

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

To: County Council 12th February 2026

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

Classification: **Unrestricted**

Summary:

The draft budget proposals for the 2026-27 revenue budget, 2026-29 Medium Term Financial Plan 2026-36 Capital Programme were initially published on 8th January 2026 for the January cycle of Cabinet Committees and Scrutiny Committee.

Each Cabinet Committee has received a report setting out details on the key strategic considerations underpinning the decisions necessary for County Council to agree the budget at the Budget Meeting in February. The relevant Cabinet Member(s) has outlined the key 2026-27 revenue budget policy choices, and where appropriate capital programme proposals, relating to their portfolio as part of the Cabinet Committee consideration. Scrutiny Committee received the full draft budget report and had the opportunity to scrutinise the overall financial position reflected in the draft proposals.

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

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

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

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

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

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

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

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

Recommendations:

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

2026-36 Capital Programme

- (a) The 10-year Capital programme and investment proposals of £1,967m over the years from 2026-27 to 2035-36 together with the necessary funding and subject to approval to spend arrangements.
- (b) The directorate capital programmes as set out in appendices A & B of the final draft budget report published on 4th February 2026.

2026-27 Revenue Budget and Medium Term Financial Plan

- (c) The net revenue budget requirement of £1,648.1m for 2026-27.
- (d) The directorate revenue budget proposals for 2026-27 and the 2026-29 medium term financial plan as set out in appendices D (high level 2026-29 plan), E (high level 2026-27 plan by directorate), F (individual spending, savings, income and reserves variations for 2026-29) and G (2026-27 key services) of the final draft budget report published on 4th February 2026.

2026-27 Council Tax

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

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

Kent Pay Scheme 2026-27

- (g) Note the continuation of the transition of all Kent Scheme staff to the new pay structure agreed by County Council in May 2024.
- (h) Agree to the Personnel Committee recommendations on the uplift and changes to Kent Pay Scheme pay scales and spinal points as set out in section 6.8 of the final draft budget report published on 4th February 2026.

Key Policies and Strategies

- (i) The Reserves Policy as set out in appendix M of the final draft budget report published on 4th February 2026.
- (j) The Treasury Management Strategy as set out in appendix N of the final draft report published on 4th February 2026, including the Treasury Management Prudential Indicators.
- (k) The Investment Strategy for service/commercial investments as set out in appendix O in the final draft report published on 4th February 2026.
- (l) The Capital Strategy to meet requirements of Prudential Code as set out in appendix P of the final draft report published on 4th February 2026 including the Capital Prudential Indicators.
- (m) The Minimum Revenue Provision (MRP) Statement as set out in appendix Q of the final draft report published on 4th February 2026.
- (n) The Flexible Use of Capital Receipts Strategy as set out in appendix R of the final draft report published on 4th February 2026.
- (o) Fees and charges to continue to be reviewed in line with the policy agreed in the 2023-24 budget approval.

In addition:

- (p) To delegate authority to the Section 151 Officer, in consultation with the Leader and Deputy Leader, to make any necessary technical adjustments and required amendments in line with relevant Treasury Management and Financial Policy arrangements, arising from the final funding announcement, retained Business Rates, and Business Rate Collection Fund balances, and to address minor technical or structural issues required for the final budget publication, provided these do not materially alter the approved budget. All changes will be reported to Cabinet via the appropriate governance process and will be reflected in the final approved version of the Budget Book when it is published at the end of March 2026.
- (q) To note the information on the impact of the Final Local Government Finance Settlement, the County Council's share of retained business rates, and business rate collection fund balances on the revenue budget will be reported to and agreed by Cabinet once it has all been received.
- (r) To note the ongoing and escalating cost pressures on the Council's budget alongside insufficient funding in the multi-year local government finance settlement and knock on requirement for savings and income in the final draft 2026-27 budget and 2026-29 medium term financial plan.

- (s) To note that the planned use of reserves still ensures sufficient reserves are available in the short term with no immediate concerns triggering a Section 114 notice provided the use of these reserves is replaced with sustainable savings over the medium term.
- (t) To note the rate of recent drawdown from reserves and potential drawdown to balance 2025-26 outturn is still cause for serious concern and reserves will still need to be maintained ahead of decisions on Local Government Reorganisation. Further unplanned drawdowns would weaken resilience and should only be considered as a last resort with an agreed strategy to replenish reserves at the earliest opportunity.
- (u) To note that the draft budget includes no assumption of potential structural changes under Local Government Reorganisation or any provision for additional costs of reorganisation. Any such costs incurred by KCC would need to be funded through the savings from reorganisation over the pay back period including any temporary borrowing costs.

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

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

2. Contact details

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