

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

4b | Children, Young People & Education

Figures in £m

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

Figures in £m

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

Figures in £m

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

Figures in £m

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

4c | Growth, Environment & Transport

Figures in £m

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

Figures in £m

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

Figures in £m

Project	Real Variance	Rephasing Variance	Detail
Dover Bus Rapid Transit	*1.7*		*(Previously reported £1.769m). There are ongoing disputes regarding the construction contract which makes the forecast spend difficult to predict. Further financial contributions are being explored for the project to help mitigate the overspend as well as considering additional funding streams with Dover District Council.*
Diversion Routes for Unplanned Events (DRUE)	*-0.1*		*(Previously reported -£0.100m) This is grant funding from National Highways for signs and amendments to signs for unplanned diversion routes on the A20/M20 between Dover and Folkestone and is currently forecasting an underspend. The service is asking for approval to redirect this underspend to additional works along the DRUE route.*
Green Corridors		*-1.8*	*(Previously reported -£1.437m). The construction of the three larger sites (6,8 and 11) commenced in October 2025, this was delayed due to delays with consultants and the procurement process. For the Site 4 ramp this is due to land agreements taking longer than anticipated. There are also ecological constraints that mean we need to construct between April – September hence the delay to April 2026 as we have missed this year's window. Due to this, some forecast spend in the current financial year has been reprofiled into the 2026-27 financial year. This has been accepted by Ebbsfleet Development Corporation (EDC) which is fully funding the Green Corridors programme.*
Kent Active Travel Fund (KATF) Phase 2	*-0.3*		*(Previously reported -£0.242m). Change control requested from Active Travel England to transfer some unused budget to Sevenoaks Cycle Facility under KATF Phase 3. Once agreed, the cash limits will be updated.*
Kent Active Travel Fund Phase (KATF) Phase 3	*0.3*		*(Previously reported £0.242m). Change control requested from Active Travel England to transfer some unused budget from KATF Phase 2 for Sevenoaks Cycle Facility under KATF Phase 3. Once agreed, the cash limits will be updated.*
Thames Way (STIPS)		*-3.4*	*The Thames Way Project has been paused given the current closure of Galley Hill and the implications that is having on the local road network and expected trips. This has resulted in forecast spend being reprofiled into later years pending a decision on Galley Hill.*
Environment & Circular Economy *Previously reported variances:*			
Folkestone & Hythe Waste Transfer Station		*-4.8*	*The project has been pushed back due to waiting for planning permission which took 13 months. The 25-26 spend will be approximately £0.47m to take the project to RIBA stage 3 and 4. The rest has been rephased.*
Local Nutrient Mitigation		*-4.4*	*(Previously reported -£1.800m) The capital spend has been re-profiled due to a lack of grant applications being submitted to KCC for Local Nutrient Mitigation Funding. KCC will be advertising*

Figures in £m

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

4d | Chief Executive's Department *

Figures in £m

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

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

4e | Deputy Chief Executive's Department

There are no major variances to report

4f | Capital Budget Changes

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

Project	Year	Amount (£m)	Reason
Children, Young People & Education			
Modernisation Programme	25-26	0.24	To move developer contributions funding from basic need as the project does not relate to additional school places.
Basic Need Programme 2024-2028	25-26	-0.24	To move developer contributions funding to Modernisation as the project does not relate to additional school places.
Growth, Environment & Transport			
Highways Major Enhancement	25-26	0.185	Additional developer contributions available
Government Transition Works	25-26	-2.221	Grant agreed by Department of Transport (DFT) to be used for Border Works at Dover.
DFT Border Works Dover	25-26 26-27	1.957 1.000	Grant agreed by Department of Transport (DFT) to be used for Border Works at Dover.
Re-Use Shop Allington	25-26 26-27 27-28 28-29	-0.05 -0.05 -0.05 -0.166	To remove cash limit as no capital spend will be incurred.

Section 5 | Treasury Management Monitoring

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

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

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

Treasury Management Indicators

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

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

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

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

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

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

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

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

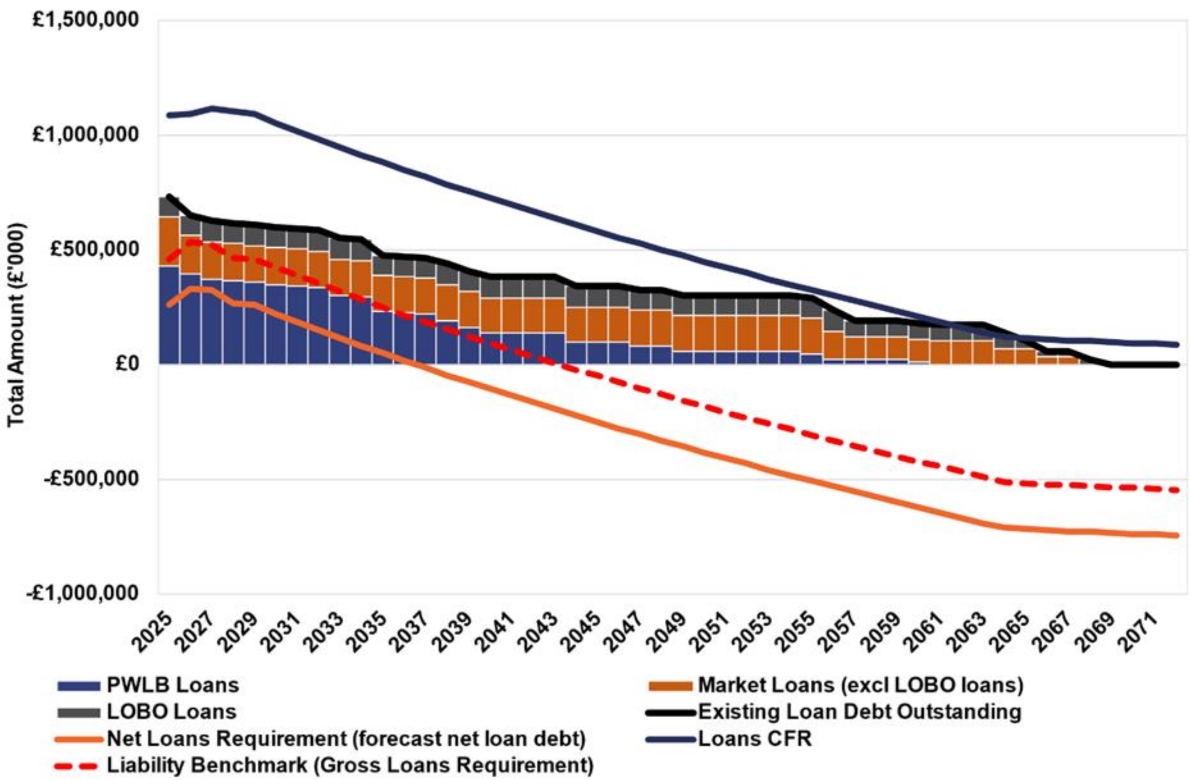
	Actual 30/11/2025	**Upper limit**	**Lower limit**
Under 12 months	0.0%	100%	0%
12 months and within 5 years	2.6%	50%	0%
5 years and within 10 years	16.3%	50%	0%
10 years and within 20 years	29.0%	50%	0%
20 years and within 40 years	36.7%	50%	0%
40 years and longer	15.4%	50%	0%

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

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

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

5.13 Prudential Indicator: Liability Benchmark



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

Appendix 1 | Key Service Statement

Adult Social Care & Health

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

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

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

Children, Young People & Education

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

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

Growth, Environment & Transport

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

Figures in £m	Budget	Forecast	Variance
Strategic Management & Directorate Budgets (GET)	**1.4**	**1.4**	**-0.1**
Strategic Management & Directorate Budgets (GET)	1.4	1.4	-0.1

Chief Executives' Department

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

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

Deputy Chief Executive’s Department

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

Non Attributable Costs including Corporately Held Budgets

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

Appendix 2 | Savings Statement

Adult Social Care & Health

Figures in £m

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

Figures in £m

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

Figures in £m

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

Figures in £m

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

Public Health

Figures in £000s

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

Children, Young People & Education

Figures in £000s

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

Figures in £000s

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

Figures in £000s

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

Growth, Environment & Transport

Figures in £000s

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

Figures in £000s

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

Figures in £000s

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

Figures in £000s

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

Chief Executive's Department

Figures in £000s

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

Figures in £000s

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

Figures in £000s

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

Deputy Chief Executive’s Department

Figures in £000s

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

Figures in £000s

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

Non Attributable Costs including Corporately Held Budgets

Figures in £000s

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

Appendix 3 | Prudential Indicators

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

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

	24-25 Actuals	**25-26 Budget**	**25-26 Forecast**	**26-27 Estimate**	**27-28 Estimate**	**28-29 Estimate**
Total	269.6	358.4	315.0	314.1	222.8	158.6

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Introduction

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

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

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

2. Process and Regulations

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

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

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

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

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

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

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

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

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

The proposal agreed at County Council in February 2025 was to use £8m of capital receipts funding to support the delivery of the Oracle Cloud project. Oracle Cloud is a transformational replacement of the Technology platform which will modernise the way the core system capabilities work and perform across finance, people and procurement.

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

The aim of this transformational programme is to deliver a solution that allows KCC to take advantage of modern technologies and processes and provide a platform for the future.
The total expenditure on the Oracle Cloud Programme is significant over a three year planning and delivery schedule, with the balance of spending being met from ear-marked reserves.
A further £7m of eligible capital receipts are now expected to be available in 2025-26 allowing an increase in the flexible use of capital receipts to support 2025-26 from £8.021m to £15.021m
The proposal for 2025-26 is to now use £13.021m of capital receipts funding to support the delivery of the Oracle Cloud project and £2m to support one-off transformation work on Technology Enhanced Lives (TELS) planned within Adult Social Care This transformation activity is contributing towards the delivery of the future cost avoidance savings included within the 2025-26 approved budget and the 2026-29 proposed Medium Term Financial Plan. The latest estimate of these budgeted savings are:

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

4. Rationale and Considerations

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

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

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

5. Financial Implications

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

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

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

6. The Prudential Code

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

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

7. Monitoring the Strategy

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