Health and Adult Social Care Overview and Scrutiny Committee

19 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 Health and Adult Social Care 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. Health and Adult Social care

5.1. The Children and Adults programme within the remit of this Committee is forecast to spend within the approved budget of £43.747million 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
Adult Social care	44,278	531	43,747	4,826	38,921	**0**
Total Health and Adult Social Care	**44,278**	**531**	**43,747**	**4,826**	**38,921**	**0**

	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
Adult Social Care	44,278	531	43,747	4,826	38,921	0

The scheme in this area is to implement accessibility improvements and internal works to several existing family hubs to support the Start for Life Programme, and the creation of a new Care Home on the IPM Southern site.

- 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.
- Care For Medway (Remaining Budget £43.681million), this scheme will deliver a new Care Home on the IPM Southern site, as well as older persons residential units on the site. The planning application in respect of the site has now been submitted and a decision is awaited. Forecast works for this financial year include further design work, and subject to planning permission construction work to commence early in 2027.

Funding - the above schemes are funded by government grant (Family Hubs and Start for Life) and prudential borrowing (Care For Medway).

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

6. Conclusion

6.1. The first round of Capital Budget Monitoring for 2026/27 forecasts spend within the approved budget of £43.747million relating to capital schemes within the remit of this Committee.

7. 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

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

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

Appendices

None

Background papers

None