

## **Business Support and Digital Overview and Scrutiny Committee**

**21 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. Recommendations**

1.1. The 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. The approved capital programme for 2025/26 as at Round 1 is £229.606million. 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. Business Support and Digital

5.1. The projected outturn for Business Support is expected to be contained within the existing budget of £138,000 as detailed below.

	Total Approved Cost	Total Exp to 31/03/25	Remaining Budget	Forecast Spend 2025/26	Forecast Spend in Future Years	Total Scheme Variance
	£000s	£000s	£'000	£'000	£'000	£'000
<b>Business Support Department Total</b>	2750	2320	138	138	0	0

	Total Approved Cost	Total Exp to 31/03/25	Remaining Budget	Forecast Spend 2025/26	Forecast Spend in Future Years	Forecast Variance
	£000's	£000's	£000's	£000's	£000's	£000's
ICT Investment	2750	2320	138	138	0	0

The purpose of these schemes is to invest in the Council's ICT infrastructure to assist in its digital transformation and includes the following schemes:

- ICT Infrastructure Works (Remaining Budget £3,000), scheme to replace the Windows 2008 server and all databases running on Windows 2008 SQL servers and file servers. This scheme is now substantially complete, with only a small remaining budget for some final additional hardware purchases. The remaining budget will be expended on hardware over the next few months.
- Data Centre Refurbishment (Remaining Budget £135,000), scheme to repair flooring and other spaces within the Medway Council Gun Wharf Data Centre. Work is currently underway on the section of flooring that was delayed by the work to the CCTV control hub.

**Funding** - the above schemes are funded by capital receipts (Data Centre Refurbishment and ICT Infrastructure works [part]) and prudential borrowing (ICT Infrastructure works [part]).

**Budgetary Forecast** - it is anticipated that the ICT Infrastructure Works and Data Refurbishment schemes will deliver within the allocated budget.

## 6. Conclusion

6.1. The first round of Capital Budget Monitoring for 2025/26 forecasts that the capital schemes within the remit of this Committee within the approved budget of £138,000.

## 7. 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	

## 8. Financial implications

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

## 9. Legal implications

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

### Lead officer contact

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### Appendices

None

### Background papers

None