



Serving You

Health and Adult Social Care Overview and Scrutiny Committee

20 August 2025

Revenue Budget Monitoring – Round 1 2025/26

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Summary

This report presents the results of the first round of the Council's revenue budget monitoring process for 2025/26. The Council's summary position is presented in section 4, with sections 5 and 6 providing the detail for each service area.

1. Recommendations

- 1.1. The Committee is asked to note the results of the first round of revenue budget monitoring for 2025/26.
- 1.2. The Committee is asked to note that the Cabinet instructed the Corporate Management Team to implement urgent actions to bring expenditure back within the budget agreed by Full Council.

2. Budget and policy framework

- 2.1. Cabinet is responsible for ensuring that income and expenditure remain within the budget approved by Council. Budget virements are subject to the financial limits contained in part 5 of chapter 3 of the Council's Constitution.

3. Background

- 3.1. At its meeting on 27 February 2025, the Council set a total budget requirement of £496.441million for 2025/26. Since then additional grant funding has been confirmed, primarily the Household Support Fund. The net impact of these amendments takes the Round 1 budget requirement to a total of £500.659million.
- 3.2. This report presents the results of the first round of revenue budget monitoring based on returns submitted by individual budget managers. In preparing these forecasts, budget managers have taken account of last year's outturn, items of growth or savings agreed as part of the budget build, actual income and expenditure for the year to date, and most importantly, their knowledge of

commitments and service requirements anticipated for the remainder of the financial year.

4. Summary Revenue Budget Forecast Position 2025/26

4.1. The forecast outturn for 2025/26 represents a pressure of £10.948million.

Directorate	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
<i>Budget requirement:</i>				
Children and Adult Services	347,954	380,946	391,528	10,582
Regeneration, Culture and Environment	68,601	83,836	84,559	723
Business Support Department	8,687	8,942	8,569	(373)
Business Support Centralised Services:				
Interest & Financing	16,583	18,107	18,107	0
Corporate Management	4,217	4,841	4,857	16
Additional Government Support Grant Expenditure	5,264	3,988	3,988	0
Budget Requirement	451,307	500,659	511,607	10,948
<i>Funded by:</i>				
Council Tax	(158,462)	(170,516)	(170,516)	0
Retained Business Rates & Baseline Need Funding	(74,904)	(76,806)	(76,806)	0
Government Grants - Non Ringfenced	(8,129)	(13,192)	(13,192)	0
New Homes Bonus	(1,573)	(1,311)	(1,311)	0
Dedicated Schools Grant	(123,841)	(139,614)	(139,614)	0
Other School Grants	(4,662)	(5,260)	(5,260)	0
Adult Social Care Grants	(32,151)	(35,251)	(35,251)	0
CSC Grants	(503)	(3,828)	(3,828)	0
Public Health Grant	(19,186)	(20,347)	(20,347)	0
Extended Producer Responsibility	0	(4,873)	(4,873)	0
Housing Related Grants	0	(4,862)	(4,862)	0
Use of Reserves	0	(50)	(50)	0
Additional Government Support Ringfenced Grant Income	(7,658)	(6,563)	(6,563)	0
Exceptional Financial support	(14,742)	(18,184)	(18,184)	0
Total Available Funding	(445,810)	(500,659)	(500,659)	0
Net Forecast Variance	5,497	0	10,948	10,948

5. Children and Adults

5.1. The Directorate forecast is a pressure of £10.582million, with details of the forecasts in each service area in the Directorate set out in the tables below.

Adult Social Care	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
AD ASC	1,379	1,553	2,262	709
Service Provision	96,142	85,367	92,138	6,772
Business Operations & Provider Services	4,391	6,485	5,531	(954)
Specialist Services, Safeguarding and PSW	1,447	5,476	6,099	623
Transformation & Improvement	1,372	2,403	2,321	(83)
Locality Services - Staffing	8,473	11,560	10,005	(1,555)
ASC Partnership Commissioning	(4,041)	657	1,184	526
Total	109,161	113,502	119,539	6,038

The Adult Social Care forecast is an overall pressure of £6.038million.

The division continues to experience difficulties with recruiting permanent staff, with many vacancies in safeguarding, Early Help & Prevention and in the Long-Term Care & Support teams being covered by locums. There are approximately 59 locums in place at present, with a forecast cost of over £4million. This is covered by part year slippage in salary costs, with an anticipation that permanent staff will be recruited before the end of the year.

Pressure continues in respect of Supported Living for people who have a Learning Disability and/or are autistic. The pressure is inflated, in some part, by challenges related to health funding. We continue to refer to care providers in Medway for older people who accept our band prices, however we are paying higher costs for people with complex dementia or for people discharged from hospital into health funded beds who then transfer to Adult Social Care. Additionally, the ongoing increase in safeguarding concerns results in people requiring new or increases in care packages. Adult Social Care continues to focus on 'prevent, reduce, delay' however residents who are eligible for care and support, must be provided with a service.

Work is ongoing to deliver the savings targets agreed in the budget and later rounds of monitoring will reflect the impact of this work as savings are delivered.

Directorate Management Team	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Directorate Management Team	729	2,873	2,895	22
Total	729	2,873	2,895	22

The People Directorate contribution to Child-Friendly Medway is £35k. Work continues to identify additional funding sources. This is partially offset by an underspend on staffing costs.

Public Health	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Public Health Management	1,938	2,492	2,995	503
Health Improvement Programmes	3,834	4,516	4,523	7
Stop Smoking Services	826	970	866	(105)
Supporting Healthy Weight	1,525	1,806	1,745	(61)

Substance Misuse	2,137	2,350	2,257	(93)
Child Health	5,291	5,747	5,495	(252)
Total	15,551	17,880	17,880	0

Public Health services are forecast to budget. Contracted Services continue to come under increasing cost pressures due to NHS uplifts not being funded through increase to Public Health Grant. Planning is continuing to fully spend the grant available in 2025/26 to achieve the optimum outcome for the prevention agenda, and to improve the public health of the community of Medway.

Partnership Commissioning & Additional Government Grants	2024/25 Outturn Variance £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Partnership Commissioning and C&A Intelligence	1,677	1,760	1,817	57
Start 4 Life Funding	1,232	1,415	1,415	0
Holiday Activity Fund	1,162	1,161	1,161	0
Health Determinants Research Collaboration	0	0	0	0
Total	4,071	4,335	4,392	57

Funding for the above grant funded schemes have been secured for the financial year 2025/26, but it is not yet clear whether funding will continue beyond March 2026.

The overspend on is in relation to a possible reduction in contributions from health towards the Homestart program. There is also a minor underspend on the C&A intelligence staffing budget.

6. Additional Government Support

Additional Government Support Expenditure	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Household Support Grant	4,525	3,988	3,988	0
Afghan Relocation Support	0	0	0	0
Homes for Ukraine	739	0	0	0
Total	5,264	3,988	3,988	0

All additional government support grants are currently forecast to be fully spent.

7. Conclusions

- 7.1. The first round of revenue budget monitoring for 2025/26 projects an overspend of £10.948million.

8. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The Council overspends against the agreed budget	Overspends on budget would need to be met from the Council's limited reserves.	The revenue monitoring process is designed to identify and facilitate management action to mitigate the risk of	AI

Risk	Description	Action to avoid or mitigate risk	Risk rating
		overspending against the agreed budget.	
Impact on service delivery	An overspend that cannot be funded from reserves could result in a diminution of the scale and quality of services that the Council is able to deliver.	Ensuring investment is prioritised to statutory services and key priorities, reviewing and reducing non-essential spend and maximising income.	All
Reputational damage	The challenging financial position of the Council, driven by increased demand for statutory services beyond available funding, could be misconstrued or reported as poor management or leadership, reducing the trust and confidence of residents, partners and regulators.	Clear communications with all interested parties on the cause of the financial position, lobbying the government for an improved funding settlement for local government, including implementation of the fair funding review.	BII
Demographic Growth	Further demographic pressures may surface across our social care services above those assumed in the budget.	Close monitoring of demand for service to identify pressures early, robust budget monitoring.	All
Special Educational Needs and Disabilities	Further increases in the number of children requiring support, and in the complexity of needs may surface. Failure to deliver the recovery plan would risk the Council needing to use the £3million reserve created to fund any shortfall.	Close monitoring of demand for service to identify pressures early, robust budget monitoring.	All
Likelihood		Impact:	
A Very likely B Likely C Unlikely D Rare		I Catastrophic II Major III Moderate IV Minor	

9. Financial implications

- 9.1. The first round of revenue budget monitoring for 2025/26 projects an overspend of £10.948million. As reported to the Cabinet in June in the Capital and Revenue Budget Outturn for 2024/25, the Council's general reserves

currently stand at £10.012million. The Council would not therefore be in a position to fund an overspend on the scale of that currently projected.

- 9.2. It will now be necessary for the Council's senior managers and elected Members to implement urgent actions to bring expenditure back within the budget agreed by Full Council or as a minimum to within that which can be funded from general reserves.

10. Legal implications

- 10.1. The Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by Council. It is unlawful to set a budget that is not balanced or incur expenditure which results in the budget no longer being balanced.
- 10.2. Under section 114 of the Local Government Finance Act 1988, the Council's statutory Section 151 Officer, is required to produce a report, commonly known as a S114 report, "if it appears to him that the expenditure of the authority is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure."
- 10.3. The Council's Financial Procedure Rules state at Chapter 4, Part 6, the following paragraph references:
 - 4.1 Approval by the Council of the overall revenue budget authorises the Cabinet and Chief Executive and directors to incur the expenditure in accordance with the scheme of delegation, the budget and policy framework rules and these rules.
 - 4.4 The Chief Operating Officer shall be responsible for monitoring the Council's overall expenditure and income and for reporting to the Cabinet and Council significant variations between the approved estimates and actual expenditure.
 - 4.6 There may be occasion in exceptional circumstances where additional expenditure is essential and therefore unavoidable. Requests for supplementary revenue estimates must be referred to Council for approval. Such referrals would only occur where proposals are incapable of being financed from within approved budgets and where it is not possible to defer the expenditure to a later year.
- 10.4. The Cabinet and officers may only spend within allocated budgets. If the budget is likely to be exceeded, the Council is required to consider if it wishes revise to the revenue budget or require mitigating action to be taken.
- 10.5. Article 7 of the Council's constitution states:
 - 7.2 The Cabinet (meaning the Leader and such other Members of the Council as the Leader may appoint) will carry out all the authority's functions which are not the responsibility of any other part of the Council, whether by law or under this Constitution.

- 10.6. Officers are mandated to deliver services within agreed performance standards and agreed policies. Subject to the scheme delegation officers do not have authority to vary policies or performance standards.
- 10.7. If the council is not minded to agree a supplementary revenue estimate, then the Cabinet is required to operate with the approved estimate. If that necessitates revisions of policies or service standards, then unless those matters are delegated to officers, it is matter for Cabinet to determine those matters.

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Appendices

None

Background papers

None