

Report back from other Overview and Scrutiny Committee on Draft Capital and Revenue Budget Proposals 2026/27

Summary

This Appendix presents for consideration the comments of all Overview and Scrutiny (O&S) Committees on the provisional draft budget for 2026/2027 proposed by Cabinet on 18 November 2025.

1. Background

- 1.1 On 18 November 2025 Cabinet considered the draft capital and revenue budgets for 2026/2027 and agreed to forward these to all Overview and Scrutiny (O&S) Committees as work in progress inviting them to offer comments on the proposals outlined.
- 1.2 The Business Support and Digital O&S Committee has a pivotal role in the consultation process that surrounds Cabinet's construction of the budget. It has the responsibility to scrutinise and comment on the proposals. To this end the other O&S Committees have been invited to forward their comments to inform the process of scrutiny by this Committee as part of the constitutional consultation requirement for budget formulation.
- 1.3 The views expressed by the O&S Committees during this consultation period will be considered by Cabinet at its meeting on 10 February 2026.

2. Draft Capital and Revenue Budgets 2026/2027

- 2.1 The draft proposals discussed by Cabinet were disaggregated into overview and scrutiny responsibilities and each Committee has been asked to consider the draft proposals pertinent to their area of responsibility and comment back to this Committee.
- 2.2 All of the other O&S Committees – dates included for information – have now had the opportunity to consider the budget proposals recommended by Cabinet and their views are set out in this Appendix.

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| Business Support and Digital O&S Committee | 27 November 2025 and 29 January 2026 |
| Children and Young People O&S Committee | 2 December 2025 |
| Health and Adult Social Care O&S Committee | 4 December 2025 |
| Regeneration, Culture and Environment O&S Committee | 11 December 2025 |

2.3 The relevant extracts from the minutes of these Committees are set out below.

2.4 Business Support Overview and Scrutiny Committee, 27 November 2025

Discussion:

The Head of Revenue Accounts introduced the report which presented the draft capital and revenue budget for 2026-27. The report had previously been considered by cabinet on 18 November 2025. The budget showed projected revenue growth of £33m and outlined the ambition to have no requirement to request Exceptional Financial Support (EFS) from central government. At this stage in the there was a £25.8m gap in the budget between expected income and projected spend.

The following issues were discussed:

Staff Pay – a Member asked whether it was policy for staff to receive year on year pay increases. The Head of Revenue Accounts stated that there was no policy to provide staff with a pay increase each year, however it was the stated ambition of the administration to be an employer of choice, the Council needed to recruit and retain staff effectively and the proposed pay increase was in line with inflation

EHCP – a Member expressed concern at the rising cost of EHCP assessments, he asked whether the Council budget projections were reliable. The Head of Revenue Accounts stated that he could not speak to the assumptions within the budget regarding specific service areas. The Democratic Services Officer stated that this query could be referred to the Children and Young People Overview and Scrutiny Committee the following week as part of its consideration of the 2026-27 draft budget.

Financing Budget - a Member asked for further information regarding the finance and interest budget, the Chief Operating Officer stated the increase in budget costs reflected the need to finance borrowing for Care Home project and the Council's general need to borrow to have day to day cash available. The budget would be kept under review as interest rates changed during the year.

Decision:

- a) The Committee noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to reduce the budget deficit for 2026/27 and to liaise with the Ministry of Housing, Communities and Local Government to secure support through the Exceptional Financial Support scheme, should it be necessary.
- b) The Committee commented on the proposals outlined in the Draft Capital and Revenue Budgets 2026/27 and forwarded proposals to the individual overview and scrutiny committees.

2.5 Children and Young People Overview and Scrutiny Committee, 2 December 2025

Discussion:

Members received a presentation and considered the reports under this theme.

Members then raised several questions and comments:

Education Health Care Plans - a Member raised a question at the 27 November 2025 Business Support and Digital Overview and Scrutiny Committee meeting which was referred to this Committee for a response. It was asked, due to the rise in cost of Education Health Care Plan (EHCP) assessments, whether the Council had confidence that the money it saved through the introduction of the London Banding System was realised, given the need to invest to meet the additional demand of EHCPs. The Assistant Director Education and SEND clarified that costs had not risen but the numbers of EHCPs that were processed had risen, due to the announcement of SEND reforms, many believed that EHCPs would be removed, and this resulted in doubling of requests since April 2025, this was experienced Nationally.

It was commented that there had been an increase in reliance on Exceptional Financial Support (EFS) in 2025/26 and it was asked what Medway had done to demonstrate it was moving away from government support as it was unsustainable and put pressure on finances. Officers acknowledged the use of EFS over the last few years and said that as part of the process for applying for EFS, a CIPFA resilience review was undertaken. One of the outcomes of that review was more regular reporting of progress against savings as part of the Financial Improvement and Transformation plan, which was reported to Cabinet. It was, however, made clear that the pressures being experienced were demand led. Services had worked extensively to plan and manage their budgets; however, pressures were beyond what had been planned and budgeted for.

Staff retention - a question was asked on how the long term issues with staff retention were being managed despite the annual increased pay award for staff. The Committee was informed that recruitment and retention of staff remained a national issue and continuous investment was being made to attract and retain staff in Medway. A recruitment video had been launched, as well as a five day induction programme with no cases for newly recruited social workers for 5 days. Exit interviews took place with staff that decide not to stay in Medway as well as stay interviews for staff who remain in Medway and there had been extensive learning derived from the interviews that had been instrumental in highlighting areas for change.

Overspend - further clarification was sought on the overspend of £1.5million on Client Support Packages and £1.384million in Inclusion and SEND. The Committee was informed that the Client Support Package supported children to remain in the care of families and carers to potentially prevent breakdown which could result in a child coming into Local Authority care and seeking placement for that child which would incur far greater cost than that of Client Support. The overspend in Inclusion

and SEND was as a result of the doubling of EHCP assessment requests since April. A backlog project team was built in to address backlog, that project had ended and in order to prevent falling behind again and not meeting statutory time frames, some staff were retained to keep abreast of applications. The service was now meeting its targets and were above national average.

Members of the Committee agreed and commented that all children in Medway matter and there was a strong commitment demonstrated in improving outcomes for children and young people. It was vital to ensure that young people had the best start in life regardless of financial challenges experienced by the Council. Long term investment in services such as Early Help, and in-house foster carers was key as prevention was instrumental to improved life outcomes for children and young people in Medway.

Fairer funding modelling review – in response to a question on how much difference this would make, the Committee was informed that what had been reported was the national picture. There had been some modelling completed on what it may mean for individual Councils, and this was being reviewed by officers. There would be a multiyear settlement which was a welcome development, but part of the issue was that whilst Medway may benefit over the three year period, it may not be as quickly as we would want. This was due to the fact that in order for one Council to benefit, others may lose out, therefore a transition period had to be in place to minimise impact on other Local Authorities.

Decision:

The Committee noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to reduce the budget deficit for 2026/27 and to liaise with the Ministry of Housing, Communities and Local Government to secure support through the Exceptional Financial Support scheme, should it be necessary.

2.6 Health and Adult Social Care Overview and Scrutiny Committee, 4 December 2025

Discussion:

The Committee received the draft budget report which reflected overall growth in the budget requirements of £40.9m, income growth of £33.3m and reflected no use of Exceptional Financial Support which had been budgeted at £18.2m for in 2025/26. The cumulative impact of that was a current budget gap of £25.8million. Work was ongoing to reduce the overall budget gap. The tables in the report detailed the pressures and savings in the remit of this Committee.

Decision:

The Committee noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to reduce the budget deficit for 2026/27 and to liaise with the Ministry of Housing, Communities and Local Government to secure support through the Exceptional Financial Support scheme,

should it be necessary and for the Committee's comments to be forwarded to the Business Support and Digital Overview and Scrutiny Committee.

2.7 Regeneration, Culture and Environment Overview and Scrutiny Committee, 11 December 2025

Discussion:

Officers informed the Committee that the report had been presented to Cabinet on 18 November, and work was ongoing to reduce the budget gap before the proposed budget was approved.

Decision:

- a) The Committee noted that Cabinet had instructed officers to continue to work with Portfolio Holders in formulating robust proposals to reduce the budget deficit for 2026/27 and to liaise with the Ministry of Housing, Communities and Local Government to secure support through the Exceptional Financial Support scheme, should it be necessary.
- b) The Committee noted the proposals outlined in the Draft Capital and Revenue Budgets 2026/27.

2.8 Business Support and Digital Overview and Scrutiny Committee, 29 January 2026 (to follow)