

# Cabinet – Supplementary agenda No.1

A meeting of the Cabinet will be held on:

**Date:** 15 November 2022

**Time:** 3.00pm

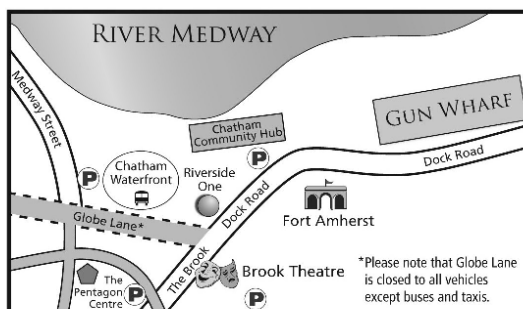
**Venue:** Meeting Room 9 - Level 3, Gun Wharf, Dock Road, Chatham  
ME4 4TR

## Items

- |    |   |                    |
|----|---|--------------------|
| 4. | Revenue Budget Monitoring - Round 2 2022/23 | (Pages<br>3 - 16)  |
| 5. | Capital Budget Monitoring - Round 2 2022/23 | (Pages<br>17 – 42) |
| 6. | Draft Capital and Revenue Budgets - 2023/24 | (Pages<br>43 - 72) |

For further information please contact Jon Pitt, Democratic Services Officer/Teri Reynolds, Democratic Services Officer on Telephone: 01634 332715/332104 or Email: [democratic.services@medway.gov.uk](mailto:democratic.services@medway.gov.uk)

**Date: 11 November 2022**



This agenda and reports are  
available on our website  
**[www.medway.gov.uk](http://www.medway.gov.uk)**

A summary of this information can be made available in other formats from **01634 333333**

This page is intentionally left blank



## **CABINET**

**15 NOVEMBER 2022**

### **REVENUE BUDGET MONITORING – ROUND 2 2022/23**

Portfolio Holder: Councillor Alan Jarrett, Leader of the Council

Report from: Katey Durkin, Chief Finance Officer

Author: David Reynolds, Head of Revenue Accounts

#### **Summary**

This report presents the results of the second round of the Council's revenue budget monitoring process for 2022/23. The Council's summary position is presented at Table 1, with sections 4-8 providing the detail for each service area.

#### **1. Budget and policy framework**

- 1.1. Cabinet is responsible for ensuring that income and expenditure remain within the budget approved by Council.
- 1.2. The Cabinet is asked to accept this report as urgent to enable consideration of the matter at the earliest opportunity, including the proposed action set out in the recommendation at paragraph 13.1 of the report.

#### **2. Background**

- 2.1. At its meeting on 24 February 2022, the Council set a total budget requirement of £351.982million for 2022/23. Since the budget was approved, additional grant funding has been received, primarily related to Council Tax Support for Energy Bills. These additions take the Round 2 budget requirement to a total of £372.602million.
- 2.2. This report presents the results of the second round of revenue budget monitoring, summarising reports that have been considered by directorate management teams based on returns submitted by individual budget managers. In preparing these forecasts, budget managers have taken account of last year's outturn, items of growth or savings agreed as part of the budget build, actual income and expenditure for the year to date, and most importantly, their knowledge of commitments and service requirements anticipated for the remainder of the financial year.

### 3. Summary Revenue Budget Position 2022/23

3.1. The forecast outturn for 2022/23 represents a pressure of £14.019million, a worsening of £1.453million compared to the position reported at Round 1.

*Table 1 – Council's Summary Position*

Directorate	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
<i>Budget requirement:</i>				
Children and Adult Services	11,183	265,099	281,695	16,595
Regeneration, Culture and Environment	308	62,312	62,072	(240)
Business Support Department	1,060	11,958	13,651	1,692
Business Support Centralised Services:				
Interest & Financing	0	12,315	8,159	(4,156)
Levies	17	1,626	1,752	127
Medway Norse Joint Venture	0	(578)	(578)	0
Additional Government Support Grant Expenditure	0	19,870	19,870	0
<b>Budget Requirement</b>	<b>12,566</b>	<b>372,602</b>	<b>386,621</b>	<b>14,019</b>
<i>Funded by:</i>				
Council Tax	0	(138,087)	(138,087)	0
Retained Business Rates & Baseline Need Funding	0	(66,124)	(66,124)	0
New Homes Bonus	0	(1,979)	(1,979)	0
Dedicated Schools Grant	0	(100,946)	(100,946)	0
Other School Grants	0	(4,404)	(4,404)	0
Adult Social Care Grants	0	(17,198)	(17,198)	0
CSC Grants	0	(1,067)	(1,067)	0
Public Health Grant	0	(18,075)	(18,075)	0
Use of Reserves	0	(4,853)	(4,853)	0
Additional Government Support Ringfenced Grant Income	0	(19,870)	(19,870)	0
Additional Government Support Non-ringfenced Grant Income	0	0	0	0
<b>Total Available Funding</b>	<b>0</b>	<b>(372,602)</b>	<b>(372,602)</b>	<b>0</b>
<b>Net Forecast Variance</b>	<b>12,566</b>	<b>0</b>	<b>14,019</b>	<b>14,019</b>

## 4. Children and Adults

- 4.1. The Directorate forecast represents a pressure of £16.595million, a worsening of £5.413million compared to the Round 1 forecast. Details of the forecasts in each service area within the Directorate are set out in the tables below.

<b>Adult Social Care</b>	<b>R1 Forecast Over/(Under) £000s</b>	<b>Budget 2022/23 £000s</b>	<b>R2 Forecast £000s</b>	<b>R2 Forecast Over/(Under) £000s</b>
Assistant Director Adult Social Care	(82)	(2,892)	(2,448)	445
Locality Services	1,667	77,074	80,633	3,559
Business Operations & Provider Services	(135)	3,950	3,838	(112)
Specialist Services/Principal Social Worker	169	1,733	1,840	107
<b>Total</b>	<b>1,619</b>	<b>79,865</b>	<b>83,864</b>	<b>3,999</b>

Adult Social Care is forecasting an overall pressure of £3.999million, a worsening of £2.380million from the position reported at Round 1. As in recent years the overspend largely relates to placement costs in Locality Services.

Service Area	R1 Forecast Over/(Under)	Budget 2022/23	R2 Forecast	R2 Forecast Over/(Under)
	£000's	£000's	£000's	£000's
Disability Services	1,142	45,799	46,882	1,083
Mental Health Services	33	8,294	8,383	89
Older People Services	547	16,483	18,885	2,402
Staffing - Locality Services	(55)	6,497	6,483	(15)
<b>Total Locality Services</b>	<b>1,667</b>	<b>77,074</b>	<b>80,633</b>	<b>3,559</b>

The Disability services forecast is an overspend of £1.483million reduced by £400,000 projected further savings, resulting in a reported overspend of £1.083million. This is an improvement of £59,000 from the reported Round 1 position. There continue to be pressures around Physical Disability residential/nursing and supported living placements which have all seen increases in number of placements and the cost of those placements. The forecast now includes the 38-week school residential placements which were budgeted to be charged to the Dedicated Schools Grant (DSG) in 2022/23 but now will not at a cost of £473,000. There has been a significant reduction in the homecare forecast, due to lower numbers of placements.

However, the Older People forecast is an overspend of £2.402million which is an increase of £1.855million from Round 1. Across the service there has been an increase of 41 placements with weekly rates continuing to increase above budgeted levels.

Children's Services	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Children's Care Management	57	1,413	1,763	350
Head of Safeguarding & Quality Assurance	(1)	2,925	2,923	(2)
Virtual Head	44	443	491	48
Children's Care Improvement	61	1,166	1,275	109
Children In Care	6,448	36,816	43,120	6,305
Children's Social Work Team	1,166	7,436	8,673	1,238
Business Support	(17)	1,794	1,701	(94)
Early Help, Youth, Mash & Adolescents	(303)	4,980	4,686	(294)
<b>Total</b>	<b>7,454</b>	<b>56,973</b>	<b>64,633</b>	<b>7,660</b>

The Children's Services forecast represents an overspend of £7.660million, which is a worsening of £206,000 from the previous forecast.

The forecast on placements and client related expenditure is an overspend of £7.492million which can be spilt into three key variances:

- The pressure on placements is £4.533million and continues to arise from higher than budgeted placement numbers and unit costs for Residential, Supported Accommodation, Independent Fostering Agency along with the use of unregistered and unregulated placements.
- There is a reported under delivery against the budgeted savings schemes of £1.685million for 2022/23.
- The forecast now includes the 38-week school residential placements which were budgeted to be charged to the DSG in 2022/23 but now will not at a cost of £1.274million.

The division is also forecasting to overspend by £213,000 on supplies and service budgets with the biggest areas of overspend being advertising £45,000; computer and office equipment £58,000 and Interpreter fees of £49,000.

Directorate Management Team	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Directorate Management Team	(58)	648	594	(54)
<b>Total</b>	<b>(58)</b>	<b>648</b>	<b>594</b>	<b>(54)</b>

The Directorate Management Team is forecast to underspend by £54,000, due to less use of interim staffing and the now permanent staffing in the team.

Education	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
School Organisation & Student Services	263	1,674	1,966	292
Psychology & Special Educational Needs	(336)	33,366	35,910	2,544
School Improvement	(208)	316	222	(94)
Special Educational Needs & Disabilities Transport	2,250	6,394	8,644	2,250
Inclusions	303	2,770	3,064	294
School Online Services	9	32	(3)	(36)
Education Management Team	4	292	295	4
Early Years Sufficiency	238	16,622	16,675	53
<b>Total</b>	<b>2,523</b>	<b>61,466</b>	<b>66,773</b>	<b>5,307</b>

Education is forecast to overspend by £5.307million. The overspend on the DSG is £4.953million and the forecast assumes this will increase the deficit against the DSG reserve.

The main areas of overspend for the General Fund are £2.250million on Special Educational Needs and Disabilities (SEDN) transport due to the increase in demand and inflationary uplifts of 6%, £195,000 on mainstream transport due mainly to the additional costs incurred to transport pupils to the temporary new school site and £50,000 on the Attendance Advisory Service. In addition, a programme of work is underway to resolve the deficit position on the Council's DSG reserve, including a review of expenditure charged to the DSG. This work has identified a range of services that must now be charged to the General fund which total £2.839million for 2022/23.

A pressure of £4.953million is forecast against the DSG due to the ongoing pressure on the High Needs Block with significant increases in costs being driven by the number of children with Educational Health and Care Plans (EHC Plans) in Medway combined with a lack of special school and resource unit places locally continues to drive high-cost independent school places and out of area placements. As at 31st March 2022 the High Needs DSG reserve reflected a £20.456million deficit and based on the Round 1 forecast, this deficit would increase to £25.409million by March 2023 when the projected 2022/23 in year overspend of £4.953million is transferred into the reserve. The Council's bid for government support through the 'Safety Valve' scheme is being considered by the Secretary of State in the coming weeks. The bid requires the Council to contribute £2.9million per annum from the general fund, however the programme will address the overall deficit on the High Needs Block over the medium term.

Partnership Commissioning & Business Intelligence	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Adults Commissioning	0	323	322	(1)
Children's Commissioning	(47)	1,514	1,519	5
C&A Performance & Intelligence	(10)	519	521	2
<b>Total</b>	<b>(57)</b>	<b>2,355</b>	<b>2,362</b>	<b>7</b>

Partnership Commissioning is forecasting a minor overspend of around £7,000, which is a worsening of the position of £64,000 from Round 1. The movement largely relates to the Young Peoples wellbeing service now being forecast to budget, along with some increases to staffing forecasts in the Commissioning and Business and Intelligence teams.

Public Health	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Public Health Management	166	1,201	1,366	165
Public Health Commissioning	57	5,758	5,783	26
Business Development	(7)	304	322	18
Drug and Alcohol Action Team	(59)	1,974	1,974	0
Health Improvement Programmes	(173)	3,435	3,168	(267)
Stop Smoking Services	(2)	438	450	12
Supporting Healthy Weight	18	1,336	1,382	46
<b>Total</b>	<b>0</b>	<b>14,446</b>	<b>14,446</b>	<b>(0)</b>

Public Health services are forecast to budget. Activity above budgeted levels is being funded through the use of Public Health reserves or through specific grants. Further analysis will be provided as we move through the year.

Schools Retained Funding & Grants	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Finance Provisions	761	2,085	1,826	(259)
Hr Provisions	(277)	659	367	(292)
School Grants	(783)	46,603	46,830	227
<b>Total</b>	<b>(298)</b>	<b>49,347</b>	<b>49,023</b>	<b>(324)</b>

The Schools Retained Funding and Grants division also contains services funded by both the general fund and the DSG and is forecasting to underspend by £324,000 with the underspend principally relating to the schools' historic pensions and redundancy costs.

## 5. Regeneration, Culture and Environment

5.1. The Directorate forecast is an underspend of £240,000 which is an improvement of £548,000 from the position reported at Round 1. Details of the forecasts in each service area are set out in the tables below.

Communications & Marketing	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Communications & Marketing	30	21	60	40
<b>Total</b>	<b>30</b>	<b>21</b>	<b>60</b>	<b>40</b>

The service is forecast to overspend by £40,000 resulting from increased printing and distribution costs for Medway Matters and lower than budgeted internal design fee income.

Culture & Community	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Sport, Leisure, Tourism & Heritage	247	3,751	3,824	72
Cultural Services	(54)	2,060	2,165	106
Planning	247	1,291	1,594	303
South Thames Gateway Partnership	0	135	133	(2)
Strategic Housing	(132)	5,843	5,725	(118)
Libraries & Community Hubs	18	3,925	3,897	(29)
Culture & Community Support	6	103	104	1
<b>Total</b>	<b>331</b>	<b>17,108</b>	<b>17,441</b>	<b>333</b>

The Culture & Community division forecast is a net overspend of £333,000, broadly consistent with the Round 1 position.

The Sport, Leisure, Tourism and Heritage forecast is a pressure of £72,000, which is an improvement in the position of £175,000 from the position reported at Round 1. The improvement is largely due Leisure Centre income recovering to be in line with budgeted pre-pandemic levels.

Cultural services forecast is a pressure of £106,000 which represents an increase of £159,000 from the position reported at Round 1. There are savings on the Central Theatre budget of around £44,000 due to a reduction in event performers spend, offset by additional cost of casual worker salaries. There are pressures relating to parts of the festivals programme which result in a forecast overspend of around £110,000 along with a number of smaller overspends relating to libraries and supplies and services budgets. There are savings



on the Central Theatre budget, offset by additional cost of casual worker salaries and pressures relating to parts of the festivals programme.

The other area of significant pressure is the Planning Service, which is reporting a pressure of £303,000, which is a worsening of £56,000 from the position reported at Round 1. The three main factors are a forecast pressure of £324,000 relating to the use of consultants for legal and specialist planning work, a shortfall against the Planning Performance (PPA) income target representing a pressure of £81,000 this income target was increased significantly in previous budget builds and has proved difficult to achieve in previous years and a £150,000 pressure relating to planning fee income. These pressures are offset by £115,000 establishment savings across the service and additional income of £143,000 mainly from unbudgeted court costs and capital schemes. All costs currently forecast in respect of the Public Inquiry Fees and the Delivery of the Local Plan have been funded by a contribution from the Local Plan Reserve for 2022/23.

Strategic housing is reporting an underspend of £118,000 which is a slight worsening of the position reported at Round 1. There is a projected underspend by £237,000 however there are pressures relating to housing strategy, private sector housing and Choice based lettings.

The remainder of services are forecast broadly to budget.

Deangate Golf	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Deangate Golf	0	41	42	1
<b>Total</b>	<b>0</b>	<b>41</b>	<b>42</b>	<b>1</b>

This service is forecast to budget.

Director's Office	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Director's Office	(89)	1,210	1,110	(100)
<b>Total</b>	<b>(89)</b>	<b>1,210</b>	<b>1,110</b>	<b>(100)</b>

The Director's Office is forecast to underspend by £100,000 due to NNDR savings of £25,000 on Public Conveniences following the granting of 100% Public Toilet Rate Relief on all of the buildings, the Gaming festival breaking even delivering an underspend of £50,000 compared to the budget and staffing savings of £30,000.

Front Line Services	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Front Line Services Support	(20)	745	767	22
Highways	140	5,695	5,952	257
Parking Services	544	(4,540)	(3,954)	585
Environmental Services	(1,068)	27,964	26,587	(1,377)
Integrated Transport	(90)	7,275	7,036	(239)
Regulatory Services	(214)	2,273	1,948	(325)
Greenspaces	78	5,101	5,185	84
<b>Total</b>	<b>(632)</b>	<b>44,514</b>	<b>43,520</b>	<b>(994)</b>

The Front Line Services division forecast is a favourable variance of £994,000 which is an improvement of £362,000 from the position reported at Round 1.

Highways is reporting a pressure of £257,000, which is a worsening of the position of £117,000 from the reported position at Round 1. There are significant pressures on the utilities budgets for Medway Tunnel (£134,000) and Street Lighting Columns (£411,000) as a result of price increases in October. However, this is mitigated by the forecast Street works income of £163,000, predominately due to permit scheme income for significant broadband works being undertaken by BT and City Fibre which is expected to last until 2023. This has been revised down by £148,000 on the position reported at Round 1 following a review of the summer programme of works. There is also an underspend on staffing due to vacant posts.

Parking Services is forecasting a pressure of £585,000, predominately due the income not returning to the pre pandemic levels as the public adopt different travel habits such as home working. The parking income pressure is forecast to be £625,000 and is across both on & off-street parking.

There are a range of further pressures including additional security costs for Multi Storey Car Parks and Theatres of £55,000 and NNDR costs of £51,000, however, these are mitigated by savings on staffing of £136,000.

Environmental Services is reporting an underspend of £1.337million which is an improvement of £309,000 on the position reported at Round 1. The Waste Disposal services is reporting a saving of £1.029million which is essentially down to the Materials Recycling Facility (MRF) and the favourable commodity prices currently being achieved (£784,000) and the net saving in the diversion of our waste from Landfill to incineration (£129,000). These Savings have been mitigated by a net pressure in the disposal costs of our organic waste and other waste disposal (£116,000). The Waste Collection Service is forecast to realise a £138,000 saving as the recharge to parking services was not factored into the 2022/23 budget build realignments. Additional Income of £256,000 has been forecast in respect of the cross-boundary usage of Household Recycling Facilities from Kent County Council (KCC). However, it should be noted that this may be the last year we will receive this income as a new facility has been opened in Tonbridge & Malling, however discussions are ongoing with Kent County Council. There are also two unbudgeted items that have resulted in pressures; Medway Norse switching their vehicles to Hydrogenated vegetable oil fuel from 01/09/22 to reduce CO2 emissions costing £80,000 and the clearance of fly tipping at Hasted Road the initial cost of which is £62,000 although that is likely to rise as the year progresses.

Integrated transport is reporting an underspend of £239,000, which is an improvement of £149,000 on the position reported at Round 1. The Traffic Management service has forecast additional Income from Street Closures of £158,000, which have been partly offset by some essential street closure related costs of £87,000. The Medway Concessionary Fares Scheme has been renegotiated with Arriva and this has resulted in a reduction in the contract price which has contributed to an in year saving of £390,000 due to the reduced numbers of journeys being made. The subsidised bus services are forecasting a pressure of £123,000, which is due predominately to the retendering of contracts which have not been uplifted since the last tender in 2013 which have been partly mitigated by the receipt of additional central government funding and transfers from reserve. In addition, there are operational pressures around consultancy support and works at Chatham Bus station.

Regulatory Services is reporting an underspend of £325,000, which is an improvement of £111,000 from Round 1. This is largely due to increased underspends on staffing budgets due to vacant posts and increased income for the crematorium and registration services although offset by increased costs in relation to utilities and fuel.

Greenspaces is reporting a pressure of £84,000. Income generated from rents and wayleaves and grounds hire is still struggling to recover from the effects of the pandemic and there is a resulting pressure of £46,000 anticipated on utilities costs due to expected price increases in October.

Regeneration	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Medway Norse	80	0	101	101
Property & Capital Projects	317	941	1,482	541
Regeneration Delivery	32	748	742	(6)
Valuation & Asset Management	231	(2,861)	(3,027)	(165)
Economic Development	6	452	425	(28)
Skills & Employability	2	139	176	37
<b>Total</b>	<b>667</b>	<b>(581)</b>	<b>(102)</b>	<b>480</b>

The Regeneration division forecast is a net pressure of £480,000, which is an improvement of £187,000 from the position reported at Round 1.

The Medway Norse Core Contract is reporting a pressure of £100,000.

Property & Capital Projects are reporting a pressure of £541,000, which is a worsening of £225,000 from the position reported at Round 1. There are two main areas of pressure, firstly unachievable income targets which result in a pressure of £293,000 and an overspend relating to Kingsley house. The worsening of the position from Round 1 is predominately due to a revision of the utilities across the service to reflect the anticipated increase in the unit price which is to be effective from October 2022.

Valuation & Asset Management is reporting an underspend of £165,000, which is an improvement of £396,000 from the position reported at Round 1. This is comprised of:

- A £248,000 pressure relating to the Pentagon Centre where Ellandi our managing agents is reporting expenditure in excess of our current budget allocation, discussions with Ellandi around how to reduce this pressure are ongoing: and
- A £405,000 underspend relating to additional income in respect of commercial property rental and other property transactions.

## 6. Housing Revenue Account

Housing Revenue Account	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Housing Revenue Account	92	(202)	22	224
<b>Total</b>	<b>92</b>	<b>(202)</b>	<b>22</b>	<b>224</b>

The Housing Revenue Account forecast is a pressure of £224,000, which is a worsening of £132,000 from the position reported at Round 1. The movement relates to the forecast cost of void repairs. Officers are in regular discussions with Mears to resolve the increase on void repairs and have been piloting a new way of working on this from the week commencing 19th September 2022, with the intention of reducing the level of expenditure.

## 7. Business Support & Centralised Services

7.1. The Business Support Services forecast is an overspend of £1.692million, while the Centralised Services forecast is an underspend of £4.029million, bringing the overall forecast to an underspend of £2.336million. This is an improvement of £3.413million from the position reported at Round 1. The details of the forecasts in each service area are set out in the tables below.

Corporate Management	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Corporate Management	(139)	1,393	1,311	(82)
<b>Total</b>	<b>(139)</b>	<b>1,393</b>	<b>1,311</b>	<b>(82)</b>

The Corporate Management forecast is an underspend of £82,000. There are underspends of £57,000 on pension payments to Kent County Council, of £41,000 on staffing costs and additional unbudgeted income and grants of £70,000. These are offset by pressures on external audit fees and subscriptions of £18,000 and a £68,000 pressure on treasury expenses based on the outturn in previous years. The movement from Round 1 reflects that budgets for the increase in Council minimum wages to £10 per hour from April 2022 have been realigned to the cost centres where the costs have been incurred.

Finance & Business Improvement (FBI)	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Internal Audit & Counter Fraud	(28)	(1)	(34)	(33)
FBI Divisional Management Team	0	310	307	(2)
FBI - Finance	498	3,584	4,218	634
FBI - Information	(202)	1,805	1,707	(99)
FBI - Organisational Culture	253	(30)	77	107
<b>Total</b>	<b>521</b>	<b>5,669</b>	<b>6,276</b>	<b>607</b>

The FBI division is currently forecasting an overspend of £607,000, which is a worsening of the position of £86,000 from Round 1.

The Finance forecast (which includes Accountancy, Revenues, Benefits and Debt) is a pressure of £634,000, primarily driven by the Benefits Subsidy forecast. While most new claimants for benefits are now made through Universal Credit, administered by the Department for Work and Pensions (DWP), local authorities continue to administer existing Housing Benefit claims that have not been transferred to the DWP, and new applications for pensioners, temporary accommodation and specified accommodation. The government pays local authorities to administer Housing Benefit through a subsidy scheme, and while 100% subsidy is received for most ongoing benefit claims, the types of claims for which local authorities continue to administer new claims for do not attract 100% subsidy, representing a growing issue for the Council's budget. Combined with an anticipated reduction in the level of Housing Benefit Overpayments the team will be able to collect in the year due to the cost-of-living crisis, this subsidy shortfall is projected to result in a pressure of £508,000. This represents a worsening of the forecast of £98,000 compared with Round 1.

The Revenues and Welfare and Benefits Services forecast is a pressure of £73,000. There is a net pressure on staffing of £107,000 as external resources are being used to support the delivery of a range of government schemes including the energy rebate and Household Support Fund. There is also a pressure against printing budgets of £82,000. These are offset by additional income of £133,000. This reported overspend will be reduced by year end

through the use of new burdens funding or allowable administration expenditure against various grant schemes administered in the service.

Debt and Payments are forecasting a pressure of £89,000. This is due to a shortfall of income against Awarded Court Costs. The income relies on the availability of court dates and the forecast is based on the dates confirmed to date. It is unknown whether the service will be able to agree any further court dates until 2023.

The Organisational Culture forecast (which includes HR, Payroll and Council Plan service areas) is an overspend of £107,000. This is primarily driven by undeliverable income targets which across the service.

The Information forecast (which includes Technology, Customer Experience and Digital) is an underspend of £99,000 primarily driven by ICT savings and staffing savings in Customer and Business Support. However, there are pressures against Community Interpreting income budgets.

The FBI Divisional Management Team forecasts reflects that the £500,000 savings target built into the 2022/23 budget has been delivered through the restructure of the division.

The Internal Audit forecast underspend of £33,000 results from vacancy savings.

Legal & Governance	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Democratic Services	(33)	666	624	(43)
Members & Elections	48	1,701	1,790	89
Category Management	(38)	0	(49)	(49)
Legal, Land Charges & Licensing	700	2,529	3,699	1,170
<b>Total</b>	<b>677</b>	<b>4,896</b>	<b>6,064</b>	<b>1,167</b>

The divisional forecast is an overspend of £1.167million. which is a worsening of the position of £490,000 from Round 1.

Legal, Land Charges and Licensing are forecast to a pressure of £1.170million, primarily driven by a net £1.023million overspend on staffing. There are high levels of vacancies in Legal Services as recruiting and retaining permanent staff continues to be difficult, and the forecast assumes that these posts will continue to be covered by more expensive locum/agency staff throughout the financial year. There are also pressures on income from awarded court costs.

The overspend of £89,000 on Members & Elections is due to the unbudgeted cost of the Parish Community Governance Review and also £50,000 forecast spend in relation to Operation London Bridge.

The Category Management forecast is an underspend of £49,000 as pressures on income from capital projects (£30,000) and external sources (£18,000) are more than mitigated by underspends on staffing budgets of £104,000 as vacant posts are held.

Centralised Services	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
Interest & Financing	0	12,315	8,159	(4,156)
Levies	17	1,626	1,752	127
Medway Norse Profit Share	0	(578)	(578)	0
<b>Total</b>	<b>17</b>	<b>13,363</b>	<b>9,334</b>	<b>(4,029)</b>

Collectively these are forecasting an underspend of £4.029million.

Levies are forecasting a pressure of £127,000 at round 2, an increase of £110,000 compared with Round 1. Kent County Council have forecast a pressure of £100,000 on Medway's share of the cost of the Coroner's service, which was not known at Round 1. There are also minor pressures relating to Levies as the Drainage and Fisheries annual levies which are both in excess of the budget.

The Interest and Financing forecast is a pressure on interest paid in excess of £700,000 due to rising interest rates on the borrowing required to finance the currently agreed capital programme as projected to be spent in the capital monitoring. However, the underspend reported reflects that the contribution to the Minimum Revenue Provision for 2022/23 budgeted at £5million will not be necessary as the Council has overprovided in prior years.

## 8. Additional Government Support

Additional Government Support	R1 Forecast Over/(Under) £000s	Budget 2022/23 £000s	R2 Forecast £000s	R2 Forecast Over/(Under) £000s
C&A related - Holiday Activities & Food Programme	0	1,137	1,137	0
Household Support Grant	0	2,262	2,262	0
Energy Rebate Scheme (Council Tax Support for Energy Bills)	0	15,512	15,512	0
Homes for Ukraine	0	959	959	0
<b>Total</b>	<b>0</b>	<b>19,870</b>	<b>19,870</b>	<b>0</b>

All additional government support grants are currently forecast to be fully spent.

## 9. Conclusions

- 9.1. The second round of revenue budget monitoring for 2022/23 projects an overspend of £14.019million.
- 9.2. In order to bring expenditure back within the budget, the Corporate Management Team has agreed to freeze all expenditure that is not essential to the delivery of statutory services or to meet existing contractual obligations. Alongside this senior officers and Portfolio holders will continue to work on a range of measures to mitigate the forecast pressure between now and the end of the financial year.

## 10. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The Council overspends against the agreed budget.	Overspends on budget would need to be met from the Council's limited reserves.	The revenue monitoring process is designed to identify and facilitate action to mitigate the risk of overspending against the agreed budget.	AI

Likelihood	Impact:
A Very high B High C Significant D Low E Very low F Almost impossible	1 Catastrophic (Showstopper) 2 Critical 3 Marginal 4 Negligible

## 11. Financial implications

11.1. The second round of revenue budget monitoring for 2022/23 projects an overspend of £14.019million. The approved budget assumed the use of £4.853million from general reserves. Once the 2021/22 accounts are finalised, we anticipate the Council's general reserves would be around £26million. Therefore, if the Round 2 forecast materialises it would be necessary to draw down £18.872million leaving a balance of circa £7million.

## 12. Legal implications

12.1. The Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by Council. It is unlawful to set a budget that is not balanced or incur expenditure which results in the budget no longer being balanced.

12.2. Under section 114 of the Local Government Finance Act 1988, the Council's statutory Section 151 Officer, is required to produce a report, commonly known as a S114 report, "*if it appears to him that the expenditure of the authority is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.*"

12.3. The Council's Financial Procedure Rules state at Chapter 4, Part 6, the following paragraph references:

4.1 Approval by the Council of the overall revenue budget authorises the Cabinet and Chief Executive and directors to incur the expenditure in accordance with the scheme of delegation, the budget and policy framework rules and these rules.

4.4 The Chief Operating Officer shall be responsible for monitoring the Council's overall expenditure and income and for reporting to the Cabinet and Council significant variations between the approved estimates and actual expenditure.

4.6 There may be occasion in exceptional circumstances where additional expenditure is essential and therefore unavoidable. Requests for supplementary revenue estimates must be referred to Council for approval. Such referrals would only occur where proposals are incapable

of being financed from within approved budgets and where it is not possible to defer the expenditure to a later year.

12.4. The Cabinet and officers may only spend within allocated budgets. If the budget is likely to be exceeded, the Council is required to consider if it wishes revise to the revenue budget or require mitigating action to be taken.

12.5. Article 7 of the Council's constitution states:

7.2 The Cabinet (meaning the Leader and such other Members of the Council as the Leader may appoint) will carry out all the authority's functions which are not the responsibility of any other part of the Council, whether by law or under this Constitution

12.6. Officers are mandated to deliver services within agreed performance standards and agreed policies. Subject to the scheme delegation officers do not have authority to vary policies or performance standards.

12.7. If the council is not minded to agree a supplementary revenue estimate, then the Cabinet is required to operate with the approved estimate. If that necessitates revisions of policies or service standards, then unless those matters are delegated to officers, it is matter for Cabinet to determine those matters.

### 13. Recommendation

13.1. The Cabinet is asked to note the results of the second round of revenue budget monitoring for 2022/23 and instruct senior management to continue to exercise tight control to reduce expenditure within their areas and to identify a range of management actions to reduce expenditure or increase income.

### 14. Suggested reasons for decisions

14.1. The Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by Council.

### Lead officer contact

Katey Durkin, Chief Finance Officer, 01634 33 23 55, [katey.durkin@medway.gov.uk](mailto:katey.durkin@medway.gov.uk)

### Appendices

None

### Background papers

None





## **CABINET**

**15 NOVEMBER 2022**

### **CAPITAL BUDGET MONITORING – ROUND 2 2022/23**

Portfolio Holder: Councillor Alan Jarrett, Leader of the Council

Report from: Katey Durkin, Chief Finance Officer

Author: Andy McNally-Johnson, Head of Corporate Accounts

#### **Summary**

This report presents the results of the second round of the Council's capital budget monitoring process for 2022/23.

#### **1. Budget and policy framework**

- 1.1. 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). Virements below £150,000 can be approved by Directors under delegated authority. Virements between £150,000 and £1million can be approved by Cabinet and those in excess of £1million are a matter for Council.
- 1.2. 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.
- 1.3. The Cabinet is asked to accept this report as urgent to enable consideration of the matter at the earliest opportunity including the management action referenced within the report.

## 2. Background

2.1. The approved capital programme for 2022/23 and beyond is £472.202million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £715.717million. This report consolidates the second round of capital budget forecasts for 2022/23, based on returns submitted by individual budget managers during August 2022. An analysis is provided below for each service area 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.

## 3. Summary Capital Budget Position 2022/23

3.1. Table 1 below summarises the capital programme and Round 2 forecast position. Table 2 details how the approved programme will be funded.

Table 1 – Round 2 Capital Monitoring Summary

Directorate	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 2022/23	Forecast Spend in Future Years	Forecast (Under)/overspend
	£000s	£000s	£000s	£000s	£000s	£000s
Children and Adults (including Public Health)	37,412	16,564	<b>20,849</b>	15,316	6,223	<b>690</b>
Regeneration, Culture and Environment	626,856	204,260	<b>422,596</b>	145,828	276,744	<b>(24)</b>
Housing Revenue Account	47,408	19,739	<b>27,669</b>	13,207	14,463	<b>0</b>
Business Support Department	3,677	2,952	<b>724</b>	638	87	<b>0</b>
Members Priorities	363	0	<b>363</b>	25	338	<b>0</b>
<b>Total</b>	<b>715,717</b>	<b>243,515</b>	<b>472,202</b>	<b>175,013</b>	<b>297,854</b>	<b>666</b>

Table 2 – Funding The Capital Budget

Funding Source	Total	C&A	RCE	HRA	BSD	Members Priorities
	£000	£000	£000	£000	£000	£000
Capital Grants	192,980	2,328	190,650	0	1	0
Developer Contributions	3,564	2,455	1,109	0	0	0
Capital Receipts	5,544	1	4,623	9	548	363
RTB Receipts	2,906	0	0	2,906	0	0
Revenue / Reserves	8,515	0	877	7,638	0	0
Prudential Borrowing	95,430	14,891	63,248	17,116	175	0
Borrowing in lieu of Capital Receipts	121,437	0	121,437	0	0	0
Borrowing in lieu of Future Business Rates	30,304	0	30,304	0	0	0
Borrowing in lieu of Future Section 106 Contributions	1,174	1,174	0	0	0	0
Borrowing in lieu of Future NHS Grant	10,348	0	10,348	0	0	0
<b>Total</b>	<b>472,202</b>	<b>20,849</b>	<b>422,596</b>	<b>27,669</b>	<b>724</b>	<b>363</b>

#### 4. Children and Adults

4.1. The Children and Adults programme is forecast to overspend by £690,000.

SERVICE	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 2022/23	Forecast Spend in Future Years	Total Scheme Variance
	£000s	£000s	£'000	£'000	£'000	£'000
Basic Needs - Primary	3,223	916	2,307	1,377	1,588	659
Basic Needs - Secondary	2,166	844	1,322	706	647	31
Commissioning	824	817	7	1	5	0
School Condition Programme	6,096	4,512	1,584	1,396	187	0
Schools Devolved Capital	1,327	1,190	137	0	137	0
Basic Needs - SEND	20,799	6,862	13,937	11,833	2,104	0
Children's Social Care	1,654	100	1,554	0	1,554	0
Adult Social Care	1,324	1,322	2	2	0	0
<b>Children and Adult Services Total</b>	<b>37,412</b>	<b>16,564</b>	<b>20,849</b>	<b>15,316</b>	<b>6,223</b>	<b>690</b>

Basic Needs – Primary	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	3,223	916	2,307	1,377	1,588	659

The purpose of the schemes within this area are to provide additional primary school places at both Hundred of Hoo and Wayfield Primary Schools.

Hundred of Hoo 1fe Primary Expansion (Remaining Budget £2.016m), project to expand Hundred of Hoo primary to 2 Form Entry (FE). Project has Planning Permission and has been tendered and approved at procurement board. Start on site October 2022, with completion expected Sept 2023. Project budget approved at Procurement Board following tender is £2,757,764 (available funding is £2.1m). The increased costs are due to supply chain, labour costs, cost of materials, some design changes due to Health and Safety Executive (HSE) and gas network provider, SGN directives over the High-Pressure Gas main through the site, together with some planning conditions around parking. The funding gap in future years will be met from the basic need grant 2023-24, there is enough in the existing budget to cover 22/23 spend. Therefore, overspend will be rectified in 2023-24 from the grant funding to meet the full costs of the project.

Wayfield Primary Expansion (Remaining Budget £291k), Project to provide additional capacity to enable the bulge classes taken in recent years. Project started on site in June 2022 with completion in September 2022. All spend expected in current financial year.

**Funding** - the above schemes are funded by way of a mixture of Section 106 Developer Contributions (both received and borrowing in lieu of receipt) and prudential borrowing. The tender approved by the Procurement Board for Hundred of Hoo is £658k above the approved budget for this scheme, and therefore the service will need to request a further addition to the budget to cover this, which as indicated above will be funded from a new Basic Need Grant allocation. Should anticipated section 106 contributions not materialise, then in the absence of any further funding streams such as Basic Needs Grant, the borrowing in lieu would need to be converted to prudential borrowing, which in turn would incur costs for the service going forward.

**Budgetary Forecast** - there is a projected overspend within this area of £659k as detailed above. It is estimated that there will be a spend of just over £1k relating to Halling Primary Expansion (£975) and The Rowans Primary Support (£155), for which for which the following funding sources have been identified, those being Basic Needs Grant for Halling Primary Expansion and a Section 106 Contribution (Land South Side Lower Rainham Road MC/20/1800 - monies have been received) for The Rowans Primary Support. As per the Round 1 monitoring report presented to Cabinet on 23 August 2022, it was requested that Council approve the above additions to the capital programme at its meeting of 10 November 2022. The projected overspend at Hundred of Hoo Primary can be met from the basic need grant 2023-24. The service presented the Annual Review of School Places report to Cabinet on October 2022 requesting they support the strategy, with individual schemes being brought forward to Cabinet and Council seeking approval to be added to the Capital Programme in due course, of which this overspend will be one.

Basic Needs – Secondary	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	2,166	844	1,322	706	647	31

The purpose of the schemes within this area are to provide additional secondary school places at Robert Napier School , Hoo and Greenacre Academies.

- Robert Napier Bulge (Remaining Budget £0), the project to provide sufficient capacity at the school to cater for the additional pupils the school has taken in recent years is complete on site. Overspend to be covered from s106 funding as agreed during Round 1 has slightly reduced since R2 due to review of capital commitments and identifying that some of these had already been paid.
- Hoo Academy Dining and Changing Rooms (Remaining Budget £1.239million), the scheme to provide additional dining and changing room facilities to enable the school to admit additional pupils,

both recent and immediate future, to be catered for has been delayed due to changes requested by the school. It is now planned for this to go to Procurement Board in December with contractors starting on site in January/February 2023 and extend into 2023/24.

- Greenacre Extra Class Spaces (Remaining Budget £83,000), this project to create additional classroom space to enable the school to admit additional pupils as well as enable the full curriculum offered to be delivered to recent additional pupils admitted in bulge classes is now substantially complete, last remaining invoices due within this financial year.

**Funding:** the above schemes are funded by way of a mixture of Section 106 Developer Contributions (both received and borrowing in lieu of receipt) and prudential borrowing. It is anticipated that both schemes with the exception of Robert Napier (see below) will be completed on budget. Should anticipated section 106 contributions not materialise, then in the absence of any further funding streams such as Basic Needs Grant, the borrowing in lieu would need to be converted to prudential borrowing, which in turn would incur costs for the service going forward.

**Budgetary Forecast:** there is a projected spend of just over £31,000 relating to Robert Napier bulge works within this area for which a funding source has been identified, that being a Section 106 Contribution (Berengrave Nursery MC/17/3687) for which the monies have been received. As per the Round 1 monitoring report presented to Cabinet on 23 August 2022, it was requested that Council approve the above additions to the capital programme at its meeting of 10 November 2022.

Commissioning	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	824	817	7	1	6	0

The purpose of the schemes within this area are to develop and improve the overnight short breaks in residential buildings to ensure a better service is received for children with disabilities (under the banner Aiming Higher for Children with Disabilities) as well as the refurbishment of the Elaine Centre to enable the Leaving Care Team to take up occupancy.

- Aiming Higher for Children with Disabilities (Remaining Budget £6,000), this budget is fully committed and awaiting the final invoices.
- Elaine Centre Refurbishment (Remaining Budget £1,000), final invoices are being paid on this scheme.

**Funding:** the above schemes are funded by way of a mixture of Government Grant (Aiming Higher) and Capital Receipts (Elaine Centre).

**Budgetary Forecast:** it is estimated that the schemes will be completed within the allocated budget.

Condition Programme	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	6,096	4,512	1,584	1,396	187	0

The condition programme is a combination of planned and reactive works within Medway schools funded by way of 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 £18,000), this is a holding code for the condition programme until projects are identified and funding re-allocated.
- Condition Programme – Boilers (Remaining Budget £211,000), the budget will be fully utilised with works at Fairview Primary, Luton Primary and St Helen's Infants. It is anticipated that the budget will be fully utilised with boiler and heating works. Projects at Fairview and Luton Primaries were completed during the summer holidays. Supply chain issues delayed the work at St Helens but this

Condition Programme	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	6,096	4,512	1,584	1,396	187	0

is expected to be completed during the October half term. Any additional spend on school heating will be funded from elsewhere within the suite of condition programme projects.

- Condition Programme – Roofing (Remaining Budget £758,000), works that were started in the previous financial year at Swingate and Fairview have now been completed. Works totalling approx. £250,000 are progressing at Crest Infants and St Peters Infants and are expected to complete before December 2022 but are encountering supply chain issues. No other significant roof works have been identified however this programme contains an element of reactive work. The current forecast underspend will be spent on either roofing or on other condition works during the current financial year.
- Condition Programme – Electrical (Remaining Budget £0), projects within condition programme to ensure electrical safety and compliance; no projects planned for this year and so no spend expected.
- Condition Programme – Water Management (Remaining Budget £118,000), this project within the condition programme relates to safe water management and drainage issues. This is generally a reactive budget. Works on the underground leak at Luton Primary were completed in October 2022. Any unspent budget will be utilised elsewhere within the overall condition programme suite and so we are forecast to spend to budget
- Condition Programme – Fire Risk (Remaining Budget £187,000), projects at various schools within the condition programme to ensure compliance with fire regulations. Fire risk assessments are being conducted at approximately 20 schools. The cost of these surveys, and any works identified by them will be met from this budget. It is currently expected that this will spend to budget in 2023/24.
- Condition Programme – Other (Remaining Budget £147,000), projects at various schools within the condition programme which falls outside the other elements of the condition programme, which includes, windows and doors, ground works, flooring, etc. This will be spent as, and when, issues arise and is forecast to spend up to budget in this financial year.
- Condition Programme - Security(Remaining Budget £145,000), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms, and CCTV etc. No large projects have been identified and this budget will be spent on numerous small projects as the need becomes apparent. The budget will be reviewed regularly and any potential underspend used to fund other parts of the condition programme as required.

**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.

Schools Devolved Capital	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	1,327	1,190	137	0	137	0

This scheme accounts for Schools own capital funds provided by the Department for Education, via 'Education 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, they 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.

Basic Needs – SEND	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	20,799	6,862	13,937	11,833	2,104	0

The purpose of the schemes within this area are to provide additional SEND school places within Medway including Bradfields Academy and Abbey Court School.

- High Needs Special Places Provision (Remaining Budget £600,000), the spend forecast for this year is to complete the works carried over at Rivermead. The remainder of the budget relates to our contribution to the free school on the former Cornwallis site. This is not expected until 2024/25.
- SEND New Places Scheme (Remaining Budget £1.908million), projects to provide SEND resourced provision in mainstream schools. Projects completed to date within this programme have resulted in 56 additional places so far at three locations at Featherby (22 places), Warren Wood (10 places) and Bligh (24places), schools now open and admitting pupils. A further project at Strood academy is progressing to provide for up to 32 additional pupils. The available funding will be utilised at Strood over this and next financial year. The Strood project is currently at planning stage with start on site expected for March 2023.
- Bradfields Additional Places (Remaining Budget £2.861million), project to expand Bradfields to enable 100 additional pupils. Works were completed in September 2022. All spend expected in current financial year.
- Abbey Court Phase 2 (Remaining Budget £8.568million), project to expand and relocate Abbey Court secondary provision and providing 56 additional places. The project is on site with completion now expected during November 2022 due to supply chain issues. It is still expected to be ready to accept pupils from January 2023. All the spend is expected in the current financial year and the scheme is forecasting to budget.

**Funding:** the above schemes are funded by way of Government Grants (High Needs Special Places Provision), with the remainder by way of prudential borrowing.

**Budgetary Forecast:** it is estimated that the schemes within the individual schools will be completed within the allocated budgets.

Children's Social Care	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	1,654	100	1,554	0	1,554	0

The purpose of the scheme within this area 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 £1.554m), this scheme is for the creation of an assessment centre to reduce placement costs and provide support for children returning home. Ofsted approval was obtained in February resulting in the assessment unit being fully functional and overnight stays have commenced. Phase 2 of the project i.e., the conversion of suitable Council properties or the acquisition of new properties, has been temporarily suspended, and the service is considering options to allocate the available resources and therefore the forecast assumes the budget will be fully spent in future years.

**Funding:** the above scheme is funded by way of prudential borrowing.

**Budgetary Forecast:** it is estimated that once phase 2 has been completed the above scheme will fully expend the allocated budget.

Adult Social Care	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	1,324	1,322	2	2	0	0

The purpose of the scheme within this area is to implement a new Electronic Social Care Records System to record information about families.

- Integrated Care Management System (Remaining Budget £2,000), the Adult Social Care charging reforms require LAs to introduce a technical solution in order to monitor how much each person receiving care and support pays towards their care. Whilst there is funding from central government to support the development and implementation of this tool, we currently do not know whether this will be sufficient, and we are therefore committing this budget to support the reforms by using it towards integration costs.

**Funding:** the above scheme is funded by way of a government grant.

**Budgetary Forecast:** it is estimated that the above scheme will be completed in the current financial year within the allocated budget.



## 5. Regeneration, Culture and Environment

5.1. The Regeneration, Culture and Environment programme is forecast to underspend by £24,000.

Service	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 2022/23	Forecast Spend in Future Years	Total Scheme Variance
	£000	£000	£000	£000	£000	£000
FLS - Environmental Services	9,221	6,703	2,518	2,518	0	0
FLS - Highways	83,759	68,863	14,896	9,893	5,003	0
FLS - Integrated Transport	18,263	17,612	651	651	0	0
FLS - Other Front Line Services	13,740	11,811	1,929	931	997	0
<b>Front Line Services</b>	<b>124,983</b>	<b>104,989</b>	<b>19,994</b>	<b>13,994</b>	<b>6,000</b>	<b>0</b>
<b>Housing Infrastructure Fund</b>	<b>170,529</b>	<b>11,232</b>	<b>159,297</b>	<b>8,051</b>	<b>151,246</b>	<b>0</b>
<b>Culture &amp; Community</b>	<b>27,938</b>	<b>3,732</b>	<b>24,206</b>	<b>2,081</b>	<b>22,125</b>	<b>0</b>
Regeneration - Corporate Property	15,434	6,913	8,521	6,248	2,249	(24)
Regeneration - Future High Streets Fund	9,534	859	8,675	4,046	4,629	0
Regeneration - Green Spaces	1,655	841	814	727	87	0
Regeneration - Innovation Park Medway	61,067	17,784	43,283	18,962	24,321	0
Regeneration - Medway Development Company	125,169	29,574	95,595	82,714	12,881	0
Regeneration - Other	91,860	28,335	63,525	9,007	54,518	0
<b>Regeneration</b>	<b>304,720</b>	<b>84,307</b>	<b>220,413</b>	<b>121,703</b>	<b>98,686</b>	<b>(24)</b>
<b>Regeneration, Culture and Environment Total</b>	<b>628,170</b>	<b>204,260</b>	<b>423,911</b>	<b>145,828</b>	<b>278,058</b>	<b>(24)</b>

FLS – Environmental Services	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	9,221	6,703	2,518	2,518	0	0

The schemes within this area are the HWRC Civic Amenity Sites Improvements, the purpose of which is to undertake HWRC Civic amenities infrastructure works, traffic management at the main entrances, allow vehicles to exit, Automatic vehicle barrier and the Operational Depot Site which is to acquire an operational depot site.

- HWRC Civic Amenity Sites Improvements (Remaining Budget £3,000), the remainder of this budget is due to be spent within the next couple of months on drainage surface repairs at Capstone HWRC. This will be the end of the project.
- Operational Depot Site (Remaining Budget £2.516million), due to significant delays with the Utility services UK Power Networks and Southern Water, the likely completion date is October 2022. The

hope is to have a final account agreed within 6 months of this date. We are hopeful through negotiation this project will be delivered to budget.

**Funding:** the above schemes are funded by way of a mixture of capital receipts (HWRC Civic Amenity Sites Improvements) and prudential borrowing (Operational Depot Site).

**Budgetary Forecast:** it is anticipated at the current time that the schemes will complete within the approved budget, but should this change, officers will report back with funding options.

Front Line Services – Highways	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	83,759	68,863	14,896	9,893	5,003	0

The purpose of the schemes within this area are to ensure highways within Medway are in a good condition and includes the following schemes:

- LED Lantern Replacement Scheme (Remaining Budget £3.541million), The LED scheme is split into two parts:
  - a) The main LED Conversion scheme which has approximately 500 lanterns left to complete by October 2022; and
  - b) Through the HIC, 1254 (non-standard/conservation style lanterns) with expected completion of March 2023.
 It is expected that this scheme will be complete by the end of this financial year.
- Motorway Signage (Remaining Budget £60,000), the original project design will not proceed. Officers are currently reviewing the options available for a scheme therefore nothing is forecast to be spent in the current financial year.
- Potholes (Remaining Budget £1.879million), Stoke Bridge out to consultant for a package of design and build, to be built in current financial year. Annual resurfacing programme commenced and to be completed in year, total area of resurfacing 25,745m<sup>2</sup>. Annual large patching programme due to commence in September 2022 and to be completed in year.
- Medway Tunnel (Remaining Budget £6.013million), general maintenance on track to deliver scheduled annual maintenance, inspections and any minor repairs Challenge Fund and Council match funding Following withdrawal of Volker as the main contractor to deliver scheme, measures put in place to go out to tender this fiscal year however subject to arranging governance structure for potential project team. Anticipated works to commence in 2023/24 fiscal year and completion still earmarked for 2024/25.
- Horsted Gyrotory & Ped Imps (Remaining Budget £65,000), it is anticipated that a controlled crossing design will be completed this year, subject to this design process. The final cost of the scheme will not be known until the design process is complete. It is not anticipated that any of the S106 funding will be repaid to the developer as this will use up the remaining budget.
- Design & Resurfacing (Remaining Budget £1.510million), carriageway and footpath resurfacing towards the annual resurfacing programme. Total highway resurfacing 6,832m<sup>2</sup> over 6 sites started in May 2022. Total footway resurfacing 7,770m<sup>2</sup> over 9 sites started in April 2022. Also includes the Cyclic Road marking programme (3 wards). All progressing according to the programme.
- Street Furniture (Remaining Budget £280,000), on track to deliver. No issues to report currently.
- Structures & Tunnels (Remaining Budget £304,000), on track to deliver all necessary annual highways structures inspections. These include 25 Principal Inspections and 121 General inspections.
- Highways Maintenance LTP3 (Remaining Budget £1.246million), Stoke bridge structures project to be completed in year. Annual Highway Drainage Improvement works, Annual Street Lighting replacement of Red Columns and Lit Signs. Annual Footway resurfacing programme to be completed in year. 4,033m<sup>2</sup> to be resurfaced. Annual crash barrier replacement of sections below service standards.

**Funding:** the above schemes are funded by way of a mixture of capital grants (Potholes, Medway Tunnel [part] and Highways Maintenance LTP3); section 106 contributions (Horsted Gyratory & Ped Imps); capital receipts (Motorway Signage, Medway Tunnel [part], Design & Resurfacing [part], Street Furniture and Structures & Tunnels); reserves (Design & Resurfacing [part]); and prudential borrowing (LED Lantern Replacement Scheme).

**Budgetary Forecast:** it is anticipated at the current time that the schemes will complete within the approved budget.

Front Line Services – Integrated Transport	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	18,263	17,612	651	651	0	0

The purpose of the schemes within this area are to facilitate Medway’s Integrated Transport Strategy and includes the following schemes:

- Controlled Parking Zones (Remaining Budget £28,000), this budget is used for the controlled parking design and implementation on Rochester Riverside with spend being aligned with the delivery of housing on the site.
- Integrated Transport LTP3 (Remaining Budget £623,000), the virement to Medway City Estate slip road project has been approved and completed. Any essential schemes during the current year may be funded from next year’s allocation, which has already been confirmed by DfT as part of a three-year settlement. None identified in this round of monitoring to report on.

**Funding:** the above schemes are funded by way of a mixture of Government Grant Integrated Transport LTP3 [part]; and Section 106 Developer Contributions (Controlled Parking Zones and Integrated Transport LTP3 [part]).

**Budgetary Forecast:** it is anticipated at the current time that the schemes will complete within the approved budget.

Other Front Line Services	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	13,740	11,811	1,929	931	997	0

The purpose of the schemes within this area are as follows:

- England Coast Path Super Steps (Remaining Budget £35,000), four sets of concrete steps are to be constructed. Two sets were completed in 2021/22 and then the contractor was unable to complete the works. A new contractor is now completing the final two sets of steps, which has resulted in an increase in costs and Natural England have increased their grant offer to cover these additional costs of £20,000, which was added to the budget by the Chief operating Officer in consultation with the Finance Portfolio Holder under delegated authority in round 1. The grant claim was submitted by 1 September 2022.
- England Coast Path Grain – Rainham (Remaining Budget £4,000), the works have been completed and a grant claim will be submitted to Natural England before the next round of monitoring.
- CCTV (Remaining Budget £117,000), the allocation for 22/23 includes the spend from Strood and Twydall, which has now been completed. Presently, we have 20 red “RAG-rated” cameras that are nearing end of life. We propose immediate action in the short term to replace 14 with HD upgrades and decommission 2 of them. This leaves 4 red-RAG rated cameras, 3 of which require power reinstatement (which will require further investigation) and a camera in one of the Council car parks that requires an HD upgrade. The remainder are amber “RAG-rated”, of which there are 19 in total – one of which will be decommissioned. Over the coming weeks, we will be working with colleagues

at Kyndi on a programme of works (up to March 2024) to utilise the remainder of the capital budget carefully to achieve value for money. In parallel, we will plan ahead for 24/25 and beyond to inform future Council budget planning.

- New Pay And Display Machines (Remaining Budget £94,000), this budget will part fund the installation of new machines at three car parks in Rochester along with the installation of the ANPR barrier infrastructure. The remaining funding requirement estimated at £44,000 will be met from the revenue Transformation budget. The planning phase is well under way with work due to commence in October 2022.
- Bereavement Path Repairs (Remaining Budget £250,000), preparatory works have been carried out and the work is planned to take place during 2023/24.
- Active Travel (Remaining Budget £717,000), of the primary schemes initially identified, only one (Four Elms Hill) is ready for construction, Further schemes will be identified and progressed in 2023/24.
- Strood Town Centre (Remaining Budget £75,000), scheme completed; remaining budget to address any residual issues during the year.
- Medway City Est Connectivity (Remaining Budget £109,000), the final cost of the scheme in 2022/23 remains estimated at £636,610. This includes Highways Design Fees, Stage 3 Road Safety Auditing, remaining payments to utility companies, the reinstallation of a traffic camera, completion of the Anthonys Way east lighting works including ducting, connections and disconnection & removal of old columns, and the reinstallation of tunnel matrix sign on new posts with ducting for comms and power.

**Funding:** The schemes above are funded from a mixture of Capital Grants (England Coast Path Super Steps, England Coast Path Grain – Rainham, Active Travel, Strood Town Centre and Medway City Est Connectivity); Capital Receipts (CCTV and Bereavement Path Repairs) and Borrowing in Lieu of Capital Receipts (New Pay and Display Machines).

**Budgetary Forecast:** it is anticipated at the current time that the schemes will complete within the approved budget.

Housing Infrastructure Fund	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	170,529	11,232	159,297	8,051	151,246	0

The purpose of the Future Hoo Housing Infrastructure Fund programme is to deliver infrastructure on the Hoo Peninsula to facilitate the creation of a new sustainable community. The infrastructure programmes are as follows:

- HIF Project Delivery (Remaining Budget £4.834million)
- HIF Rail (Remaining Budget £59.674million)
- HIF Highways (Remaining Budget £81.104million)
- HIF Strategic Environmental Management Scheme (Remaining Budget £13.602million)
- HIF Preliminary Costs (Remaining Budget £83,000)

Since the start of the year the HIF team has made significant progress on the delivery of the road, rail and environmental elements of the £170m Future Hoo project, which will benefit Hoo, and the whole of Medway. This can be seen in:-

- Phase 1 of SEMS (Cockham Community Parkland) obtaining planning permission.
- Phase 2a (Hoo Wetland Reserve) and Phase 2b (Lodge Hill Countryside Site) of SEMS completing detailed consultation.
- Rail achieving GRIP 3 design freeze.
- Two major public consultations have been carried out to inform the highways and rail programmes.
- Negotiations have been opened with every freeholder and relevant interested party affected by the Future Hoo programme.

- Design freeze having been reached for the road and rail interventions to enable environmental and transport assessments to be carried out.
- Formation and implementation of a revised planning strategy to address the development of the Local Plan.
- A 9-week public consultation by Planning, on the Hoo Development Framework which sets the context of the HIF work.

Inflation and interest rates are rising, and the economy is under significant pressure. As a result, the cost of Government borrowing is increasing, and the public finances will inevitably come under greater pressure. In line with other Housing Infrastructure Funding (HIF) projects across the country, we are reviewing the timeline and capital budgets. As a result, we are in discussions with Homes England, our project partner, and remain committed to delivering this important project.

In the meantime, the HIF team continue to make progress and will only commit to costs that can be funded within the agreed grant allocation. There continues to be regular engagement with Homes England to ensure that the scheme can be delivered and remains affordable. The HIF grant scheme in common with other grant funded programmes contains the ability for the funder to reclaim funds expended to date should significant delivery issues arise which cannot be resolved to the satisfaction of both parties; however we are confident that Homes England shares our commitment to delivering this scheme and that we will reach a mutually acceptable resolution to the issues created by the current economic climate.

**Funding:** the above schemes are funded by way of Government Grants.

**Budgetary Forecast:** it is estimated that the schemes will be completed within the allocated funding.

Culture & Community	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	27,938	3,732	24,206	2,081	22,125	0

The schemes within this service area are as follows:

- World Heritage Site & GLHP (Remaining Budget £31,000), finance forecast based on Round 1 - no response received from service.
- Lordswood Community Hub (Remaining Budget £250,000), the budget for this project is 250,000, though Service managers have asked for an increase (extra £115,000) to achieve further goals in the scheme. This will go to full Council in November 2022 for a decision. Alongside this the Service is working with a team of Architects to achieve the necessary documents to go out to tender in September. Following an update from the Capital Projects Team, the timescales for this project have slightly altered. The team are now looking to start works in the new year and complete the project early budget year 2023/24.
- EH LMA - Environmental Mon (Remaining Budget £284,000), conservation works to all three sites are ongoing. Works at Rochester Castle will include restoration of the outer piers on the fence on Castle View and the widening of the gate at the entrance on Epaul Lane. Initial works have been taking place at Upnor Castle including works to the clock tower, damp on the water bastion walls and the restoration of the storm poles. Estimated spend for this year is £80,000.
- Guildhall Museum Refurbishment (Remaining Budget £10,000), works on new Dickens Gallery have been completed and the gallery is open and operational. Remaining capital budget to be used to make small improvements to the introduction gallery at the museum – in terms of increased information for visitors and display cabinets.
- Splashes Replacement Scheme (Remaining Budget £16.866m), planning permission granted July 2022. Works tendered. Splashes Member Group met on September 6th to advise next steps for project.
- 3G Pitch (Remaining Budget £49,000), pitch was completed and opened in Sept 2021. Works to main pavilion still delayed due to issues with new gas supply. Completion now not due until December 2022.

- Central Theatre Sound System (Remaining Budget £95,000), the service is in the procurement stage, currently working with Category Management to arrange supplier set up, installation and purchase of the system. Expecting full budget to be spent by the end of the current year.
- Brook Theatre Refurbishment (Remaining Budget £6.622m), RIBA stages 1- 4 will be completed and works tendered in February 2023. works to commence May 2023 and completed July 2023. the programme may be impacted by structural repairs required prior to refurb. further investigations are being carried out in order to ascertain repairs and costs. this may be subject to a capital additions request.

**Funding:** the above schemes are funded by way of Government Grants (World Heritage Site & GLHP [part], EH LMA - Environmental Mon [part]) and Brook Theatre Refurbishment [part]; Capital Receipts (EH LMA - Environmental Mon [part], Guildhall Museum Refurbishment and Central Theatre Sound System); Reserves (World Heritage Site & GLHP [part], Lordswood Community Hub and Brook Theatre Refurbishment [part] with the remainder by way of prudential borrowing (Splashes Replacement Scheme and 3G Pitch).

**Budgetary Forecast:** it is estimated that the schemes within this service area will be completed within the allocated budgets.

Regeneration – Corporate Property	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	15,434	6,913	8,521	6,248	2,249	(24)

The schemes within this service area are as follows:

- Building Maintenance (Remaining Budget £10,000), Elaine Centre works are almost completed. Client is deciding on what the remaining money will be spent on. All remaining budget on this cost centre will be used for that project
- Civic Centre Decant (Remaining Budget £24,000), access controls have been ordered for the basement in gun wharf and works were completed by end July 2022.
- Pentagon: Future Capital Works (Remaining Budget £4.924m), £1.5m for Wilko Capital and rest spent over 2 years on first floor.
- Climate Change Emergency Refit Ph1 (Remaining Budget £2.514m), phase one will be completed during the third quarter of 2022/23. Phase 2 is being scoped and will be delivered in 2023/24. Gun Wharf Building Works (Remaining Budget £1.050m), works for transformers are being priced and phase one will be completed in 2022/23, phase two to be completed 2023/24. Lift replacements are also planned, with one being replaced this year and one next year, with a third being replaced should funds allow.

**Funding:** the above schemes are funded from Capital Receipts (Building Maintenance and Gun Wharf Building Works); Reserves (Civic Centre Decant) and the remainder by way of Prudential Borrowing (Pentagon: Future Capital Works and Climate Change Emergency Refit Phase 1).

**Budgetary Forecast:** it is estimated that the schemes within this service area will be completed within the allocated budgets; however there is an underspend showing for Civic Centre Decant (£24,000).

Regeneration – Future High Streets Fund	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	9,534	859	8,675	4,046	4,629	0

The purpose of the schemes within this area are to assist in the regeneration of the centre of Chatham utilising the Future High Streets Fund award. The schemes are as follows:

- FHSF - Pentagon Centre Trans (Remaining Budget £256,000), Full budget to be spent this year, subject to NHS deal being finalised. NHS agreement is key to deliver Healthy Living Centre within funding timelines both for the NHS funding and Future High Street fund. This funding will be spent on Medway's responsibility to design the scheme to RIBA 4. Design team has been appointed and a contractor will be appointed by October 22 to input into design.
- FHSF - Brook Theatre (Remaining Budget £282,000), spend is in line with funding body profiling. Phase 1 specialist and intrusive surveys are being undertaken. Phase 2 surveys will be required to undertake intrusive surveys throughout the building to assess the structural integrity and any necessary works. The structural surveys will be funded separately (Phase 1 via BMF) as this is outside of the scope of the FHSF. Project currently on programme, with tender for contractors due March 2023.
- FHSF - Innovation Hub Medway (Remaining Budget £1.690million), third party operators appointed in September 2022. Operators will input into overall scheme design. Tenders for the contractors will go live in Jan 2023. 9 month build programme.
- FHSF - St Johns Church (Remaining Budget £981,000), funding agreement between the council and the Diocese now signed, project to progress to be completed March 24. Design team has been appointed. Diocese has been successful with its first round of Heritage Lottery Fund application to provide match funding.
- FHSF - Property Acquisition & Delivery (Remaining Budget £2.318million), former Debenhams building has been acquired, initial surveys have been undertaken. Tender exercise for multi discipline design team will be carried out in October 2023. The ground floor will be prioritised for delivery as it is a funding output for the grant money. An Expression of Interest for the ground floor will go live this year, with an operator planned to be appointed early new year 2023.
- FHSF - Paddock & Public Realm (Remaining Budget £2.349million), Contractor to be appointed Nov 2022. Construction programme 2022/23
- FHSF - Project Management (Remaining Budget £800,000), Internal Project Management fees for FHSF.

**Funding:** the above schemes are funded by way of a government grant.

**Budgetary Forecast:** it is anticipated that the above schemes will be completed within the allocated budget.

Regeneration – Green Spaces	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	1,655	841	814	727	87	0

The purpose of the schemes within this area are to improve green spaces throughout Medway. The schemes are as follows:

- Horsted Valley - Environmental Enhancements (Remaining Budget £25,000), small spends on signage currently. Delay with Football Foundation grass pitch pilot, estimate of autumn on hearing the way forward with the pilot programme as this will determine rest of spends which is due to be spent on pitch improvements. Still aiming for completion this financial year but does depend on the pilot.
- The Vines - Site Improvements (Remaining Budget £1,000), Vines footpath improvement tender has been awarded and works were completed at the end of August 2022.
- Rainham Play (Remaining Budget £62,000), Cherry Trees Play Area tender budget was increased to £40,000 to allow for increase in construction costs. Tenders received but currently delayed as still awaiting information from Southern Water re weight limits and construction depths due to strategic tanks lying beneath the play area. This has been chased. Still aiming for play area construction in 2022/23 but access improvements with remaining money may be delayed until 2023/24 due to Southern Water delay and officer leaving the team.

- Hook Meadow Works (Remaining Budget £44,000), checked for update with Capital Projects team on community hub scheme. They are out to tender for feasibility study so hoping to get update on timescales so we know about play area. Estimate still 2023/24 for play area improvements.
- Berengrave Nature Reserve Ecological Improvements (Remaining Budget £106,000), tender issued for access improvements to Berengrave Local Nature Reserve and currently evaluating returns with input from structural engineer. Tenders are within budget. Estimate of works starting on site autumn 2022 with project completion this financial year.
- Jackson's Field & Victoria Gardens Green Spaces Project (Remaining Budget £76,000), footpath improvements were completed at the end of August 2022. The remainder of the funds will be spent on improvements to the play area in Victoria Gardens. Aiming for this project to be completed this financial year.
- Eastgate House Gardens Improvements (Remaining Budget £16,000), spend so far has been on a conditions survey of the Dawber garden structure in the gardens, CCTV cameras and an options study for the Dickens Chalet in Eastgate House gardens. Repairs to the fencing and the pond will follow on later this year. The quote for these works is currently being updated and we are awaiting an indication from the contractor as to when works can take place - ideally this would be over the winter but this is not yet confirmed.
- Copperfields Open Space (Remaining Budget £1,000), majority of project was completed in 2018/19 with improvements to Copperfields Open Space with s106 funding. There is a small balance remaining, currently considering options for spending last remaining budget.
- Jackson's Field & Borstal Recreation Ground Green Spaces Improvements (Remaining Budget £24,000), footpath improvements were complete end of August 2022. Remaining funds will be spent on Borstal Rec improvements in consultation with the Friends group. Still aiming for project to be completed this financial year and within budget.
- Play Parks Refurbishment (Remaining Budget £270,000, all 2021/22 play area refurbishments completed in June 2022, along with opening event with pre-school and Councillor Doe at Crestway. Following May 2022 Procurement Board approval, tender issued and evaluation completed in July 2022. Departmental Management Team (DMT) approved to move to Gateway 3 Procurement (GW3) in July 2022. Currently delayed with Category Management and was aiming for September 2022 Procurement Board for GW3 approval so play company can be appointed in September 2022. Project has been delayed as a result so consultation will be October/November 2022 and still aiming for works to be on the ground in Spring 2023. Project is still within budget.
- Northcote Recreation Ground & Rede Common (Remaining Budget £17,000), improvements at Northcote Rec carried out last financial year. Remainder of budget is being spent on access improvements to Rede Common in consultation with Friends group. Tender awarded and works to begin on ground end of August 2022 with completion October 2022. Still on track for completion this financial year.
- Cliffe Woods Recreation Ground Improvements (Remaining Budget £2,000), s106 project to improve Cliffe Woods Recreation Ground. Play area improvements and new footpath installed in 2021. Order just raised for remaining budget for access improvements and work should be completed autumn 2022. Still on track for completion this financial year.
- Balmoral Gardens Improvements (Remaining Budget £12,000), Tender issued for safety surfacing improvements but further vandalism to play equipment has caused damage beyond available budget. Project is currently on hold until can agree best option with Medway Norse re vandalism. Still aiming for project completion this financial year.
- Great Lines Footpath Improvements (Remaining Budget £59,000), tender issued for footpath improvements at Great Lines but due to staff sickness in Category Management. This delayed clarifications with the tenders so have now missed with window for construction during school summer holidays. Currently reviewing options with Category Management and if footpaths can be phased over rest of financial year. Construction costs continue to increase and it is likely that this project will have to be topped up with revenue to make up the shortfall, unless more s106 is received in the meantime.
- Capstone Park S106 Improvements (Remaining Budget £99,000), car park improvements now complete, snagging in progress. Awaiting payment to go through (£60,000) shortly. Remainder will be spent on various improvements to the country park next financial year (£39,000).



**Funding:** the above schemes are funded by way of Section 106 Developer Contributions except Rainham Play, Play Parks Refurbishment [part], which are funded from Capital Receipts and The Vines - Site Improvements and Play Parks Refurbishment [part] which are funded from Prudential Borrowing.

**Budgetary Forecast:** it is anticipated that the above schemes will be completed within the allocated budget.

Regeneration – Innovation Park Medway	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	61,067	17,784	43,283	18,962	24,321	0

The purpose of the schemes within this area are create the infrastructure at the Innovation. The schemes are as follows:

- Innovation Park Medway (IPM) Phase 1 & 2 Public Realm (Remaining Budget £10.363million), The project is due to be complete in March 2023, if there is a delay some spend will fall into future years forecast but at the moment the project is on target to complete on time to deliver the IPM north infrastructure and public realm, including utilities, drainage, lighting and roads etc.
- Phase 2 Infrastructure (Remaining Budget £3.708million), the project is due to be complete in March 2023, if there is a delay some spend will fall into future years forecast but at the moment the project is on target to complete on time to deliver the IPM north infrastructure and public realm, including utilities, drainage, lighting and roads etc.
- IPM Highway Infrastructure (Remaining Budget £11.275million), £2.6m within this cost code is for Highways Mitigation to make road networks improvements in line with National Highways requirements. This is dependent on how much of the site is occupied and when. £7m for multistorey carpark which will come forward in line with the Gateway Building and expected to be complete by March 2025.
- IPM Project Capitalised Interest (Remaining Budget £1.250million)
- IPM - 6 Storey Building (Remaining Budget £13.796million), RIBA Stage 2 design complete, RIBA Stage 3 commenced. Project will pause at the end of August whilst we await for confirmation of the Levelling Up Fund Decision (LUF) decision by December 2022. If successful with LUF the project will proceed to RIBA 4 and continue through to construction. If not successful the Leader will review the position. Additional funding is required as costs of construction have increased and the current budget does not cover the increased costs. The LUF bid includes the current budget as match.
- Innovation Park Medway (Remaining Budget £696,000), subject to Leader approval on works to be undertaken at Rochester Airport.
- IPM Enabling Works (Remaining Budget £553,000), the project (roads, lighting, drainage, utilities) is complete apart from some additional utilities which are currently being installed. The southern site is located adjacent to the Innovation Centre Medway (ICM).
- Innovation Pk Medway Zone A (Remaining Budget £1.642million), this project is due to be complete by March 2023 this includes the infrastructure on the northern site including roads, lighting, drainage etc.

**Funding:** the above schemes are funded by way of Prudential Borrowing (IPM Phase 1 & 2 Public Realm [part]) whilst the remainder will be funded by Borrowing In Lieu of Future Business Rates.

**Budgetary Forecast:** it is anticipated that the above schemes will be completed within the allocated budget.

Regeneration – Medway Development Company	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	125,169	29,574	95,595	82,714	12,881	0

The schemes within this area relate to works projects carried out by Medway Development Company either on behalf of Medway Council or directly using financial assistance in the form of capital loans from the council. The schemes are as follows:

- Medway Development Company (MDC) Ltd (Budget £49.775m), this is the holding code for unallocated budgets until such time as new schemes are developed. It is also the source for budget transfers to other schemes, budget allowing. We have apportioned anticipated expenditure but will be presenting updated appraisals for the programme to be approved by the Chief Operating Officer in consultation with the Leader.
- MDC - Whiffens Avenue Loan (Budget £12.096m), The project is progressing towards completion, expected to be by January 23. Sales are progressing well, with 60% sold, however, construction inflation is still challenging, and we are value engineering where possible. Whilst construction inflation has been a continual pressure, we have seen uplifts in property values which has helped to compensate.
- MDC - White Road (Budget £42,000), no change from previous update - this project is in its end of defects phase and the £42,069 retention will be released when defects have been completed.
- MDC - Chatham Waterfront Loan (Budget £26.637m), currently updating the business plan to reflect uplifted costs occurred due to high construction inflation. This will be submitted to the Chief Operating Officer to agree revised budgets in consultation with the Leader. Construction costs are up 25% but selling costs only 23% so the loan needs to be increased to cover 23/24, there's an expected completion of late 2023.
- Britton Farm Residential (Budget £5.897m), updated the budget based on the latest programme. It should be noted that these figures exclude £750,000 grant provided through the Get Building Fund.
- Mountbatten House Purchase (Budget £518,000), Mountbatten House bought, this is an allowance for other interests, (Games Workshop relocation and taking part of British Heart Foundation) will know by end of year. Should get rates bills back at the property has been stripped out, work started Feb 2022.
- Mountbatten House Project (Budget £609,000), £400,000 to be spent current year, remainder in 2023/24. A proposal is being completed to cost the main project and Upper Mount.
- MDC - Queen Street (Budget £20,000), Project complete, planning permission approved.

**Funding:** the above schemes are funded by way of prudential borrowing (Medway Development Co Ltd [part], Britton Farm Residential and Mountbatten House Purchase) and Borrowing in Lieu of Capital Receipts ( Medway Development Co Ltd [part], MDC - Whiffens Avenue Loan, MDC - White Road, MDC - Chatham Waterfront Loan, Mountbatten House Project and MDC - Queen Street).

**Budgetary Forecast:** it is anticipated that the above schemes will be completed within the allocated budget.

Regeneration – other	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	91,860	28,335	63,525	9,007	54,518	0

The schemes within this area relate to regeneration not included within the specific areas above. The schemes are as follows:

- Digital Equipment Medway Adult Education (Budget £230,000), no response received and therefore the forecasts are from finance based upon R1.

- Regeneration Investment Fund (Budget £12.957m), the Council meeting of 10/11/22 will be requested to remove this budget as it is no longer required.
- Healthy Living Centre Pentagon (Budget £10.348m), still agreeing terms with the NHS, but the deal at present is that MC will cashflow the works and get the money back from the NHS in phased payments. MC may not get all of fees back. Works need to be completed by 01/04/24 and design work needs to be done so most of spend on works in 2023/34.
- Chatham Town Centre S106 Works (Budget £400,000), the COVID Pandemic has affected the delivery of this project resulting in a years delay.
- Rochester Riverside Growing Places (Budget £658,000), forecast based on need to continue the process, Officers will provide further details in future monitoring rounds.
- Strood Riverside Phase 1&2 (Budget £2.095m), additional funding was approved at Full Council 8th October 2020 to cover all additional works required. This budget is Managed through the Strood Riverside Board.
- Housing Renovation Grants (Budget £309,000), works for the Homeowner Improvement Loan or Emergency Repairs Grant to remedy issues identified under the Housing Health and Safety Rating System (HHSRS). These works are often classed as emergencies, which could render the occupants homeless. Committed £17,000 to date. Forecast an additional £15,000 for 22-23 for the emergency repairs (such as to roofs, windows, heating and electrical) to private and tenanted homes to prevent poor housing conditions. So far this year we have spent £12,000 on emergency plumbing and replacing a collapsed ceiling. The balance will be spread over the next year.
- Disabled Facilities Grant Mandatory (Budget £5.779m), the Service has received 116 referrals for adaptations so far this year. Approx. We have approved 59 adaptations so far this year for major adaptations. Adaptations are being approved in the current year at an average cost of £10,200 per major adaptation. Currently, our partnership home improvement agency (Town & Country Housing) are now holding approximately eight months of referrals, as their only now have a part time surveyor. We have regular meetings with their senior management to discuss the delays and how they are trying to resolve them. On this basis, it is forecast that this year's budget will not be spent in the current year but will be carried over into the next financial year with sufficient workload to commit the budget.
- Innovation Park – Southern Site (Budget £12m) , this scheme will provide a space for businesses outgrowing their current office(s) and comprises of a new building and carpark.
- Debenham's Redevelopment (Budget £17.879m), 2022/23 - appointment of design team and surveys; 2023/24 ground floor delivered, planning applications, design; 2024/25 build period
- Command Of The Heights - Phase 2 (Budget £37,000), scheme Complete, awaiting payment of final Invoices
- Heritage Action Zone (Budget £833,000), capital spend projects are underway with full allocation already allocated for this financial year putting us in a much stronger position to achieve forecasted spend this financial year. Development Framework initial consultation event with members and officers' events taking place. Continued delays to capital works has caused challenges, with spend profiles and milestones adjusted as a result. Additional urgent structural repairs identified and mitigation work in progress.

**Funding:** the above schemes are funded by way of a government grant (Disabled Facilities Grant Mandatory, Command Of The Heights - Phase 2 and Heritage Action Zone); Capital Receipts (Digital Equipment Medway Adult Education and Housing Renovation Grants); Section 106 Developer Contributions (Chatham Town Centre S106 Works); Prudential Borrowing (Regeneration Investment Fund); Borrowing in Lieu of Capital Receipts (Rochester Riverside Growing Places, Strood Riverside Phase 1&2, Innovation Park – Southern Site and Debenham's Redevelopment) and Borrowing in Lieu of Future NHS Grant (Healthy Living Centre Pentagon).

**Budgetary Forecast:** it is anticipated that the above schemes will be completed within the allocated budget.

Housing Revenue Account	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	47,408	19,739	27,669	13,207	14,463	0

The schemes within this area comprise capital schemes relating to the Council's Housing Stock and are as follows:

- Improve To Housing Stock (Budget £9.980m), planned capital works improvement programme to maintaining the 'decent homes' standards HRA properties. This is a rolling programme and the budget is approved every 3 years for 3 year programme. Current year forecast is based on the predicted completion of programmes in the current year.
- Disabled Adaptations (Budget £293,000), adaptations carried out to HRA properties are funded from the HRA budget. The Service receives approximately 50 referrals for adaptations per year. Approximately 45 adaptations are approved per year for major adaptations and balance would be made up of minor adaptations or application being carried over into the next financial year. Adaptations are to provide improved access to their home, bathroom, living room or bedroom. Providing appropriate bathroom facilities. Making the preparation and cooking of food easier. Adapting lighting or heating controls. Adaptations being approved in the current year at an average cost of £7,500 per major adaptation and £350.00 for minor adaptations. On this basis, it is forecast the whole budget will be spent in the current year.
- HRA House Purchase Or Buyback (Budget £356,000), budget is used as and when an opportunity arises to acquire buy back or open market property. At present, there are no plans to purchase any properties in the current financial year.
- HRA Purchase Of Housing Units (Budget £3.284m), budget is used to purchase houses/land to support Medway's housing needs for households who are homeless or on the Council's housing waiting list. Each purchase will be recommended based on its cash flow model and formal sign off from Head of Service, Portfolio Holder and Director. Currently there are two purchased in the pipeline, Britton Farm and The Yard, Borough Road. With regards to Britton Farm (see below), it is proposed to request a virement of £950k from this scheme to the Britton farm scheme. Cabinet as its meeting of 07 July 2020 agreed to delegate authority to the Director of Place and Deputy Chief Executive, in consultation with the Deputy Leader and Portfolio Holder for Housing and Community Services to agree expenditure on increasing the HRA affordable housing stock, as and when a financially viable development opportunity becomes available.
- HRA New Build-Phase 4-Garage Site (Budget £3.412m), 28 units (19 x 2 bed affordable rent & 9 x social rent bungalows) – practical completion due by the end of the year. 28 units (19 x 2 bed affordable rent & 9 x social rent bungalows) – practical completion due November 2022 with first handover September 2022.
- HRA New Build Phase 5 (Budget £9.394m), 41 units (19 x 2,3,4,6 bed affordable rent & 21 x 1&2 bed apartments) HMY engaged and FFT engaged working up to RIBA stage 3. Lennoxwood and Aburound House have been submitted to planning. Subject to planning permission, the tender process for JCT Design and Build Contract is expected to start at the beginning of next financial year with expected start on site August/September 2023.
- HRA Britton Farm (Budget £950,000), Britton Farm is a Medway Development Company build of 44 units (mix of 1 & 2 bedroom apartments) which are due for delivery in Summer 2024. The development is being purchase by the HRA as a full affordable rent scheme. This will be the HRA's largest purchase of affordable housing units to date.

**Funding:** the above schemes are funded by Capital Receipts (HRA House Purchase Or Buyback [part]); Reserves (Improve To Housing Stock [part], Disabled Adaptations [part] and HRA House Purchase Or Buyback [part]) and Prudential Borrowing (Improve To Housing Stock [part], Disabled Adaptations [part], HRA House Purchase Or Buyback [part], HRA Purchase Of Housing Units, HRA New Build-Phase 4-Garage Site, HRA New Build Phase 5 and HRA Britton Farm).

**Budgetary Forecast:** it is anticipated that the above schemes will be completed within the allocated budget.

## 6. Business Support Department

6.1. The Business Support programme is forecast to budget.

	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 2022/23	Forecast Spend in Future Years	Total Scheme Variance
	£000	£000	£000	£000	£000	£000
ICT Investment	3,599	2,936	663	576	87	0
Democracy & Governance	78	16	62	62	0	0
<b>Business Support Department Total</b>	<b>3,677</b>	<b>2,952</b>	<b>725</b>	<b>638</b>	<b>87</b>	<b>0</b>

ICT Investment	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	3,599	2,936	663	576	87	0

The purpose of the schemes within this area are to investment into the Council's ICT infrastructure to assist in its digital transformation and includes the following schemes:

- Digital Transformation Programme (Remaining Budget £4,000), the capital spend from this transformation programme budget is to establish and support the BAU Business Change team. The team are now established so the rest of this budget will be spent this year to support the team with the delivery of the specific projects detailed within the other capital budgets - e.g. investment in ICT hardware and software.
- ICT Infrastructure Works (Remaining Budget £509,000), we purchased the replacement NetScaler in August 2022. There will be a need to purchase the SAN (Storage) replacement as the current SAN will be end of life. Costings have been obtained from several vendors. and the replacement cost is looking like it will be in the region of £600,000. The purchase which will result in an additional cost needs to be approved through the appropriate governance channels as set out in section 1 above, and therefore has not been reflected in the current forecast. The service will be put this proposal forward through the 2023/24 capital strategy to be considered by members later this calendar year.
- Data Centre Refurbishment (Remaining Budget £150,000), works have begun to refurbish the flooring in the data centre. Due to the complexity of working around live equipment this has been divided into 6 stages. Stage 1 has been completed. Stage 2 and 3 are due to be completed in 22/23. Stage 4-6 are estimated to take place in 23/24. There are concerns that due to inflationary costs the total estimated costs of completing the project could be in excess of that budgeted for. Officers are monitoring the situation and will, if necessary, report on this in future monitoring reports.

**Funding:** the above schemes are funded by way of a mixture of prudential borrowing and capital receipts. It is anticipated that all schemes will be completed on budget.

**Budgetary Forecast:** it is anticipated that all schemes will be completed within the approved budget, although there is an anticipated requirement for additional funding relating to the ICT Infrastructure Works (see above) which will be taken forward within the forthcoming Capital Strategy 2023/24, and possible additional costs relating to the Data Centre Refurbishment, that will if necessary, form part of a future monitoring report.

Democracy & Governance	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	78	16	62	62	0	0

The purpose of the schemes within this area are to provide improvements to the Democracy & Governance services within Medway.

- Individual Electoral Registration (Remaining Budget £2,000), in the next few weeks it is planned to purchase software which will be used to transfer the electoral register over to the new wards so the new register can be published in January 2023.
- Replacement of Polling Booths (Remaining Budget £60,000), orders for the purchase of polling booths, ballot boxes have been placed. They will have varying lead in times, but all are expected to be purchased and delivered in preparation for the 2023 local and parish elections.

**Funding:** the above schemes are funded by way of a mixture of government grants and capital receipts.

**Budgetary Forecast:** it is anticipated that all schemes will be completed within the approved budget.

## 7. Members' Priorities

7.1. The Business Support programme is forecast to budget.

	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 2022/23	Forecast Spend in Future Years	Total Scheme Variance
	£000	£000	£000	£000	£000	£000
Business Support Members Priorities	308	0	308	10	298	0
RCE Members Priorities	55	0	55	15	40	0
<b>Members Priorities Total</b>	<b>363</b>	<b>0</b>	<b>363</b>	<b>25</b>	<b>338</b>	<b>0</b>

Business Support Members Priorities	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	308	0	308	10	298	0

Member Priorities Unallocated (Remaining Budget £308,000), this scheme provides funding for Member Priority schemes across Medway for the benefit of the community. Each scheme, once agreed, will be reported separately and this scheme will hold the unallocated balance. The forecast assumes that a small amount will be allocated each financial year.

**Funding:** the above scheme once allocated, will be funded by Capital Receipts.

**Budgetary Forecast:** it is anticipated that all schemes will be completed within the approved budget.

Regeneration, Culture & Environment Members Priorities	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	55	0	55	15	40	0

The schemes within this area have been approved through the Member Priorities programme and are as follows:

- MP St Marys Amateur Boxing Club (Remaining Budget £40,000), club has informed Council they hope to be in a position to start work in the near future. As the Member Priority funding cannot be claimed until the club demonstrates all other funding is in place it has been forecast for the next financial year.
- MP Rochester Cathedral Act Travel (Remaining Budget £3,000), due to officer workloads, this payment has not yet been made. However, bank details for the payee have been received and the payment will be made in the near future.
- MP Platters Farm Panels (Remaining Budget £3,000), this is a new project. Research and draft designs of the new panels are in progress. The signs will be produced and installed in the new financial year.
- MP Rainham Signage (Remaining Budget £9,000), works to complete this scheme will take place during 2022/23.

**Funding:** the above schemes are funded by Capital Receipts.

**Budgetary Forecast:** it is anticipated that the above schemes will be completed within the allocated budget.

## 8. Section 106 Developer Contributions

8.1. The table below details the projected call on section 106 contributions to fund the forecast expenditure.

Table 3 – Developer Contributions Funding Analysis

	Current Budget	Forecast Spend 2022/23	Forecast Spend in Future Years	Forecast Under/(over) spend
	£000	£000	£000	£000
<b>Capital Reserve Developer Contributions</b>				
S106 Highways & Transport Cap	228	228	0	0
S106 Education Cap	2,455	1,865	590	0
S106 Leisure/Heritage Cap	466	379	87	0
<b>Developer Contributions from Capital Reserves</b>	<b>3,149</b>	<b>2,471</b>	<b>678</b>	<b>0</b>
<b>Revenue Reserve Developer Contributions</b>				
S106 Leisure/Heritage Rev	15	15	0	0
S106 Public Realm Rev	400	104	297	0
<b>Developer Contributions from Revenue Reserves</b>	<b>415</b>	<b>119</b>	<b>297</b>	<b>0</b>

## 9. Further amendments to the capital programme

9.1. Council approved the following amendments to the current capital programme at its meeting of 11 November 2022:

9.1.1. The addition £975 of basic need grant to the completed Halling Primary Expansion scheme to address the overspend reported.

9.1.2. The addition of £155 of S106 developer contributions (Land South Side Lower Rainham Road MC/20/1800 - monies have been received) to the completed Rowans Primary Support scheme to address the overspend reported.

9.1.3. The addition of £155 of S106 developer contributions (Land South Side Lower Rainham Road MC/20/1800 - monies have been received) to the completed Rowans Primary Support scheme to address the overspend reported.

9.1.4. The addition of £114,500, funded from the Council's General Reserves to the Lordswood Community Hub scheme. The additional funding will significantly extend the life of the building offering a fuller refurbishment, enhanced security, and updated furniture and fittings.

9.1.5. The removal of the uncommitted balance of £12.957m from the Regeneration Investment Fund. There are no schemes identified to spend the balance of this scheme. This scheme was funded by way of prudential Borrowing.

9.2. Whilst the governance process has meant that these alterations could not be made to this monitoring round, they will be incorporated into Round 3.

## 10. Conclusion

10.1. The second round of Capital Budget Monitoring for 2022/23 forecasts a projected overspend of £690,000 within the Children's and Adults Directorate before requested capital additions (see recommendations below) and a forecast underspend within the Regeneration, Culture & Environment of £24,000. All other Services/Directorates are forecast to complete their capital schemes within the approved budget.

## 11. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The Council overspends against 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.	A1



Risk	Description	Action to avoid or mitigate risk	Risk rating
Capital receipts	A significant 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.	D2
Agreement cannot be reached with Homes England regarding a revised specification for the HIF programme.	It is becoming increasingly apparent that Homes England will be unable to provide additional funding, therefore if agreement cannot be reached regarding a revised specification, the funder is entitled to claw back funds.	Discussion with Homes England is ongoing, however officers are confident that it remains as committed to delivering the HIF outcomes as the Council. Furthermore, Homes England has confirmed that it does not intend to reclaim expenditure incurred by the Council in good faith.	D1
Deliverability of the Capital Programme	Macro-economic conditions, largely but not wholly resulting from the pandemic, 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
<b>Likelihood</b>	<b>Impact:</b>		
A Very high B High C Significant D Low E Very low F Almost impossible	1 Catastrophic (Showstopper) 2 Critical 3 Marginal 4 Negligible		

## 12. Financial Implications

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

### 13. Legal Implications

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

### 14. Recommendation

14.1. The Cabinet is asked to note the results of the second round of capital budget monitoring for 2022/23, and the management actions to resolve the projected overspend in Children's and Adults which will be the subject of a future report to both Cabinet and Council.

### 15. Suggested reasons for decision

15.1. Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by the Council.

### Lead officer contact

Andy McNally-Johnson, Head of Corporate Accounts, Gun Wharf, 01634 333552,  
[andy.mcnallyjohnson@medway.gov.uk](mailto:andy.mcnallyjohnson@medway.gov.uk)

### Appendices

None.

### Background Papers

None.



## **CABINET**

**15 NOVEMBER 2022**

### **DRAFT CAPITAL AND REVENUE BUDGETS – 2023/24**

Portfolio Holder: Councillor Alan Jarrett, Leader of the Council

Report from: Phil Watts, Chief Operating Officer

Author: Katey Durkin, Chief Finance Officer

#### **Summary**

This report sets out the Council's draft capital and revenue budgets for 2023/24. In accordance with the Constitution, Cabinet is required to develop 'initial budget proposals' approximately three months before finalising the budget and setting council tax levels at the end of February 2023.

The draft budget is based on the principles set out in the Financial Outlook 2023/24 considered by the Cabinet on 18 October 2022.

#### **1. Budget and policy framework**

- 1.1. It is the responsibility of Cabinet, supported by the management team, to develop a draft budget.
- 1.2. The Cabinet is asked to accept this as urgent to ensure that the initial budget proposals can be referred to Overview and Scrutiny in accordance with the process for developing the budget, as set out in the Budget and Policy Framework Rules in the Constitution

#### **2. Constitutional Rules**

- 2.1. The budget and policy framework rules contained in the constitution specify that Cabinet should produce the initial budget proposals. These should be produced and submitted to overview and scrutiny committees three months before the Council meeting that is scheduled to determine the budget and council tax. The overview and scrutiny committees have a period of six weeks to consider these initial proposals. Any proposals for change will be referred back to Cabinet for consideration.
- 2.2. Under the Constitution Cabinet has complete discretion to either accept or reject the proposals emanating from the overview and scrutiny committees.

Ultimately it is Cabinet's responsibility to present a budget to Council, with a Council meeting arranged for 23 February 2023. The adoption of the budget and the setting of council tax are matters reserved for Council. The statutory deadline for agreeing the council tax for 2023/24 is 11 March 2023.

### 3. Budget Monitoring 2022/23

- 3.1. At its meeting on 24 February 2022, the Council set a total budget requirement of £367.493million for 2022/23. Since the budget was approved, additional grant funding to provide assistance to residents through the Household Support Fund, Holiday Activities and Food Programme and Homes for Ukraine Schemes have been received. These additions take the Round 2 budget requirement to a total of £372.602million. The Round 2 Revenue Budget Monitoring Report, considered elsewhere on this agenda, forecasts a net overspend on services of £14.019million. More work will be needed to reduce the forecast overspend and consequent call on the Council's limited reserves, including a freeze on all expenditure that is not essential to the delivery of statutory services or to meet existing contractual obligations.

### 4. Budget Setting Process

- 4.1. The Council's budget setting process is designed to ensure that the available resources are directed most effectively towards the delivery of the objectives in the Council Strategy. The Strategy is underpinned by the Council Plan which sets out the detailed performance measures and delivery plans in place to ensure the Council's resources are focussed on delivering its strategic objectives. The Council Plan will be developed and considered alongside the budget proposals. It will be presented for approval at Full Council on 23 February 2023, following initial consideration by the Business Support Overview and Scrutiny Committee on 25 January 2023 and the Cabinet on 7 February 2023.
- 4.2. In the years prior to 2021, a Medium Term Financial Strategy (MTFS) has been prepared for the Cabinet in Autumn. The MTFS aims to enable the Council to deliver a balanced budget, year on year, against a backdrop of reductions in support from Central Government. A strategic approach to planning the Council's finances is vital to ensuring we continue to focus our resources on our key priorities and to enable us to plan to meet the challenges of the future with a sustainable and resilient Medway. However, the ongoing impacts of the Covid-19 pandemic and the government not announcing its Spending Review until 27 October 2021 meant it was not possible to produce meaningful projections across the medium term in the Autumn of 2021. We had intended to begin publishing medium term projections alongside the final budget from February 2022, however the significant national political turmoil since and the onset of an energy and cost of living crisis brought great uncertainty again making meaningful forecasting exceptionally difficult. We recognise the importance of medium term projections to strategic planning and decision making, and though we await announcements from the new Chancellor on 17 November 2022, we will publish medium term projections, likely in a set of potential ranges, in

February 2023.

- 4.3. Our initial projections for the cost of services in 2023/24 were set out in the Financial Outlook 2023/24 reported to the Cabinet in September 2022. Those projections amounted to an increase in the budget requirement in the range of £48.361–£72.244million. Our initial projections for income mitigated this, representing growth of £16.001million. Those initial projections arrived at a potential budget gap for the Council in the range of £32.626–£56.243million.
- 4.4. The assumptions set out in this report collectively reduce that gap to £28.683million. Officers will continue to work with Portfolio Holders to formulate savings proposals to address the projected deficit and will discuss options with the Leader and Cabinet Members through the normal budget setting process. Together with the diversity impact assessments, the agreed savings will be included within the budget recommendations to be considered by Cabinet on 7 February 2023. The broad strategic approach to closing the 2023/24 potential gap is outlined in this report.

## 5. Income projections

### 5.1. Government grant (including New Homes Bonus)

- 5.1.1. While the Spending Review 2021 (SR21) set out in October 2021 set government departmental budgets for the three years up to 2024/25, in order to “*prioritise certainty for 2022/23*” instead local government received a one-year finance settlement. Since then, a period of considerable political upheaval has to date delayed any confirmation of funding for 2023/24 and it is currently unclear to what extent the announcements made by the previous administrations (summarised in the Financial Outlook 2023/24 Report to Cabinet in October) will be reflected in the local government finance settlement. Local authorities were funded through the SR21 for the impact of the introduction of the Health and Social Care Levy on National Insurance from April 2022; our budget therefore reflects both the reduction in expenditure on our staff pay budgets, but also the commensurate reduction in the level of government grant the Council receives from April 2023. The new Prime Minister and Chancellor of the Exchequer have confirmed the Autumn Statement will be delivered on Thursday 17 November, after this Cabinet meeting. Any announcements relating to local government funding will be reported to the Cabinet in January and reflected in the final budget proposals presented to the Cabinet in February.
- 5.1.2. Our assumption therefore continues to be that the long-awaited major reforms to local government funding, including changes to the mechanism through which national allocations are distributed to local authorities based on relative needs and resources and the reflection of the 2021 Census data, will be delayed to 2025/26 or replaced altogether. Our projection is a roll-over settlement with the same national grant allocations (less the funded impact of the Health and Care Levy on National Insurance explained in 5.1.1), distributed via the same methodologies as the 2022/23 settlement adding no additional resources to the council’s budget.

## 5.2. Social Care Reforms funding

5.2.1. Alongside the SR21 the government launched its reforms for health and social care and set out the local government allocations for the first three years of the Department for Health and Social Care's Market Sustainability and Fair Cost of Care Fund. In 2022/23 Medway received £674,000 from a national allocation of £162.0million, and therefore based on the national allocations for 2023/24 (£1.40billion) and 2024/25 (£2.0billion) we expect to receive in the region of £5.8million and £8.2million respectively. Despite confirming the reversal of the Health & Social Care Levy on National Insurance initially introduced to fund these reforms, the new government have not made any official statements as to the continuation of the delivery of the reforms themselves.

5.2.2. In October 2022 the Local Government Association and County Councils Network were publicly lobbying the government for a one-year delay to the implementation of these reforms. Whilst there had been no formal announcements at the date of preparing this report, there have now been numerous reports that a delay is increasingly likely to enable the government to learn from the trailblazer authorities and ensure there is capacity and funding in place for the changes to be delivered. In the meantime, our assumption continues to be that any funding allocation confirmed will be added to the Adult Social Care budget in due course, but that it will only cover the new burdens arising from the reforms and will not help to close the Council's budget gap.

## 5.3. Education Related Grants

5.3.1. The SR21 set out that the national schools budget would increase by £4.7billion by 2024/25 compared to the 2019 settlement for schools in 2022/23. It also provided a new package of £1.8billion over the SR21 period to 2023/24 to "*recover children and young people's lost learning as a result of the pandemic*". The principles set out in SR21 (primarily 3% annual uplift as a proxy for inflation) are reflected in our latest projections in the table below. Our Draft Budget assumes that Education Related Grants will total £110.448million in 2023/24 and reflects that the Education Services expenditure budget will increase to the same, so this does not help to close the Council's budget gap.

**Table 1: Projected Schools related grants for the period to 2024/25**

	2023/24 £m	2024/25 £m
DSG (Retained Schools Block)	0.987	1.017
DSG (Schools Block)	44.758	46.101
DSG (High Needs Block)	41.946	43.204
DSG (Early Years Block)	18.244	18.791
Pupil Premium Grant	3.751	3.864
Sixth Form Grant	0.762	0.762
<b>Total Grant</b>	<b>110.448</b>	<b>113.739</b>

5.3.2. Schools related expenditure is generally funded through the schools block of the Dedicated Schools Grant (DSG). However, Medway continues to experience significant pressure on services for children with Special Educational Needs and Disabilities (SEND), and the second round of the Revenue Budget Monitoring (considered elsewhere on this agenda) projects that this will result in a cumulative deficit of £25.409million on the DSG High Needs reserve by 31 March 2023. The Council is working with the Department for Education through the Safety Valve programme to agree a plan to address the deficit over the next four years.

#### **5.4. Public Health Grant**

5.4.1. The SR21 confirmed that the Public Health Grant will be maintained “*in real terms over the SR21 period*”. The government have to date made no announcements as to whether this grant will see uplifts in line with inflation, and given this grant is ring-fenced and any increase will not help to close the Council’s budget gap, the Draft Budget assumes the Council will receive £18.075million of Public Health Grant, the same level of funding as received in 2022/23.

#### **5.5. Income from Local Taxation – the Collection Fund**

5.5.1. Income from Council Tax and Business Rates is held in a ringfenced collection fund account, from which authorities draw the budgeted level of income in each year irrespective of actual income collected. Any shortfall on income collected compared to that budgeted level results in a collection fund deficit which is recovered by reducing the amount of income the Council can budget for in the following year.

5.5.2. Given the scale of deficits expected owing to the pandemic, in 2020 the then Chancellor announced that repayments to meet collection fund deficits accrued in 2020-21 in respect of Council Tax could instead be phased over a three-year period from 2021/22 to ease immediate pressures on budgets. Therefore 2023/24 is the final year impacted by this deficit spreading, which reduces the amount of income available to the Council from the collection fund in 2023/24 by £2.053million.

#### **5.6. Council Tax**

5.6.1. The Council Taxbase refers to the number of Band D equivalent dwellings in a local authority area and is used to determine the level of council tax an authority charges each dwelling. To calculate the tax base for an area, the number of dwellings in each council tax band is adjusted to take account of any discounts, premiums or exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. Despite the continued regeneration of Medway, the impact of the Covid-19 pandemic had reduced the Council’s Taxbase for 2022/23, after many years of successive growth. Increases in the number of claims for Local Support for Council Tax and higher than anticipated levels of Single Person Discount were the primary

drivers of this reduction at Medway.

5.6.2. Our projections around the taxbase remain unchanged from the Financial Outlook and show the taxbase growing to 89,441.36 for 2023/24. This represents an increase of 1,399.86 band D equivalents or 1.59% compared to 2022/23.

5.6.3. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 provided for the billing authority to have discretion to charge an additional premium where a property has remained empty (unoccupied and substantially unfurnished) for a period in excess of two years. This means that where a property has been empty and unfurnished for two years or more and if the additional premium is say 100% then it will attract an extra 100% council tax on top of the full amount for the property (a 200% council tax charge). Consequently, the council agreed in February 2020 to the following premiums from 2020/2021:

- a 100% premium for properties that have been empty for a period of two to five years, and
- a 200% premium for properties in excess of five years.

The Act also provided for a 300% premium to be charged for properties empty in excess of ten years and in February 2022, the council agreed to introduce this premium from 2022/23.

5.6.4. The Levelling-up and Regeneration Bill, currently at committee stage in the House of Commons, proposes an amendment to section 11B of the Local Government Finance Act 1992 and the insertion of a new section 11C which will result in the following changes with effect from 1 April 2024:

- the 100% premium for long-term empty properties may be brought forward so that it can commence after being empty for one year rather than two; and
- a 100% premium may be charged for properties that are unoccupied but furnished (referred to as second homes).

These changes are subject to the bill being enacted (which is anticipated before the end of the current financial year) and to any guidance received from the Government. An authority's first determination under this section must be made at least one year before the beginning of the financial year to which it relates (i.e., it must be made prior to 1 April 2023 if it is to have effect from 1 April 2024). The Cabinet are asked to recommend to Council that these premiums be introduced from 2024/25 onwards and that final decision-making powers, once Royal Assent and Government guidance is received, are delegated to the Council's Chief Operating Officer. Should these changes be adopted from 2024/25, it is estimated that this would affect 392 Long-term empty (unoccupied and unfurnished) properties and 286 second homes (unoccupied and furnished properties) raising an additional estimated £1.127million in council tax income in 2024/25.

5.6.5. In the Financial Outlook 2023/24 we assumed that in the absence of any government announcements, the most prudent assumption was that councils would be allowed to increase the Council Tax within the historic referendum limit of 2% only. Despite resulting in a one-year local government settlement,



the SR21 gave government Departmental resource allocations and set principles for spending for two years, into 2023/24. The SR21 documents stated that *“the referendum threshold for increases in council tax is expected to remain at 2% per year. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1% per year.”* The now Prime Minister Rishi Sunak was the Chancellor of the Exchequer who set SR21, and with Michael Gove returning as Minister for the Department for Levelling Up, it is considered more likely that the principles outlined in SR21 will be held into 2023/24. The draft budget therefore assumes that the Council will continue to increase council tax by the maximum allowable under current referendum limit (1.994% as per the Financial Outlook projections) and in addition that we will be able to apply a 1% adult social care precept, generating a further £1.424million income compared to that projected in the Financial Outlook report.

5.6.6. At the end of the 2020/21 financial year, there was a deficit of £5.774million on the Collection Fund in relation to Council Tax, relating to the pandemic. Of this figure the Council is required to repay the final £2.053million through the 2023/24 budget.

5.6.7. Therefore, at the projected taxbase of 88,441.36 with 3% increase and after repayment of the deficit, the Council’s projected income would be £144.577million representing £6.491million additional resources compared to 2022/23.

## **5.7. Business Rates**

5.7.1. The business rates retention system introduced in 2013 was designed to transfer a level of risk and reward to local authorities, as it means growth or decline in the local economy impacts the council’s income. Under the current system most local authorities retain 50% of rates collected (at Medway Council this is 49% with 1% paid to Kent Fire Authority) with the balance paid to the Government. The government has set a baseline funding level for each authority and for each year calculates a business rates baseline. Where an authority’s business rates baseline exceeds its funding baseline, they pay the difference to central government as a tariff, which is used to pay for a top-up for authorities whose funding baseline is less than its business rates baseline. These tariffs and top-ups are updated each year by the business rates multiplier, now the Consumer Prices Index (CPI).

5.7.2. The rates payable by individual businesses is based on the Rateable Value of the property as set by the government’s Valuation Office Agency, which is then multiplied by a figure called the business rates multiplier which is set by the government each year. The multiplier has historically been adjusted each year to reflect inflation, based on the CPI inflation figure for the September prior to the billing year. However, the multiplier has been frozen by the government since 2020/21, with local authorities being compensated for the impact in line with CPI. The government have to date made no announcements in respect of business rate reliefs, whether the multiplier may again be frozen, or whether local authorities would be compensated in full for

the impact of any further freeze.

- 5.7.3. The amount of income the Council can expect to receive in respect of the coming financial year is calculated at the end of January through a statutory return to the government called the NNDR1. This calculation reflects any deficit or surplus in actual income received to the fund compared to the previous year's budget, the total income expected through Section 31 grants compensating for rate reliefs awarded by the government, the top-up grant to ensure authorities reach the baseline funding level set by the government, and the total Rateable Value (RV, as set for each non-domestic property by the Valuation Office Agency) of the area.
- 5.7.4. The Draft Budget assumptions are unchanged from the Financial Outlook report in respect of business rates, reflecting growth of £5.134million in retained business rates and Section 31 grants received in government compensation for reliefs awarded compared to 2022/23.

## **5.8. Funding the inherent gap**

- 5.8.1. The 2022/23 budget was balanced with the use of £4.853million of general reserves, which will need to be addressed in a sustainable way through the 2023/24 budget build and this (less the removal of one-off elements of the current year budget) is therefore the first call on the additional resources projected above.

## **6. Expenditure projections**

- 6.1. The Financial Outlook 2023/24 summarised the key themes driving up the cost of service delivery and set out a projected range of potential pressures for each. Our draft budget assumptions reflect work carried out to refine each of those projections, summarised as follows:
- 6.2. Staff pay – while pay awards are agreed following due process and local negotiations with Trades Unions, for the purposes of the Draft Budget and reflecting government staff pay announcements and the expected increases in the National Living Wage, the Council's draft budget represents a 5% pay award for staff projected to cost £4.830million. As set out at paragraph 5.1.1, the Draft Budget reflects the reduction in expenditure arising from the reversal of the Health and Social Care Levy on National Insurance on the cost of staff pay, but also reflects the commensurate reduction in the level of government grant the Council receives from April 2023.
- 6.3. Interest rates and minimum revenue provision – the cost of financing the Council's ambitious and expansive capital programme in light of rising interest rates is currently projected to add £7.822million to the 2023/24 budget.
- 6.4. Children's Social Care and Education – our latest projections on the cost of placements in the latest 2022/23 forecast over the budget, demographic growth and price increases amount to a growth in the divisional budget of £21.295million, however work to increase capacity in local residential

provision and efficiencies are projected to reduce that pressure by £5.346million, resulting in a net budget growth of £15.949million.

- 6.5. Adult Social Care – As set out at section 5 of this report, the draft budget for the division reflects the funding allocation anticipated to implement the reforms of £5.800 million. In addition, our latest projections on the cost of placements in the latest 2022/23 forecast over the budget, demographic growth and price increases amount to a growth in the divisional budget of £7.916million taking the gross budget increase projected to £13.716million. However the continuation of the programme of targeted reviews and the delivery of further supported living capacity are projected to reduce that pressure by £1.726million, resulting in a net budget growth of £11.990million, or £6.190million excluding the impact of the reforms.
- 6.6. Inflation on contractual expenditure – work continues with contract managers seeking to minimise the impact of inflation on the Council's budget, however since the Financial Outlook was published, the CPI rate has again increased from 9.9% in August to 10.1% in September. The Bank of England now project that inflation will peak at 11% in October but will then remain above 10% “for a few months before starting to come down”. At this stage the draft budget assumption for inflation remains as stated in the Financial Outlook, adding £4.393million to the budget for 2023/24.
- 6.7. Utilities – our latest projections for energy usage and our estimate of the potential impact of the Government's announced Energy Bill Relief Scheme drive a net budget pressure of £2.203million.

## 7. Balancing the 2023/24 Revenue Budget

- 7.1. The Financial Outlook articulated a gap in the range of £32.626–£56.243million. Since then, work to refine our projections has resulted in the draft budget position presented in this report which reduces that gap to £28.683million. Senior officers and Portfolio Holders continue to work together through the usual budget setting processes to identify actions to reduce this gap. The core strands of this work are as follows:
- 7.2. Interest rates and minimum revenue provision – working with our treasury advisors we are continually monitoring the markets and projected interest rates to ensure we finance our capital programme in the most prudent way possible. Officers and Members are reviewing our current programme to identify any opportunities to reprofile schemes to minimise cash-flow at the projected interest rate peak.
- 7.3. Children's Social Care and Education Services – we continue to work to review the highest cost placements and are working to support the market to increase capacity to alleviate the pressure of supporting this cohort. We also continue to work to further strengthen our decision-making processes to ensure children and young people receive the most appropriate care in the most cost-effective way possible.

- 7.4. Scrutiny of contractual commitments – senior officers and Members are working to review service contracts and negotiate with suppliers where possible to minimise the impact of inflationary uplifts. This work is also seeking to identify opportunities to review contract specifications to ensure they remain in line with requirements.
- 7.5. Our ongoing Transformation programme, facilitated by the Business Change team is centred around three key activity streams;
- The Adult Social Care Transformation and improvement programme – working to reduce demand by keeping people independent in their own homes for longer, improving internal pathways to make them as efficient and effective as possible and improving the experience of our customers;
  - The Revenues and Benefits improvement programme – working to enable residents online access and self service capabilities, automating back-office functions and improving customer response times ultimately saving on resourcing requirements; and
  - The Digital, Data and Technology (DDaT) improvement programme – among other ambitions this workstream aims to embed a culture of intelligence-led decision making, making it easy for customers to interact with the Council, reducing transactional costs and rationalising systems.

## 8. The Capital Programme

- 8.1. The tables below summarise the current capital programme as reported in the Round 2 capital monitoring report (presented elsewhere on this agenda) which reflects planned capital expenditure over the medium term and incorporates everything we currently know about capital grant allocations for the period.

**Table 2 – Round 2 Capital Monitoring Summary**

Directorate	Total Approved Cost £000s	Total Exp to 31/03/22 £000s	Remaining Budget £000s	Forecast Spend 2022/23 £000s	Forecast Spend in Future Years £000s	Forecast (Under)/overspend £000s
Children and Adults (including Public Health)	37,412	16,564	20,849	15,316	6,223	<b>690</b>
Regeneration, Culture and Environment	626,856	204,260	422,596	145,828	276,744	<b>(24)</b>
Housing Revenue Account	47,408	19,739	27,669	13,207	14,463	<b>0</b>
Business Support Department	3,677	2,952	724	638	87	<b>0</b>
Members Priorities	363	0	363	25	338	<b>0</b>
<b>Total</b>	<b>715,717</b>	<b>243,515</b>	<b>472,202</b>	<b>175,013</b>	<b>297,854</b>	<b>666</b>

**Table 3 – 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>	<b>Members Priorities £000</b>
Capital Grants	192,980	2,328	190,650	0	1	0
Developer Contributions	3,564	2,455	1,109	0	0	0
Capital Receipts	5,544	1	4,623	9	548	363
RTB Receipts	2,906	0	0	2,906	0	0
Revenue / Reserves	8,515	0	877	7,638	0	0
Prudential Borrowing	95,430	14,891	63,248	17,116	175	0
Borrowing in lieu of Capital Receipts	121,437	0	121,437	0	0	0
Borrowing in lieu of Future Business Rates	30,304	0	30,304	0	0	0
Borrowing in lieu of Future Section 106 Contributions	1,174	1,174	0	0	0	0
Borrowing in lieu of Future NHS Grant	10,348	0	10,348	0	0	0
<b>Total</b>	<b>472,202</b>	<b>20,849</b>	<b>422,596</b>	<b>27,669</b>	<b>724</b>	<b>363</b>

8.2. On 18 October the Cabinet agreed to recommend to Full Council the addition of an amount not exceeding £7.0million to the Splashes Redevelopment Scheme. On 10 November 2022, Full Council agreed to add the sum of £5.8million to the programme from Round 3.

8.3. The Capital Strategy for 2023/24 onwards is in development and will be presented to the Cabinet in December 2022. The strategy will seek to detail the framework in which decisions are made on capital expenditure and funding and articulate the council's aspirations for capital investment in future years.

## 9. Conclusions

9.1. This report sets out the outline proposals that will form the basis of the 2023/24 capital and revenue budgets to be agreed by the Council in February 2023. There is a statutory requirement for the council to present a budget that balances to available resources.

9.2. As this report and its appendices set out, our current projections for income for 2023/24 amount to an increase in resources available of £21.797million while our initial projections for the cost of services and funding the inherent gap together add a pressure £50.480million. There is therefore a budget gap for the Council of £28.683million and significant work is still required to deliver a balanced budget.

9.3. Table 4 overleaf summarises these projections, which are detailed throughout the appendices to this report.

**Table 4 – Summary of Draft Budget changes from 2022/23**

<b>Additional resources:</b>	<b>£million</b>
Government grant (reflects reversal of Health & Social Care Levy on NI)	0.726
Education Related Grants	(5.098)
Social Care Reforms Funding	(5.800)
Council Tax	(5.067)
Council Tax Adult Social Care Precept	(1.424)
Business Rates	(5.134)
<b>Total</b>	<b>(21.797)</b>
<b>Funding the inherent gap</b>	<b>4.574</b>
<b>Net increased budget requirement:</b>	
Staff Pay	4.830
Reversal of Health & Social Care Levy on NI	(0.726)
Interest rates and Minimum Revenue Provision	7.822
Children’s Social Care and Education	15.949
Adult Social Care reforms	5.800
Adult social Care	6.190
Inflation on contractual expenditure	4.393
Utilities	2.203
Transformation programme	(0.556)
<b>Total</b>	<b>45.906</b>
<b>Draft budget gap</b>	<b>28.683</b>

9.4. We await the new Chancellor’s Autumn Statement announcements currently scheduled for 17 November 2022 for any further funding for local authorities. In the meantime, officers and Members will continue to review opportunities to reduce costs and increase income in the period leading up to the Cabinet meeting on 7 February 2023. Overview and scrutiny committees have a vital role assisting in this process, both to comment on the approaches outlines in this report and to propose new ones.

## 10. Risk management

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Funding assumptions underpinning the Draft Budget may be overstated	In the absence of any budget announcements from Government, the settlement may differ from our projections. Our projections for Council Tax / Business Rates could be overstated.	Funding assumptions in the Draft Budget are in line with the assumptions prepared by the Council’s advisors. Officers and Members continue to work closely to identify savings.	C2

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Assumptions around the cost of service delivery underpinning the Draft Budget may be understated	The growth in the cost of delivering the Council's services may be higher in 2023/24 than anticipated in the Draft Budget, or income may be lower than anticipated.	The pressures reflected in the Financial Outlook 2023/24 were developed in consultation with management across the organisation. Members and officers are working closely together to review the pressures reflected and identify opportunities to reduce them.	C2
Social Care Reforms	The impact of the government's social care reforms may result in higher costs to the authority beyond that received through new burdens funding.	Officers continue to work to determine the impact of the reforms and lobby government for adequate financial support for the sector.	C1
Failure to deliver a balanced budget in February 2023	The Council has a statutory duty to deliver a balanced budget in advance of the financial year.	Members and officers are working closely to develop proposals to reduce the cost of service delivery or maximise income streams to ensure a balanced budget can be achieved.	B2

<b>Likelihood</b>	<b>Impact:</b>
A Very high B High C Significant D Low E Very low F Almost impossible	1 Catastrophic (Showstopper) 2 Critical 3 Marginal 4 Negligible

## 11. Consultation

11.1. Members are consulted on the development of the final budget as follows:

Initial budget proposals to Cabinet (this report)	15 November 2022
Reports to Overview and Scrutiny	December 2022 / January 2023
Budget proposals to Cabinet	7 February 2023
Budget proposals to Council	23 February 2023

## 12. Financial implications

12.1. The Draft Budget reflects a budget requirement that is £28.683million in excess of the projected available resources for 2023/24. This gap exceeds the sum in the Council's general reserves, which we anticipate will be around £26.000million once the 2021/22 accounts are finalised.

12.2. The Round 2 Revenue Budget Monitoring Report 2022/23 (presented elsewhere on this agenda) reflects that the approved budget assumed the use of £4.853million from general reserves and represents a forecast overspend of £14.019million. Therefore, if the Round 2 forecast materialises it would be necessary to draw down £18.872million leaving a balance of circa £7.000million.

## 13. Legal implications

13.1. The Council has a statutory duty to set a balanced budget no later than 11 March in the financial year preceding the one in respect of which the budget is set. When developing the budget, the Council needs to be cognisant that is required in law to provide some services, mandatory services, and others where it is a matter of local choice, discretionary services. It is a matter for the Council to determine what its local priorities are and those which are not. This can assist in determining resource allocation.

13.2. Section 3 of this report refers to the potential budget gap for the next financial year. When determining its budget, the Council must have regard to the advice provided by the Chief Operating Officer (its statutory S151 finance officer). The S151 officer is required to report on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves.

## 14. Recommendations

14.1. The Cabinet is asked to instruct officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2023/24.

14.2. The Cabinet is requested to refer the draft capital and revenue budgets to overview and scrutiny committees as a work in progress, inviting them to offer comments on the proposals outlined.



14.3. The Cabinet is asked to recommend to Full Council that in February 2023 when setting the Council Tax, that the following changes are applied to Council premia in line with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, as set out in paragraph 5.6.4 of this report:

- the 100% premium for long-term empty properties may be brought forward so that it can commence after being empty for one year rather than two; and
- a 100% premium may be charged for properties that are unoccupied but furnished (referred to as second homes).

## 15. Suggested reasons for decision

15.1. It is the responsibility of Cabinet to develop draft budget proposals for consideration by overview and scrutiny committees. These draft proposals are the first stage of the budget consultation process leading to further consideration by Cabinet on 7 February 2023 and formal council tax setting by Council on 23 February 2023.

15.2. The timetable for consideration by overview and scrutiny is as follows:

Business Support	24 November 2022
Children & Young People	29 November 2022
Health & Adult Social Care	1 December 2022
Regeneration, Culture & Environment	8 December 2022
Business Support	25 January 2023
Cabinet	7 February 2023
Council	23 February 2023

## Lead officer contact

Katey Durkin, Chief Finance Officer, Gun Wharf, [katey.durkin@medway.gov.uk](mailto:katey.durkin@medway.gov.uk)

## Appendices

Appendix 1 – Draft Budget Summary  
Appendix 2A – C&A Draft Budget Summary  
Appendix 2B – C&A Revenue Pressures and Savings 2023/24  
Appendix 3A – RCE Draft Budget Summary  
Appendix 3B – RCE Revenue Pressures and Savings 2023/24  
Appendix 4A – BSD Draft Budget Summary  
Appendix 4B – BSD Revenue Pressures and Savings 2023/24

## Background papers

Financial Outlook 2023/24 – Cabinet 18 October 2022:

<https://democracy.medway.gov.uk/ielIssueDetails.aspx?Id=33680&Opt=3>

This page is intentionally left blank

## 2023/24 Draft Budget Summary

Directorate	2022/23 Round 2 Budget	Removal of one-off budgets	Adjusted base budget	Adjusted base budget excluding recharges	2023/24 Changes	2023/24 Draft Budget
	£000s	£000s	£000s	£000s	£000s	£000s
Children and Adult Services	265,099		265,099	257,084	30,232	287,316
Regeneration, Culture & Environment	62,312	(279)	62,033	59,841	7,450	67,291
Business Support Department	25,321		25,321	35,529	8,223	43,753
Additional Government Support Expenditure	19,870	(19,870)	0	0		0
<b>Budget Requirement</b>	<b>372,602</b>	<b>(20,148)</b>	<b>352,454</b>	<b>352,454</b>	<b>45,906</b>	<b>398,359</b>
Council Tax	(138,087)		(138,087)	(138,087)	(6,491)	(144,577)
Retained Business Rates	(56,037)		(56,037)	(56,037)	(5,134)	(61,171)
Non ringfenced Government Grants	(10,087)		(10,087)	(10,087)	726	(9,361)
New Homes Bonus	(1,979)		(1,979)	(1,979)		(1,979)
Education Related Grants	(105,350)		(105,350)	(105,350)	(5,098)	(110,448)
Children Social Care Related Grants	(1,067)		(1,067)	(1,067)		(1,067)
Adult Social Care Related Grants	(17,198)		(17,198)	(17,198)	(5,800)	(22,998)
Public Health Grant	(18,075)		(18,075)	(18,075)		(18,075)
Budgeted Use of Reserves	(4,853)	4,853	0	0		0
Additional Government Support	(19,870)	19,870		0		0
<b>Estimated Available Funding</b>	<b>(372,602)</b>	<b>24,722</b>	<b>(347,880)</b>	<b>(347,880)</b>	<b>(21,797)</b>	<b>(369,677)</b>
<b>Budget Gap - General Fund</b>	<b>0</b>	<b>4,574</b>	<b>4,574</b>	<b>4,574</b>	<b>24,109</b>	<b>28,683</b>

This page is intentionally left blank

## Children &amp; Adults Directorate - Draft Budget 2023/24

General Fund Activities	2023/24 Adjusted Base	2023/24 Changes	2022/23 Draft Budget Assumptions	2023/24 Budget Requirement - Expenditure	2023/24 Budget Requirement - Income	2023/24 Budget Requirement - Net
	£'000	£'000	£'000	£'000	£'000	£'000
Assistant Director Adult Social Care	(3,280)		(3,280)	20,882	(24,162)	(3,280)
Business Operations & Provider Services	3,551	14	3,565	3,858	(293)	3,565
Locality Services	74,632	11,990	86,622	103,158	(16,536)	86,622
Specialist Services/Principal Social Worker	1,624		1,624	1,779	(155)	1,624
<b>Total Adult Social Care</b>	<b>76,527</b>	<b>12,004</b>	<b>88,531</b>	<b>129,677</b>	<b>(41,146)</b>	<b>88,531</b>
<b>Directorate Management Team</b>	<b>619</b>	<b>0</b>	<b>619</b>	<b>875</b>	<b>(256)</b>	<b>619</b>
Business Support	1,377		1,377	1,447	(70)	1,377
Children In Care	35,827	4,705	40,532	43,267	(2,735)	40,532
Children's Care Improvement	1,150		1,150	2,801	(1,651)	1,150
Children's Care Management	1,395		1,395	1,262	133	1,395
Children's Social Work Team	7,132		7,132	7,132	0	7,132
Early Help, Youth, MASH and Adolescence	4,415	41	4,456	6,595	(2,139)	4,456
Head of Safeguarding & QA	2,729	1	2,730	2,941	(211)	2,730
Virtual Head	427		427	618	(191)	427
<b>Total Children's Services</b>	<b>54,452</b>	<b>4,746</b>	<b>59,198</b>	<b>66,063</b>	<b>(6,865)</b>	<b>59,198</b>
Early Years Sufficiency	16,232		16,232	16,232	0	16,232
Education Management Team	283		283	283	0	283
Inclusions	2,711		2,711	3,106	(394)	2,711
Psychology & SEN	32,659	2,900	35,559	36,062	(503)	35,559
School Organisation & Student Services	1,597		1,597	1,995	(398)	1,597
School Improvement	302		302	581	(279)	302
School Online Services	(128)		(128)	530	(658)	(128)
SEN Transport	6,247	3,285	9,532	9,982	(450)	9,532
<b>Total: Education</b>	<b>59,903</b>	<b>6,185</b>	<b>66,088</b>	<b>68,770</b>	<b>(2,682)</b>	<b>66,088</b>
Adults Commissioning	282		282	591	(309)	282
C&A Performance & Intelligence	479		479	479	0	479
Children's Commissioning	1,432		1,432	2,566	(1,133)	1,432
<b>Total: Partnership Commissioning</b>	<b>2,194</b>	<b>0</b>	<b>2,194</b>	<b>3,636</b>	<b>(1,442)</b>	<b>2,194</b>
Business Development	290		290	290	0	290
DAAT	1,942		1,942	2,392	(449)	1,942
Health Improvement Programmes	3,329		3,329	4,145	(816)	3,329
Public Health Commissioning	5,650		5,650	5,792	(142)	5,650
Public Health Management	1,139		1,139	1,975	(837)	1,139
Stop Smoking Services	420		420	420	0	420
Supporting Healthy Weight	1,273		1,273	1,489	(216)	1,273
<b>Total Public Health</b>	<b>14,043</b>	<b>0</b>	<b>14,043</b>	<b>16,504</b>	<b>(2,461)</b>	<b>14,043</b>
Finance Provisions	2,085		2,085	2,057	28	2,085
HR Provisions	659		659	978	(319)	659
School Grants	46,603	5,098	51,701	9,282	42,419	51,701
<b>Total School Retained Funding and Grants</b>	<b>49,347</b>	<b>5,098</b>	<b>54,445</b>	<b>12,317</b>	<b>42,127</b>	<b>54,445</b>
<b>Pay award</b>	<b>0</b>	<b>2,587</b>	<b>2,587</b>	<b>2,587</b>	<b>0</b>	<b>2,587</b>
<b>Government reversal of Health &amp; Social Care levy on National Insurance: reduction in Employer's contribution cost</b>	<b>0</b>	<b>(388)</b>	<b>(388)</b>	<b>(388)</b>	<b>0</b>	<b>(388)</b>
<b>Total for Children and Adults</b>	<b>257,084</b>	<b>30,232</b>	<b>287,316</b>	<b>300,041</b>	<b>(12,725)</b>	<b>287,316</b>

This page is intentionally left blank

## Children and Adults Directorate

<b>Pressures &amp; Savings</b>	<b>2023/24 Agreed Pressures / Savings at Draft Budget £000s</b>
<b>Adult Social Care</b>	
Cost of Current Service in excess of 2022/23 budget	2,466
Projected demographic growth	1,200
Allowance for provider uplifts at 5%	4,250
Adult Social Care Reforms	5,800
ASC Targeted reviews	(1,426)
ASC Flight supported living	(300)
Utilities projected increase	14
<b>Total Adult Social Care</b>	<b>12,004</b>
<b>Children's Services</b>	
Cost of Current Service	5,548
Projected demographic growth	2,784
Allowance for provider uplifts at 5%	1,680
Efficiencies, tracking/planning, external contributions to placement costs	(2,500)
Increase capacity in residential provision (including Learning Disability & Autism, and Aut Even)	(1,500)
Intensive parenting support	(509)
Care leavers accommodation projected savings	(837)
Utilities projected increase	80
<b>Total Children's Services</b>	<b>4,746</b>
<b>Education</b>	
SEND Transport projected increase	3,285
Reflect cost of SEND and Educational Psychologists teams in the General Fund	2,900
Estimated increase in ringfenced education grants	5,098
<b>Total Education</b>	<b>11,283</b>
<b>Pay award</b>	<b>2,587</b>
<b>Government reversal of Health &amp; Social Care levy on National Insurance: reduction in Employer's contribution cost</b>	<b>(388)</b>
<b>Total C&amp;A</b>	<b>30,232</b>

This page is intentionally left blank



## Regeneration, Culture and Environment Directorate - Draft Budget 2023/24

General Fund Activities	2023/24 Adjusted Base	2023/24 Changes	2022/23 Draft Budget Assumptions	2023/24 Budget Requirement - Expenditure	2023/24 Budget Requirement - Income	2023/24 Budget Requirement - Net
	£'000	£'000	£'000	£000's	£000's	£000's
Environmental Services	27,072	2,561	29,633	31,859	(2,225)	29,633
Front Line Services Support	778		778	805	(27)	778
Greenspaces	4,147	479	4,626	4,941	(315)	4,626
Highways	5,307	1,124	6,431	7,832	(1,401)	6,431
Integrated Transport	6,691	598	7,290	8,785	(1,495)	7,290
Parking Services	(5,014)	73	(4,941)	3,347	(8,288)	(4,941)
Regulatory Services	1,453	120	1,573	4,443	(2,870)	1,573
<b>Total for Front Line Services</b>	<b>40,435</b>	<b>4,955</b>	<b>45,390</b>	<b>62,011</b>	<b>(16,622)</b>	<b>45,390</b>
Culture	1,486	23	1,509	2,367	(859)	1,509
Culture & Community Support	79		79	188	(108)	79
Libraries & Community Hubs	3,247	37	3,284	3,533	(248)	3,284
Planning	663		663	2,709	(2,046)	663
South Thames Gateway Partnership	135		135	135	0	135
Sport, Leisure, Tourism & Heritage	2,189	243	2,432	5,790	(3,359)	2,432
Strategic Housing	4,861	3	4,864	9,103	(4,239)	4,864
<b>Total for Culture &amp; Community</b>	<b>12,659</b>	<b>306</b>	<b>12,966</b>	<b>23,825</b>	<b>(10,859)</b>	<b>12,966</b>
Economic Development	225	73	298	1,154	(856)	298
Medway Norse	5,623	495	6,118	6,118	0	6,118
Property & Capital Projects	1,799	452	2,250	3,453	(1,203)	2,250
Regeneration Delivery	698	2	700	1,080	(380)	700
Skills & Employability	(204)	9	(195)	2,062	(2,257)	(195)
Valuation & Asset Management	(2,984)	22	(2,962)	1,292	(4,254)	(2,962)
<b>Total for Regeneration</b>	<b>5,156</b>	<b>1,053</b>	<b>6,210</b>	<b>15,159</b>	<b>(8,950)</b>	<b>6,210</b>
<b>Director's Office</b>	<b>856</b>	<b>20</b>	<b>877</b>	<b>899</b>	<b>(22)</b>	<b>877</b>
<b>Communications</b>	<b>734</b>	<b>2</b>	<b>735</b>	<b>979</b>	<b>(244)</b>	<b>735</b>
<b>Deangate</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pay award</b>	<b>0</b>	<b>1,310</b>	<b>1,310</b>	<b>1,310</b>	<b>0</b>	<b>1,310</b>
<b>Government reversal of Health &amp; Social Care levy on National Insurance: reduction in Employer's contribution cost</b>	<b>0</b>	<b>(197)</b>	<b>(197)</b>	<b>(197)</b>	<b>0</b>	<b>(197)</b>
<b>Total for Regeneration, Culture and Environment</b>	<b>59,841</b>	<b>7,450</b>	<b>67,291</b>	<b>103,987</b>	<b>(36,696)</b>	<b>67,291</b>

This page is intentionally left blank

## Regeneration, Culture and Environment Directorate

Pressures & Savings	2023/24 Agreed Pressures / Savings at Draft Budget £000s
<b>Front Line Services</b> Smart Cities project - Pre Wetted Salt Smart Cities project - Road Temperature Sensors Utilities projected increase Allowance for inflation on contracts at 9.9% <b>Total Front Line Services</b>	     <b>4,955</b>
<b>Culture and Community</b> Utilities projected increase <b>Total Culture and Community</b>	  <b>306</b>
<b>Regeneration</b> Allowance for inflation on contracts at 9.9% Utilities projected increase <b>Total Regeneration</b>	   <b>1,053</b>
<b>Directors Office</b> Utilities projected increase <b>Total Directors Office</b>	  <b>20</b>
<b>Communications</b> Utilities projected increase <b>Total Communications</b>	  <b>2</b>
<b>Pay award</b>	<b>1,310</b>
<b>Government reversal of Health &amp; Social Care levy on National Insurance: reduction in Employer's contribution cost</b>	 <b>(197)</b>
<b>Total Regeneration, Culture &amp; Environment</b>	<b>7,450</b>

This page is intentionally left blank

## Business Support Department - Draft Budget 2023/24

General Fund Activities	2023/24 Adjusted Base	2023/24 Changes	2022/23 Draft Budget Assumptions	2023/24 Budget Requirement - Expenditure	2023/24 Budget Requirement - Income	2023/24 Budget Requirement - Net
	£'000	£'000	£'000	£000's	£000's	£000's
Corporate Management	2,499		2,499	2,606	(107)	2,499
<b>Total for Corporate Management</b>	<b>2,499</b>	<b>0</b>	<b>2,499</b>	<b>2,606</b>	<b>(107)</b>	<b>2,499</b>
FBI - Finance	2,103	(130)	1,973	80,473	(78,499)	1,973
FBI - Information	9,603	(261)	9,342	13,977	(4,635)	9,342
FBI - Organisational Culture	1,692		1,692	2,828	(1,135)	1,692
FBI Divisional Management Team	310		310	310	0	310
Internal Audit & Counter Fraud	389		389	616	(227)	389
<b>Total Finance &amp; Busines Improvement</b>	<b>14,098</b>	<b>(391)</b>	<b>13,707</b>	<b>98,204</b>	<b>(84,496)</b>	<b>13,707</b>
Legal, Land Charges & Licensing	3,057		3,057	4,427	(1,370)	3,057
<b>Total Legal &amp; Contracts</b>	<b>3,057</b>	<b>0</b>	<b>3,057</b>	<b>4,427</b>	<b>(1,370)</b>	<b>3,057</b>
Category Management	356		356	460	(104)	356
Democratic Services Manager	576		576	620	(44)	576
Members & Elections	1,580		1,580	1,639	(59)	1,580
<b>Total Legal &amp; Governance</b>	<b>2,512</b>	<b>0</b>	<b>2,512</b>	<b>2,719</b>	<b>(207)</b>	<b>2,512</b>
Pay award	0	933	933	933	0	933
Government reversal of Health & Social Care levy on National Insurance: reduction in Employer's contribution cost	0	(141)	(141)	(141)	0	(141)
<b>Total for Business Support</b>	<b>22,167</b>	<b>401</b>	<b>22,568</b>	<b>108,748</b>	<b>(86,180)</b>	<b>22,568</b>
Interest & Financing	12,315	7,822	20,137	25,955	(5,819)	20,137
Levies	1,626	0	1,626	1,658	(32)	1,626
Norse Profit Share	(578)	0	(578)	0	(578)	(578)
<b>Total for Business Support (inc Centralised costs)</b>	<b>35,529</b>	<b>8,223</b>	<b>43,753</b>	<b>136,361</b>	<b>(92,609)</b>	<b>43,753</b>

This page is intentionally left blank

**Business Support Department**

<b>Pressures &amp; Savings</b>	<b>2022/23 Agreed Pressures / Savings at Draft Budget  £000s</b>
<b>Finance &amp; Business Improvement</b>	
Revenues & Benefits improvement programme	(130)
Review of print post and scanning	(150)
Replacement Asset Management System (RAMS)	(80)
CCTV	(100)
Projected utilities increase	1
Allowance for inflation on contracts at 9.9%	68
<b>Total Finance &amp; Business Improvement</b>	<b>(391)</b>
<b>Pay award</b>	<b>933</b>
<b>Government reversal of Health &amp; Social Care levy on National Insurance: reduction in Employer's contribution cost</b>	<b>(141)</b>
<b>Total BSD</b>	<b>401</b>
<b>Total Centralised Costs</b>	<b>7,822</b>
<b>Total for Business Support (inc Centralised costs)</b>	<b>8,223</b>

This page is intentionally left blank