

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

**2 December 2025**

### **Capital Budget Monitoring – Round 2 2025/26**

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

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#### **Summary**

This report presents the results of the second 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 Children and Young People Overview & Scrutiny Committee is asked to note the results of the second round of capital budget monitoring for 2025/26.
- 1.2. The Children and Young People Overview & Scrutiny Committee is asked to note that Cabinet was requested to recommend to Council that £57,363 be added to the Pre-Beeches at the Rowans capital scheme, to be funded by available and unallocated Special Educational Needs (SEN) grant.
- 1.3. The Children and Young People Overview & Scrutiny Committee is asked to note the changes to the approved budget since Round 1 as set out in sections 7.1 to 7.4 below.

#### **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 £229.722million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £489.562million. This report consolidates the second round of capital budget forecasts for 2025/26, based on returns submitted by individual budget managers in September 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 2 is £229.722million. Table 1 below summarises the capital programme and Round 2 forecast position showing a projected overspend of £58,000 (£0.846 million underspend as at Round 1). Table 2 details how the approved programme will be funded.

**Table 1: Round Two 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)	42,918	23,295	19,622	17,298	2,382	57
Regeneration, Culture and Environment	342,985	190,458	152,528	86,938	65,591	1
Housing Revenue Account	101,201	43,768	57,433	27,222	30,211	0
Business Support Department	2,458	2,320	138	138	0	0
<b>Total</b>	<b>489,562</b>	<b>259,842</b>	<b>229,722</b>	<b>131,596</b>	<b>98,182</b>	<b>58</b>

**Table 2: Funding the Capital Budget**

<b>Funding Source</b>	<b>Total £000</b>	<b>C&amp;A £000</b>	<b>RCE £000</b>	<b>HRA £000</b>	<b>BSD £000</b>
Capital Grants	52,008	18,123	33,885	0	0
Developer Contributions	5,536	481	5,055	0	0
Capital Receipts	2,223	0	2,088	0	135
RTB Receipts	1,000	0	0	1,000	0
Revenue / Reserves	26,832	0	304	26,528	0
Borrowing	142,124	1,018	111,197	29,905	3
<b>Total</b>	<b>229,722</b>	<b>19,622</b>	<b>152,529</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 overspend by £0.057million (£0.207million underspend as at Round 1) against the approved budget of £19.622million as set out below.

	<b>Total Approved Cost</b>	<b>Total Exp to 31/03/25</b>	<b>Remaining Budget</b>	<b>Forecast Spend 2025/26</b>	<b>Forecast Spend in Future Years</b>	<b>Total Scheme Variance</b>
Basic Needs - Primary	1,102	645	458	458	0	0
Basic Needs - Secondary	14,220	5,333	8,886	8,018	869	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	6,847	1,306	57
Children's Social Care (Incl. Family Hubs and Start For Life)	1,710	311	1,398	1,192	206	0
<b>Children and Adult Services Total</b>	<b>42,918</b>	<b>23,295</b>	<b>19,622</b>	<b>17,298</b>	<b>2,382</b>	<b>57</b>

	<b>Total Approved Cost £000's</b>	<b>Total Exp to 31/03/25 £000's</b>	<b>Remaining Budget £000's</b>	<b>Forecast Spend 2025/26 £000's</b>	<b>Forecast Spend in Future Years £000's</b>	<b>Forecast Variance £000's</b>
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), a 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 works this financial year.
- Childcare Expansion Grant (Remaining Budget £193,000), 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 still on track to complete 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	14,220	5,333	8,886	8,018	869	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 6<sup>th</sup> Form (Remaining Budget £2.780million), a 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 expected over the autumn.
- Greenacre Academy Science Block (Remaining Budget £407,000), a 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 the Department for Education (DfE). Works commenced over the summer as expected, with completion still expected by September 2026. Additional funding has been requested as part of the School Place Planning Strategy which was agreed by Cabinet in August 2025 and Council in October 2025.
- Holcombe Grammar 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. Works commenced over the summer as expected, with completion still expected by September 2026. Additional funding has been requested as part of the School Place Planning Strategy which was agreed by Cabinet in August 2025 and Council in October 2025.
- Fort Pitt Grammar Co-Ed (Remaining Budget £832,000), 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. Works commenced over the summer as expected, with completion still expected by September 2026. Additional funding has been requested as part of the School Place Planning Strategy which was agreed by Cabinet in August 2025 and Council in October 2025.
- Robert Napier Extension (Remaining Budget £2.919million), a pproject 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. Works commenced on site over the summer as expected with completion still 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. Works at New Road following a gas pipe leak are now complete. There are likely to be further works over the winter period.
- Condition Programme – Roofing (Remaining Budget £400,000), works scheduled for this financial year include roofing works at Swingate. This project has been delayed due to a change in the specification. There are now two options for this scheme, one is to ascertain the cost for the whole roof, or to repair the roof in two phases – phase one expected in this financial year and the second in 2026/27. This decision will be made on cost.
- 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 which are now underway.
- 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
Basic Needs - Special Educational Needs and Disabilities (SEND)	18,528	10,432	8,096	6,847	1,306	57

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

- High Needs Special Places Provision (Remaining Budget £535,000), scheme to provide additional special school places within Medway. The remainder of the budget relates to our contribution to the free school on the former Cornwallis site. This is still expected in 2026/27.
- Strood Academy SEND Block (Remaining Budget £119,000), project to provide resourced provision for 25-30 secondary aged Autism Spectrum Disorder (ASD) pupils. Works are now complete, however snagging is ongoing. The service expects all final expenditure to be complete within this financial year. This scheme expected to deliver an underspend of (£107,344) and officers will recommend that the Director of People agrees for this to be vired to the Pre-Beeches at the Rowans scheme to cover some of the forecast overspend.
- Victory Academy SEND Block (Remaining Budget £631,000), project to provide resourced provision for 25-30 secondary aged Social, Emotional and Mental Health Needs (SEMH) pupils. The project completed on site over the summer as expected, final invoices are now being paid.
- Rivermead at Stoke Refurbishment (Remaining Budget £3.327million), 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. This project is now nearing completion, with the school open and in occupation. The scheme is still expected to deliver an underspend of (£206,805) and officers will recommend that the Director of People agrees for this to be vired to the Pre-Beeches at the Rowans scheme to cover some of the forecast overspend.
- 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). This scheme is now at the design and planning stage. The start had been delayed as the school is delivering the project, however commencement is expected in winter 2025 with completion by autumn 2026.
- Dane Court SEND (Remaining Budget £756,000), project to make a small expansion to Danecourt Special school to provide capacity for an additional 20 pupils. The project is now mostly completed on site with some external works still ongoing.
- Pre-Beeches at the Rowans SEND (Remaining Budget £426,000), 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 scheme is underway but has been delayed due to additional works required. Rental for the temporary buildings will need to continue due to the ongoing delays in the DfE delivering the new Beeches building. The estimated cost per year of rental hire is £231,312. This will result on an overspend on this scheme, currently estimated at £371,512. The service proposes that this will be funded from the forecast underspends at Rivermead and Strood Academy, and the remaining £57,363 will be requested as a Capital Addition funded by unallocated SEN grant.

**Funding** - the above schemes are funded by Government Grants (HN Special Places Provision [part], Victory Academy, Rivermead at Stoke, Leigh Academy, Dane Court, and Pre-Beeches at the Rowans) 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 (£207,344) which is due to a saving on the Rivermead at Stoke scheme, and (£107,344) at Strood Academy. The service proposes that these are vired to fund part of the £371,512 forecast overspend at Pre-Beeches at the Rowan, under the Director of People's delegation. The remaining overspend of £57,363 will need to be agreed as a capital addition by Council. All other schemes are forecasting 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
Children's Social Care (Incl. Family Hubs and Start For Life)	1,710	311	1,398	1,192	206	0
<p>The purpose of these schemes is to facilitate the creation of an assessment centre to reduce placement costs and provide support for children returning home, provide specialist places for young people with learning disabilities and improvements for the Start for Life programme.</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 tender did go out as planned but there has been delays in awarding the contract. However the service expects to be able to award the contract over the autumn.</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. Contractors have now been appointed and work starting on site over the autumn.</li> <li>Family Hubs and Start for Life (Remaining Budget £141,000), a project to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme. Since Round One, £87,000 of further grant allocation has been added to this budget via the Chief Operating Officer's delegation. Works to the four key hubs at Strood, Wayfield, Chatham and Gillingham are now largely complete. Further works forecast for this year include 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.

	Current Budget £000s	Forecast Spend 2025/26 £000s	Forecast Spend in Future Years £000s	Forecast Under/(over) spend £000s
<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 Round One 2025/26

7.1. The following additions have been made since the 2025/26 Round One budget monitoring was received by Cabinet at its meeting of 15 July 2025 and have formed part of the Round Two monitoring:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Children & Adults	Family Hubs and Start for Life	88	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 25/09/25

7.2. The following new scheme additions were approved at the Council meeting of 16 October 2025, but due to their approval date, have not formed part of the Round Two monitoring and will therefore be included in Round Three:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Children & Adults	Hoo St Werburgh expansion / Marlborough Centre relocation	6,000	Capital Grant	Council 16/10/25
Children & Adults	Strood Academy expansion	6,000	Capital Grant	Council 16/10/25
Children & Adults	Danecourt secondary phase	25,000	Capital Grant/ Borrowing*	Council 16/10/25
Children & Adults	Napier Primary School resourced provision for ASD/ Speech, Language, and Communication Needs (SLCN)	150	Capital Grant	Council 16/10/25
Children & Adults	Chatham Grammar resourced provision	2,750	Capital Grant	Council 16/10/25
Children & Adults	East Hill Primary school & resourced provision	10,000	Capital Grant	Council 16/10/25
Children & Adults	New Road expansion	3,000	Capital Grant	Council 16/10/25
Children & Adults	St Margaret's Junior School ASD resourced provision	150	Capital Grant	Council 16/10/25
Children & Adults	All Saints Primary School ASD resourced provision	150	Capital Grant	Council 16/10/25

\*Danecourt is a high priority project with insufficient funding. Whilst additional SEND funding may be forthcoming in future years, a commitment to additional borrowing is required to facilitate this project.

7.3. The following additions to existing schemes were approved at the Council meeting of 16 October 2025, but due to their approval date, have not formed part of the Round Two monitoring and will therefore be included in Round Three:



Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Children & Adults	Chatham Grammar Co-Ed Adaptations	165	Capital Grant	Council 16/10/25
Children & Adults	Fort Pitt Grammar Co-Ed Adaptations	170	Capital Grant	Council 16/10/25
Children & Adults	Holcombe Grammar Co-Ed Adaptations	165	Capital Grant	Council 16/10/25
Children & Adults	Leigh Academy Rainham resourced provision	300	Capital Grant	Council 16/10/25

- 7.4. The following budget virements have been approved since 1 budget monitoring was received by Cabinet at its meeting of 15 July 2025 and have formed part of the Round 2 monitoring:

Directorate	Scheme Providing Budget Virement	Scheme Receiving Budget Virement	Virement Amount £000s	Approval
Children & Adults	Strood Academy SEND Block	Pre-Beeches at the Rowans SEND	107	Director of People 21/10/25
Children & Adults	Rivermead at Stoke Refurbishment	Pre-Beeches at the Rowans SEND	207	Director of People 21/10/25

## 8. Conclusion

- 8.1. The second round of Capital Budget Monitoring for 2025/26 forecasts projected overspend of £58,000 (£207,000 underspend as at Round 1) against the approved budget of £19.622million 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>CIII</b>
Borrowing	A proportion of the capital budget is funded from borrowing. If interest rates are in excess of that budgeted for, this may have a negative impact upon the Council's Interest and	The Council obtains professional advice which it uses to assist in both the budget build and treasury strategy processes.	<b>CIII</b>

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
	financing budget.		
The Council overspends 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>CIII</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