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## **Health and Adult Social Care Overview and Scrutiny Committee**

**12 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. Recommendations**

- 1.1. The Committee is asked to note the results of the third round of capital budget monitoring for 2025/26.
- 1.2. The Committee is asked to note the changes to the approved budget since Round 2 as set out in section 5.1 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 £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
<b>Total</b>	<b>592,989</b>	<b>259,867</b>	<b>333,326</b>	<b>130,731</b>	<b>202,772</b>	<b>177</b>

**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
<b>Total</b>	<b>333,326</b>	<b>117,622</b>	<b>155,853</b>	<b>59,713</b>	<b>138</b>

## 5. Health and Adult Social Care

- 5.1. The Children and Adults programme within the remit of this Committee is forecast to complete on budget against the approved budget of £44.141million as set out below (also within the approved budget as at Round 2). It should be noted that the Family Hubs and Start for Life scheme, included below under the Adult Social Care service area, is included in reports for both this Committee and the Children and Young People Overview and Scrutiny Committee as it contains elements of both Children's Social Care and Public Health.

	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	1,432	175	1,257	980	277	0
Adult Social Care	44,278	136	44,141	641	43,500	0
<b>Children and Adult Services Total</b>	<b>140,738</b>	<b>23,116</b>	<b>117,622</b>	<b>14,898</b>	<b>102,901</b>	<b>177</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
Adult Social Care	44,278	136	44,141	641	43,500	0
<p>The schemes in this area are to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme, and the creation of a new Care Home on the IPM Southern site.</p> <ul style="list-style-type: none"> <li>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 include works on the wider eight wellbeing hubs, including improvements to access and development of clinical spaces.</li> <li>Care For Medway (Remaining Budget £44.000million), this scheme will deliver a new Care Home on the IPM Southern site, as well as older persons residential units on the site. This is a new scheme for Round Three as agreed by Council in November 2025. Consultants have been appointed, however most of the spend on this scheme is expected to fall within 2026/27 and extend into 2027/28.</li> </ul> <p><b>Funding</b> - the above schemes are funded by government grant (Family Hubs and Start for Life) and prudential borrowing (Care For Medway).</p> <p><b>Budgetary Forecast:</b> it is estimated that the above scheme will fully expend the allocated budget.</p>						

## 6. Changes Since Round Two 2025/26

- 6.1. The following additions have been made since the 2025/26 Round Two budget monitoring was received by Cabinet at its meeting of 18 November 2025 and have formed part of the Round Three monitoring:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Children & Adults	Care For Medway	44,000	Borrowing	Council 13/11/25

## 7. Conclusion

7.1. The third round of Capital Budget Monitoring for 2025/26 forecasts that the capital schemes within the remit of this Committee within the approved budget of £44.141million (to budget in Round 2).

## 8. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Borrowing	A large 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.	<b>CIII</b>
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	

## 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