

## **BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE**

**24 NOVEMBER 2022**

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

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#### 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.

#### 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>
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<b>FLS – Environmental Services</b>	<b>Total Approved Cost</b>	<b>Total Exp to 31/03/22</b>	<b>Remaining Budget</b>	<b>Forecast Spend 22-23</b>	<b>Forecast Spend in Future Years</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	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.

<b>Front Line Services – Highways</b>	<b>Total Approved Cost</b>	<b>Total Exp to 31/03/22</b>	<b>Remaining Budget</b>	<b>Forecast Spend 22-23</b>	<b>Forecast Spend in Future Years</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	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 Gyrotory & 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 reinstatement of a traffic camera, completion of the Anthonys Way east lighting works including ducting, connections and disconnection & removal of old columns, and the reinstatement 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 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 they 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 at 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
<p>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.</p> <p><b>Funding:</b> the above scheme once allocated, will be funded by Capital Receipts.</p> <p><b>Budgetary Forecast:</b> it is anticipated that all schemes will be completed within the approved budget.</p>						

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.

9.1.6 The addition of £5.8 million, to the Splashes Redevelopment Scheme in the Capital Programme, to enable development of the new Splashes Sports Centre.

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	The capital monitoring process is designed to identify and facilitate management action to mitigate the	A1



Risk	Description	Action to avoid or mitigate risk	Risk rating
	borrowing, at further revenue cost.	risk of overspending against the agreed budget.	
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 Committee 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.

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### Appendices

None.

### Background Papers

None.