

From: Linden Kemkaran, Leader of the Council
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To: Adult Social Care & Public Health Cabinet Committee 21 January 2026

Subject: **Draft Capital Programme 2026-36, Revenue Budget 2026-27 and Medium Term Financial Plan (MTFP) 2026-29**

Classification: **Unrestricted**

Summary:

This report outlines the key policy considerations within the draft capital and revenue budget proposals for the Cabinet portfolios and council departments relevant to this committee. This is a tailored report for each committee and should be considered within the context of the overall whole council budget proposals published separately to support the budget scrutiny process.

Recommendations:

The Adult Social Care & Public Health Cabinet Committee is asked to:

- a) NOTE the draft capital and revenue budget proposals
- b) SUGGEST any alternatives that should be considered related to the Cabinet Committee's portfolio before final draft budget is considered by Cabinet on 29th January 2026 and presented to Full County Council on 12th February 2026

1. Background and Context

- 1.1 The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Cabinet and Scrutiny Committees to allow for their comments to be considered before the final budget proposals are made to Full Council.
- 1.2 The Council is under a legal duty to set a balanced and sustainable budget for the forthcoming year (2026-27) within the resources available from local taxation and central government grants, and to maintain adequate reserves. This duty applies to the final draft budget presented for Full Council approval at the annual budget meeting and does not necessarily apply the preceding drafts or plans for subsequent years. The overall strategy for the budget is to ensure that the Council continues to plan for revenue and capital budgets which are affordable, reflect the Council's strategic priorities, allow the Council to fulfil its statutory responsibilities and continue to maintain and improve the Council's financial resilience within the overall resource constraints.
- 1.3 A medium term financial strategy covering the entirety of the resources available to the Council is the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty. A report on the purpose of medium term financial planning was presented to Policy and Resources Committee on 8th July 2025 [P&R MTFP Update](#). This report identified that the strategy should pull together in one place all known factors affecting the

financial standing and sustainability of the Council over the medium term. The draft budget publication sets out all this necessary information for the scrutiny process. The final draft will include all the necessary information for the approval process. These are not necessarily the same and the final draft will include supporting strategies e.g. treasury management strategy, necessary for final budget approval.

- 1.4 The primary focus within the capital programme must be to ensure that the Council has sufficient capacity to meet legal and regulatory requirements where there is risk of death or serious harm to residents and service users. This means first call on capital is to address “safety vital” works. The secondary focus is to reduce 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. The capital programme will still include individual project schemes and rolling programmes funded from external sources.
- 1.5 The primary focus of the revenue budget must be to strike an appropriate balance between fulfilling the Council’s statutory obligations on service provision and the administration’s strategic priorities. However, these aims are not always compatible and involves difficult decisions about service levels and provision both for the forthcoming year and over the medium term. In reaching this balance the budget has to include provision for forecast spending growth (base budget changes to reflect full year impact of current variances, contractual price uplifts, staff pay awards, other cost drivers such as market availability, demand increases and service improvements). The revenue budget must also include planned efficiency, policy and transformation savings and plans to generate additional income necessary to balance any differences between spending growth and the available resources from central government and local taxation.
- 1.6 As part of budget scrutiny process it is worth clarifying that savings relate to reducing current recurring spend whereas bearing down on future growth is cost avoidance. Both amount to the same end outcome of reducing planned spending in the forthcoming year from what would otherwise have been needed without action and intervention. Both savings and cost avoidance are essential to ensure the statutory requirement for a balanced budget is met.
- 1.7 Fuller details of the budget plans are set out in the draft budget report published on 5th January 2026 to support the scrutiny process. This report is available [here](#) A separate report on responses to public consultation on the budget strategy has also been published and is available at: [KCC Budget Consultation 2026-27](#)
- 1.8 The report to this Cabinet Committee focuses on the key policy considerations within the draft budget proposals for the directorate/Cabinet portfolio(s) relevant to each committee. To assist this, a summary of the 2026-27 proposals for the relevant directorate/Cabinet portfolio is included as appendix E to this report. An interactive dashboard is also provided to Members, enabling the details of all proposals to be examined and scrutinised in depth.
- 1.9 Following the scrutiny process, a revised draft of the final budget proposals will be published in January for Cabinet consideration and approval at County Council in February 2026.

2. Key Policy Considerations

- 2.1 Public Health spending is fully externally funded through the Public Health grant and external income, with no contribution through core funding from general grants or local taxation. This means the net budget proposals from spending, savings, income and reserves must net to zero.
- 2.2 From 2026-27, Public Health specific grants for Drug and Alcohol Treatment & Recovery Improvement as well as Local Stop Smoking services have been consolidated into the Public Health grant, although conditions remain to ensure spending on these services is maintained. For 2026-27 the provisional PH grant settlement is:

	TOTAL	Stop Smoking Services ringfence	Drugs & Alcohol Treatment & Recovery ringfence
2026-27	£91,287,022	£4,054,765	£16,872,492

Capital Spending

- 2.3 There is no planned capital spending for Public Health in 2026-27.

Revenue Spending Growth

- 2.4 The draft budget for 2026-27 is based on the provisional grant announcement made in December 2025, which indicates a £2.35m increase overall in the newly consolidated Public Health Grant compared to the core Public Health grant and other special grants included in the 2025-26 approved budget. It should be noted that £570k additional core Public Health grant was announced after the budget was approved in 2025-26, and minor changes were made to the special grant allocations in year, so the real increase in the total grant allocation for 2026-27 compared to final 2025-26 allocations is £1.75m.
- 2.5 An expected £243k reduction in external income is factored into the draft budget.
- 2.6 The 2026-27 spending proposals are funded from a combination of increased grant funding, unallocated grant from 2025-26, savings and Public Health reserves.
- 2.7 Spending proposals include increases to the costs of the Sexual Health contract (£264.9k) and School Health contract (£334.8k), other contract price uplifts (£141k), staffing changes including the impact of pay award and pay strategy (£678.5k) offset by reduction in pension contributions (-£106.8k), an increased contribution to Domestic Abuse services (£295k) and an additional £1m contribution to Children and Young People and Education (CYPE) for Family Hubs.
- 2.8 £4.7m is planned to be drawn down from reserves to fund additional, fixed term staffing (£994.9k), transformation transitional costs (£1.4m), NHS service improvements (£198.9k) a range of innovation projects (£1.4m), contribution to Live Well Kent (£500k) and other smaller investments for service improvement (£193.6k).

In addition to covering additional non-recurrent operational costs, service improvements and innovation projects, this is also part of a strategy to reduce Public Health reserves to a sustainable level.

Revenue Savings and Income

- 2.9 Transformation of the Healthy Lifestyles service has resulted in a saving of £406.8k which is reflected in this draft budget.

3. Contact details

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Background documents

Below are click-throughs to reports, more information, etc.
Click on the item title to be taken to the relevant webpage.

[**Explanatory note on funding simplification: consolidated grants and draft conditions - GOV.UK**](#)