

## **Children And Young People Overview And Scrutiny Committee**

**7 August 2025**

### **Capital Budget Monitoring – Round 1 2025/26**

Report from: Phil Watts, Chief Operating Officer (Section 151 Officer)

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#### **Summary**

This report presents the results of the first round of the Council's capital budget monitoring process for 2025/26. The Council's summary position is presented in section 4, with section 5 providing the detail for the service areas within the remit of this Committee.

#### **1. Recommendation**

- 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 2025/26.

#### **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). Capital virements of up to £1million can be approved by the Chief Executive and Directors, capital virements up to £2million can be approved by Cabinet with anything above that being reported to Full Council for decision.

- 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 2025/26 and beyond is £229.606million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £490.199million. This report consolidates the first round of capital budget forecasts for 2025/26, based on returns submitted by individual budget managers in June 2025. 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. Summary Capital Budget Position 2025/26

- 4.1. Table 1 below summarises the capital programme and Round 1 forecast position showing a projected underspend of £0.846million. Table 2 details how the approved programme will be funded.

**Table 1: Round 1 Capital Monitoring Summary**

Directorate	Total Approved Cost £000	Total Expenditure to 31/03/25 £000	Remaining Budget £000	Forecast Spend 2025/26 £000	Forecast Spend in Future Years £000	Forecast (Under)/overspend £000
Children and Adults (including Public Health)	42,651	23,116	19,534	15,541	3,786	(207)
Regeneration, Culture and Environment	343,597	190,458	152,500	87,162	64,698	(639)
Housing Revenue Account	101,201	43,768	57,433	31,081	26,352	0
Business Support Department	2,750	2,320	138	138	0	0
<b>Total</b>	<b>490,199</b>	<b>259,662</b>	<b>229,606</b>	<b>133,922</b>	<b>94,837</b>	<b>(846)</b>

**Table 2: Funding the Capital Budget**

Funding Source	Total £000	C&A £000	RCE £000	HRA £000	BSD £000
Capital Grants	51,954	18,035	33,919	0	0
Developer Contributions	5,473	481	4,992	0	0
Capital Receipts	2,223	0	2,088	0	135
RTB Receipts	1,000	0	0	1,000	0
Revenue / Reserves	21,832	0	304	21,528	0
Borrowing	147,124	1,018	111,197	34,905	3
<b>Total</b>	<b>229,606</b>	<b>19,534</b>	<b>152,500</b>	<b>57,433</b>	<b>138</b>

## 5. Children and Young People

- 5.1. The Children and Adults programme within the remit of this Committee is forecast to underspend by £0.207million against the approved budget of £19.534million as set out below.

	Total Approved Cost £'000	Total Exp to 31/03/25 £'000	Remaining Budget £'000	Forecast Spend 2025/26 £'000	Forecast Spend in Future Years £'000	Total Scheme Variance £'000
Basic Needs - Primary	1,102	645	458	458	0	0
Basic Needs - Secondary	14,040	5,154	8,886	6,185	2,701	0
School Condition Programme	7,242	6,574	668	668	0	0
Schools Devolved Capital	117	0	117	117	0	0
Basic Needs - SEND	18,528	10,432	8,096	6,803	1,085	(207)
Children's Social Care (Incl. Family Hubs and Start For Life)	1,622	311	1,311	1,311	0	0
<b>Children and Adult Services Total</b>	<b>42,651</b>	<b>23,116</b>	<b>19,534</b>	<b>15,541</b>	<b>3,786</b>	<b>(207)</b>

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Primary	1,102	645	458	458	0	0

The purpose of the schemes within this area are to provide and support additional primary school places at Greenvale Infants, Luton Primary, and Pilgrim Primary Schools. It also includes a series of grants to early years providers funded from the Childcare Expansion grant.

- Greenvale Infant to Primary (Remaining Budget £7,000), this scheme will refurbish and make alterations to convert the school from an Infant to a Primary school. The project is largely complete, with some final expenditure on fixtures and fittings expected this financial year.
- Luton Primary (Remaining Budget £245,000), project to provide a new standalone nursery building to replace the current one which is no longer fit for purpose. Contractors are now on site and expected to complete the works this financial year.
- Childcare Expansion Grant (Remaining Budget £193,000), a scheme to provide, expand and improve wraparound childcare provision in primary schools and to expand Early Years childcare provision. Schools and settings have been asked to bid for funding and once agreed, they will invoice for completed works. Some of the projects were delayed into this financial year due to delays in work on site commencing at some of the settings. All works are expected to be completed this financial year.
- Pilgrim School Play Equipment (Remaining Budget £13,000), to replace play equipment at the school that was removed for the installation of temporary accommodation. This scheme is now complete, and the final invoice paid.

**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 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Secondary	14,040	5,154	8,886	6,185	2,701	0

The purpose of the schemes within this area are to provide additional secondary school places at Robert Napier School, Hoo Academy, Greenacre, Leigh Academy, and Chatham, Holcombe and Fort Pitt Grammar Schools

- Hoo Academy 6th Form (Remaining Budget £2.780million), project to provide additional classrooms, specialist rooms and changing facilities to enable the 1 Form Entry (FE) expansion at the school. This scheme is being delivered by the school via a Legal Agreement with Medway Council. Contractors are on site and completion is still expected this financial year.
- Greenacre Academy Science Block (Remaining Budget £407,000), 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. Contractors are on site and the build reached practical completion this summer. Some final works are still ongoing, with all expenditure expected this financial year.
- Chatham Grammar Co-Education (Co-Ed) (Remaining Budget £900,000), a project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. The service anticipates that works will commence over the summer with completion expected by September 2026.
- Holcombe Grammar Co-Ed (Remaining Budget £900,000), project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. The service anticipates that works will commence over the summer with completion expected by September 2026.
- Fort Pitt Grammar Co-Ed (Remaining Budget £832,000), project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. The service anticipates that works will commence over the summer with completion expected by September 2026.
- Robert Napier Extension (Remaining Budget £2.919million), project to expand Robert Napier secondary school by 1 FE to Published Admissions Number (PAN) 210 - currently 180. 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. This scheme is still at design and planning phase. The service expects contractors to commence on site over the summer with completion expected by September 2026.
- Leigh Academy Canopy (Remaining Budget £146,000), a project to provide additional dining facilities to cater for higher pupil numbers due to bulge classes. Works are now substantially complete, with some final minor works still ongoing which the service expects will be complete this financial year.

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

**Budgetary Forecast** - schemes within this area are anticipated to spend within the allocated budget

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Condition Programme	7,242	6,574	668	668	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 £23,000), the budget will be fully utilised with planned boiler and heating works. Any additional spend on school heating will be funded from elsewhere within the suite of condition programme projects. There are not currently any agreed works, however there are usually some boilers and heating works unexpectedly required over the year and this budget will be used to carry these out.
- Condition Programme – Roofing (Remaining Budget £400,000), works scheduled for this financial year include roofing works at Swingate, which is currently out to tender with works expected to take place over the summer.
- 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 £40,000), 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.
- Condition Programme – Other (Remaining Budget £154,000), projects at various schools within the condition programme which fall outside of the general elements of the condition programme. This includes windows and doors, groundworks, flooring, etc. Projects planned for this financial year include drainage work and water ingress works at Crest.
- Condition Programme – Security (Remaining Budget £50,000), 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 and works to the gates and external lighting at the Rowans.

**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 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Schools Devolved Capital	117	0	117	117	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 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Children's Social Care (Incl. Family Hubs and Start For Life)	1,432	175	1,257	1,257	0	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"> <li>Children's Assessment Unit (Remaining Budget £165.000), this scheme is for the creation of an assessment centre to reduce placement costs and provide support for children returning home. The capital works on the main Eden House building are complete and it is fully operational. The remaining budget will be spent on the development of the Cabin, a one-bed unit in the Eden House grounds. The proposal will be considered by Procurement Board over the summer and, if agreed, the service will proceed to tender for the works.</li> <li>Aut Even Redevelopment (Remaining Budget £1.092million), this scheme is to redevelop the Aut Even site as a specialist state of the art 5 bedroom home for young people with learning disabilities, autism and neurodiversity. This scheme will be considered by Procurement Board over the summer and, subject to approval, the service expects completion by March 2026.</li> <li>Family Hubs and Start for Life (Remaining Budget £54,000), a project to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme. Works to the four key hubs at Strood, Wayfield, Chatham and Gillingham are now largely complete. Further works forecast for this year includes works on the wider eight wellbeing hubs, including improvements to access and development of clinical spaces. Quotes are currently being sought with a view to work commencing in the autumn.</li> </ul> <p><b>Funding</b> - the above schemes are funded by prudential borrowing (Children's Assessment Unit and Aut Even Redevelopment [part]) and DfE grant (Aut Even Redevelopment [part] and Family Hubs and Start for Life).</p> <p><b>Budgetary Forecast</b> - it is estimated that the above scheme will fully expend the allocated budget.</p>						

## 6. Section 106 Developer Contributions

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

	<b>Current Budget £000s</b>	<b>Forecast Spend 2026/25 £000s</b>	<b>Forecast Spend in Future Years £000s</b>	<b>Forecast Under/(over) spend £000s</b>
<b>Capital Reserve Developer Contributions</b>				
S106 Education Capital	481	481	0	0
<b>Developer Contributions from Capital Reserves</b>	<b>481</b>	<b>481</b>	<b>0</b>	<b>0</b>

## 7. Changes Since 2025/26 Budget Approval

- 7.1. The following additions have been made since the 2025/26 budget was approved by Council at its meeting of 27 February 2025 and have formed part of the Round 1 monitoring:

<b>Directorate</b>	<b>Scheme</b>	<b>Approved Budget Addition £000s</b>	<b>Funding</b>	<b>Approval</b>
Children & Adults	Schools Condition Programme	668	Capital Grant	Clarification of Government Grant unknown at time of budget approval.
Children & Adults	Devolved Schools Maintenance and Condition	117	Capital Grant	Clarification of Government Grant unknown at time of budget approval.
Children & Adults	Luton Primary Nursery	81	S.106 Developer Contributions and Capital Grant	Chief Operating Officer/Finance Portfolio Holder 30/04/25

## 8. Conclusion

- 8.1. The first round of Capital Budget Monitoring for 2025/26 forecasts a projected underspend of £207,000 against the approved budget of £19.534million relating to capital schemes within the remit of this Committee.



## 9. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Capital receipts	A 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.	<b>BII</b>
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.	<b>BIII</b>
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.	<b>BIII</b>
<b>Likelihood</b>		<b>Impact:</b>	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

## 10. Financial implications

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

## 11. Legal implications

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

### Lead officer contact

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### Appendices

None

### Background papers

None