

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

25 AUGUST 2022

CAPITAL BUDGET MONITORING – ROUND 1 2022/23

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Summary

This report presents the results of the first 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,
- 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.

2. Background

2.1. The approved capital programme for 2022/23 as at the round one is £429.358million and this report consolidates the first round of capital budget forecasts for 2022/23, based on returns submitted by individual budget managers during June 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 1 forecast position. Table 2 details how the approved programme will be funded.

Table 1 – Round 1 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	37,412	16,564	20,849	18,210	2,675	36
Regeneration, Culture and Environment	584,118	204,260	379,868	120,404	259,446	(18)
Housing Revenue Account	47,408	19,739	27,669	14,863	12,806	0
Business Support Department	3,677	2,952	725	241	484	0
Members Priorities	363	0	363	25	338	0
Total	672,989	243,515	429,474	153,743	275,749	18

Table 2 – Funding The Capital Budget

Funding Source	Total	C&A	RCE	HRA	BSD	Members Priorities
	£000	£000	£000	£000	£000	£000
Capital Grants	192,981	2,328	190,651	0	2	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	82,578	14,891	50,396	17,116	175	0
Borrowing in lieu of Capital Receipts	91,560	0	91,560	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
Total	429,474	20,849	379,868	27,669	725	363

4. Children and Adults

4.1. The Children and Adults programme is forecast to overspend by £36,000.

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
Basic Needs - Primary	3,223	916	2,307	1,302	1,006	1
Basic Needs - Secondary	2,166	844	1,322	1,357	0	35
Commissioning	824	817	7	7	0	0
School Condition Programme	6,096	4,512	1,584	1,584	0	0
Schools Devolved Capital	1,327	1,190	137	137	0	0
Basic Needs - SEND	20,799	6,862	13,937	13,322	615	0
Children's Social Care	1,654	100	1,554	500	1,054	0
Adult Social Care	1,324	1,322	2	2	0	0
Children and Adult Services Total	37,412	16,564	20,849	18,210	2,675	36

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	1,302	1,006	1

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

- Hundred of Hoo 1 form of entry Primary Expansion (Budget £2.016million), the project is under design and planning at present. It is planned that contractors will start on site in October 2022 with completion expected by September 2023.
- Wayfield Primary Expansion (Budget £291,000), contractors started on site at the end of May and work is expected to be finished in early September 2022.

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. 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 small projected overspend within this area; it is estimated that there will be a spend of just over £1,000 relating to Halling Primary Expansion (£975) and The Rowans Primary Support (£155). A request to Cabinet to add funding to cover these is set out at section 9.1.1 and 9.1.2 and in the recommendations of this report.

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	1,357	0	35

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

- Robert Napier Bulge (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.
- Hoo Academy Dining and Changing Rooms (Budget £1.239million), the works pertaining to expanded dining and changing rooms are still in the design phase and the proposal is due to go to

planning in July 2022. It is current expected that contractors will start on site in October/November 2022.

- Greenacre Extra Class Spaces (Budget £83,000), this project is now substantially complete, with the 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 the 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 £35,000 relating to Robert Napier bulge works within this area. A request to Cabinet to add funding to cover these is set out at section 9.1.3 and in the recommendations of this report.

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	7	0	0

The purpose of the schemes within this area is 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 (Budget £6,000), this budget is fully committed and awaiting the final invoices.
- Elaine Centre Refurbishment (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	1,584	0	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 (Budget £18,000), this is a holding code for the condition programme until projects are identified and funding re-allocated.
- Condition Programme – Boilers (Budget £211,000), the budget will be fully utilised with works at Fairview Primary, Luton Primary and St Helen's Infants schools. The works are due to start in the summer holidays and should be completed by the end of September 2022. Any additional spend on school heating will be funded from elsewhere within the suite of condition programme projects.
- Condition Programme – Roofing (Budget £758,000), works started in the previous financial year at Swingate and Fairview primary schools have now been completed. Further works estimated at a cost of £250,000 are planned to start in July 2022 at Crest Infants and St Peters Infants. In common with other works within the condition programme this element also contains reactive work as and when required and therefore it is anticipated that this budget will be fully spent on either roofing or used for other required condition works during the current financial year.
- Condition Programme – Electrical (Budget £0), projects within condition programme to ensure electrical safety and compliance: no projects are planned for this year so no spend is expected.
- Condition Programme – Water Management (Budget £118,000), this project within the condition programme relates to safe water management and drainage issues. This is generally a reactive

budget and there are currently no planned schemes. Any unspent budget will be utilised elsewhere within the overall condition programme and therefore at the present time it is anticipated that this budget allocation will be fully spent in the current financial year.

- Condition Programme – Fire Risk (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 2022/23.
- Condition Programme – Other (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 (Budget £145,000), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms, and CCTV. 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 Department for Education 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	137	0	0

This scheme accounts for Schools own capital funds provided by the Department for Education, via the Education & Skills Funding Agency, which are used to address their own priorities to improve educational standards and enhance the environment for teaching and learning. Schools set and retain their own capital budgets, 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	13,322	615	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 (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 the Council's contribution to the Free School on the former Cornwallis site: this is not expected until 2024/25.
- SEND New Places Scheme (Budget £1.908million), projects to create specialist resourced provision units in mainstream schools. Projects are ongoing with works having started at Featherby, Bligh and Warren Wood primary schools. The programme has a completion date of September 2023.
- Bradfields Additional Places (Budget £2.861million), project to expand Bradfields to enable 100 additional pupils. Contractors are currently on site with completion expected in September 2022.
- Abbey Court Phase 2 (Budget £8.568million), project to expand and relocate Abbey Court secondary provision, providing 56 additional places. Contractors are on site with completion expected for November 2022.

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	500	1,054	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 (Budget £1.554m), Ofsted approval was obtained in February 2022 resulting in the assessment unit being fully functional and overnight stays have commenced. Phase 2 of the project (the conversion of suitable Council properties or the acquisition of new properties) has been temporarily suspended. The forecast assumes that the issues causing this will be resolved in the near future, allowing the scheme to be completed by the end of the next financial year.

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 (Budget £2,000), the Adult Social Care charging reforms require Local Authorities to introduce a technical solution in order to monitor how much each person receiving care and support pays towards it. The remaining budget will support the reforms, 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 £18,000.

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	9,823	5,073	0
FLS - Integrated Transport	18,791	17,612	1,179	651	0	(527)
FLS - Other Front Line Services	13,212	11,811	1,401	1,281	644	523
Front Line Services	124,983	104,989	19,994	14,274	5,716	(4)
Housing Infrastructure Fund	169,215	11,232	157,983	10,181	147,802	0
Culture & Community	15,088	3,732	11,356	5,022	6,335	0
Regeneration - Corporate Property	15,434	6,913	8,521	6,270	2,237	(14)
Regeneration - Future High Streets Fund	9,534	859	8,675	5,836	2,839	0
Regeneration - Green Spaces	1,655	841	814	731	83	0
Regeneration - Innovation Park Medway	61,067	17,784	43,283	20,662	22,621	0
Regeneration - Medway Development Company	125,170	29,574	95,595	48,270	47,325	0
Regeneration - Other	61,981	28,335	33,646	9,158	24,488	0
Regeneration	274,726	84,307	190,419	90,927	99,478	(14)
Regeneration, Culture and Environment Total	584,128	204,260	379,868	120,404	259,446	(18)

Front Line Services – 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 Household Waste and Recycling Centre (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 (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 (Budget £2.516million), this scheme was due to be complete on site by June 2022, however a two-month delay has occurred mainly due to issues relating to services supplied (UKPB/Southern Water). Anticipated completion is now end of July 2022 and it is hoped the final accounts will be completed this financial year. It should be noted that some costs are still to be finalised and should an overspend materialise, officers will report this to members with funding options identified.

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.

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	9,823	5,073	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 (Budget £3.541million), the Contractor applied for a revised Completion of the 14 September 2022 and this was accepted as some of our existing specialist Speedstar Lanterns could not be converted so will be replaced however global supply chain issues with electronic chips results in a delay. Zebra Crossing Lanterns are on track for completion to 30 June 2022. Other Non-Allocated Lanterns - the delivery of these last batches is also affected by the same problems of electronic chips and shipping delays. At the last progress meeting a batch of 1500 (of the 2700 outstanding) is confirmed for delivery during June/July 2022. Architectural Lanterns - Volker are now completing this element but these are also subject to delivery problems and the goal of March 2023 completion may not be achievable.
- Motorway Signage (Budget £60,000), The original project design will not proceed. Officers are currently reviewing the options available for a scheme and therefore the forecast of the projected spend is shown in future years.
- Potholes (Budget £1.879million), Stoke Bridge out to consultant for a package of design and build, to be built in current financial year. The annual resurfacing programme has commenced and will be completed in year, with the total area resurfaced 25,745m². The annual large patching programme is due to commence in September 2022 and will be completed in year.
- Medway Tunnel (Budget £6.013million), funds annual running costs and the phased programme of capital improvements that are funded through the Department for Transport (DfT) Challenge Fund. The first tunnel closure of 2021/22 was completed in June 2022 with the maintenance that was planned for this closure completed and the removable crash barrier installed at the Eastern end of the tunnel.
- Horsted Gyratory & Ped Imps (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 (Budget £1.510million), carriageway and footpath resurfacing towards the annual resurfacing programme. Total highway resurfacing 6,832m² over six sites started in May 2022, with the total footway resurfacing 7,770m² over nine sites started in April 2022. This work also includes the Cyclic Road marking programme (three wards).
- Street Furniture (Budget £280,000), on track to deliver with no issues.
- Structures & Tunnels (Budget £304,000), on track to deliver all necessary annual highways structures inspections. These include 25 Principal Inspections and 121 General inspections.
- Highways Maintenance Local Transport Plan (LTP)3 (Budget £1.246million), Stoke bridge structures project will be completed in year. The Annual Highway Drainage Improvement works, Annual Street Lighting replacement of Red Columns and Lit Signs and Annual Footway resurfacing programme will all be completed in-year with 4,033m² to be resurfaced. The annual crash barrier replacement of sections below service standards will be completed.

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
	18,791	17,612	1,179	651	0	(527)

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

- Controlled Parking Zones (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.
- National Productivity Plan (Budget £15,000), the projected underspend from this scheme is recommended to be allocated to Medway City Estate Connectivity project (see Other Front Line Services below), within the journey times reduction.
- Integrated Transport LTP3 (Budget £1.135million), underspend on this budget to be allocated to the Medway City Estate Connectivity project (see Other Front Line Services below). 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.

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

Budgetary Forecast: it is estimated that there will be a projected underspend of £527,000 from the National Productivity Plan (£15,000) and Integrated Transport LTP3 (£512,000). A request for Cabinet approval to vire funding from these schemes to address a projected overspend on the Medway City Estate Connectivity scheme is set out at section 9.1.4 and in the recommendations of this report.

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
	13,212	11,811	1,401	1,281	644	523

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

- England Coast Path Super Steps (Budget £35,000), four sets of concrete steps are to be constructed. Two sets were completed in 2021/22 however the contractor was unable to complete the works but a new contractor is now completing the final two sets of steps. This has however 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 has to be submitted by 1 September 2022.
- England Coast Path Grain – Rainham (Budget £4,000), these works were completed in February/March 2022 and no further expenditure will be incurred. The grant claim to Natural England is to be submitted by 1 September 2022.
- CCTV (Budget £117,000), the allocation for 2022/23 includes the spend from Strood and Twydall, which has now been completed. Presently, there are 20 red 'RAG-rated' cameras that are nearing end of life; it is proposed that immediate action short term to replace 14 with HD upgrades and decommission two, leaving four red-RAG rated cameras. Three of these 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. Working with colleagues at Kyndi, a programme of works (up to March 2024) is being developed to utilise the remainder of the capital budget carefully to achieve value for money.
- New Pay And Display Machines (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 at the start of August 2022 and the project to be fully completed by mid-October 2022.

- Bereavement Path Repairs (Budget £250,000), this is a new project and the budget manager is currently in discussion with a Highway Engineer to identify the priority areas. Further details to follow in later rounds of budget monitoring.
- Active Travel (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 (Budget £75,000), scheme completed, with the remaining budget to address any residual issues during the year.
- Medway City Estate Connectivity (Budget £109,000), scheme complete. The final cost of the scheme is forecast at £636,610. This includes the final payment as part of the construction contract and residual costs relating to project management and land acquisition. The forecast overspend of £527,000 is recommended to be funded by the projected underspends within the National Productivity Plan (£15,000) and Integrated Transport LTP3 (£512,000) within Front Line Services – Integrated Transport as set out at paragraph 9.1.4 and in the recommendations of this report.

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 estimated that there will be a projected overspend of £523,000, consisting of Medway City Estate Connectivity (£527,000) partially offset by a projected underspend for England Coast Path Grain – Rainham (£4,000). The former will require budget virements from the capital schemes detailed in Front Line Services – Integrated Transport and the request to Cabinet to approve is set out at paragraph 9.1.4 and in the recommendations of this report.

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
	169,215	11,232	157,983	10,181	147,802	0

The purpose of this service area is to deliver infrastructure on the Hoo Peninsula to facilitate the construction of a large housing project. The schemes included are as follows:

- HIF Project Delivery (Budget £3.520million)
- HIF Rail (Budget £59.674million)
- HIF Highways (Budget £81.104million)

The following update relates to the schemes above: the HIF team have made significant strides towards delivering the project, including reaching GRIP 3 (Rail) last month ahead of programme, achieving design freeze across the rail and highways programme, concluding two major consultation processes and opening negotiations with every freeholder and interested party on the peninsula. We are now moving to consult on the next area of the programme, Strategic Environmental Management Scheme (SEMS) and to conclude the formal land referencing work ready for the various acquisitions.

- HIF Strategic Environmental Management Scheme (Budget £13.602million)
- HIF Preliminary Costs (Budget £83,000)

The current end date of the project is March 2025 and the full grant is forecast to be spent.

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
	15,088	3,732	11,356	5,022	6,335	0

The schemes within this service area are as follows:

- World Heritage Site & Great Lines Heritage Park (GLHP) (Budget £31,000), the service have confirmed that the budget will be fully expended by 2023/24.

- Lordswood Community Hub (Budget £250,000), works on this project have not yet begun and there is a request from the Assistant Director, Culture & Community for an increase to this budget set out at section 9.2 and in the recommendations of this report. Currently the Service is working with the Capital Projects team and architects to bring forward designs for the appropriate budget. The timescale to complete this project has not moved and it will be completed by April 2023.
- English Heritage Local Management Agreement (EHLMA) – Environmental Mon (Budget £284,000), conservation works to all three sites are ongoing. Works at Rochester Castle will include repointing and remedial works to the keep, restoration of the outer piers on the fence on Castle View and the widening of the gate at the entrance on Epaul Lane. Officers are awaiting quotes including work schedules, but are provisionally forecasting to spend £100,000 this year.
- Guildhall Museum Refurbishment (Budget £10,000), Works on new Dickens Gallery have been completed and the gallery is open and operational. Remaining capital budget to be spent on further improvements to the museum.
- Splashes Replacement Scheme (Budget £4.016million), Demolition works were completed in February 2022. Planning decision on replacement sports centre build was approved at the end of June 2022. Full Council approved a further budget allocation of £12.85million to be funded from Prudential Borrowing at its meeting of 21 July 2022 and this will be included in the monitoring from round 2. Building works are scheduled to begin in October 2022.
- 3G Pitch (Budget £49,000), the pitch was completed and opened in Sept 2021. Works to the pavilion and changing rooms are ongoing and are scheduled for completion in July 2022. Retention payments for works on the pitch are due in Sept/Oct 2022.
- Central Theatre Sound System (Budget £95,000), pending supplier setup and ordering of equipment, installation of ShowMatch Sound System scheduled to begin in August 2022.
- Brook Theatre Refurbishment (Budget £6.622million), this is a newly approved project to refurbish the Brook Theatre. Much of the work is planned to take place in 2023/24.

Funding: the above schemes are funded by way of Government Grants (World Heritage Site & GLHP [part], EHLMA - Environmental Mon [part]) and Brook Theatre Refurbishment [part]; Capital Receipts (EHLMA - 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	6,270	2,237	(14)

The schemes within this service area are as follows:

- Building Maintenance (Budget £10,000), Elaine Centre works are almost completed. Client is to confirm what the remaining money will be spent on, with all remaining budget on this cost centre forecast to be spent.
- Civic Centre Decant (Budget £24,000), access controls have been ordered for the basement in Gun Wharf and works will be completed by end of July 2022.
- Pentagon: Future Capital Works (Budget £4.924million), of £1.5million for Wilko Capital and it is projected that the remainder will be spent over two years on works to the first floor.
- Climate Change Emergency Refit Phase 1 (budget £2.514million), phase one will be completed by October 2022. Phase 2 is being scoped and will be delivered in 2023/24.
- Gun Wharf Building Works (Budget £1.050million), 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 (£14,000).

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	5,836	2,839	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 (FHSF) award. The schemes are as follows:

- FHSF - Pentagon Centre Trans (Budget £256,000), - Heads of Terms with the NHS / CCG are nearing completion. The NHS have requested that Medway undertake the delivery stage. More than £10m has been added to the Capital Programme to backstop the Healthy Living Centre (HLC), on the basis that this money be re couped from the NHS. Contract discussions are ongoing with the NHS. Project Manager, Quantity Surveyor and Architect appointed, overseeing the HLC, Innovation Hub and Wreck Room. Procurement of a mechanical, electrical, plumbing (MEP) contractor has closed, with the award to be issued shortly. All consultancy contracts have break clauses after each RIBA stage to limit the council's risk.
- FHSF - Brook Theatre (Budget £282,000), design team appointed overseeing the Brook Theatre development. Review of the brief for the Levelling Up Fund (LUF) and FHSF to ensure the design/scope meets all funding requirements. Condition surveys are currently being undertaken and early engagement with Planning and the Conservation team are underway, to ensure the design works proceed at pace to align with the programme of works. The delivery of the FHSF Brook Theatre physical works is planned to be completed by March 2024.
- FHSF - Innovation Hub Medway (Budget £1.690million), The area allocation is being provided for in the masterplan for the first floor of The Pentagon and the HLC proposals. Project Managers and Quantity Surveyors have been appointed, who are the same for the HLC to provide continuity, together with the remainder of the design team. Procurement for the third party operators is underway, the GW1 report has been submitted and approved by Procurement Board, it is expected that an operator will be appointed by September.
- FHSF - St Johns Church (Budget £981,000), procurement for the design team has now closed with the award being issued shortly. The funding agreement between Medway Council and the Diocese is being finalised - completion is due in July 2022. This has been delayed due the funding body requesting changes with the Memorandum of Understanding (MoU) which are currently being clarified further. Officers are supporting, where possible, the Diocese bid for the £1m match funding to the Heritage Lottery Fund.
- FHSF - Property Acquisition & Delivery (Budget £2.318million), purchase of Debenhams complete. Adult services team are undertaking a Demand Assessment. A Capital additions request of £17.9million to be funded from borrowing in lieu of future capital receipts was approved by Council on 21 July 2022. The priority is the ground floor unit, the delivery of which will be borrowed against the above development to ensure the space is marketable. Conversations with third parties are ongoing regarding the ground floor use. Conversations with commercial agents will be twin tracked.
- FHSF - Paddock & Public Realm (Budget £2.349million), - Following feedback from Member Presentation on 13 June, an online survey went live between 4-17 July, asking residents to further feedback on the proposal and whether they feel the designs have met their expectations. Hard copies of the survey for residents to feedback, which was also available between 11-16 July at the Pentagon Centre. Officers were present to answer queries and engage with residents on the 15 & 16 July at the Pentagon Centre. Hoarding for The Paddock design will go up in July around the Mountbatten House development, alongside a Chatham Map that will showcase the future and current developments in the city centre. Contractors to start on site winter 2022. Re-opening to the Public in winter 2023.
- FHSF - Project Management (Budget £800,000)

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	731	83	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 (Budget £25,000), currently awaiting outcome of Football Foundation grass pitch pilot which will prioritise pitch improvements for the rest of the spend, but work is aimed to be complete this financial year.
- The Vines - Site Improvements (Budget £1,000), the scheme is currently out to tender for footpath improvements and if the returns are within budget, the aim is for project to be completed this financial year.
- Rainham Play (Budget £62,000), the scheme is currently out to tender for play refurbishment for approximately £30,000. The remainder will be spent on access improvements around the open space and it is anticipated that the project will be completed in 2022-23.
- Hook Meadow Works (Budget £44,000), this project is not currently expected to start until 2023-24.
- Berengrave Nature Reserve Ecological Improvements (Budget £106,000), Consultation on access improvements was carried out in May 2022 and the scheme is now at tender stage, with aim for the works to be on the ground later this year and for project to be complete this financial year.
- Jackson's Field & Victoria Gardens Green Spaces Project (Budget £76,000), responses to tender have now been received. Costs have increased from initial expectations so the service is reviewing options before awarding, however the expectation is that contractors will be on site this summer.
- Eastgate House Gardens Improvements (Budget £16,000), the 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.
- Copperfields Open Space (Budget £1,000), this project is substantially complete and the service are currently considering options for spending the small remaining budget.
- Jackson's Field & Borstal Recreation Ground Green Spaces Improvements (Budget £24,000), S106 is also for the Vines. The service is currently out to tender on Vines footpath improvements, with the remainder to be spent on Borstal Rec improvements. It is anticipated that the project will be complete this financial year.
- Play Parks Refurbishment (Budget £270,000), In process of completing the financial year 2021-22 project - 2 sites (Crestway & Whimbrel Walk) have been delayed as sub-contractor held up another project in the UK. The service is out to tender to improve 5 play sites for this financial year. The tender will be awarded in August 2022, followed by engagement in September/October 2022 and works should be on the ground in spring 2023.
- Northcote Recreation Ground & Rede Common (Budget £17,000), currently out to tender for access improvements at Rede Common, with the aim for the project to be completed this financial year.
- Cliffe Woods Recreation Ground Improvements (Budget £2,000), Work is currently ongoing to make improvements to the entrance and is on track to complete by end of financial year.
- Balmoral Gardens Improvements (Budget £12,000), The service is going out to tender shortly on safety surfacing improvements at play area and will be completed this financial year.
- Great Lines Footpath Improvements (Budget £59,000), The service is going out to tender shortly for footpath improvements. Construction costs have increased and additional funding from S106 has been added to the budget to enable the project to proceed. Anticipate contractors on site by autumn 2022 and project completion this financial year.
- Capstone Park S106 Improvements (Budget £99,000), car park improvements tender has been awarded and works start in summer 2022 (£60,000). The remainder of the budget will be spent on various improvements at 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	20,662	22,621	0

The purpose of the schemes within this area are to create the infrastructure at the Innovation Park Medway (IPM). The schemes are as follows:

- IPM Phase 1 & 2 Public Realm (Budget £10.363million)
- Phase 2 Infrastructure (Budget £3.708million)
- IPM Highway Infrastructure (Budget £11.275million)
- IPM Proj Capitalised Interest (Budget £1.250million)
- IPM - 6 Storey Building (Budget £13.796million), the Budget spend profile reflects the approved Scheme. However the Scheme has currently been put on hold whilst an assessment is undertaken to gauge the markets working aspirations post COVID and this therefore could change.
- Innovation Park Medway (Budget £696,000)
- IPM Enabling Works (Budget £553,000)
- Innovation Pk Medway Zone A (Budget £1.642million)

Infrastructure and Public Realm works are progressing well on the northern site with no reported delays at this time. Underground utilities are being installed. All testing of installed pipework has been acceptable, one section still requires testing. Southern Water are currently on site to carry out the mains water connections. Surface water drainage 85% complete including all carrier drains, manhole construction and benching, gully pot and lead install, leads to rain gardens and plot flow controls, Borehole manholes, aqua swirl interceptors. Foul water drainage 60% complete including all carrier drains, manhole construction and benching, and plot inspection chambers. Options for Runway Park gym equipment are being reviewed.

Northern Site Multi Storey Carpark (Plot N1.3) Design: RIBA Stage 2 conceptual design has completed on one of the northern site multistorey carparks (Plot N1.3), in line with the design code. Officers have been working with the architects to apply useful feedback from planning officers following recent pre-app meeting. Comments will be used to inform the planning submission in July. A useful value engineering exercise has been conducted to ensure cost effective delivery of the carpark. Design has progressed to RIBA Stage 3 and the project is due to be paused prior to Stage 4, while we await the outcome of the LUF Round 2 application. As once built, this carpark will serve the Gateway Building and two other plots within parcel N1 of the IPM northern site masterplan.

Marketing and plot disposal: Architects have been commissioned to provide illustrative designs N1.1 and N1.4 for Marketing purposes. They have also completed RIBA Stage 2 designs on Southern site of IPM. Draft Demand Study report produced which serves to inform the IPM LUF bid. The final report is due in July. Third parties are working to promote the uptake of IPM plots and bring in businesses and developers.

Marketing of Northern site commences. Spade in the Ground event with ribbon cutting on Southern site and Rochester airport is being rescheduled. Medway Comms team are trying to secure the attendance of a Minister at one of the events. Social media platforms are being prepared by Medway's Comms team to showcase the works to date. Cabinet have agreed on 5 July to recommend to Full Council on 21 July for the borrowing of £12m to Design & Build of S1.1 and S1.2 plots of Southern Site of IPM for the anchor tenant. We are due to go out to tender for a Multi-Discipline team for Design and Build of the S1.1 and S1.2 buildings. Heads of Terms are being agreed with the anchor tenant in July. Ongoing discussions with National Highways (NH) and consultants to agree the financial cap associated with forecast mitigation requirements. Updated draft M&M strategy reissued for agreement in principle from National Highways; prior to the highway authorities review of the modelling and agreeing the financial cap figure.

Revised programme for final M&M strategy to be agreed by December 2022 in order for construction to start on the Southern Site.

Gateway Building: Net Zero Carbon design progressing well; final RIBA Stage 2 report approved and start of RIBA Stage 3 agreed. Pre-app submission on track for Autumn. The design will then pause whilst we wait for the LUF Round 2 funding decision.

LUF Round 2 Bid: Officers are actively supporting appointed consultants to draft the business case, inclusive of the Gateway Building and building 2 (plot S1.3) on southern site. Relevant stakeholders have been briefed, with individual letters of support for the bid received, including formal endorsement by

Tracey Crouch MP. Formal bid endorsement and all letters of support will be included as part of the business case and final bid to be submitted July 2022.

Full Council at its meeting of 21/07/2022 approved capital additions of £8m for a building and £4million for a car park on the Southern Site of the Innovation Park Medway (IPM) funded from borrowing against future capital receipts which will be incorporated into the round 2 monitoring process.

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
	125,170	29,574	95,595	48,270	47,325	0

The schemes within this area relate to works projects carried out by Medway Development Company (MDC) 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 Co Ltd (Budget £49.776million), 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.
- MDC – Garrison Point Loan (Budget £12.096million), Showflat complete for launch – 17 viewings booked across first two days; First homes launched; Extensive Mechanical & Engineering work continues to mitigate inflation pressures; Core D & C first floor apartments snagged ready for first fix; Roof structural frame 100% complete; sales continue to progress well; Additional first homes grant provided by Homes England following bid by MDC – additional £2.48m; Labour shortages causing problems, mainly dry liners but market environment is difficult.
- MDC - White Road (Budget £42,000)
- MDC - Chatham Waterfront Loan (Budget £26.637million), Drainage complete to 3 sides of Block B; Block C slab pour started, first floor virtually complete; Potential options being explored to increase number of units to block E, to increase gross development value (GDV); Steel Frame System (SFS) started to Block D• Mechanical & Engineering works started to Block B; SFS completed to blocks B and D; Block D brickwork started to ground floor; Block C Slab pour complete up to 4th floor; Block B external drainage complete; proposal coming forwards to Cabinet to convert Block C to private rented sector (PRS); Extensive Value Engineering (VE) work underway to mitigate inflation pressures. Still to agree substation lease through legal.
- Britton Farm Residential (Budget £5.897million), Discussion with Housing Revenue Account (HRA) on purchase continues. Updated drawings being developed to allow construction over the car park entrance. Core holes to the upper slab completed and works set up in progress. Site welfare provisions being established in consultation with neighbouring skills hub. Initial slab break out completed. Utility connection for site accommodation established. National Maintenance Agreement (NMA) submitted for design changes to stepped Building design. Groundworks underway for main build, site set up completed, drainage works started, Demolition of final section of slab completed, health and safety (H&S) review of site completed
- Mountbatten House Purchase (Budget £518,000), Mountbatten House purchased, this is an allowance for other interests, will know by end of year, this relates to 3 outstanding shops still to be purchased
- Mountbatten House Project (Budget £609,000)
- MDC - Queen Street (Budget £20,000), Planning Pre app meeting has taken place - comments addressed by design team; Updated design presented to Members; Planning reports commissioned; Planning application being collated; Topographical survey completed on site; Archaeology assessment completed; Updated offer from MHS Homes received; Final plans received ready for submission to planning; Planning submitted 26/07/2021 awaiting validation; Additional reported now needed for planning - Climate change statement being progressed; Financial viability report commissioned as high S106 contributions requested; MDC role ends after planning approval, scheme to be delivered by main site developer; Planning approved, this is the final update as MDC have completed their task.

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
	61,981	28,335	33,646	9,158	24,488	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), work to start in the summer some schemes will be completed this year; £50K laptops, £5K Windows with the other projects moving over 2 years, the enrolment software and room re modelling and apprenticeships will cover 2 years with £80,000 in 2022/23 and £95,000 in 2023/24.
- Regeneration Investment Fund (Budget £12.957million, funded from borrowing), assumes that committed £4,850 and some more in fees is spent in 2022/23 and rest spent equally over 2023/24 and 2024/25. There are no schemes identified to spend the balance of this scheme and such a recommendation to remove the uncommitted balance of the scheme of £12.947million from the capital programme is set out at section 9.1.5 and in the recommendations of this report.
- Healthy Living Centre Pentagon (Budget £10.348million), still agreeing terms with the NHS, but the deal at present is that the Council will cashflow the works and get the money back from the NHS in phased payments. Medway Council may not get all of fees back. Works need to be completed by 1/04/24 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-19 Pandemic has affected the delivery of this project resulting in a year's 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 £2.095million), additional funding was approved at Full Council 8 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.
- Disabled Facilities Grant Mandatory (Budget £5.779million), the Service receives approximately 275 referrals for adaptations per year of which approximately 170 adaptations are approved, in addition to applications delayed due to changes in the applicant's circumstances and the remainder being carried over into the next financial year. 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 six months of referrals, as their only surveyor resigned earlier this year. We have met with their senior management to discuss the delays. The Private Sector Housing team are currently having an in-house surveyor post (funded from the Disabled Facilities Grant (DFG) budget) approved, who can work on this major backlog. On this basis, it is forecast that this year's budget and the new 2022/23 DFG allocation will not be spent in the current year, but will be carried over into 2023/24 with sufficient workload to commit the budget.
- Command Of The Heights - Phase 2 (Budget £37,000), scheme complete, awaiting payment of final Invoices.
- Heritage Action Zone (HAZ) (Budget £833,000), the HAZ project is on track for completion in March 2024 and within budget. Formal grant offers have been made for the largest capital work, invoices are expected in quarter 4 2022/23.

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 and Strood Riverside Phase 1&2) 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 (HRA)	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	14,863	12,806	0

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

- Improvements To Housing Stock (Budget £9.980million), 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), 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.
- 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 £4.234million), 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 purchases in the pipeline, Britton Farm and The Yard, Borough Road.
- HRA New Build-Phase 4-Garage Site (Budget £3.412million), 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 £9.394million), 41 units (19 x 2,3,4,6 bed affordable rent & 21 x 1&2 bed apartments) Hazel Mcomack Young engaged and Faithron Farrell Timms engaged working up to RIBA stage 3. Lennoxwood submitted to planning in May and Aburound House expected in July 2022. Tender process for JCT Design and Build Contract before December 2022 with expected start on site March/April 2023.

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 New Build-Phase 4-Garage Site and HRA New Build Phase 5).

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	179	484	0
Democracy & Governance	78	16	62	62	0	0
Business Support Department Total	3,677	2,952	725	241	484	0

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	179	484	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 (Budget £3,000), the capital spend from this transformation programme budget is to establish and support the Business as Usual (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 (Budget £509,000), we will be purchasing 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 £600k. 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 (Budget £509,000), work is continuing and are forecasting to spend to budget.

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.

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 (Budget £2,000), it is planned to purchase software in summer/autumn 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 (Budget £60,000), orders for the purchase of polling booths, ballot boxes were due to be placed by the end of June 2022. 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
Members Priorities Total	363	0	363	25	338	0

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 (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 (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 (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 (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 (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
Capital Reserve Developer Contributions				
S106 Highways & Transport Cap	228	228	0	0
S106 Education Cap	2,455	2,086	369	0
S106 Leisure/Heritage Cap	466	383	83	0
Developer Contributions from Capital Reserves	3,149	2,697	452	0
Revenue Reserve Developer Contributions				
S106 Leisure/Heritage Rev	15	15	0	0
S106 Public Realm Rev	400	126	274	0
Developer Contributions from Revenue Reserves	415	141	274	0

9. Proposed amendments to the capital programme recommended to Cabinet on 23 August 2022

9.1. Request for additions/virements to fund overspends

- 9.1.1. Cabinet was asked to recommend to Council the addition of £975 of basic need grant to the Halling Primary Expansion scheme to address the overspend reported.
- 9.1.2. Cabinet was asked to recommend to Council the addition of £155 from Section 106 developer contributions (Land South Side Lower Rainham Road MC/20/1800 - monies have been received) to the Rowans Primary Support scheme to address the overspend reported.
- 9.1.3. Cabinet was asked to recommend to Council the addition of £35,000 from newly identified Section 106 developer contributions (Berengrave Nursery MC/17/3687) to the Robert Napier Bulge scheme to address the overspend reported.
- 9.1.4. Cabinet was asked to agree a virement of £527,000 to the Medway City Estate Connectivity scheme to fund the reported overspend. Funds would be vired from projected underspends of £15,000 from the National Productivity Plan and £512,000 from Integrated Transport LTP3.
- 9.1.5. Cabinet was asked to recommend Council to agree the removal of the uncommitted balance of the Regeneration Investment Fund of £12.947million from the capital programme.

9.2. **Request from the Assistant Director Culture & Community for addition to the capital budget in respect of the Lordswood Community Hub**

9.2.1. The initial £250,000 granted for the refurbishment of Lordswood Community Hub from the capital budget for 2022/23 will enable the facility to have a basic refit and refresh. To maximise the opportunity of these refurbishment works and create a building that is significantly enhanced to meet the various needs of residents in the Lordswood area, additional funding would be required. The current facility incorporates some youth provision and facilities. With additional investment this offer could be enhanced in order to develop the Council's strategic vision by extending Child-Friendly facilities into the new Community Hub. The additional funding of £114,500 being sought would also significantly extend the life of the building offering a fuller refurbishment, enhanced security, and updated furniture and fittings. The following improvements and additions are planned:

9.2.2. Externally: new facias to all external walls and all new double-glazed windows and external doors.

9.2.3. Internally:

- Reconfiguration of the space
- New wall, ceiling, and floor finishes
- New electrical installation
- Upgraded fire and lightning protection
- Upgraded security and control systems
- Some new fittings, furnishings, and equipment
- Upgrading basic furniture and fittings to specialist child friendly equipment and decoration.
- Support more inclusive facilities for residents by adding a 'Changing Places' facility.
- To support the youth service work around nutrition the service would like to include a basic kitchen that can be hidden in the meeting room therefore needing kitchen fit out, additional power, extraction, and fire control measures.

9.2.4. Cabinet was asked to recommend to Council the addition of £114,500 to this scheme, to be funded from the Council's reserves.

10. Conclusion

10.1. The first round of Capital Budget Monitoring for 2022/23 forecasts an overspend of £36,000 within the Children's and Adults Directorate before requested capital additions and a forecast underspend within the Regeneration, Culture & Environment of £18,000. 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
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 (Low likelihood, major impact)
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

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. Recommendations

14.1. The Committee is asked to note the results of the first round of capital budget monitoring for 2022/23 and the following capital additions agreed by Council

on 21/07/2022, which will be incorporated into the capital monitoring process from round 2 of 2022/23:

- £17,878,916 from short-term borrowing (to be repaid from future capital receipts generated by the site) for the redevelopment of the former Debenhams site,
- £12million total against future capital receipts for a building (£8million) and car park (£4million) on the Southern Site of the Innovation Park Medway (IPM), and
- £12.850million to fund the new Splashes sports centre, funded from prudential borrowing.

14.2. The Committee is asked to note that on 23 August 2022, the Cabinet was asked to recommend that Council approve the following changes to the capital budget:

- The addition £975 of basic need grant to the Halling Primary Expansion scheme to address the overspend reported, as set out in paragraph 9.1.1 of this report;
- The addition of £155 of S106 developer contributions to the Rowans Primary Support scheme to address the overspend reported, as set out in paragraph 9.1.2 of this report;
- The addition of £35,000 of S106 developer contributions to the Robert Napier Bulge scheme to address the overspend reported, as set out in paragraph 9.1.3 of this report;
- The removal of the uncommitted balance of the Regeneration Investment Fund of £12.947million, as set out in paragraph 9.1.5 of this report;
- The addition of £114,500, funded from the Council's General Reserves to the Lordswood Community Hub scheme, as set out in section 9.2 of this report.

14.3 The Committee is asked to note that on 23 August 2022, the Cabinet was asked to agree a virement of £527,000 to the Medway City Estate scheme, funded from underspends of £15,000 on the National Productivity Plan and £512,000 on the Integrated Transport LTP3, as set out in paragraph 9.1.4 of this report.

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Appendices

There are no appendices.

Background Papers

None