

From: Brian Collins, Deputy Leader of the Council

To: Scrutiny Committee 22<sup>nd</sup> January 2026

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

Classification: **Unrestricted**

**Summary:**

The linked report sets out the draft revenue budget 2026-27 and MTFP 2026-29, proposed capital programme 2026-36, for further Member consideration ahead of Cabinet on 29<sup>th</sup> January 2026 and full Council on 12<sup>th</sup> February 2026.

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.

The purpose of the report is to provide the Scrutiny Committee with the opportunity to scrutinise the overall financial position reflected in the draft budget proposals, as published on the 8<sup>th</sup> January 2026.

To support ongoing budget consideration by Members, in addition to the Committee stages of the budget development process, a separate interrogatable dashboard has been made available to Members, setting out additional key information about individual elements of the draft revenue budget and now incorporating medium term revenue plans

**Recommendations:**

The Scrutiny Committee is asked to:

- a) NOTE the administration's draft capital and revenue budget proposals
- b) SUGGEST any alternatives that should be considered before the final draft budget is considered by Cabinet on 29<sup>th</sup> January 2026 and presented to Full County Council on 12<sup>th</sup> 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 8<sup>th</sup> 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 the impact on the revenue budget, through reducing borrowing requirements, resulting in reduced revenue debt costs and using the capital receipts flexibility powers which allows local authorities to fund permitted revenue costs. 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 which was published on 8<sup>th</sup> January and can be accessed [here](#). A separate report on responses to public consultation on the budget strategy has also been published and is available at [Let's Talk Kent](#).

1.8 Following the scrutiny process, a revised draft of the administration's final budget proposals will be published in January for Cabinet consideration and approval at County Council in February 2025.

### **3. Contact details**

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