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

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

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Directorates – abbreviations in this report

ASCH - Adult Social Care and Health	CYPE - Children, Young People and Education
GET - Growth, Environment & Transport	CED - Chief Executive's Department
DCED – Deputy Chief Executive's Department	NAC - Non-Attributable Costs
	CHB – Corporately Held Budgets

Reforming Kent's Budget

Section 1 - Executive Summary

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

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

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

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

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

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

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

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

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

Section 2 - Budget Plans on One Page

Capital Programme

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

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

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

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

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

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

Revenue Budget

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

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

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

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

Medium Term Financial Plan

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

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

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

Section 3 - KCC Governance and Statutory Requirements

A. KCC Constitution

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

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

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

B. KCC Financial Regulations

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

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

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

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

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

D. Legal Requirements under Local Government Finance Act 1992
3.8 Section 31A of the Act sets out the requirements for including expenditure, income and reserves estimates in the annual budget and for balancing these through council tax. Sections 52ZB and 52ZC set out legal requirements for a referendum where council tax increases are considered excessive. Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice.

3.9 What is meant by 'balanced' is not defined in law and relies on the professional judgement of the Chief Financial Officer to ensure that the budget is robust and sustainable. A prudent definition of a balanced budget would be a financial plan based on sound assumptions which shows how planned spending and income equals the available funding for the forthcoming year. Plans can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves.

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

E. Best Value

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

F. Equalities Considerations

3.12 The Equality Act 2010 requires the Council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

3.13 To meet this duty under the Equality Act the council undertakes equality impact assessments to analyse a proposed change to assess whether it has a disproportionate impact on persons who share a protected characteristic. As part of our budget setting process an equality impact assessment screening will be completed for each savings proposal to determine which proposals will require a full equality impact analysis (with mitigating actions set out against any equality risks) prior to a decision to implement being made.

Section 4 - Local Government Finance Settlement

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

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

4.3 The changes include the following:

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

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

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

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

4.5 Table 1 shows comparison of revised grant allocations for 2025-26 compared to the provisional allocations for 2026-27 and indicative allocations for 20027-28 and 2028-29.

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

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

Section 5 - Council Tax

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

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

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

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

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

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

Section 6 - Summary of Draft Budget Proposals

A. Capital Programme

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

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

B. Revenue Budget

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

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

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

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

Notes:
1 – Change in treatment of KCC's contribution to the DfE Safety Valve agreement from a contribution to reserves to spending growth (£11.1m) based on external auditor advice.
2 – Due to the rolling in of specific grants into the Core Spending Power, there is a reduction of £12.3m in our grant income, resulting in an increase in our spending growth offset by an increase in the Government settlement.
3. The above table is subject to minor rounding's as numbers have been shown to the nearest £m

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

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

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

Section 7 – Sensitivity, Resilience and Risk Analysis

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

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

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

Section 8 - Treasury Management

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

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

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

List of Appendices

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

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

Background documents:

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

Policy and Resource Committee
Medium Term Financial Plan update (8th July – item 7)
Fair Funding 2.0 Consultation (10th September – item 6)
Budget Planning Update (13th November – item 8)

Cabinet
Revenue and Capital Budget Forecast Outturn Report – Quarter 1 (25th September – item 5)
Revenue and Capital Budget Forecast Outturn Report – Quarter 2 (19th November – item 5)
Revenue and Capital Budget Forecast Outturn Report – Quarter 3 (29th January)
Corporate Risk Register (8th January – item 7)

Governance and Audit Committee

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

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

Capital Investment Plans:

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

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2026-27 TO 203!

Capital Investment Plans:

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

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

Adult Social Care & Health (ASCH)

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

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

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

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [1] [2]	Provision of equipment and/or alterations to individuals' homes	250	250	250	250	250	250
2	**Total Rolling Programmes [3]**		**250**	**250**	**250**	**250**	**250**	**250**
	Kent Strategy for Services for Learning Disability (LD):							
3	Learning Disability Good Day Programme	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	0	0	0	0	0	0
4	CareCubed	Purchase of software licenses	0	0	0	0	0	0
5	**Total Individual Projects**		**0**	**0**	**0**	**0**	**0**	**0**
6	**Total - Adult Social Care & Health**		**250**	**250**	**250**	**250**	**250**	**250**

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

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

Children, Young People & Education (CYPE)

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

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

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

Children, Young People & Education (CYPE)

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

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

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

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
	Environment & Circular Economy							
1	Country Parks Access and Development	Improvements and adaptations to country parks	740		110	70	70	70
	Growth & Communities							
2	Public Rights of Way (PROW)	Structural improvements of public rights of way	10,925		2,239	1,486	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	713		38	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	713		38	75	75	75
	Transportation							
5	Highways Asset Management/Annual Maintenance [2]	Maintaining Kent's roads	1,132,148		84,655	97,071	106,383	120,577
6	Integrated Transport Schemes [2]	Improvements to road safety	38,020		3,802	3,802	3,802	3,802
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	20		20	0	0	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	54		54	0	0	0
9	**Total Rolling Programmes [3]**		**1,183,333**		**90,956**	**102,579**	**111,305**	**125,499**
	Growth & Communities							
10	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	1,600	291	1,049	260	0	0
11	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	10,375	7,396	1,100	1,100	779	0

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

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
12	Javelin Way Development	To provide accommodation for creative industries and the creation of industrial units.	12,617	12,585	0	32	0	0
13	Kent & Medway Business Fund	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	31,857	24,775	1,709	1,743	1,768	1,862
14	Kent & Medway Business Fund - Small Business Boost	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, aimed at helping small businesses	11,484	3,971	1,813	1,849	1,876	1,975
15	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	76,104	61,281	4,250	2,800	2,899	2,472
16	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	514	533	1,298	517	0
	Environment & Circular Economy							
17	Energy and Water Efficiency Investment Fund - External	Recycling loan fund for energy efficiency projects	2,876	2,768	49	35	23	1
18	Energy Reduction and Water Efficiency Investment - KCC	Recycling loan fund for energy efficiency projects	2,439	2,335	27	25	19	17
19	Maidstone Heat Network	To install heat pumps in offices in Maidstone	408	332	76	0	0	0
20	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	15,244	962	12,782	1,500	0	0
21	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	5,494	1,366	628	500	500	500
22	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	1,871	1,463	186	100	122	0
23	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	993	809	125	59	0	0

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

Growth, Environment & Transport (GET)

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

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

Growth, Environment & Transport (GET)

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

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

Growth, Environment & Transport (GET)

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

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

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

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
	Environment & Circular Economy							
1	Country Parks Access and Development	Improvements and adaptations to country parks	70	70	70	70	70	70
	Growth & Communities							
2	Public Rights of Way (PROW)	Structural improvements of public rights of way	900	900	900	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	75	75	75	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	75	75	75	75	75	75
	Transportation							
5	Highways Asset Management/Annual Maintenance [2]	Maintaining Kent's roads	120,577	120,577	120,577	120,577	120,577	120,577
6	Integrated Transport Schemes [2]	Improvements to road safety	3,802	3,802	3,802	3,802	3,802	3,802
7	Major Schemes - Preliminary Design Fees	Preliminary design of new roads	0	0	0	0	0	0
8	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	0	0	0	0	0	0
9	**Total Rolling Programmes [3]**		**125,499**	**125,499**	**125,499**	**125,499**	**125,499**	**125,499**
	Growth & Communities							
10	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	0	0	0	0	0	0
11	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	0	0	0	0	0	0

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

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
12	Javelin Way Development	To provide accommodation for creative industries and the creation of industrial units.	0	0	0	0	0	0
13	Kent & Medway Business Fund	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	0	0	0	0	0	0
14	Kent & Medway Business Fund - Small Business Boost	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, aimed at helping small businesses	0	0	0	0	0	0
15	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	2,402	0	0	0	0	0
16	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	0	0	0	0	0	0
	Environment & Circular Economy							
17	Energy and Water Efficiency Investment Fund - External	Recycling loan fund for energy efficiency projects	0	0	0	0	0	0
18	Energy Reduction and Water Efficiency Investment - KCC	Recycling loan fund for energy efficiency projects	14	2	0	0	0	0
19	Maidstone Heat Network	To install heat pumps in offices in Maidstone	0	0	0	0	0	0
20	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	0	0	0	0	0	0
21	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	500	500	500	500	0	0
22	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	0	0	0	0	0	0
23	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	0	0	0	0	0	0

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

Growth, Environment & Transport (GET)

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

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

Growth, Environment & Transport (GET)

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

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

Growth, Environment & Transport (GET)

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

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

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

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend on Live Projects	2026-27	2027-28	2028-29	2029-30
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Corporate Property Strategic Capital Delivery [2]	Costs associated with delivering the capital programme	25,000		2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	6,500		650	650	650	650
3	Modernisation of Assets (MOA) - Corporate Estate	Maintaining KCC estates	37,726		10,931	5,000	795	3,000
4	Schools' Annual Planned Enhancement Programme [2]	Planned and reactive capital projects to keep schools open and operational	82,600		10,600	8,000	8,000	8,000
5	Schools' Modernisation Programme [2]	Improving and upgrading school buildings including removal of temporary classrooms	27,641		8,154	3,487	2,000	2,000
6	**Total Rolling Programmes [3]**		**179,467**		**32,835**	**19,637**	**13,945**	**16,150**
	Basic Need Schemes - to provide additional pupil places:							
7	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	106,702	93,452	1,371	0	10,000	1,879
8	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	7,421	6,421	500	500	0	0
9	Basic Need KCP 2023-27 [1]	Increasing the capacity of Kent's schools	16,068	5,369	8,199	2,500	0	0
10	Basic Need KCP 2024-28 [1]	Increasing the capacity of Kent's schools	36,508	6,836	14,378	13,935	1,359	0
11	Basic Need Markers - Future Projects [1]	Increasing the capacity of Kent's schools	64,786	1,913	3,267	58,512	1,094	0
12	High Needs Provision	Specific projects relating to high needs provision	109,249	45,529	26,380	10,460	26,880	0
13	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	3,280	2,685	595	0	0	0
14	Strategic Estate Programme	Options for the council's future strategic estate	6,862	3,112	2,000	1,750	0	0
15	Strategic Reset Programme	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	6,168	3,898	2,270	0	0	0
16	Additional Accommodation Requirements for Unaccompanied Asylum Seeking Children (UASC)	To provide suitable accommodation requirements for UASC	51,220	46,267	4,953	0	0	0

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

Chief Executive's Department (CED)

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

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

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

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Corporate Property Strategic Capital Delivery [2]	Costs associated with delivering the capital programme	2,500	2,500	2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	650	650	650	650	650	650
3	Modernisation of Assets (MOA) - Corporate Estate	Maintaining KCC estates	3,000	3,000	3,000	3,000	3,000	3,000
4	Schools' Annual Planned Enhancement Programme [2]	Planned and reactive capital projects to keep schools open and operational	8,000	8,000	8,000	8,000	8,000	8,000
5	Schools' Modernisation Programme [2]	Improving and upgrading school buildings including removal of temporary classrooms	2,000	2,000	2,000	2,000	2,000	2,000
6	**Total Rolling Programmes [3]**		**16,150**	**16,150**	**16,150**	**16,150**	**16,150**	**16,150**
	Basic Need Schemes - to provide additional pupil places:							
7	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
8	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
9	Basic Need KCP 2023-27 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
10	Basic Need KCP 2024-28 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
11	Basic Need Markers - Future Projects [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
12	High Needs Provision	Specific projects relating to high needs provision	0	0	0	0	0	0
13	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	0	0	0	0	0	0
14	Strategic Estate Programme	Options for the council's future strategic estate	0	0	0	0	0	0
15	Strategic Reset Programme	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	0	0	0	0	0	0
16	Additional Accommodation Requirements for Unaccompanied Asylum Seeking Children (UASC)	To provide suitable accommodation requirements for UASC	0	0	0	0	0	0

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

Chief Executive's Department (CED)

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

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

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

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

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

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

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

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

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

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

* the prior year savings rolled forward for delivery in 2026-27 are based on the Qtr 3 monitoring and will be updated as part of the outturn report, and those updated figures will be used for the 2026-27 savings monitoring process

							INDICATIVE FOR PLANNING PURPOSES					
2025-26 restated				2026-27			2027-28			2028-29		
Core	External	Total		Core	External	Total	Core	External	Total	Core	External	Total
£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
			RESERVES									
43,240.9	14,200.0	57,440.9	Contributions to Reserves	46,395.7	0.0	46,395.7	23,800.0	0.0	23,800.0	25,000.0	0.0	25,000.0
-34,545.8	-10,640.0	-45,185.8	Removal of prior year Contributions	-43,665.9	-14,200.0	-57,865.9	-38,374.7	0.0	-38,374.7	-23,800.0	0.0	-23,800.0
-11,178.6	-26,695.4	-37,874.0	Drawdowns from Reserves	-28,741.8	-4,763.2	-33,505.0	-300.0	-1,106.4	-1,406.4	0.0	-18.1	-18.1
14,877.4	1,271.9	16,149.3	Removal of prior year Drawdowns	11,178.6	26,695.4	37,874.0	28,741.8	4,763.2	33,505.0	300.0	1,106.4	1,406.4
12,393.9	-21,863.5	-9,469.6	**TOTAL RESERVES**	**-14,833.4**	**7,732.2**	**-7,101.2**	**13,867.1**	**3,656.8**	**17,523.9**	**1,500.0**	**1,088.3**	**2,588.3**
102,609.6	**-836.6**	**101,773.0**	**NET CHANGE**	**116,511.6**	**0.0**	**116,511.6**	**106,651.4**	**0.0**	**106,651.4**	**95,458.0**	**0.0**	**95,458.0**
			UNRESOLVED BALANCE: Deficit (-ve) / Surplus (+ve)				-52,752.9	0.0	-52,752.9	-42,128.8	0.0	-42,128.8
1,531,279.8	**0.0**	**1,531,279.8**	**NET BUDGET**	**1,647,791.4**	**0.0**	**1,647,791.4**	**1,701,689.9**	**0.0**	**1,701,689.9**	**1,755,019.1**	**0.0**	**1,755,019.1**
12,260.4		12,260.4	Grant adjustment (rolled into settlement in 2026-27)									
1,543,540.2	**0.0**	**1,543,540.2**	**RESTATED NET BUDGET (FOR 2025-26 ONLY)**									
			MEMORANDUM:									
			The net impact on our reserves balances is:									
43,240.9	14,200.0	**57,440.9**	Contributions to Reserves	46,395.7	0.0	**46,395.7**	23,800.0	0.0	**23,800.0**	25,000.0	0.0	**25,000.0**
-11,178.6	-26,695.4	**-37,874.0**	Drawdowns from Reserves	-28,741.8	-4,763.2	**-33,505.0**	-300.0	-1,106.4	**-1,406.4**	0.0	-18.1	**-18.1**
32,062.3	**-12,495.4**	**19,566.9**	**Net movement in Reserves**	**17,653.9**	**-4,763.2**	**12,890.7**	**23,500.0**	**-1,106.4**	**22,393.6**	**25,000.0**	**-18.1**	**24,981.9**

RESERVES FOOTNOTES:

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

The £46,395.7k contribution to reserves in 2026-27 includes the reinstatement of the annual £8021k corporate contributions to reserves following a one-year payment holiday in 2025-26 facilitated by funding Oracle Cloud expenditure from flexible use of capital receipts instead of reserves. As this is a recurring contribution it is not included in the 2027-28 removal of prior years contributions figure of -£38,374.7k. (-£46,395.7k + £8,021k = -£38,374.7k)

							INDICATIVE FOR PLANNING PURPOSES					
2025-26 restated				2026-27			2027-28			2028-29		
Core	External	Total		Core	External	Total	Core	External	Total	Core	External	Total
£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
			Funding per the Provisional Local Government Finance Settlement & Local Taxation									
		15,680.3	Revenue Support Grant			213,393.6			311,812.3			351,702.1
		137,143.6	Social Care Grant									
		26,969.4	Adult Social Care Market Sustainability and Improvement Fund									
		6,759.8	Children's Social Care Prevention Grant									
		149,107.7	Business Rate Top-up Grant									
		61,701.3	Local Authority Better Care Grant			61,701.3						
			(2027-28 & 2028-29 currently not separated from RSG in the 3 year settlement)									
		50,978.6	Business Rates Compensation Grant									
		1,926.7	New Homes Bonus									
		10,072.7	Employer National Insurance Contributions Grant									
			Retained Business Rates Baseline *			294,565.1			301,321.9			307,400.6
			Fair Funding Allocation			**569,660.0**			**613,134.2**			**659,102.7**
			*** Memorandum:**			**294,565.1**						
			Business Rates Top Up			214,835.2						
			Baseline Local Share #			79,729.9						
		4,031.2	Domestic Abuse Safe Accommodation Grant			4,031.2			4,031.2			4,031.2
			Families First within Children, Families & Youth grant			21,712.5			21,712.5			18,544.6
		64,847.1	Growth in Local Share of Retained Business Rates #			0.0			0.0			0.0
		4,250.5	Renewable Energy/Designated Areas #			4,250.5			4,250.5			4,250.5
		313.3	Business Rate Collection Fund			0.0			0.0			0.0
		994,287.7	Council Tax Income			1,042,437.2			1,052,861.5			1,063,390.1
		3,209.9	Council Tax Collection Fund			5,700.0			5,700.0			5,700.0
		1,531,279.8	**Total Funding**			**1,647,791.4**			**1,701,689.9**			**1,755,019.1**
			# Memorandum - Business Rates Precept:									
			Baseline Local Share, Growth in Local Share and Renewable Energy/Designated Areas are received via the Kent District Councils			**83,980.4**						
			GRANT ADJUSTMENT:									
		6,247.7	Grants rolling into RSG from 2026-27									
		6,012.7	Other Grants rolling into Core Spending Power from 2026-27 (Supporting Families)									
		1,543,540.2	**Restated Total Funding (for 2025-26 only)**									

APPENDIX E - 2026-27 Budget by Directorate

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

* the prior year savings rolled forward for delivery in 2026-27 are based on the Qtr 3 monitoring and will be updated as part of the outturn report, and those updated figures will be used for the 2026-27 savings monitoring process

APPENDIX F: 2026-29 SPENDING

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

APPENDIX F: 2026-29 SPENDING

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

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

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

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

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Prices	GET	Paul Webb	Libraries, Registration & Archives	Provision for price inflation related to contracted services (based on contractual indices) - annual uplift to the SLAs we have in place for - Amelia, Tunbridge Wells Borough Council , Sandgate Library, Sandgate Parish Council, Swanley Link, Swanley Town Council and contribution to Beaney, Canterbury City Council.	17.6	18.5	19.5	Community Services	Core
Prices	GET	Paul King	Country Parks	Inflationary increases in the gross costs to supply catering goods, materials and stock used to generate income through resale in on-site cafes and shops.	14.8	9.4	10.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Coroners	Increase in budget for toxicology analysis due to increasing number and complexity of cases plus inflationary rises in salaries and consumables	14.3	10.6	11.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Community Protection (Kent Scientific Services)	Inflationary increases to public laboratory non-staffing costs including consumables, fuel etc.	12.0	7.5	8.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Coroners - Post Mortem Contract	Provision for price inflation related to contracted services (based on contractual indices)	1.9	1.2	1.3	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Coroners	The Coroner Service is required by law to record inquests and provide limited secure access to streaming. AV Equipment to do this was installed at the new facilities at Oakwood House but requires ongoing maintenance.	1.2	0.7	0.8	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Paul Webb	Mobile Libraries Fuel	Provision for price inflation related to other transport services	1.0	1.0	1.0	Community Services	Core
Prices	GET	Peter Osborne	Streetlight Energy	Provision for price changes related to Streetlight energy, as estimated by Commercial Services/LASER for 25/26 and 26/27 and same for 28/29 pending energy price information.	-161.0	0.0	0.0	Highways	Core
Prices	CED	Brian Collins	KCC Estate - Facilities Management including Compliance	Estimated future price uplift within the Corporate Landlord budget for Facilities Management contracts	578.2	410.0	405.0	Costs of running our operational premises (CLL)	Core
Prices	CED	Brian Collins	KCC Estate - Rent	Provision for price inflation within the Corporate Landlord budget for rent of the KCC estate	142.3	118.4	122.0	Costs of running our operational premises (CLL)	Core
Prices	CED	Brian Collins	Schools' Services - Facilities Management	Provision for price increase for Facilities Managements in line with contract indexation - schools	82.2	62.7	62.7	Schools Services	Core
Prices	CED	Brian Collins	KCC Estate - Rates	Provision for price inflation within the Corporate Landlord budget for rates for the office estate	41.9	-37.1	136.0	Costs of running our operational premises (CLL)	Core
Prices	CED	Brian Collins	Local Democracy - Grants to District Councils	Annual uplift in grant covering contribution for Retriever (debt tracing) contract (CPI linked) and staff resources grant (pay linked) related to Council Tax collection to help increase levels of council tax raised via improving tax base/collection rates.	8.5	8.3	8.5	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	CED	Brian Collins	KCC Estate - Energy	Anticipated price change on energy contracts for the KCC estate as estimated by Commercial Services	-47.7	86.3	88.1	Costs of running our operational premises (CLL)	Core
Prices	DCED	Brian Collins	Technology	Inflationary uplift on the CBS ICT contract	225.0	186.8	192.9	Management, Support Services & Overheads	Core
Prices	DCED	Brian Collins	Technology	Provision for price inflation on Third Party ICT related contracts	123.8	110.8	103.3	Management, Support Services & Overheads	Core
Prices	DCED	Brian Collins	Human Resources	Inflationary uplift on the KCS HR Connect contract	58.5	48.6	50.2	Management, Support Services & Overheads	Core

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

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

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

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Service Strategies & Improvements	GET	Paul King	Waste - infrastructure	Operating and haulage costs of a new waste transfer facility in the Folkestone & Hythe area which is required as currently this waste is either tipped via a subcontractor or outside of borough	0.0	937.0	0.0	Waste	Core
Service Strategies & Improvements	GET	Peter Osborne	Highways Maintenance	To base fund an annual pothole programme should the Govt grant for Local Highways Maintenance Fund not continue	0.0	100.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Paul Webb	Sports & Physical Activity Development	Capital sports grant to contribute towards refurbishment or improvement of existing sports facilities, sites or buildings; development of new community sports facilities; and purchase of fixed sports equipment.	0.0	37.5	0.0	Community Services	Core
Service Strategies & Improvements	GET	Paul Webb	Village Halls & Community Centres	Change the funding of grants for improvements and adaptations to village halls and community centres from capital to revenue	0.0	37.5	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Service Strategies & Improvements	GET	Paul King	Flood Risk Management	Revenue contributions to capital required to deliver Surface Water Flood Risk Management schemes	0.0	0.0	500.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Service Strategies & Improvements	GET	Peter Osborne	Highways - Streetlighting	Removal of one-off costs of upgrade of the Streetlighting Control Management System from 3G connectivity due to the shutting down of the 3G network	-160.0	0.0	0.0	Highways	Core
Service Strategies & Improvements	GET	Paul King	Waste - HWRC Contract	SPEND REVERSAL - Funds required to mobilise new contract and demobilise existing contract, including getting sites into a condition that new contractor will accept, following the decision to procure a new contract.	-500.0	0.0	0.0	Waste	Core
Service Strategies & Improvements	CED	Brian Collins	Corporate Landlord - Strategic Office Estate	Increased cost of staying in Sessions House per decision 25-00057. Offset by saving template re Invicta House	834.0	0.0	0.0	Costs of running our operational premises (CLL)	Core
Service Strategies & Improvements	CED	Brian Collins	Corporate Finance - Counter Fraud	Seeking additional staffing resources to support KCC in addressing fraud and error	54.5	0.0	0.0	Unallocated	Core
Service Strategies & Improvements	DCED	Linden Kemkaran	Member Allowances	Annual uplift to Member Allowances as agreed and approved by County Council	54.6	45.4	46.8	Management, Support Services & Overheads	Core
Service Strategies & Improvements	DCED	Brian Collins	Technology	Oracle Cloud spend met by flexible use of capital receipts	-8,021.0	0.0	0.0	Management, Support Services & Overheads	Core
Service Strategies & Improvements	NAC	Brian Collins	Dedicated Schools Grant (DSG) Deficit - Safety Valve	Set aside our previous contribution to the Safety Valve Agreement as a provision towards the impact of removal of the statutory override arrangement	0.0	0.0	10,100.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**14,551.7**	**-4,407.3**	**9,492.7**		
Base Budget Changes	Public Health	Diane Morton	Public Health	Increased corporate overheads charge to Public Health	89.8	0.0	0.0	Public Health	External
TOTAL BASE BUDGET CHANGES					**89.8**	**0.0**	**0.0**		
Pay	Public Health	Diane Morton	Public Health - Staffing	Pay adjustments including pay uplifts for Public Health staff	271.5	263.4	144.2	Public Health	External
Pay	Public Health	Diane Morton	Public Health - Staffing	Reduction in pension contribution required for staff in the pension scheme due to actuarial revaluation	-106.8	-110.0	0.0	Public Health	External
TOTAL PAY					**164.7**	**153.4**	**144.2**		
Prices	Public Health	Diane Morton	Public Health - Children's Health Programme	Increased cost of School Health contract	334.8	106.3	108.4	Public Health	External
Prices	Public Health	Diane Morton	Public Health - Sexual Health	Increased cost of Sexual Health contract	264.9	270.0	275.3	Public Health	External
Prices	Public Health	Diane Morton	Public Health Contracts	Contractually committed increases	141.0	679.9	687.4	Public Health	External

APPENDIX F: 2026-29 SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Prices	Public Health	Diane Morton	Public Health	Other smaller increases in expenditure across Public Health	113.2	0.0	0.0	Public Health	External
Prices	Public Health	Diane Morton	Public Health - Advice & Other staffing	Increased analytics staff recharges	64.6	0.0	0.0	Public Health	External
TOTAL PRICES					**918.5**	**1,056.2**	**1,071.1**		
Demand & Cost Drivers - Demand	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) anticipated in year deficit	Anticipated in year deficit of £74.3m in 2026-27 (compared to £23.9m budgeted for 2025-26) reducing to £48.3m in 2027-28 and £36.7m in 2028-29 against the Dedicated Schools Grant due to costs of High Needs Education expected to exceed the grant allocation	50,400.0	-26,000.0	-11,600.0	Schools & High Needs	External
TOTAL DEMAND & COST DRIVER - DEMAND					**50,400.0**	**-26,000.0**	**-11,600.0**		
Government & Legislative	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) Deficit - Safety Valve	Apply the DfE contribution to the Safety Valve agreement to the in year DSG deficit in accordance with the Safety Valve Agreement	14,200.0	14,200.0	-28,400.0	Schools & High Needs	External
Government & Legislative	CYPE	Christine Palmer	Family Hubs	Provisional increase in our share of the rebranded DfE/DHSC Best Start Family Hubs grant following the Government announcement to continue this grant for a further 3 years	1,132.3	-191.4	115.3	Children's Other Services	External
Government & Legislative	CYPE	Beverley Fordham	Dedicated Schools Grant (DSG) transfer of in year deficit to DSG Adjustment Account	Transfer to DSG deficit adjustment account of the in year deficit on High Needs Education in accordance with the Safety Valve Agreement	-74,300.0	26,000.0	11,600.0	Schools & High Needs	External
Government & Legislative	GET	Peter Osborne	Local Transport Consolidated Funding - Local Transport Grant	This is revenue from DfT for the preparatory work on schemes we have had to complete at risk up until now. So business case preparation, environmental surveys and so on.	1,126.3	0.0	0.0	Transport	External
Government & Legislative	GET	Peter Osborne	Local Transport Consolidated Funding - Active Travel	Increase in the Consolidated Active Travel Fund spending in accordance with the terms of the revenue grant allocation for 2026-27 to 2028-29	341.5	0.0	0.0	Transport	External
Government & Legislative	GET	Peter Osborne	Local Transport Consolidated Funding - Local Electric Vehicle Infrastructure Grant (LEVI)	Government funding for the revenue costs of installing Elelctric Vehicle chargers on the highway. This will assist in finding suitable locations, public consultation, pilot schemes (e.g gulley chargers)	295.2	0.0	0.0	Transport	External
Government & Legislative	CED	Linden Kemkaran	Crisis & Resilience Fund (previously Household Support Fund)	Announced in the Spending Review 2025 was the first ever multi-year settlement to transform the Household Support Fund into a new Crisis and Resilience Fund incorporating Discretionary Housing Payments and funding councils to support some of the poorest households so that their children do not go hungry outside of term time. This fund enables local authorities to provide preventative support to communities, working with the voluntary and community sector, as well as to assist people when faced with a financial crisis, with the aim of ending mass dependence on emergency food parcels.	-330.9	-10.6	2,900.2	Unallocated	External
Government & Legislative	Public Health	Diane Morton	Public Health - Supervised Toothbrushing Programme	Continuation of Supervised Toothbrusing Programme for 3-5 year olds	198.1	0.0	0.0	Public Health	External
TOTAL GOVERNMENT & LEGISLATIVE					**-57,337.5**	**39,998.0**	**-13,784.5**		

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Service Strategies & Improvements	GET	Peter Osborne	Subsidised Bus Services (Local Transport Consolidated Funding - Local Authority Bus Grant funded routes) (previously Bus Service Improvement Plan (BSIP) grant)	Relates to the allocation and use of Department for Transport Bus Fund, previously referred to as Bus Service Improvement Plan (BSIP). The funding will be used to continue to support 62 bus services cancelled by operators, to continue to maintain the cost of the KCC Travel Saver scheme as low as possible and to meet revenue costs and provide capacity associated with the delivery of other schemes relating to the revenue and capital allocations. This new revenue funding has now been confirmed for 2026-29.	9,315.8	0.0	0.0	Transport	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Redundancy costs relating to the Healthy Lifestyle service transformation	1,400.0	-1,400.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Children's Health Programme	Increased contribution from Public Health to Family Hubs	1,000.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Mental Health	Mental Health innovation projects funded from reserves	407.6	-11.8	-395.8	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Community Safety	Increased contribution from Public Health to Domestic Abuse	295.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Investment in Marmot Accelerator Projects	286.3	-286.3	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Sexual Health	Investment in Mobile Sexual Health Clinic and Clincal Fellows	198.9	-141.1	-57.8	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Increased spend to reflect future grant uplift	142.2	459.8	465.3	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Community Safety	Investment in Community Safety innovation project - Coastal Health Independent Domestic Violence Advisor (IDVA) pilot	140.2	5.1	-145.3	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Investment in pilot of Health Promotion support in Emergency Departments	105.0	-105.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Research & Intelligence	Investment in Research & Intelligence innovation project - System Impact Evaluation and System Modelling Function	103.5	-60.4	-43.1	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Prevention	Investment in Prevention innovation projects	100.0	25.0	-125.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Wider Determinants of Health	Investment in Health and Nature Fund innovation project	80.0	-80.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Contribution to Big Conversations	75.0	-75.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Sexual Health	Investment in Sexual Health Innovation projects	75.0	-75.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Investment in Healthy Lifestyles innovation project	50.0	-50.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Infant Feeding	Investment in innovation project to sustain breast pump loan scheme	34.1	0.0	-34.1	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Workforce Development	Investment in Making Every Contact Count (MECC) Trainer	28.7	-28.7	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Temporary expenditure for the Marmot Coastal Initiative	0.0	-90.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Children's Health Programme	Removal of additional one-off expenditure for children's hearing pilot to support more accurate testing	-10.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Sexual Health	Removal of one off spend on capital works at Rowan Tree Clinic funded by Public Health revenue reserve	-41.3	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Healthy Lifestyles	Temporary transitional funding for Postural Stability to move to new delivery model	-54.2	12.3	-25.0	Public Health	External

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Health Visiting	Removal of one-off transitional costs for Infant feeding Service	-100.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Mental Health	Temporary additional funding for Live Well Mental Health contract	-250.0	-500.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Staffing, Advice & Monitoring	Temporary investment in Public Health staff in 2026-27 and phased removal from 2027-28 onwards of temporary investments in staffing in prior years	-261.0	-795.9	-262.2	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health	Realignment of activity to staffing budget	-291.5	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Diane Morton	Public Health - Children's Health Programme	Removal of one off costs related to Therapeutic Services for Young People costs transitioning to a new delivery model	-400.0	0.0	0.0	Public Health	External
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**12,429.3**	**-3,197.0**	**-623.0**		

CORE					**179,971.5**	**105,981.7**	**111,064.7**		
EXTERNAL					**6,664.8**	**12,010.6**	**-24,792.2**		
TOTAL					**186,636.3**	**117,992.3**	**86,272.5**		

APPENDIX F: 2026-29 SAVINGS

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

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

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

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

APPENDIX F: 2026-29 SAVINGS

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

APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Income	GET	Paul Webb	Libraries, Registration & Archives	Annual inflationary uplift to Library, Registration and Archives (LRA) income levels and fees and charges in relation to existing service income streams	-50.0	-50.0	-50.0	Community Services	Core
Income	GET	Paul Webb	Community Protection	Inflationary increase in income levels and pricing policy for Kent Scientific Services (KSS)	-36.1	-30.8	-21.8	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Paul Webb	Coroners	Changes to the contribution from Medway Council under Service Level Agreement (SLA) relating to increasing/decreasing costs for provision of Coroner service in Medway	-24.8	-9.9	-10.2	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Peter Osborne	Highways - on-street Electric Vehicle Charging	The income share from the roll out of the on-street charging (LEVI) infrastructure programme.	-18.0	-43.0	-61.0	Highways	Core
Income	GET	Paul King	Country Parks	Increase to fees and charges for paid for products and services to offset contract inflation and pay award for Kent Country Parks staff and to move towards full cost recovery as part of Fees and Charges policy	-14.8	-9.3	-10.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Paul Webb	Community Protection	Increased income within Kent Scientific Services (KSS) for toxicology analysis for the Coroners Service	-14.3	-10.6	-11.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Paul Webb	Trading Standards	Trading Standards inflationary fee increases	-1.8	-1.2	1.2	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Peter Osborne	Traffic Management	Surplus from Moving Traffic camera enforcement penalties including contravening certain specific traffic restrictions (including box junctions and bus lanes) under new Moving Traffic Enforcement powers, to offset operational costs and overheads - in compliance with published Highways and Transportation fees and charges policy. Construction of sites with cameras and associated civil engineering costs is significant, but can be offset in the long run and good opportunity exists for significant income and reinvestment in Highways and Transportation service.	0.0	-50.0	-50.0	Highways	Core
Income	GET	Paul Webb	Community Protection - Port Health	Income from increased port health work	0.0	0.0	-50.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	David Wimble	Regeneration	Continuation of a one-off (2026-27) increase in the annual financial distribution to partners from East Kent Opportunities LLP. The remaining land parcels are currently anticipated to be disposed of by the end of 2026-27, at which point East Kent Opportunities LLP will be dissolved and the budget will need to be realigned in 2027-28.	0.0	350.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Paul King	Waste	Review of income levels to offset part of the cost of disposal of packaging waste under Extended Producer Responsibility (EPR) legislation	1,636.8	0.0	0.0	Waste	Core

APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
Income	CED	Brian Collins	Corporate Landlord - Car Parking	Review of car parking provision associated with office estate to ensure that it is aligned to the office estate. Review car parking models.	-1,000.0	0.0	0.0	Costs of running our operational premises (CLL)	Core
Income	NAC	Brian Collins	Income return from our companies	Estimated increase in income contribution from our limited companies	-500.0	-200.0	-500.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL INCOME					**-12,942.8**	**-7,848.9**	**-6,989.8**		
Financing	DCED	Brian Collins	2025-26 Flexible Use of Capital Receipts	One-off use of capital receipts under the Governments flexible use of capital receipts policy, which allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services. We are applying this flexibility to eligible Oracle Cloud costs in 2025-26. This flexible use of capital receipts is partially compensating for the share of the £19,835.2k policy savings required to replace the one-off solutions in the 2024-25 budget that are planned to be delivered in 2026-27. £11,705.8k of the £19,835.2k policy savings is planned for 2026-27, which will be temporarily met in 2025-26 from this £8,021k flexible use of capital receipts, £1,926.7k from our allocation of New Homes Bonus and £1,758.1k use of reserves, until the base budget savings are delivered in 2026-27.	8,021.0	0.0	0.0	Management, Support services & Overheads	Core
Financing	NAC	Brian Collins	2026-27 Flexible use of capital receipts	One-off use of capital receipts under the Governments flexible use of capital receipts policy, which allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services. This is part of a £25m package of one-off measures towards balancing the 2026-27 budget.	-9,000.0	9,000.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Debt Charges	Impact on debt interest costs of £50m early debt redemption in 2025-26	-2,420.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Investment Income	Projected fluctuations in investment income due to predicted changes in base rate as forecast by our Treasury Management Advisor, and also movement in forecast available cash flows and balances including loss of investment income due to repaying £50m loan from cash balances	-1,300.1	-520.0	521.5	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Debt repayment	Review amounts set aside for debt repayment (MRP) based on review of asset life	-1,000.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Debt Charges	Annual discount received for 10 years on £50m early debt redemption in September 2025 and £10m in March 2025	-682.7	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Brian Collins	Debt Charges	Impact on debt charges of changes made to the capital programme such as reduction in the Strategic Estate Programme, removal of Digital Autopsy and public mortuary project, use of grant instead of borrowing for Schools Basic Need Programme and Schools Modernisation/annual planned enhancement offset by an increase in the Modernisation of Assets and Highways Risks Category 1's.	-660.0	-510.0	-450.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core

APPENDIX F: 2026-29 SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2026-27 £000's	2027-28 £000's	2028-29 £000's	Service Area	Core or Externally Funded
TOTAL FINANCING					**-7,041.8**	**7,970.0**	**71.5**		
Policy	ASCH	Diane Morton	Community Based Preventative Services	Review of preventive services that prevent, reduce and delay care and support. Looking at where there is duplication within KCC's prevention approach and provision. Ensuring prevention services are more efficient, targeted and making best use of limited resources and focusing on the areas and people with greatest need.	-862.9	0.0	0.0	Adults and Older People	Core
Policy	ASCH	Diane Morton	Mental Health	Temporary contribution from Public Health for Mental Health Live Well Kent contract (£1m in 2024-25 reducing to £0.75m in 2025-26, £0.5m in 26-27 and zero in 2027-28)	250.0	500.0	0.0	Adults and Older People	Core
Policy	ASCH	Diane Morton	Adult Social Care - Housing Related Support	Realign to remove the saving included in the 2025-26 budget from ceasing our contribution to the Home Improvement Agency as the contract has been extended	294.0	0.0	0.0	Adults and Older People	Core
Policy	CYPE	Beverley Fordham	Home to School Transport – 16+ Home to College SEN Transport	Review of 16+ Special Educational Needs (SEN) transport offer (from September 2026)	-1,800.0	-1,350.0	0.0	Transport	Core
Policy	CYPE	Beverley Fordham	Home to College Special Education Needs (SEN) Transport - Post 19	Review of ongoing discretionary offer for post 19 education transport (from September 2026)	-900.0	-650.0	0.0	Transport	Core
Policy	CYPE	Christine Palmer	Children's Residential Care	Development of in-house residential units to provide an alternative to independent sector residential care placements (invest to save)	-640.0	-890.0	0.0	Children's Social Care	Core
Policy	CYPE	Beverley Fordham	Services for Schools	Review of services for schools including contribution to The Education People (TEP), staff care services and any other services for maintained schools (CYPE).	-545.6	0.0	0.0	Schools Services	Core
Policy	CYPE	Beverley Fordham	The Education People (TEP)	Review of services provided by TEP to deliver efficiencies	-383.0	-250.0	0.0	Schools Services	Core
Policy	CYPE	Beverley Fordham	SEN Home to School Transport	Introduction of charging in September 2024 for post 16 Special Educational Needs (SEN) transport and reductions to the Post 19 transport offer	-300.0	0.0	0.0	Transport	Core
Policy	CYPE	Beverley Fordham	Home to School Transport - Kent 16+Travel Saver	Review the Kent 16+ Travel Saver Scheme	-273.8	0.0	0.0	Transport	Core
Policy	CYPE	Beverley Fordham	Education	Review Kent Association of Leaders in Education (KALE) Funding	-46.7	-33.3	0.0	Schools Services	Core
Policy	GET	Peter Osborne	Highways	Efficiency review of on-street parking, which may involve districts working collaboratively to deliver efficiency savings and/or for them declaring their surpluses to KCC	-600.0	0.0	0.0	Highways	Core
Policy	GET	Paul King	Waste - Inter Authority Agreement payments	Savings from reduced incentivisation payments to districts due to the proposed introduction of Extended Producer Responsibility (EPR) legislation and where Department for Environment, Food & Rural Affairs (DEFRA) will recompense the districts for their costs incurred in collection of packaging. These costs will be based on average payments with the districts being put into individual family grouping with average fees rather than actuals	-310.4	-1,626.1	0.0	Waste	Core
Policy	GET	Peter Osborne	Kent Travel Saver	Review of pricing and strategy for the scheme	-290.0	0.0	0.0	Transport	Core

APPENDIX F: 2026-29 SAVINGS

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

APPENDIX F: 2026-29 SAVINGS

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

CORE	**-48,626.5**	**-13,197.4**	**-17,106.7**	
EXTERNAL	**-14,397.0**	**-15,667.4**	**23,703.9**	
TOTAL	**-63,023.5**	**-28,864.8**	**6,597.2**	

APPENDIX F: 2026-29 RESERVES

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

APPENDIX F: 2026-29 RESERVES

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

APPENDIX F: 2026-29 RESERVES

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

APPENDIX F: 2026-29 RESERVES

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

APPENDIX F: 2026-29 RESERVES

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

CORE	**-14,833.4**	**13,867.1**	**1,500.0**	
EXTERNAL	**7,732.2**	**3,656.8**	**1,088.3**	
TOTAL	**-7,101.2**	**17,523.9**	**2,588.3**	

Appendix H

Council Tax

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

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

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

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

Table 1 – Proposed Council Tax Increases by Band

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

ASCL = Adult Social Care Levy

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

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

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

ASCL = Adult Social Care Levy

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

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

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

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

Appendix I

Sensitivity Analysis

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

Baseline and current performance

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

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

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

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

Spending Estimates

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

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

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

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

Table 2 Demand Drivers

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

Table 3 Cost Drivers

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

Table 4 Prices

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

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

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

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

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

Key budget elements for 2026–27 sensitivity

12. The analysis focuses on the following budget areas:

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

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

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

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

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

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

Cross-cutting external factors

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

Savings and Income Estimates

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

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

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

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

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

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

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

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

Key Risks and Mitigations

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

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

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

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

Appendix J

Assessment of Financial Resilience

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

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

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

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

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

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

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

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

Table: Useable Revenue Reserves Balances 2015-16 to 2024-25

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

Appendix K: Budget Risks Register 2026-27

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

Appendix K: Budget Risks Register 2026-27

TOTAL £m	411.3	353.5

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

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

Provisional Local Government Finance Settlement

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

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

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

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

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

SEND Deficit

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

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

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

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

Consolidated Grants - Revenue Support Grant (RSG)

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

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

New Consolidated Grants

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

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

Multi-Year Settlement

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

The funding floor is determined on four levels:

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

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

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

CORE SPENDING POWER

Please select authority

Kent

Illustrative Core Spending Power of Local Government:

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

Further information on the settlement consultation can be found via the following link:
[Provisional local government finance settlement 2026 to 2027 - GOV.UK]

Reserves Policy

1. Background and Context

1.1 Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.

1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued their latest guidance to Local Authorities in March 2023, Bulletin 13 – Local Authority Reserves and Balances which updated previous Bulletins. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.

1.3 All earmarked reserves are categorised as per the LAAP guidance, into the following groups:

- **Smoothing –** These are reserves which are used to manage large fluctuations in spend or income across years e.g., Private Finance Initiative (PFI) equalisation reserves. These reserves recognise the differences over time between the unitary charge and PFI credits received.
- **Trading** – this reserve relates to the non-company trading entities of Laser and Commercial Services to cover potential trading losses and investment in business development.
- **Renewals for Vehicles Plant & Equipment** – these reserves should be supported by an asset management plan, showing projected replacement profile and cost. These reserves help to reduce fluctuations in spend.
- **Major projects –** set aside for future spending on projects.
- **Insurance** - To fund the potential cost of insurance claims in excess of the amount provided for in the Insurance Fund provision, (potential or contingent liabilities)
- **Unspent grant/external funding** – these are for unspent grants which the Council is not required to repay, but which have restrictions on what they may be used for e.g., the Public Health grant must be used on public health services. This category also consists of time limited projects funded from ringfenced external sources.
- **Special Funds –** these are mainly held for economic development, tourism and regeneration initiatives.
- **Partnerships –** these are reserves resulting from Council partnerships and are usually ringfenced for the benefit of the partnership or are held for investing in shared priorities.
- **Departmental underspends –** these reserves relate to re-phasing of projects/initiatives and bids for use of year end underspending which are requested to roll forward into the following year.

1.4 Within the Statement of Accounts, reserves are summarised by the headings above. By categorising the reserves into the headings above, this is limited to the nine groups, plus General and Schools. Operationally, each will be divided into the relevant sub reserves to ensure that ownership and effective management is maintained.

1.5 Reserves are an important part of the Council's financial strategy and are held to create long term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of ensuring the Council's financial standing and resilience. The risk of unforeseeable events and uncertainties (such as the Council's key sources of funding) remains high and as part of the response to these risks the Council may need to consider using general reserves as short term measure while making the necessary sustainable adjustments to spending over the medium term including replenishing the reserves used as short-term expedience.

1.6 Earmarked reserves are reviewed regularly as part of the monitoring process and annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three-year period.

2. Overview

2.1 The Council's overall approach to reserves will be defined by the system of internal control.

2.2 The system of internal control is set out, and its effectiveness reviewed, in the Annual Governance Statement (AGS). Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management. The AGS includes an overview of the general financial climate which the Council is operating within and significant funding risks.

2.3 The Council will maintain:

- a general reserve; and
- a number of earmarked reserves.

2.4 The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context). The Council's had traditionally aimed to hold general reserves of 5% of the net revenue budget. With the heightened financial risk the Council is facing in the medium term from continued spending growth we are now aiming to hold general reserves of between 5% and 10% of the net revenue budget, based on the following assessed levels.

- Below 3% considered dangerous
- 3% to 5% considered too risky
- 5% to 10% range considered minimal to acceptable
- Over 10% considered comfortable

3. Strategic context

3.1. The Council continues to face a shortfall in funding compared to spending demands and must annually review its priorities in order to address the shortfall.

3.2 The Council also relies on interest earned through investments of our cash balances to support its general spending plans.

3.3 Reserves are one-off money. The Council aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan and one of the Council's financial principles is to stop the use of one-off funding to support the base budget. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

4. Management and governance

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

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

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

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

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

The current Financial Regulations state:

Maintenance of reserves & provisions

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

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

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

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

4.4 The following rules apply:

- Any in year use of the General Reserve will need to be approved by Cabinet and any planned use will be part of the budget setting process.

- In considering the use of reserves, there will be no or minimal impairment to the Council’s financial resilience unless there is no alternative.

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

Treasury Management Strategy

Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

3. Investments held for service purposes or for commercial profit are considered in the separate Appendix O - Investment Strategy.

External Context

Economic background

4. The following economic commentary is provided by the Council's appointed treasury advisors, MUFG Corporate Markets:

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

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

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

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

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

Interest rate forecast

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

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

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

6. MUFG Corporate Markets forecast that the Bank of England will reduce Bank Rate (in cuts of 0.25%) to 3.25% by December 2026 in order to keep inflation at a mandated target level of 2%. Gilt yields and PWLB rates are similarly projected to fall back over the timeline of MUFG Corporate Markets forecasts.

7. These interest rate forecasts are a central estimate, not a prediction, and there are upside and downside risks, which could alter the eventual path of interest rates.

Local Context

8. The following table summarises the Council's balance sheet for the current year (2025-26), the previous financial year and provides a forecast for the medium term.

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

Balance sheet summary and forecast

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

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

10. The CFR does not increase indefinitely, due the requirement to make a minimum revenue provision, a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life and so charges the economic consumption of capital assets as they are used. The MRP charge is not shown separately here but is factored into the CFR.

11. The Total CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. For the purposes of determining the treasury management strategy, other long-term liabilities are removed to arrive at the Loans CFR.

12. The Council had external borrowing of £732.6m (as at 31 March 2025) to meet most of the borrowing requirement implied by the Loans CFR, and this figure will decline gradually over the medium term as external loans mature and are repaid (assuming no additional external borrowing is undertaken).

13. The balance of the Loans CFR borrowing requirement is met through internal borrowing, namely the temporary use of the Council's balance sheet resources in lieu of investment. The Council's internal borrowing is forecast to rise over the medium term, compensating for the change in external borrowing noted above.

14. Balance sheet resources represent the Council's underlying capacity for investment (mostly reserves, provisions and working capital). Balance sheet resources exceed internal borrowing and therefore the Council is forecast to continue to have positive external investment balances for the foreseeable future.

15. The current borrowing and investment balances, as at 30 November 2025, when the Council held £654.5m of external borrowing and £402.3m of treasury investments, are set out in further detail in Annex A.

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

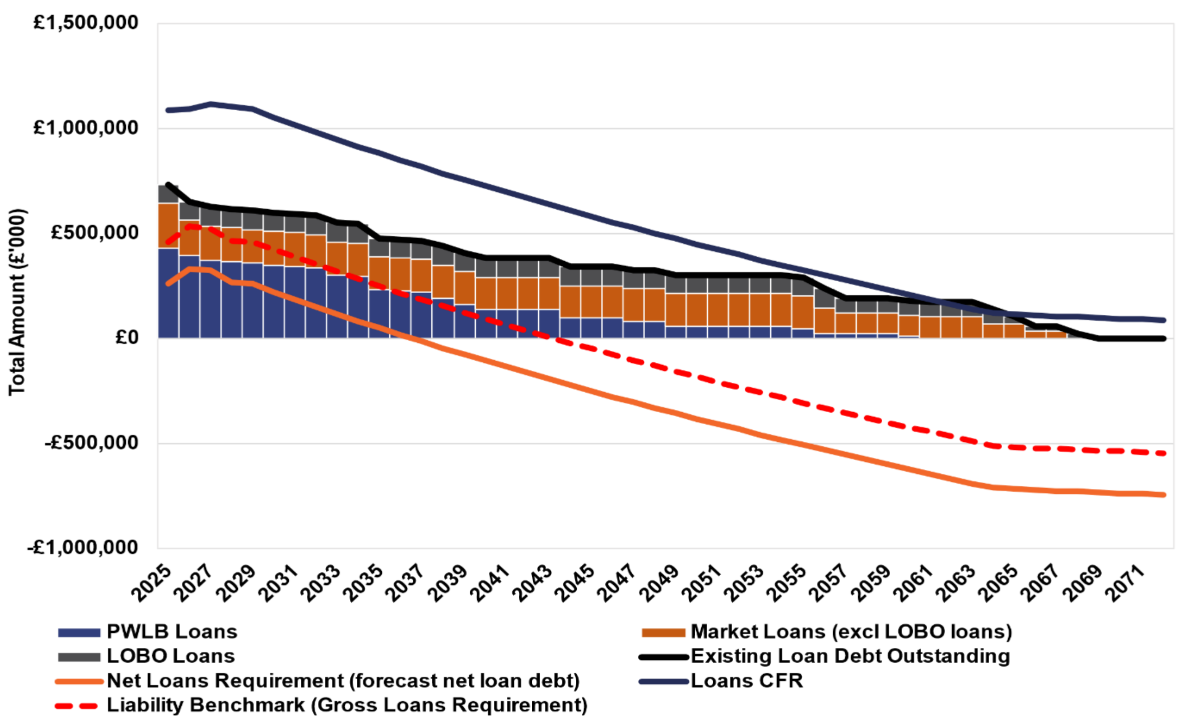
Liability benchmark

16. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Balance sheet summary and forecast table above, but that cash and investment balances are kept to a minimum level of £200m at each year-end to maintain sufficient liquidity but minimise credit risk.

17. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the minimum cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

18. The liability benchmark is shown in the below chart. The chart illustrates the maturity profile of the Council's existing borrowing and assumes no new capital expenditure financed by borrowing beyond 2028/29.

Figure 1: Liability Benchmark Chart



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

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

20. The Council could theoretically reduce its investment balances to zero and maximise the use of internal borrowing before acquiring any external borrowing. The net loans requirement (orange solid line) represents the minimum amount of external borrowing required under this strategy. However, such an approach would naturally involve an intolerable level of liquidity risk, and therefore a minimum liquidity requirement (assessed at £200m) is added to the net loans requirement to arrive at the liability benchmark itself. In effect, the liability benchmark represents the minimum amount of debt that the Council requires to meet its borrowing requirement and to provide sufficient liquidity for day-to-day cash flow.

21. The chart demonstrates that the Council's existing stock of external debt, exceeds the minimum amount required based on current financial plans, and therefore the authority does not have a need to enter into new external borrowing. The liability benchmark is forecast to rise over the medium term due to a combined increase in capital expenditure and reduction in available balance sheet resources (usable reserves, mainly) before declining over the long term. At the same time external debt is forecast to decline as individual loans expire.

22. Although not shown in figure 1, both the Loans CFR and the liability benchmark are likely to increase in later years as new capital expenditure cycles are approved.

Borrowing Strategy

23. On 30 November 2025, the Council had £654.5m external debt, including £25.9m attributable to Medway Council, as part of its strategy for funding previous years' capital programmes. This represents a decrease of £78.1m from 31 March 2025 and reflects the Council's strategy of maintaining external borrowing below the underlying capital funding requirement.

24. The balance sheet forecast in table 1 shows that the Council does not expect to need to undertake additional borrowing in 2026-27. However, the Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing set out in the Capital Strategy (Appendix P).

Objective

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

Strategy

26. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

27. The Council is currently maintaining an under-borrowed position. This means that the underlying borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. Although the path of future interest rates is uncertain, the central expectation is that borrowing rates (costs) will fall from their current levels (see interest rate forecast table above). The Council is forecast to have sufficient liquidity in the near to medium term to support an under borrowed position.

28. By doing so, the Council is able to reduce net borrowing costs and reduce investment counterparty exposure. Internal borrowing is not cost free as it is at the expense of investment returns foregone and neither does it remove the need for Minimum Revenue Provision (MRP) to be made.

29. Given borrowing rates are forecast to decline over the medium term, consideration will also be given to short term rather than long term external borrowing should liquidity considerations necessitate any additional external borrowing (although it is not the Council's central expectation that borrowing will be required for liquidity reasons).

30. Against this background and the risks within the economic forecast, caution will be adopted with the 2026-27 treasury operations. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years. The Corporate Director Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

    - *if it was felt that there was a significant risk of a sharp FALL in borrowing rates,* then borrowing will be postponed.

    - *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

31. The Council also retains the option to arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

32. Any decisions will be reported to the Treasury Management Group and the Governance and Audit Committee at the next available opportunity.

Sources of borrowing

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

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

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

Other sources of debt finance

36. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
    - leasing
    - hire-purchase
    - Private Finance Initiative
    - sale and leaseback

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

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

Debt rescheduling

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

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

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

Policy on Borrowing in Advance of Need

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

Treasury Investment Strategy

41. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the beginning of April 2025, the Council's cash balance has ranged between £333m and £705m; investment balances are forecast to be around £315m at the end of 2025-26 and approximately £259m at the end of 2026-27.

42. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) risks when investing.

43. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and to mitigate the negative impact of inflation on the value of the Council's long-term resources. The portion of the Council's cash invested in the strategic pooled funds' portfolio will be kept under review during the year to ensure it remains proportionate.

44. **ESG policy:** The Council is committed to responsible treasury management and to being a good steward of the assets in which it invests. As stated in paragraph 1 above, the successful identification, monitoring and control of financial risk are central to the Council's prudent financial management, and this includes the identification and

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

45. The framework for evaluating investment opportunities is still developing. When investing in banks and funds, and after satisfying security, liquidity and yield considerations, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code

46. Assets within the strategic pooled fund portfolio are managed by third-party investment managers responsible for the day-to-day investment decisions, including undertaking voting and engagement activities on behalf of the Council. The Council incorporates analysis of ESG integration and active ownership capabilities when selecting and monitoring investment managers.

47. The Council requires its investment managers to engage with companies to monitor and develop their management of ESG issues in order to enhance the value of the Council's investments. The Council also requires feedback from the investment managers on the activities they undertake and regularly reviews this feedback through meetings and reporting.

48. **Business models:** Under IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties

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

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

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

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

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

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

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

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

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

54. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.

55. **Money Market Funds:** Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to Money Market Funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

56. **Pooled investment funds:** Bond, equity, multi-asset and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

57. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

58. **Other investment:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

59. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings

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

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

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

Other information on the security of investments

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

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

Investment limits

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

Liquidity management

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

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

Treasury Management Prudential Indicators

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

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

Credit risk indicator	Minimum Level
Portfolio average credit rating	AA-

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

Liquidity risk indicator	Minimum Level
Total cash available within 3 months	£75m

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

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

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

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

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

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

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

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

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

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

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

Related Matters

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

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

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

77. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

78. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

79. **Markets in Financial Instruments Directive**: The Council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance believes this to be the most appropriate status.

80. **IFRS 9 Statutory Override:** Under the accounting standard IFRS 9, entities are required to recognise the revenue impact arising from the movement in value of investments held at fair value. The MHCLG (DLUHC) initially enacted a statutory over-ride from 1 April 2018 for a five-year period until 31 March 2023 following the introduction of IFRS 9 in respect of the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year. This was subsequently extended until 31 March 2025 and then again for existing pooled investments only until 1 April 2029 and has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2029. The Council currently holds investment assets which fall under the statutory override (the strategic pooled funds), and which will be subject to the provisions of IFRS 9 if (as anticipated) and when the override expires on 1 April 2029. In effect, this means the Council will recognise unrealised gains and losses on these investments within the revenue budget from 2029-30.

Financial Implications

81. The budget for external borrowing costs for 2026-27 is £24.6m based on the Council's current external debt portfolio (anticipated to be £625.1m at 31 March 2027) and assuming no new external borrowing is undertaken during 2026-27.

82. The budget for net investment income in 2026-27 is £11.46m, based on an average investment portfolio of £506.6m at an average interest rate of 4.08%.[2] If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different.

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

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

Other Options Considered

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

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

Training

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

Annex A – Existing Investment & Debt Portfolio Position

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

Appendix N

GLOSSARY

Local Authority Treasury Management Terms

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

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

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

Appendix Q

Annual Minimum Revenue Provision (MRP) Statement

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

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

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

- 4% of our capital finance requirement before the change in regulations.

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

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

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

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

Each year an updated MRP statement will be presented.