

## **REVENUE ESTIMATES 2026/27**

### **Item OS 26/4 referred from Overview and Scrutiny Committee of 22 January 2026**

The report of the Head of Finance and the Cabinet Member for Finance, Waste and Technical Services referred to the responsibility of the Cabinet under the Constitution for formulating initial draft proposals in respect of the Budget and explained that, under the Budget and Policy Framework, one of the responsibilities for the Overview and Scrutiny Committee was to scrutinise the draft Estimates and, where appropriate, make recommendations to Cabinet.

In preparing the Estimates, due regard had been given to the Corporate Strategy and particular consideration given to the need to address a number of key issues including the provision of cost-effective temporary accommodation, the regeneration of Tonbridge, climate change initiatives, transformation to improve efficiency and effectiveness and delivery of the Local Plan.

Particular reference was made to the provisional local government finance settlement covering the 2026/28 to 2028/29 financial years. This was published on 17 December 2025 and incorporated changes to the Local Government Finances under the Fair Funding 2.0 and Business Rates Reset. A large number of previous grants issued under Section 31 of the Business Rates (Small Business, Retail Relief and Under Indexing) part of Homelessness Prevention Grant, National Insurance compensation and New Homes Bonus were now included in the settlement under Revenue Support Grant. However, the Funding Guarantee received over the last few years had also been included into the new Revenue Support Grant and the financial settlement covered the financial years April 2026 to March 2029 which was welcomed as it allowed greater financial planning in forthcoming years.

As part of the settlement the Government prepared a Core Spending Assessment to detail the resources available to the Borough Council as a whole. It was noted that Tonbridge and Malling saw the second highest reduction in its Core Spending Assessment for authorities in England. In addition, it was noted that this assessment included a notional amount for Council Tax Revenue to be raised by the authority. This was based upon the Council Tax and Taxbase for 2025/26 and allowed for the assumption that the Band D amount would increase in line with the referendum principles and taxbase increased based on a national average. This element, Council Tax, were removed for the purposes of comparisons between years.

Overall, this represented a decrease in funding to the Borough Council of 9.8% which amounted to circa £1.549m over the settlement period.

Attention was also drawn to the ability for district councils to increase council tax up to 3%, or £5 whichever was greater.

Further work had been undertaken to assess the recent changes associated with Business Rates revaluation and the calculation of the Income Base from the Retained Rates for the 2026/27 estimates. The Head of Finance confirmed that

estimated returns to Central Government had been made placing the Council at the provisional baseline income of £3.362m.

Members were advised that, in accordance with the MTFS objectives, the annual contribution to the Revenue Reserve for Capital Schemes, excluding capital renewals, had previously been set at £250,000. However, given pending reorganisation it was felt that an increase to £500,000 per annum until 2028/29 was appropriate. In addition, the annual contribution to the Building Repairs Reserve to meet ongoing maintenance and repair obligations was set at £820,000 from 2026/27 onwards. This reflected an additional allowance for the Homelessness Properties operated by the Council. Further reviews might be required to keep a balance reserve position.

However, the future financial position remained uncertain and difficult to determine due to the current economic conditions, assumptions in respect of inflation and interest rates. The uncertainty and volatility surrounding local government finances and the potential effects of Local Government Reorganisation had not aided financial planning with an increased risk of significant variations compared to projections.

Careful consideration was given to the Revised Estimates for 2025/26 and the draft Revenue Estimates for 2026/27 (attached at Annex 1) within the context of the Medium-Term Financial Strategy (MTFS) and the Council's priorities. Variations were detailed in Annex 1 and at 9.2 and 10.2 of the report.

Members sought clarification and reassurance on a number of areas including the capacity of the Valuation Office and the progress of regeneration projects within Tonbridge. There were no further recommendations in respect of the Revenue Estimates identified.

Finally, to support scrutiny of the Revenue Estimates information had been provided as to whether a service was mandatory or discretionary (attached at Annex 2) and this was welcomed by Members.

In closing, the Committee recorded appreciation to the Accountancy Team for their significant contribution in preparing the estimates for consideration.

Cllr Oakley proposed, Cllr Brown seconded and the Committee

**\*RECOMMENDED:** That the Revenue Estimates as drafted (attached at Annex 1) be endorsed for consideration by Cabinet at its special meeting on 10 February 2026.

**\*Recommended to Cabinet**