Medway COUNCIL
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Children and Young People Overview and Scrutiny Committee

12 August 2026

Capital Budget Monitoring – Round 1 2026/27

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

Author: Abbey Gough, Chief Finance Officer
Andy McNally-Johnson, Head of Corporate Accounts

Summary

This report presents the results of the first round of the Council's capital budget monitoring process for 2026/27. The Council's summary position is presented in section 4, with section 5 providing the details for the service areas within the remit of this Committee.

1. Recommendation

1.1. The Children and Young People Overview & Scrutiny Committee is asked to note the results of the first round of capital budget monitoring for 2026/27.

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 2026/27 and beyond is £308.222million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £602.287million. This report consolidates the first round of capital budget forecasts for 2026/27, 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 2026/27

4.1. The approved capital programme for 2026/27 as at Round 1 is £308.222million. Table 1 below summarises the capital programme and Round 1 forecast position showing a projected underspend of £586,000. Table 2 details how the approved programme will be funded.

Table 1: Round One Capital Monitoring Summary

Directorate	Total Approved Cost £000	Total Expenditure to 31/03/26 £000	Remaining Budget £000	Forecast Spend 2026/27 £000	Forecast Spend in Future Years £000	Forecast (Under)/ overspend £000
Children and Adults (including Public Health)	116,190	10,730	105,460	14,964	89,910	**(586)**
Regeneration, Culture and Environment	336,330	219,990	116,339	78,732	37,607	**0**
Housing Revenue Account	149,617	63,222	86,395	26,049	60,346	**0**
Business Support Department	150	123	27	27	0	**0**
Total	**602,287**	**294,065**	**308,222**	**119,772**	**187,864**	**(586)**

Table 2: Funding the Capital Budget

Funding Source	Total £000	C&A £000	RCE £000	HRA £000	BSD £000
Capital Grants	70,986	44,721	26,151	114	0
Developer Contributions	4,249	2	4,247	0	0
Capital Receipts	613	0	585	0	27
RTB Receipts	600	0	0	600	0
Revenue / Reserves	12,962	0	300	12,662	0
Borrowing	218,812	60,737	85,056	73,019	3
Total	**308,222**	**105,460**	**116,339**	**86,395**	**27**

5. Children and Young People

5.1. The Children and Adults programme within the remit of this Committee is forecast to underspend by £586,000 against the approved budget of £61.779million as set out below.

	Total Approved Cost £000s	Total Exp to 31/03/26 £000s	Remaining Budget £000s	Forecast Spend 2026/27 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Basic Needs - Primary	19,600	583	19,017	1,946	17,071	**0**
Basic Needs - Secondary	12,140	3,362	8,778	2,158	6,621	**0**
School Condition Programme	1,056	0	1,056	1,056	0	**0**
Schools Devolved Capital	117	0	117	117	0	**0**
Basic Needs - SEND	37,566	5,601	31,966	4,668	27,298	**0**
Children's Social Care (Incl. Family Hubs and Start For Life)	1,710	865	845	259	0	**(586)**
Total Children and Young Persons	**72,190**	**10,411**	**61,779**	**10,204**	**50,989**	**(586)**

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Primary	19,600	583	19,017	1,946	17,071	0

The purpose of the schemes within this area are to provide and support additional primary school places at various school sites across Medway. It also includes a series of grants to early years providers funded from the Childcare Expansion grant.

- Greenvale Infant to Primary (Remaining Budget £2,000), this scheme will refurbish and make alterations to convert the school from an Infant to a Primary school. The project is largely complete, however the service plans to request additional funding for some additional works via the School Place Planning Strategy.
- Childcare Expansion Grant (Remaining Budget £32,000), scheme to provide, expand and improve wraparound childcare provision in primary schools and to expand Early Years childcare provision. Some of the projects were delayed into this financial year due to delays in work on site commencing at some of the settings. All remaining works are on track to complete this financial year.
- Hoo St Werburgh (Remaining Budget £2.696million), this scheme will expand the Hoo St Werburgh school for additional mainstream pupils. Works are expected to commence on site over the summer of 2027 with completion anticipated by September 2028.
- Marlborough Centre Relocation (Remaining Budget £3.287million), 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. The design work is being carried out this financial year, after which the service will undertake a procurement process to secure a contractor. The scheme is anticipated to be completed by September 2028.

- 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. The service now anticipates that this project will not commence until late 2027, with contractors not on site until 2028 and a completion date in 2030.
- New Road Primary 2FE Expansion (Remaining Budget £3.000million), this scheme will expand New Road Primary school from a 1.5 form of entry (FE) school to a 2 form of entry school. Feasibility has now commenced. The service anticipates contractors starting on site in 2027/28 with completion expected in 2028/29.

Funding - the above schemes are funded predominantly by the Basic Need Capital grant, with a small contribution from s106 Developer Contributions funding the Greenvale Infant to Primary scheme.
Budgetary Forecast – schemes within this area are anticipated to spend within the allocated budget.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Secondary	12,140	3,362	8,778	2,158	6,621	0

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

- Chatham Grammar Co-Education (Co-Ed) (Remaining Budget £942,000), project to adapt current facilities at the school to accommodate co-ed. This will include adaptations to toilets and changing facilities. The schools are overseeing the works under a funding agreement. It is anticipated that the project will be fully complete by September 2026. Most of the work is now complete, however some minor works are being delayed due to the Specialist Resource provision work ongoing at the school under the Chatham Grammar SEN Provision scheme. The final works on this co-ed scheme are now expected to take place in 2027/28.
- Holcombe Grammar Co-Ed (Remaining Budget £841,000), project to adapt current facilities at the school to accommodate co-ed. This will include adaptations to toilets and changing facilities. The schools are overseeing the works under a funding agreement. It was anticipated that the project would be fully complete by September 2026. Most of the work is now complete, however some minor works are being delayed due to RAAC remedial works required at the school. The final works on this co-ed scheme are now expected to take place in 2027/28.
- Fort Pitt Grammar Co-Ed (Remaining Budget £222,000), project to adapt current facilities at the school to accommodate co-ed. This will include adaptations to toilets and changing facilities. The schools are overseeing the works under a funding agreement. The service still anticipates project completion by September 2026.
- Robert Napier Extension (Remaining Budget £785,000), project to expand Robert Napier secondary school by 1 FE to Published Admission Number (PAN) 210 - currently 180. This project is now complete on site. The service awaits the final account from contractors.
- Strood Academy Expansion (Remaining Budget £5.988million), this project will provide an additional classroom block at Strood Academy, allowing the school to permanently increase capacity by 2 forms of entry. Feasibility studies are now underway. The service anticipates contractors being able to start on site later this financial year with project completion expected in 2028/29.

Funding - the above schemes are funded by Basic Needs Capital Grant.
Budgetary Forecast - schemes within this area are anticipated to deliver within the allocated budget.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Condition Programme	1,056	0	1,056	1,056	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 £30,000), 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. There are no currently identified projects, however the service anticipates boiler works may be required nearer to the winter.
- Condition Programme – Roofing (Remaining Budget £652,000), works scheduled for this financial year include roofing works at Swingate which commenced last financial year, as well as remedial works identified across several schools in condition surveys. The service is currently working to prioritise the works required.
- 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 £90,000), 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 work identified by them will be met from this budget. The surveys are expected to take place over the summer of 2026, and the require remedial works will be determined based on the outcomes.
- Condition Programme – Other (Remaining Budget £234,000), 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 wall works at Burnt Oak and Crest, condition surveys, and works to a structural pillar at Swingate.
- Condition Programme – Security (Remaining Budget £50,000), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms, CCTV etc. There are no scheduled works at the current time, but projects are expected throughout the year.

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 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £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 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Special Educational Needs and Disabilities (SEND)	37,566	5,601	31,966	4,668	27,298	0

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 scheme was expected to take place in 2026/27, however work onsite has yet to start and the service now anticipates that this scheme will complete in 2028.
- Rivermead at Stoke Refurb (Remaining Budget £614,000), project to refurb and adapt the former Stoke primary site, to be suitable for secondary aged Autism Spectrum Disorder (ASD) pupils. This is an expansion onto a satellite site for Rivermead. This scheme is complete and has delivered an underspend of £613,000. The service will request that this be vired, under the Director of People's delegation, to the Dane Court SEND scheme to address the forecast overspend.
- Leigh Academy (Remaining Budget £2.359million), 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 still in the design stage, with contractors expected on site later in 2026 and completion expected in 2027/28.
- Pre-Beeches at the Rowans SEND (Remaining Budget £294,000), project to install temporary accommodation at the Rowans in advance of the Beeches project which is led by the Department for Education (DfE) and delayed due to escalating costs. The main project is now complete, but some ongoing costs are expected in relation to the temporary accommodation.
- Danecourt Secondary Expansion (Remaining Budget £24.967million), this scheme will expand Danecourt Special School to add a secondary phase, providing 200 places. The project is at the early design stage but there are already indications that the scheme may cost more than initially expected. The scheme is currently forecasting an overspend of £613,000 and the service proposes to request a virement, via the Director of People's delegation, from the underspend at Rivermead. Contractors are likely to commence on site later in 2026, with completion in 2030. The service will monitor the costs of the scheme closely and request additional funding should this be required.
- Napier Primary SEN Provision (Remaining Budget £148,000), this scheme will add a resourced provision to Napier Primary School for pupils with ASD and Speech, Language and Communication needs. The project is due to commence on site shortly and is due to be completed by 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 scheme has been slightly delayed due to legal matters. The service expects to be able to commence works later this financial year with completion expected in 2027/28.
- St Margaret's Primary SEN Provision (Remaining Budget £149,000), this scheme will deliver a resourced provision for ASD at the school. The project is due to commence on site shortly and is due to be completed by September 2026
- All Saints Primary SEN Provision (Remaining Budget £150,000), this scheme will deliver a resourced provision for ASD at the school. This scheme has been delayed due to issues with the restricted nature of the school site. The service anticipates requiring additional funding to deliver this project and will request further budget as part of the School Place Planning Strategy.

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], and Danecourt Secondary Expansion

Budgetary Forecast – overall the schemes within this area are currently forecasting to spend within the allocated budget, however the service will request a virement via the Director of People's delegation between the Rivermead and Danecourt schemes. There are some concerns about additional budget being required to deliver some of these schemes, and the service will request any additional funds required via the School Place Planning Strategy.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £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	865	845	259	0	(586)

The purpose of this scheme is to facilitate the creation of an assessment centre to reduce placement costs and provide support for children returning home.

- Children's Assessment Unit (Remaining Budget £79.000), 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 and the Cabin are now complete. The service awaits the final account from the contractor. The scheme has delivered an underspend of £74,000, funded by prudential borrowing, which the service will request be vired to another scheme to facilitate further capital improvements to children's social care infrastructure.
- Aut Even Redevelopment (Remaining Budget £700,000), 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. The structural work is anticipated to complete over the summer of 2026. Fixtures, fittings and any snagging works will then be completed. The service is reporting an underspend of £512,000 on the scheme which they intend to request be vired via the Director of People's delegation to another scheme to facilitate further capital improvements across children's social care. As some of the remaining budget is funded by grant, the service will need to ensure that any alternative scheme remains compliant with the terms and conditions of the grant.
- Family Hubs and Start for Life (Remaining Budget £66,000), project to implement accessibility improvements and internal works to several existing family hubs to support the Start for Life Programme. Works for this year include improving access and versatility of the Hubs and Wellbeing Centres. There will also be work carried out to adapt some community spaces for Best Start activities. Further grant has recently been announced, and this will shortly be added to the budget and a new scheme of works planned.

Funding - the above schemes are funded by prudential borrowing (Children's Assessment Unit and Aut Even Redevelopment [part]) and government grant (Aut Even Redevelopment [part] and Family Hubs and Start for Life).

Budgetary Forecast - it is estimated that the above schemes will deliver an underspend of £586,000 which the service intends to request be vired via the Director of People's delegation to another scheme to facilitate further capital improvements across children's social care

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 2026/27 £000s	Forecast Spend in Future Years £000s	Forecast Under/(over) spend £000s
Capital Reserve Developer Contributions				
S106 Education Capital	2	2	0	0
Developer Contributions from Capital Reserves	**2,369**	**1,715**	**676**	**22**

7. Conclusion

7.1. The first round of Capital Budget Monitoring for 2026/27 forecasts projected underspend of £586,000 against the approved budget of £61.779million relating to capital schemes within the remit of this Committee.

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.	B2
The Council overspends the agreed budget.	Overspends would need to be funded from other sources, the Council's limited reserves or 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.	**C3**
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.	**B3**

Likelihood	**Impact:**
A Very likely B Likely C Unlikely D Rare	1 Critical 2 Major 3 Moderate 4 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

Andy McNally-Johnson, Head of Corporate Accounts, Gun Wharf, 01634 333552, andy.mcnallyjohnson@medway.gov.uk

Appendices

None

Background papers

None