

Children And Young People Overview And Scrutiny Committee

1 August 2024

Capital Budget Monitoring – Round 1 2024/25

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Summary

This report presents the results of the first round of the Council's capital budget monitoring process for 2024/25.

1. Recommendations

- 1.1. The Children and Young People **Overview** and Scrutiny Committee is asked to note the results of the first round of capital budget monitoring for 2024/25.
- 1.2. The Children and Young People Overview and Scrutiny Committee is asked to note that Cabinet of 30 July 2024 were asked to approve a virement of £500,000 from the projected underspend on the scheme at Victory Academy to the Greenacre Academy scheme to cover a projected overspend on that scheme.

2. Budget and policy framework

- 2.1. Cabinet is responsible for ensuring that capital expenditure remains within the budget approved by Council. Where required, the report will give details relating to additional schemes (capital additions) or movements in budgets between schemes (virements). Virements below £150,000 can be approved by Directors under delegated authority. Virements between £150,000 and £1million can be approved by Cabinet and those in excess of £1million are a matter for Council.
- 2.2. The Chief Operating Officer has delegated authority to approve in year additions to the capital programme, in consultation with the Finance Portfolio Holder, subject to the following criteria:
 - funding coming from external sources, to be used for a specific purpose on a specific asset,
 - no financial contribution coming from the Council,
 - funding being ringfenced for specific purposes.

- Any additions made under delegated authority are reported through the next budget monitoring report.

3. Background

3.1. The approved capital programme for 2024/25 and beyond is £324.422million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £598.463million. This report consolidates the first round of capital budget forecasts for 2024/25, based on returns submitted by individual budget managers during June 2024. An analysis is provided below for each service area within the remit of this committee detailing both financial forecasts and providing an update as to the current progress of capital schemes, and any management action required to deal with either budgetary or progress issues. Where schemes are projected to complete later than the current financial year, a forecast of the anticipated spend profile is given.

4. Overview and Scrutiny

4.1. At its meeting on 20 July 2023 Full Council approved changes to the terms of reference to the Overview and Scrutiny committees. From 2023/24 financial year the budget monitoring reports are included in the terms of reference of all four over the approved capital programme for 2024/25 and beyond is £324.422million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £598.463million. This report consolidates the first round of capital budget forecasts for 2024/25, based on returns submitted by individual budget managers during June 2024. An analysis is provided below for each service area within the remit of this committee detailing both financial forecasts and providing an update as to the current progress of capital schemes, and any management action required to deal with either budgetary or progress issues. Where schemes are projected to complete later than the current financial year, a forecast of the anticipated spend profile is given.

5. Summary Capital Budget Position 2024/25

5.1. Table 1 below summarises the capital programme and Round 1 forecast position. Table 2 details how the approved programme will be funded.

Table 1: Round 2 Capital Monitoring Summary

Directorate	Total Approved Cost £000s	Total Expenditure to 31/03/24 £000s	Remaining Budget £000s	Forecast Spend 2024/25 £000s	Forecast Spend in Future Years £000s	Forecast (Under)/overspend £000s
Children and Adults (including Public Health)	52,498	19,912	32,587	19,161	13,426	0
Regeneration, Culture and Environment	442,013	218,243	223,770	86,140	132,965	(4,665)
Housing Revenue Account	101,201	33,566	67,636	25,615	42,020	0

Business Support Department	2,750	2,320	430	390	40	0
Total	598,463	274,041	324,422	131,307	188,450	(4,665)

Table 2: Funding the Capital Budget

Funding Source	Total £000s	C&A £000s	RCE £000s	HRA £000s	BSD £000s	Members Priorities £000s
Capital Grants	63,706	29,895	33,205	606	0	63,706
Developer Contributions	3,615	457	3,158	0	0	3,615
Capital Receipts	2,488	0	2,229	0	258	2,488
RTB Receipts	0	0	0	0	0	0
Revenue / Reserves	19,029	0	304	18,725	0	19,029
Prudential Borrowing	173,938	2,235	123,226	48,304	172	173,938
Borrowing in lieu of Capital Receipts	20,284	0	20,284	0	0	20,284
Borrowing in lieu of Future Business Rates	16,847	0	16,847	0	0	16,847
Borrowing in lieu of Future Rent	11,415	0	11,415	0	0	11,415
Borrowing in lieu of Future Section 106 Contributions	0	0	0	0	0	0
Borrowing in lieu of Future NHS Grant	13,100	0	13,100	0	0	13,100
Total	324,422	32,587	223,770	67,636	430	324,422

6. Children and Young People

- 6.1. The Children and Adults programme within the remit of this Committee is forecast to complete on budget.

Service	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Basic Needs - Primary	5,400	3,438	1,962	1,962	0	0
Basic Needs - Secondary	14,498	2,539	11,959	6,744	5,715	500
School Condition Programme	6,915	6,407	508	508	0	0
Schools Devolved Capital	2,151	2,025	126	126	0	0
Basic Needs - SEND	21,700	5,272	16,428	9,543	6,385	(500)
Children's Social Care (Incl. Family Hubs and Start For Life)	1,834	229	1,604	279	1,325	0
	52,498	19,912	32,587	19,161	13,426	0

	Total Approved Cost £000'S	Total Exp to 31/03/24 £000'S	Remaining Budget £000'S	Forecast Spend 24-25 £000'S	Forecast Spend in Future Years £000'S	Forecast Variance £000'S
Basic Needs - Primary	5,400	3,438	1,962	1,962	0	0

The purpose of the schemes within this area are to provide additional primary school places at both Hundred of Hoo, St Nicholas Infants, and Luton Primary Schools.

- Hundred of Hoo 1FE Primary Expansion (Remaining Budget £136,000), project to expand Hundred of Hoo primary to 2 Form Entry (FE). The main build was completed as expected in September 2023. There are however some additional car park works which are still outstanding which have extended into 2024/25. These car park works may require some additional budget, funded from s106 developer contributions, and the service will request this if required later in the year.
- St Nicholas Infants (Remaining Budget £1.430million), project to expand St Nicholas Infants School. Contractors started on site in January 2024 as planned, and completion is still expected for September 2024.
- Luton Primary (Remaining Budget £395,000), project to provide a new standalone nursery building to replace the current one which is no longer fit for purpose. The scheme is currently at the design stage, with no date as yet for contractors to start. Tenders returned were higher than anticipated so the scheme is temporarily paused while the service considers how best to proceed.

Funding - the above schemes are funded by way of a mixture of Section 106 Developer Contributions and Capital Grants.

Budgetary Forecast – schemes within this area are anticipated to spend within the allocated budget.

	Total Approved Cost £000'S	Total Exp to 31/03/24 £000'S	Remaining Budget £000'S	Forecast Spend 24-25 £000'S	Forecast Spend in Future Years £000'S	Forecast Variance £000'S
Basic Needs - Secondary	14,498	2,539	11,959	6,744	5,715	500

The purpose of the schemes within this area are to provide additional secondary school places at Robert Napier School, Hoo Academy, Greenacre, Maritime and Leigh Academies, The Howard School, Waterfront University Technical College (UTC), and Chatham, Holcombe and Fort Pitt Grammar Schools

- Hoo Academy Dining and Changing Rooms (Remaining Budget £92,000), the scheme to provide additional dining and changing room facilities to enable the school to admit additional pupils, both recent and immediate future, to be catered for. This scheme is now largely complete, however there have been delays due to additional works required due an underground electric cable. As a result, the scheme may need some additional funding, via s106 developer contributions, and the service will come forward to request this if required later in the year.
- Hoo Academy 6th Form (Remaining Budget £2.484million), project to provide additional classrooms, specialist rooms and changing facilities to enable the 1FE expansion at the school. This scheme is being delivered by the school via a Legal Agreement with Medway Council. Latest updates from the school indicate that the scheme is underway but will not complete until 2025/26.
- Greenacre Academy Science Block (Remaining Budget £3.294million), project to provide a new science block at the school, which will enable a 1FE expansion at by reconfiguration and refurb of the current science areas which are no longer fit for purpose. This project is underway, and the main contractor has recently been appointed. The final tender price was higher than anticipated, and results in a projected overspend of £500,000 which Cabinet are asked to agree to fund via a virement from the projected underspend on the Victory Academy scheme.
- Chatham Grammar Co-Education (Remaining Budget £897,000), project to adapt current facilities at the school to accommodate Co-Education. This scheme has been delayed due to delays in a decision from the Department for Education (DfE) and a decision is still awaited, having been delayed due to the General Election. The forecast assumes this scheme will be delayed into 2025/26.

- Holcombe Grammar Co-Education (Remaining Budget £897,000), project to adapt current facilities at the school to accommodate Co-Education. This scheme has been delayed due to delays in a decision from DfE and a decision is still awaited, having been delayed due to the General Election. The forecast assumes this scheme will be delayed into 2025/26.
- Fort Pitt Grammar Co-Education (Remaining Budget £829,000), project to adapt current facilities at the school to accommodate Co-Education. This scheme has been delayed due to delays in a decision from DfE and a decision is still awaited, having been delayed due to the General Election. The forecast assumes this scheme will be delayed into 2025/26.
- Maritime Academy Science Block (Remaining Budget £134,000), project to provide one year of temporary capacity at the Twydall site for a science laboratory and a Design and Technology room. The project is now complete, however it will be necessary to complete works in summer/autumn 2024 to remove the temporary buildings.
- Robert Napier Extension (Remaining Budget £2.940million), project to expand Robert Napier secondary school by 1 FE to PAN 210 - currently 180. The project is at the design stage and expenditure expected to be split over this and next financial year. This project has been slightly delayed due to complications with the Legal Agreement and due to the demolition of the science block being undertaken by the school. It is anticipated that the project will commence in autumn 2024, with more spend now forecast in 2025/26.
- Leigh Academy Canopy (Remaining Budget £325,000), project to provide additional dining facilities to cater for higher pupil numbers due to bulge classes. Works are expected to commence over the summer and be complete by Spring 2025.
- Howard School Bulge Class (Remaining Budget £36,000), scheme to enable a bulge class at the school for September 2024, including the construction of an external dining canopy. The project is underway, and completion is expected by September.
- Waterfront UTC Bulge Class (Remaining Budget £31,000), scheme to enable a bulge class at the school by reconfiguring some areas of the school. The project is underway, and completion is expected by September.

Funding - the above schemes are funded by way of a mixture of Section 106 Developer Contributions and Capital Grant.

Budgetary Forecast - The Greenacre Academy scheme is forecasting a £500,000 overspend due to higher than anticipated tender returns; Due to the need to award a contract for this work in the near future, Cabinet have been asked to approve funding this via a virement from the projected underspend on the Victory Academy scheme.

	Total Approved Cost £000'S	Total Exp to 31/03/24 £000'S	Remaining Budget £000'S	Forecast Spend 24-25 £000'S	Forecast Spend in Future Years £000'S	Forecast Variance £000'S
Condition Programme	6,915	6,407	508	508	0	0

The condition programme is a combination of planned and reactive works within Medway schools funded by an annual capital grant allocation from the Department for Education. Types of works undertaken include those for Boilers/Heating, Roofing, Electrical, Water Management, Fire Risk and Security.

- Condition Programme Unallocated (Remaining Budget £0), this is a holding code for the condition programme until projects are identified and funding re-allocated.
- Condition Programme – Boilers (Remaining Budget £0), the budget relates to planned boiler and heating works. Any additional spend on school heating will be funded from elsewhere within the suite of condition programme projects. Planned works for this financial year include boiler works at Hempstead at a cost of £15,000 which will be funded from an expected underspend in the fire risk programme.
- Condition Programme – Roofing (Remaining Budget £300,000), works scheduled for this financial year include roofing works at Swingate, Crest and Hempstead schools.
- Condition Programme – Electrical (Remaining Budget £0), this is for projects within the condition programme to ensure electrical safety and compliance. There are no planned works for this financial year.

- Condition Programme – Water Management (Remaining Budget £0), this project within the condition programme relates to safe water management and drainage issues. There are no planned works this financial year.
 - Condition Programme – Fire Risk (Remaining Budget £208,000), projects at various schools within the condition programme to ensure compliance with fire regulations. Fire risk assessments are being conducted at several schools this financial year. The cost of these surveys, and any works identified by them will be met from this budget. It is anticipated that although this budget is likely to underspend, the remaining funding will be used to fund projects within boilers and security, which are required but do not currently have a budget.
 - Condition Programme – Other (Remaining Budget £0), projects at various schools within the condition programme which fall outside of the general elements of the condition programme. This includes windows and doors, ground works, flooring, etc.
 - Condition Programme – Security (Remaining Budget £0), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms, and Closed Circuit Television (CCTV) etc. Scheduled works for this financial year include fencing works at Crest Infants School at an estimated cost of £10,000. Once final costs have been determined, this will be funded via a virement from the projected underspend in the fire risk programme, under the delegated approval of the Director of Children and Adult's.
- Funding** - the above schemes are funded by way of an annual DfE Government Grant.
Budgetary Forecast - it is estimated that the schemes will be completed within the allocated budget.

	Total Approved Cost £000'S	Total Exp to 31/03/24 £000'S	Remaining Budget £000'S	Forecast Spend 24-25 £000'S	Forecast Spend in Future Years £000'S	Forecast Variance £000'S
Schools Devolved Capital	2,151	2,025	126	126	0	0

This scheme accounts for Schools own capital funds provided by the Department for Education, via the Education and Skills Funding Agency, which are used to address their own priorities to improve educational standards and enhance the environment for teaching and learning.

- Schools set and retain their own capital budgets and report and monitor their expenditure against their approved budget three times a year.

Funding: the above schemes are funded by way of Government Grants.

Budgetary Forecast: it is estimated that the schemes within the individual schools will be completed within the allocated funding.

	Total Approved Cost £000'S	Total Exp to 31/03/24 £000'S	Remaining Budget £000'S	Forecast Spend 24-25 £000'S	Forecast Spend in Future Years £000'S	Forecast Variance £000'S
Basic Needs - Special Educational Needs and Disabilities (SEND)	21,700	5,272	16,428	9,543	6,385	(500)

The purpose of the schemes within this area is to provide additional SEND school places within Medway including Strood, Leigh, Delce and Victory Academies, Rivermead, Sir Joseph Williamson's, Inspire, Dane Court and Pre-Beeches at the Rowan.

- High Needs (HN) Special Places Provision (Remaining Budget £535,000), scheme to provide additional special school places within Medway. The remainder of the budget relates to the Council's contribution to the free school on the former Cornwallis site. This is not now expected until 2026/27.
- Strood Academy SEND Block (Remaining Budget £171,000), project to provide resourced provision for 25-30 secondary aged Autism Spectrum Disorder (ASD) pupils. Works were completed as expected in November 2023, the final invoices are expected this financial year.
- Victory Academy SEND Block (Remaining Budget £5.662million), project to provide resourced provision for 25-30 secondary aged Social Emotional Mental Health needs (SEMH) pupils. The project is now underway and expected to complete this financial year. The works for the Basic Need project

at the school have been combined with this SEND scheme which will deliver significant savings projected at £500,000. Cabinet is asked to agree that this be vired to the Greenacre scheme to cover the estimated overspend there.

- Rivermead at Stoke Refurb (Remaining Budget £2.866million), project to refurb and adapt the former Stoke primary site, to be suitable for secondary aged ASD pupils. This is an expansion onto a satellite site for Rivermead. Contractors were expected on site in Spring 2024 with completion by Autumn 2024 however there have been delays due to planning restrictions and is now not expected to complete until September 2025.
- SJW SEND (Remaining Budget £2.400million), project to provide resourced provision at the school to meet the needs of high functioning ASD pupils. This project has been delayed due to addressing some concerns raised by the school. All spend has been forecast for 2025-26 assuming that an agreement can be reached with the school.
- Inspire Special School (Remaining Budget £622,000), project to provide temporary accommodation at the school in advance of the delayed DFE led project. Temporary accommodation will provide for up to 40 additional secondary SEMH pupils. Designs have been completed and off site construction underway. This scheme is now nearing completion and we anticipate delivering an underspend of £350,000. It is proposed that this could be used to fund the forecast overspend at the Rowans, and this proposal will be presented to Cabinet as part of the School Place Planning Strategy in October.
- Leigh Academy (Remaining Budget £2.300million), project to provide additional capacity for 25-30 pupils at the school within a resourced provision for secondary aged pupils with Moderate Learning Difficulties (MLD). Contractors were expected to start on site in Spring 2024 however this has been delayed due to discussions with the school regarding the funding arrangements. It is anticipated these will be resolved shortly and work commencing later this financial year, but this will delay completion into 2025/26.
- Dane Court SEND (Remaining Budget £1.309million), project to make a small expansion to Dane court Special school to provide capacity for an additional 20 pupils. The project is at the design stage. Contractors are expected to start on site in the autumn, with completion anticipated in Spring 2025.
- Pre-Beeches at the Rowans SEND (Remaining Budget £313,000), project to install temporary accommodation at the Rowans in advance of the Beeches project which is led by the DFE and delayed due to escalating costs. The temporary accommodation is now expected to be required for three years, requiring an additional budget of £600,000. The service anticipates that this can be met from the existing Capital Programme, utilising underspends at Delce and Inspire, and this virement request will be presented to cabinet as part of the School Place Planning Strategy in October 2024.
- Delce Academy (Remaining Budget £250,000), Project to make adaptations to Delce Academy for primary SEMH children. This scheme will now not proceed. The service proposes that the budget be vired to the Pre-Beeches at the Rowans SEND scheme, and this request will be presented to Cabinet as part of the School Place Planning Strategy in October 2024.

Funding - the above schemes are funded by Government Grants (HN Special Places Provision [part], Victory Academy, Rivermead at Stoke, Sir Joseph Williamson, Inspire, Leigh Academy, Dane Court, Pre-Beeches at the Rowans and Delce Academy) with the remainder funded by prudential borrowing (HN Special Places Provision [part] and Strood Academy SEND Block).

Budgetary Forecast – There is a forecast underspend in this area of £500,000 which is primarily due to the forecast underspend on the Victory Academy scheme. Cabinet was requested to vire this budget to the Greenacre scheme to cover the forecast overspend. All other schemes, with the assumption that virements are presented for approval by Cabinet in October 2024 as part of the School Place Planning Strategy, are forecasting to spend within the allocated budget.

	Total Approved Cost £000'S	Total Exp to 31/03/24 £000'S	Remaining Budget £000'S	Forecast Spend 24-25 £000'S	Forecast Spend in Future Years £000'S	Forecast Variance £000'S
Children's Social Care (Incl. Family Hubs and Start For Life)	1,654	124	1,530	205	1,325	0
<p>The purpose of this scheme is to facilitate the creation of an assessment centre to reduce placement costs and provide support for children returning home.</p> <ul style="list-style-type: none"> Children's Assessment Unit (Remaining Budget £1.530million), this scheme is for the creation of an assessment centre to reduce placement costs and provide support for children returning home. Ofsted approval was obtained in February resulting in the assessment unit being fully functional and overnight stays have commenced. Phase 2 of the project i.e. the conversion of suitable Council properties or the acquisition of new properties, was suspended while a review was undertaken. The expenditure currently forecast for this financial year is for the rebuild of a 2 bed self-cabin, as well as a sprinkler system upgrade to comply with insurance requirements and some small structural work. Further expenditure against this scheme remains paused pending a revised business case to Cabinet. A report elsewhere on this Cabinet agenda provides an update on the proposed way forward and funding for this scheme. Family Hubs and Start for Life (Remaining Budget £74,000), project to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme. Works were slightly delayed due to assessments for RAAC, however works to Strood and Wayfield hubs are now complete. Further works forecast for this year include Chatham and Gillingham hubs, and furniture and equipment for the sensory spaces. The 2024/25 grant allocation has not yet been announced, so the budget may need to be adjusted to align with the total grant to be received. <p>Funding - the schemes are funded by prudential borrowing (Children's Assessment Unit) and government grants (Family Hubs and Start for Life)..</p> <p>Budgetary Forecast – the forecast assumes that the above schemes will fully expend the allocated budget.</p>						

7. Section 106 Developer Contributions

7.1. The table below details the projected call on section 106 contributions to fund the forecast expenditure.

	Current Budget £000s	Forecast Spend 2024/25 £000s	Forecast Spend in Future Years £000s	Forecast Under/(over) spend £000s
Capital Reserve Developer Contributions				
S106 Education Cap	457	457	0	0
Developer Contributions from Capital Reserves	457	457	0	0

8. Changes Since 2024/25 Budget Approval

8.1. There have been no changes to the budget relating to the capital schemes within the remit of this Committee following additions have been made since the 2024/25 was approved by Council on 29 February 2024:

9. Conclusion

- 9.1. The first round of Capital Budget Monitoring for 2024/25 forecasts that the capital schemes within the remit of this Committee within the approved budget.

10. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Capital receipts	A significant proportion of the Capital Programme is funded from capital receipts; if the Council does not achieve the required receipts, some elements of the programme may either need to be curtailed or refinanced.	Close monitoring of the programmes anticipated to deliver capital receipts, and careful management of the delivery of those schemes funded from receipts.	BII
The Council overspends against the agreed budget.	Overspends would need to be funded from other sources; the Council's limited reserves or further borrowing, at further revenue cost.	The capital monitoring process is designed to identify and facilitate management action to mitigate the risk of overspending against the agreed budget.	BIII
Deliverability of the Capital Programme	Macro-economic conditions, largely but not wholly resulting from the external factors, have affected the cost and availability of both materials and labour.	Close monitoring of the programme and careful management of the delivery are supported by scrutiny from senior officers and Members.	BIII
Likelihood		Impact:	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

11. Financial implications

11.1. The financial implications are set out in the body of the report.

12. Legal implications

12.1. There are no direct legal implications to this report.

Lead officer contact

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Appendices

None

Background papers

None