By: Anna Taylor, Assistant Democratic Services Manager (Scrutiny)

To: Scrutiny Committee, 3 August 2026

Subject: Revenue and Capital Budget Monitoring Report - Outturn 2025-2026

Summary: As requested by the Chair and Spokespeople, the Committee is asked to consider the Revenue and Capital Budget Monitoring Report – Outturn 2025-2026 and note or make any recommendations to the relevant Cabinet Member.

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1. Introduction

a) The attached report was presented to Cabinet on 25 June 2026 and sets out the revenue and capital budget outturn position 2025-26, the delivery of savings in 2025-26 and the reserves and prudential indicators position as at 31 March 2026. Cabinet was asked to agree a number of actions as set out in the recommendations within the report.

b) The report sets out a revenue overspend of £22.7m (excluding schools) and a £33.0m overspend in the Schools' Delegated Budgets. The most significant pressure remains within Adult Social Care and Health, which reported a £42.9m overspend, driven by a combination of unmet savings targets and increasing demand, complexity and inflationary costs within care placements.

c) The report also highlights the continuing financial risks associated with the Dedicated Schools Grant (DSG) deficit. Despite progress, the DSG deficit remains a major financial risk due to uncertainty over future funding arrangements and reliance on successful delivery of the SEN reform plan.

d) The report also notes that Council-wide spending controls implemented during the year contributed to an improvement in the overall revenue position compared with previous forecasts.

e) The report provides details of the actions implemented to mitigate the revenue overspend, and Cabinet was asked to agree the revenue and capital budget adjustments set out in the report.

f) Scrutiny has a key role to play when considering the Executive's draft budget proposals in January but financial scrutiny is a continuing duty throughout the year. Through review of budget monitoring reports, the Committee can examine spending decisions, challenge assumptions underpinning financial forecasts and savings plans, and review how effectively resources are being directed to meet the Council's strategic priorities.

g) The Scrutiny Committee plays a vital role in ensuring transparency, accountability and continuous improvement in KCC's decision-making and service delivery. The Committee can add value by reviewing how resources are prioritised and allocated, reviewing the integration between financial and service planning and testing out whether the council is directing its resources effectively. The Committee, through scrutiny in a public forum, provides a challenge to the Executive's management of the Council's finances, building trust in the Council's financial governance.

h) The Scrutiny Committee considers the same report as presented to the Cabinet to reduce additional workload, this is in addition to the consideration of the draft budget proposals in January.

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2. Recommendation

The Scrutiny Committee is asked to discuss the Revenue and Capital Budget Monitoring Report – Outturn 2025-2026 and note or make any recommendations to the relevant Cabinet Member.

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3. Attached documents

a) Cabinet Revenue and Capital Budget Monitoring Report

b) Cabinet Record of Decision

4. Background documents

a) Agenda for Cabinet on Thursday, 25th June, 2026

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