Council Meeting	
Meeting Date	18 February 2026
Report Title	Budget and Council Tax for 2026/27
EMT Lead	Lisa Fillery, Director of Resources
Head of Service	Claire Stanbury, Head of Finance and Procurement
Lead Officer	Lisa Fillery, Director of Resources Claire Stanbury, Head of Finance and Procurement
Classification	**Open**
Recommendations	1. That members note the Director of Resources opinion on the robustness of the budget estimates and the adequacy of reserves. 2. That the report to Policy and Resources on 4 February 2026 be noted and the Medium Term Financial Plan and the 2026/27 revenue and capital budgets be approved. 3. That the resolutions contained in Appendix I be approved. 4. That in accordance with the proposals contained within SI 2014 No. 165 that a recorded vote be taken on the 2026/27 Budget and Council Tax.

1 Purpose of Report and Executive Summary

1.1 At their meeting on 4 February 2026, Policy and Resources Committee recommended the 2026/27 Revenue Budget, the Capital Programme for 2026/27 to 2029/30, and the Medium Term Financial Plan (MTFP) for 2026/27.

1.2 The purpose of this report is for the Council to approve the Council Tax Requirement, Revenue Budget and Capital Programme, and Council Tax for the year 2026/27 as set out in the report to the Policy and Resources Committee on 4 February 2026, subject to any amendments, and to approve the Council Tax Resolutions set out in Appendix I.

1.3 This report reflects the latest information available for the preceptors at the time of writing (9 February 2026). Should there be any changes to these, members will be informed.

2 Background

2.1 As part of the 2026/27 budget setting process, the Policy and Resources Committee first received a report on the budget proposals for 2026/27 and an update on the Medium Term Financial Plan on 26 November 2025. The draft budget, following public consultation, was then considered again by Policy and Resources Committee on 4 February 2026.

2.2 The final settlement published on 9 February 2026 confirmed the grants from Central Government. Despite some last minute rumours that there were to be significant changes to the business rate allocations, the minister confirmed no changes were to be made to total funding levels for 2026/27 as any losses to provisional amounts will be mitigated by the introduction of an Adjustment Support Grant. However, the change to the assumption on how Business Rate Pools share business rate growth has significantly reduced the Revenue Support Grant allocation for Swale and as the Adjustment Support Grant is a one off protection arrangement for 2026/27 the budget gap forecast for future years increases significantly. Discussions will be ongoing within government departments on changes for 2027/28 onwards to help address the resulting increase to budget pressure. The impact on future years is reported in the updated Revenue Budget Proposals 2026/27 Appendix IV – Appendix I and the updated use of Reserves Appendix IV – Appendix II.

2.3 Despite assurances from MHCLG at their briefing on 9 February 2026 that no council would receive a lower final settlement than that published at the provisional stage, Swale has seen a reduction of £81k of homelessness funding with no further mitigation to address the loss. I have written to MHCLG asking for their position of no change in total allocations to be honoured and have been advised that this is being looked into. Further investigation by Kent Finance Officers has confirmed that there are only 3 councils in the country that have seen a cut in the homelessness grant with Thanet also affected in Kent. We will be following up with MHCLG with the aim of receiving additional funding, but the budget has been updated to assume an increase in the use of reserves.

2.4 The following table shows the amended assumptions from MHCLG on their assessment of our Core Spending Power (excluding council tax).

	2025-26	2026-27	2027-28	2028-29
Funding Source	£ millions	£ millions	£ millions	£ millions
Fair Funding Allocation	**0.000**	**14.870**	**14.912**	**14.896**
of which: Baseline Funding Level	0.000	6.808	6.965	7.105
of which: Revenue Support Grant	0.000	8.062	7.948	7.791
Legacy Funding Assessment	**13.938**	**0.000**	**0.000**	**0.000**
of which: Legacy Business Rates	12.388	0.000	0.000	0.000
of which: Legacy Grant Funding	1.550	0.000	0.000	0.000
Homelessness, Rough Sleeping and Domestic Abuse	1.401	1.523	1.413	1.346
Grants rolled in to Revenue Support Grant	0.716	0.000	0.000	0.000
Total Recovery Grant Allocation	0.539	0.539	0.539	0.539
Adjustment Support Grant	0.000	1.223	0.000	0.000
Total Grant Allocations	**16.594**	**18.155**	**16.864**	**16.780**
Provisional Settlement Total	**18.390**	**18.240**	**17.600**	**16.990**
Variance between settlements	**1.796**	**0.085**	**0.736**	**0.210**

3 Proposals

3.1 In accordance with Section 25 of the Local Government Act 2003 the Council's Section 151 Officer is required to report formally to the Council on the robustness of the estimates and the adequacy of the reserves. It should be noted that Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The Section 151 Officer (the Director of Resources), in accordance with the Local Government Act 2003, has produced a statement to confirm her opinion on the robustness of the budget and the adequacy of reserves (App III – App III).

3.2 All councils have to provide the Government with a forecast for their business rates to be collected for the forthcoming financial year (NNDR1), which has a statutory deadline of 31 January. For 2026/27 the reset of business rate baselines has meant that the Kent Business Rate Pool has been disbanded with the intention to review the position once the reset position has been embedded. NNDR monitoring will continue as part of budget monitoring for 2026/27 in the usual way.

3.3 Details of the Town and Parish Council Precepts for 2026/27are detailed in Appendix I and currently total £2,516,878 and average increase of 15.41% from 2025/26.

3.4 As well as its own Council Tax, Swale Borough Council collects on behalf of the other 'precepting authorities', i.e. Kent County Council, the Kent and Medway Fire and Rescue Authority, and the Kent Police and Crime Commissioner.

3.5 At the time of writing this report, Kent and Medway Fire and Rescue Authority were due to meet on 18 February 2026. This report is based upon a precept of £5,092,674 which results in a Band D Council Tax of £99.81 (5.22% or £4.95 increase).

3.6 The Police and Crime Panel met on 5 February 2026 to consider the budget proposals from the Kent Police and Crime Commissioner. The decision was for a precept of £14,459,402 which results in a Band D Council Tax of £285.15 (5.55% or £15.00 increase).

3.7 Kent County Council are due to meet on 12 February 2026 and set their precept. This report is based upon a precept of £89,730,244 resulting in a Band D Council Tax of £1,758.60 (3.986% or £67.41 increase including the Adult Social Care precept).

3.8 Appendix II provides more detail on the calculation of the Council Tax requirement and a summary of the calculation of Band D Council Tax.

3.9 Appendix III is the Budget report recommend by Policy and Resources committee on 4 February 2026. Updated appendices are attached to show the impact of the changes resulting from the Final Settlement. (App IV – Updated budget proposals and updated use of reserves).

4 Alternative Options Considered and Rejected

4.1 Do nothing – this is not recommended as the Council is legally required to set a balanced budget.

5 Consultation Undertaken or Proposed

5.1 The budget proposals were reported to Policy and Resources Committee on 26 November 2025.

5.2 An online budget consultation exercise took place from 27 November 2025 to 8 January 2026, the results of which were reported to Policy and Resources committee on 4 February 2026.

6 Implications

Issue	Implications
Corporate Plan	The budget proposals support the achievement of the Council's corporate priorities.
Financial, Resource and Property	The report sets out the Council's resourcing position.

Legal, Statutory and Procurement	The Council is required to set a Council Tax and a balanced budget.
Crime and Disorder	Any potential implications will be addressed by service managers in their budget proposals.
Environment and Climate/Ecological Emergency	The proposals support the Climate Change and Ecological motion previously agreed.
Health and Wellbeing	Any potential implications will be addressed by service managers in their budget proposals.
Safeguarding of Children, Young People and Vulnerable Adults	Any potential implications will be addressed by service managers in their budget proposals.
Risk Management and Health and Safety	Any potential implications will be addressed by service managers in their budget proposals.
Equality and Diversity	Any potential implications will be addressed by service managers in their budget proposals.
Privacy and Data Protection	Any potential implications will be addressed by service managers in their budget proposals.
Local Government Reorganisation	Provision has been made in this budget to fund the work required by Swale in preparation for local government reorganisation. No provision has been made for the transitional costs to support the creation of the new unitary council.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Council Tax Resolutions
- Appendix II: (i) Council Tax Requirement 2026/27
  (ii) Calculation of Band D Council Tax 2026/27
- Appendix III: Budget report and appendices to Policy and Resources Committee 4 February 2026
- Appendix IV Updated P&R appendices (Revenue Budget Proposals and Estimated Use of Reserves)

8 Background Papers

8.1 As detailed in the budget report to the Policy and Resources committee on 4 February 2026.