

Children and Young People Overview and Scrutiny Committee

5 March 2026

Capital Budget Monitoring – Round 3 2025/26

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

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Summary

This report presents the results of the third 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 third 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 £333.326million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £592.989million. This report consolidates the third round of capital budget forecasts for 2025/26, based on returns submitted by individual budget managers. 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 3 is £333.326million (£229.722million at Round 2). Table 1 below summarises the capital programme and Round 3 forecast position showing a projected overspend of £177,000 (£58,000 overspend as at Round 2). Table 2 details how the approved programme will be funded.

Table 1: Round Three 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)	140,738	23,116	117,622	14,898	102,901	177
Regeneration, Culture and Environment	346,311	190,663	155,853	88,115	67,739	0
Housing Revenue Account	103,481	43,768	59,713	27,580	32,133	0
Business Support Department	2,458	2,320	138	138	0	0
Total	592,989	259,867	333,326	130,731	202,772	177

Table 2: Funding the Capital Budget

Funding Source	Total £000	C&A £000	RCE £000	HRA £000	BSD £000
Capital Grants	95,689	55,920	36,989	2,780	0
Developer Contributions	5,757	481	5,276	0	0
Capital Receipts	2,223	0	2,088	0	135
RTB Receipts	1,000	0	0	1,000	0
Revenue / Reserves	19,919	0	304	19,615	0
Borrowing	208,738	61,222	111,195	36,319	3
Total	333,326	117,622	155,853	59,713	138

5. Children and Young People

5.1. The Children and Adults programme within the remit of this Committee is forecast to overspend by £177,000 (£57,000 underspend as at Round 2) against the approved budget of £73.622million as set out below.

	Total Approved Cost	Total Exp to 31/03/25	Remaining Budget	Forecast Spend 2025/26	Forecast Spend in Future Years	Total Scheme Variance
Basic Needs - Primary	20,102	645	19,458	508	18,950	0
Basic Needs - Secondary	20,540	5,154	15,386	6,504	8,844	(38)
School Condition Programme	7,242	6,574	668	887	0	220
Schools Devolved Capital	117	0	117	117	0	(0)
Basic Needs - SEND	47,028	10,432	36,596	5,261	31,330	(5)
Children's Social Care (Incl. Family Hubs and Start For Life)	1,710	312	1,398	1,121	277	0
Children and Adult Services Total	96,738	23,116	73,622	14,398	59,401	177

	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	20,102	645	19,458	508	18,950	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), is a project to provide a new standalone nursery building to replace the current one which is no longer fit for purpose. The project has been completed on site. This scheme has delivered a small underspend of £33,000, which was part of the contribution from the Rivermead Inclusive Trust and so will be returned to the Trust.
- 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.
- Hoo St Werburgh (Remaining Budget £2.700million), this scheme will expand the Hoo St Werburgh school for additional mainstream pupils. This is a new scheme for Round Three and was added to the Capital Programme by Council as part of the School Place Planning Strategy. This project is reliant on the relocation of the Marlborough Centre. The service currently anticipates design work commencing in 2026/27, with construction works taking place in 2027/28 and 2028/29.
- Marlborough Centre Relocation (Remaining Budget £3.300million), this project is to relocate the Marlborough Centre from Hoo St Werburgh Primary School to the currently vacant and available building at Twydall Primary School. This is a new scheme for Round Three and was added to the Capital Programme by Council as part of the School Place Planning Strategy. The service anticipates small expenditure this

financial year, but with most of the design and build work taking place in 2026/27. The scheme may extend into 2027/28.

- East Hill New Primary School (Remaining Budget £10.000million), this scheme will deliver a new primary school at East Hill, which will include a resource provision with places for 20 pupils. This is a new scheme for Round Three and was added to the Capital Programme by Council as part of the School Place Planning Strategy. The service anticipates commencing the tender and design during 2026/27, with contractors expected to start on site in 2027/28, extending into 2028/29.
- New Road Primary 2 Form of Entry (FE) Expansion (Remaining Budget £3.000million), this scheme will expand New Road Primary school from a 1.5 FE to a 2 FE school. This is a new scheme for Round Three and was added to the Capital Programme by Council as part of the School Place Planning Strategy. The project is expected to start commencing in 2026/27 and extend into 2027/28.

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	20,540	5,154	15,386	6,504	8,844	(38)

The purpose of the schemes within this area are to provide additional secondary school places at various school sites across Medway.

- Hoo Academy 6th Form (Remaining Budget £2.780million), 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. The project is ongoing with main building complete and in use, but external works continue full completion expected by end April 2026. There have been some increased costs due to delays in installing the substation on site. The service will review project expenditure and will request further funding if it is deemed necessary.
- 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. The scheme is expected to deliver a small underspend of £38,000. As this is funded by Basic Need grant, the unspent grant will be available to be applied to future schemes after securing authorisation via the appropriate governance route.
- Chatham Grammar Co-Education (Co-Ed) (Remaining Budget £1.065million), project to adapt current facilities at the school to accommodate co-ed. Since Round Two £162,000 has been added to this budget as agreed by Council as part of the School Place Planning Strategy. This scheme has been delayed due to delays in a decision from Department for Education (DfE). Works commenced over the summer as expected, with completion still expected by September 2026.
- Holcombe Grammar Co-Ed (Remaining Budget £900,000), project to adapt current facilities at the school to accommodate co-ed. Since Round Two £165,000 has been added to this budget as agreed by Council as part of the School Place Planning Strategy. 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.
- Fort Pitt Grammar Co-Ed (Remaining Budget £832,000), project to adapt current facilities at the school to accommodate co-ed. Since Round Two £173,000 has been added to this budget as agreed by Council as part of the School Place Planning Strategy. 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.
- Robert Napier Extension (Remaining Budget £2.919million), project to expand Robert Napier secondary school by 1 FE to 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), 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.
- Strood Academy Expansion (Remaining Budget £6.000million), this project will provide an additional classroom block at Strood Academy, allowing the school to permanently increase capacity by 2 forms of entry. This is a new scheme for Round Three as agreed by Council as part of the School Place Planning Strategy. This project is expected to commence in 2026/27, extending into 2027/28.

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 deliver an underspend of £38,000 of grant funded budget, which will remain available to be applied to future schemes following appropriate authorisation.

	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	887	0	220

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. The contract has been awarded and contractors started on site in January 2026. The cost of the works are higher than expected and will generate an overspend of £220,000 due to deterioration escalating and the need to include glazing replacements. However, this represents better value than completing the work in two phases over two years. The overspend will be repaid from future Condition Programme grant, which will reduce the size of the 2026/27 programme.
- 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 complete.
- Condition Programme – Security (Remaining Budget £50,000), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms, 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 roofing programme will overspend by £220,000 which will be repaid from future Condition Programme grant, which will reduce the size of the 2026/27 programme.

	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
<p>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.</p> <ul style="list-style-type: none"> Schools set and retain their own capital budgets and report and monitor their expenditure against their approved budget three times a year. <p>Funding: the above schemes are funded by way of Government Grants.</p> <p>Budgetary Forecast: it is estimated that the schemes within the individual schools will be completed within the allocated funding.</p>						

	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)	47,028	10,432	36,596	5,261	31,330	(5)
<p>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.</p> <ul style="list-style-type: none"> 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 £12,000), project to provide resourced provision for 25-30 secondary aged Autism Spectrum Disorder (ASD) pupils. Since Round Two, £107,344 has been vired from this budget to the Pre-Beeches at the Rowan, via the Director of People's delegation. Works are now complete; however, snagging is ongoing. 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 paid. The scheme has delivered a small underspend of £5,000. As this is funded by SEN government grant, the funding will remain available to be allocated to a future scheme following appropriate authorisation. Rivermead at Stoke Refurb (Remaining Budget £3.121million), 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. Since Round Two, £206,805 has been vired from this budget to the Pre-Beeches at the Rowan, via the Director of People's delegation. This project is now complete with the school open and in occupation. 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). Since Round Two, £300,000 has been added to this budget as agreed by Council as part of the School Place Planning Strategy. This scheme is at the planning stage. The start has been delayed due to planning and funding requirements. The scheme is now expected to start on site early in 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 complete on site, with final invoices awaited. Pre-Beeches at the Rowans SEND (Remaining Budget £740,000), 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. Since Round Two, £314,149 has been added to this budget from underspends identified at Rivermead and Strood Academy, via the Director of People's delegation. The main project is complete but there is ongoing costs associated with the hire of temporary buildings. Danecourt Secondary Expansion (Remaining Budget £25.000million), this scheme will expand Danecourt Special School to add a secondary phase, providing 200 places. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. Project design is expected to commence 						

this financial year with small expenditure, with commencement on site expected late in 2026/27, extending into 2027/28.

- Napier Primary SEN Provision (Remaining Budget £150,000), this scheme will add a resourced provision to Napier Primary School for pupils with ASD and Speech, Language and Communication needs. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. This project is expected to take place in 2026/27, with the provision ready for September 2026.
- Chatham Grammar SEN Provision (Remaining Budget £2.750million), this scheme will add a resourced provision to Chatham Grammar School, to open in September 2026, adding up to 30 places for pupils with ASD at a selective school. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. A small amount of expenditure is expected this financial year as design works and tenders commence, but the majority is expected to fall within 2026/27.
- St Margaret's Primary SEN Provision (Remaining Budget £150,000), this scheme will deliver a resourced provision for ASD at the school. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. This project is expected to commence in 2026/27.
- All Saints Primary SEN Provision (Remaining Budget £150,000), this scheme will deliver a resourced provision for ASD at the school. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. This project is expected to commence in 2026/27.

Funding - the above schemes are primarily funded by Government grant, with the following exceptions being funded by prudential borrowing (HN Special Places Provision [part], Pre-Beeches at the Rowans[part], Danecourt Secondary Expansion and Strood Academy SEND Block).

Budgetary Forecast – There is a forecast underspend in this area of £5,000 which is due to a saving at the Victory Academy. 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	312	1,398	1,121	277	0

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.

- 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. A contractor has now been appointed, and work is expected to start on site early in 2026.
- 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 started on site in October as planned. The main works are expected to be completed by the end of this financial year, with some minor works extending into 2026/27.
- Family Hubs and Start for Life (Remaining Budget £141,000), 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 the wider eight wellbeing hubs, including improvements to access and development of clinical spaces.

Funding - 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).

Budgetary Forecast - it is estimated that the above scheme will fully expend the allocated budget.

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
Capital Reserve Developer Contributions				
S106 Education Capital	481	481	0	0
Developer Contributions from Capital Reserves	481	481	0	0

7. Conclusion

7.1. The third round of Capital Budget Monitoring for 2025/26 forecasts projected overspend of £177,000 (£58,000 underspend as at Round 2) against the approved budget of £117.622million relating to capital schemes within the remit of this Committee.

8. 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.	CIII
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 financing budget.	The Council obtains professional advice which it uses to assist in both the budget build and treasury strategy processes.	CIII
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.	CIII
Deliverability of the Capital	Macro-economic conditions, largely but not wholly resulting	Close monitoring of the programme and careful	BIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
Programme	from the external factors, have affected the cost and availability of both materials and labour.	management of the delivery are supported by scrutiny from senior officers and Members.	
Likelihood		Impact:	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

9. Financial implications

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

10. Legal implications

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

Lead officer contact

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Appendices

None

Background papers

None