

From: Linden Kemkaran, Leader of the Council
Brian Collins, Deputy Leader of the Council
Diane Morton, Cabinet Member for Adult Social Care and Public Health

To: Adult Social Care and Public Health Cabinet Committee – 21 January 2026

Subject: **Draft Capital Programme 2026-2036, Revenue Budget 2026-2027 and Medium Term Financial Plan (MTFP) 2026-2029**

Classification: Unrestricted

Electoral Divisions: All

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 and Public Health Cabinet Committee is asked to:

- a) **NOTE** the draft capital and revenue budget proposals
- b) **SUGGEST** any alternatives which should be considered related to the Cabinet Committee's portfolio, before the final draft budget is considered by Cabinet on 29 January 2026 and presented to Full County Council on 12 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 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 (2026-2027) 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 for resource prioritisation and allocation decisions to be considered and agreed in a way which 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 the Policy and Resources Cabinet Committee on 8 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 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 the impact on the 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 involve 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 5 January 2026 to support the scrutiny process. This report is available [here](#) A separate report on responses from the public consultation on the budget strategy has also been published and is available at: [KCC Draft Budget Consultation](#)
- 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 2026/2027 proposals for the relevant directorate/Cabinet portfolio is included as an appendix (Appendix 1) 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 – Adult Social Care

2.1 Revenue Spending Growth

2.1.1 The following table shows the proposed spending growth for Adult Social Care, and the more significant areas are explained below:

<u>SPENDING</u>	<u>£000</u>
Base Budget Changes	37,666.6
Reduction in Grant Income	756.1
Pay	15.6
Prices	9,917.3
Demand & Cost Drivers - Cost	15,778.7
Demand & Cost Drivers - Demand	25,285.2
Service Strategies & Improvement	385.0
TOTAL SPENDING	89,804.5

2.2 Base Budget Changes - £37,666.6k – relates to the forecast pressure in Adult Social Care as at quarter 2 of 2025/2026, including the full year effect of those people receiving services at that point in time. This does not include the impact of any savings not being delivered as these are shown as savings realignment within net savings.

2.3 Reduction in Grant Income - £756.1k – relates to the ‘rolling’ of some specific grants into the Revenue Support Grant, meaning the income relating to these activities will not be reflected directly in the Adult Social Care budget with spending on these activities now included within the net budget. The grants impacted are Deprivation of Liberty Safeguarding, Social Care in Prisons and War Pensions Disregard.

2.4 Prices - £9,917.3k – The Council continues to face significant and sustained financial pressure, driven by increasing demand for adult social care and rising complexity of need. Within this context, the Council has identified £9,917.3k as the provisional maximum affordable provision for adult social care fee uplifts and direct payment increases for 2026/2027. This amount reflects difficult but necessary prioritisation decisions to ensure that the Council can continue to meet its statutory duties while maintaining overall financial sustainability.

2.4.1 These proposals allow for differentiated uplifts across the main areas of adult social care provision, ascertained in accordance with the Council’s Care Act Duties.

2.4.2 The proposed uplifts across the main social care contract areas are as follows:

- Care and Support in the Home Service–Consumer Price Index (CPI) as of December 2025 in conjunction with the Council’s Care Act duties. (framework providers only)
- Supported Living Services– 2% and additional element to fund the increase in National Living Wage (NLW) for sleep-night provision (framework providers only)
- Residential Care (Learning Disability, Physical Disability and Mental Health) –2% (framework providers only)
- Older Person’s Residential and Nursing Care– 0%
- Everyday Life Activities – 0%

2.4.3 The Council recognises the significant cost pressures facing adult social care providers and has had due regard to its duties under Section 5 of the Care Act 2014 to promote a sustainable care and support market and ensure continuity of care. However, it is not affordable to apply a full CPI uplift in excess of any uplift determined in accordance with the Council’s Care Act duties universally across all services without materially impacting the Council’s ability to meet its statutory duties, manage demand, and maintain financial sustainability across the wider system.

2.4.4 The proposed approach therefore represents a balanced and evidence-based exercise of commissioning judgement, targeting limited resources where they deliver the greatest strategic benefit, while retaining targeted and proportionate mitigation to manage risks to sustainability and continuity of care.

2.5 Demand and Cost Drivers - Cost - £15,778.7k – this is an estimate for increased costs for new client placements over and above the annual price uplift applied for existing clients at the start of the year (see prices section). This does assume that the increases will be lower than have been seen in the last year due to changed business processes in arranging support including the review of previous “self-funding” costs, and also because of the new contract for Older Person Residential and Nursing proposed to be in place during the summer of 2026, which it is anticipated will heavily influence our ability to manage the cost of new placements

2.6 Demand and Cost Drivers – Demand - £25,285.2k – this is an estimate for increased costs due to increased numbers of people requiring support and those with increased complexity. This does assume that the unprecedented increases in demand and costs over the last year will not continue at the same rate in the future years and new client demand will be managed within this lower provision. This will require an ongoing focus on assessment of eligible need meeting statutory local authority duties only.

2.7 Revenue Savings and Income

2.7.1 The following table shows the proposed savings and income for Adult Social Care, and the more significant areas are explained below:

<u>SAVINGS, INCOME</u>	<u>£000</u>
Transformation - Future Cost Increase	
Avoidance	-5,363.7
Transformation - Service Transformation	-55.2
Efficiency	2,081.7
Income	-8,000.2
Policy	-612.9
TOTAL SAVINGS & INCOME	11,950.3

2.8 The table above is a net summary of savings to be delivered offset by budget realignment due to undelivered savings, the following table shows this separated out, which are explained in more detail below:

<u>MEMORANDUM - SAVINGS:</u>	
Removal of undelivered/temporary savings	18,004.7
New & FYE of existing Savings	21,954.8
New & FYE of existing Income	-8,000.2
TOTAL SAVINGS & INCOME	11,950.3

2.9 Removal of Undelivered and Temporary Savings - £18,004.7k - the budget is proposed to be realigned for those which were included in the 2025/2026 budget, and which are deemed as irretrievable over the medium term at the original estimated level and have now been replaced with the more rigorous process to manage spending growth. These comprise areas such as commissioning and contract savings in homecare, supported living, and community equipment - **£10,454.8k**; initial contact, reviews and other practice related areas - **£7,299.9k**, and planned removal of Public Health income - **£250k**.

2.10 New and Full Year Effect (FYE) of existing savings - £21,954.8k – comprise the following areas:

2.10.1 Transformation – Future cost increase avoidance - £7,410k – relates to the continuation of Enablement, Technology Enabled Lives, and Occupational Therapists into 2026/2027 which commenced in earlier years. These savings also over-achieved in 2025/2026 by £5,253.6k, which needs to be taken into account in the 2026/2027 budget

2.10.2 Efficiency - £8,078.1k:

- **£5,900k** relates to the joint funding of Section 117 Mental Health Act placements. Following the recommendations from recent mediation between the Integrated Care Board (ICB) and Kent County Council (KCC), it is now felt appropriate to negotiate with the NHS for them to fund a greater proportion to the care costs. The exact detail has to however be agreed with the ICB, so at this stage this is just an estimate.
- **£2,000k** relates to the full year effect of more stringent cost control at the point of new residential placements being made
- **£178.1k** relates to the over-achievement of an alternative saving relating to the cost of residential placements for the younger working age adults in 2025/2026.

2.10.3 Policy - £1,157.9k

- **£862.9k** relates to the full year effect of the review of the preventive services
- **£295k** relates to an increased Public Health contribution towards the Domestic Abuse Service
- Service Transformation - **£55.2k** relates to a council wide review of embedded staff.

2.11 It is important to note that most of the savings above with the expectation of Section 117 relate to existing plans and policies. This budget includes a new approach to managing growth provisions of both cost and demand.

2.12 New and Full Year Effect (FYE) of existing income- £8,000.2k – comprise the following areas

- £5,808k - Annual Uplift in social care contributions in line with estimated benefit and other income increases.
- £2,192.2k – Estimated Increase in Better Care Fund.

2.13 In addition to the savings outlined in the proposed 2026/2027 there is currently £10,019.9k of savings from 2025/2026 rolled forward.

3. Recommendations

3.1 Recommendations: The Adult Social Care and Public Health Cabinet Committee is asked to:

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

4. Background Documents

https://www.kent.gov.uk/_data/assets/pdf_file/0003/225822/Draft-budget-report-January-2026.pdf

[715c837011803df9f0d0cd2935ebc959_2026-27 Budget Consultation and Engagement Report Final.pdf](715c837011803df9f0d0cd2935ebc959_2026-27%20Budget%20Consultation%20and%20Engagement%20Report%20Final.pdf)

5. Appendices

Appendix 1 – Summary of Adult Social Care Draft 2026/2027 Budget Proposals

6. Contact details

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