

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

**30 MARCH 2023**

### **CAPITAL BUDGET MONITORING – ROUND 3 2022/23**

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#### **Summary**

This report presents the results of the third 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 £471.986million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £715.502million. This report consolidates the third round of capital budget forecasts for 2022/23, based on returns submitted by individual budget managers during November 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 £000s	Total Exp to 31/03/22 £000s	Remaining Budget £000s	Forecast Spend 2022/23 £000s	Forecast Spend in Future Years £000s	Forecast (Under)/overspend £000s
Children and Adults (including Public Health)	37,449	16,564	20,855	15,046	6,430	591
Regeneration, Culture and Environment	626,118	204,260	421,858	83,951	337,906	0
Housing Revenue Account	47,896	19,739	28,157	15,743	12,413	0
Business Support Department	3,677	2,952	724	300	424	0
Members Priorities	363	0	363	25	338	0
<b>Total</b>	<b>715,502</b>	<b>243,515</b>	<b>471,986</b>	<b>115,065</b>	<b>357,512</b>	<b>591</b>

*Table 2 – Funding The Capital Budget*

Funding Source	Total	Children and Adults	Regeneration, Culture and Environment	Housing Revenue Account	Business Support Department	Members Priorities
	£000	£000	£000	£000	£000	£000
Capital Grants	199,663	2,329	196,845	488	1	0
Developer Contributions	3,679	2,490	1,189	0	0	0
Capital Receipts	5,535	1	4,623	0	548	363
RTB Receipts	5,219	0	0	5,219	0	0
Revenue / Reserves	11,543	0	1,021	10,522	0	0
Prudential Borrowing	83,085	14,891	56,091	11,928	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>471,986</b>	<b>20,885</b>	<b>421,858</b>	<b>28,157</b>	<b>724</b>	<b>363</b>

## 4. Children and Adults

4.1. The Children and Adults programme is forecast to overspend by £591,000 prior to any management action.

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	3,224	916	2,308	1,357	1,647	697
Basic Needs - Secondary	2,201	844	1,357	370	983	(4)
Commissioning	824	817	7	7	0	0
School Condition Programme	6,096	4,512	1,584	1,252	331	0
Schools Devolved Capital	1,327	1,190	137	137	0	0
Basic Needs – Special Educational Needs and Disabilities	20,799	6,862	13,937	11,918	1,917	(102)
Children’s Social Care	1,654	100	1,554	2	1,552	0
Adult Social Care	1,324	1,322	2	2	0	0
<b>Children and Adult Services Total</b>	<b>37,449</b>	<b>16,564</b>	<b>20,885</b>	<b>15,046</b>	<b>6,430</b>	<b>591</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
	3,224	916	2,308	1,357	1,647	697

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 1 Form Entry (FE) Primary Expansion (Remaining Budget £2.016million), project to expand Hundred of Hoo primary to 2 FE. Project has Planning Permission and has been tendered and approved at procurement board. Contractors started on site as scheduled in October 2022, with completion expected Sept 2023. Project budget approved at Procurement Board following tender is £2,757,764 (available funding is £2.1m), which has resulted in a forecast overspend of £658k. 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, Southern Gas Networks 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 £291,000), project to provide additional capacity to enable the bulge classes taken in recent years. Project started on site in June 2022 and was mostly complete by September 2022 as expected. However, the new staffroom unexpectedly affected light into one of the classrooms, resulting in some additional roof lights now being required. Additional fencing is also required on a retaining wall for the children’s safety. Both elements are due to be completed over the winter, however this will now result in an overspend on this scheme of £25,000 (to be funded from Basic Need grant).

- Halling Primary Phase 2 (Remaining Budget £975), scheme to provide the school with sufficient classrooms to become a 2 form entry school. This scheme is now complete, with an additional budget of £975 added since Round 2 from Basic Need grant funding to cover the final invoice. No further spend expected.
- The Rowans Primary Support (Remaining Budget £155), project to refurbish and make appropriate part of Mierscourt school to provide accommodation for the Beeches Alternative Provision prior to the full project to be delivered by the Department for Education (DfE) as a free school. This will provide appropriate learning environments. The scheme is now complete, with an additional budget of £155 added since Round 2 from S106 funding to cover the final invoice. No further spend expected.
- Maundene Primary School (Remaining Budget £0), this scheme completed in 2018-19 however retention of £14,000 is due this financial year. As there is no remaining budget for this scheme, it is proposed that this overspend will be funded by S106 contributions.

**Funding** - the above schemes are funded by way of a mixture of Section 106 Developer Contributions (both received and borrowing in lieu of receipt), prudential borrowing and Basic Need grant (Halling). The tender approved by the Procurement Board for Hundred of Hoo is £658,000 above the approved budget for this scheme, and therefore the service has requested 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 £697,000 as detailed above. The projected overspend at Hundred of Hoo Primary can be met from the Basic Need grant 2023-24 as considered by Cabinet in October 2022. It is proposed that the overspend on the Wayfield scheme also be funded from Basic Need grant, and that the overspend at Maundene Primary school be funded by S106 contributions (MC/07/0032 Land at Hoo Road, Liberty Park) for which monies have been received.

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
	2,201	844	1,357	370	983	(4)

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 £35,000), 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. This scheme is now complete with no further spend expected. Small underspend of (£4,000) expected.
- Hoo Academy Dining and Changing Rooms (Remaining Budget £1.239 million), 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. These schemes have been delayed due to changes requested by the school. It was planned for both schemes considered at the Procurement Board in December 2022 with contractors starting on site in January/February 2023 and works will continue 2023/24. Tenders have come back more expensive than anticipated but works will be completed up to the original agreed budget and proposals for a future scheme will be put forward for any work that cannot be completed within the original budget.
- 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 all schemes 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 underspend of approximately (£4k) relating to Robert Napier bulge works.

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 (Remaining Budget £6,000), works on the mural to enhance the home and make it more child friendly are now complete. This scheme is now complete.
- 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	1,252	331	0

The condition programme is a combination of planned and reactive works within Medway schools funded by an annual capital grant allocation from the Department for Education. Types of works undertaken include those for Boilers/Heating, Roofing, Electrical, Water Management, Fire Risk and Security.

- Condition Programme Unallocated (Remaining Budget £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 was 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 are complete. Works totalling approx. £250,000 are progressing at Crest Infants and St Peters Infants and were 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), this is for projects within the 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. Emergency works at Luton Primary to explore an underground leak at the site are now complete. Any unspent budget will be utilised elsewhere within the overall condition programme suite and so the scheme is 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 fall outside of the general elements of the condition programme. This 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 is 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 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	137	0	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 – Special Educational Needs and Disabilities	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	11,918	1,917	(102)

The purpose of the schemes within this area is to provide additional Special Educational Needs and Disabilities (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 at Rivermead and Warren Wood. 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 which are 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 Academy to enable 100 additional pupils. This project is now complete, and the building is in use. The scheme has overspent by £748,000 due to significant increases in construction costs and the need for an additional electrical substation. It is proposed that this overspend is funded by the forecast underspend on the Abbey Court scheme.

- 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 by February 2023 due to supply chain issues and it is still expected to be ready to accept pupils from April 2023. The scheme is forecasting to underspend by (£850,000) and it is proposed that this underspend be used to fund the forecast overspend at Bradfields.

**Funding** - the above schemes are primarily funded by prudential borrowing (Bradfields; Abbey Court; SEND New Places Scheme) with the remainder by Government Grants (High Needs Special Places Provision).

**Budgetary Forecast** – There is a forecast overspend of £748,000 on the Bradfields scheme, and a forecast underspend of (£850,000) on the Abbey Court scheme, resulting in a net overall forecast of an underspend of (£102,000).

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	2	1,552	0

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

- Children's Assessment Unit (Remaining Budget £1.554million), 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 is on hold pending review.

**Funding** - the above scheme is funded by 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 this scheme 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 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 overspend by £420,000 before proposed management action.

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
FLS - Environmental Services	9,221	6,703	2,518	2,318	200	0
FLS - Highways	88,659	68,863	19,796	9,613	10,183	0
FLS - Integrated Transport	18,263	17,612	651	651	0	0
FLS - Other Front Line Services	13,740	11,811	1,929	1,185	744	0
<b>Front Line Services</b>	<b>129,883</b>	<b>104,989</b>	<b>24,894</b>	<b>13,767</b>	<b>11,126</b>	<b>0</b>
<b>Housing Infrastructure Fund</b>	<b>170,529</b>	<b>11,232</b>	<b>159,297</b>	<b>8,286</b>	<b>151,011</b>	<b>0</b>
<b>Culture &amp; Community</b>	<b>33,853</b>	<b>3,732</b>	<b>30,121</b>	<b>2,512</b>	<b>27,608</b>	<b>0</b>
Regeneration - Corporate Property	15,524	6,913	8,611	4,312	4,299	0
Regeneration - Future High Streets Fund	9,534	859	8,675	3,918	4,757	0
Regeneration - Green Spaces	1,655	841	814	563	251	0
Regeneration - Innovation Park Medway	61,067	17,784	43,283	17,235	26,048	0
Regeneration - Medway Development Company	125,169	29,574	95,595	29,501	66,094	0
Regeneration - Other	78,903	28,335	50,568	3,856	46,712	0
<b>Regeneration</b>	<b>291,853</b>	<b>84,307</b>	<b>207,546</b>	<b>59,384</b>	<b>148,161</b>	<b>0</b>
<b>GENERAL FUND TOTAL</b>	<b>626,118</b>	<b>204,260</b>	<b>421,858</b>	<b>83,951</b>	<b>337,906</b>	<b>0</b>
<b>Housing Revenue Account</b>	<b>47,896</b>	<b>19,739</b>	<b>28,157</b>	<b>15,743</b>	<b>12,413</b>	<b>0</b>
<b>REGENERATION, CULTURE &amp; ENVIRONMENT TOTAL</b>	<b>674,014</b>	<b>223,999</b>	<b>450,015</b>	<b>99,695</b>	<b>350,320</b>	<b>0</b>



FLS – Environmental Services	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	9,221	6,703	2,518	2,318	200	0

The schemes within this area are the Household Waste 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 (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), following previously reported significant delays with the Utility services UK Power Networks and Southern Water there have been further delays due to lack of contractors available and underperformance of their subcontractors. However, whilst the contractor is still temporarily on site and there are still a small amount of works to be completed, the handover has now taken place. The hope is to have a final account agreed within 6 months, however this has resulted in some forecast spend shifting into 2023/24. We have implemented contractual mechanisms to address the performance issues with the contractor, and issued a payless certificate. We are hopeful through negotiation this project will be delivered to budget.

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

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

Front Line Services – Highways	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	88,659	68,863	19,796	9,613	10,183	0

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

- LED Lantern Replacement Scheme (Remaining Budget £3.541m), the LED scheme is split into two parts:
  - a) The main LED Conversion scheme which has approximately 500 lanterns left to complete by December 2022 (this has slipped from October due to delays in materials); 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 an alternative scheme therefore nothing is forecast to be spent in the current financial year.
- Potholes (Remaining Budget £1.879million), There have been delays to the Stoke Bridge tender due to agreements required with Network Rail which will delay the tender into Q4 or Q1 of 2023/24. The annual resurfacing programme has a total planned area of resurfacing of 25,745m<sup>2</sup>, of which only 1 site is now remaining to be completed. The annual large patching programme commenced as planned in the autumn and is on schedule to finish by the end of the financial year.
- Medway Tunnel (Remaining Budget £10.9million), general Maintenance. On track to deliver scheduled annual maintenance, inspections and any minor repairs. Following withdrawal of Volker as the main contractor to deliver scheme, we are still on track to go out to tender this financial year. Additional funding of £4.9million has now been received and added to the budget to enable the potential LED upgrade and maintenance over the next few years.

- Horsted Gyratory & 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. Works to be completed in year. Total highway resurfacing 6,832m<sup>2</sup>.over 6 sites started in May. Total footway resurfacing 7,770m<sup>2</sup> over 9 sites started in April Also includes the Cyclic Road marking programme (3 wards). All progressing according to the programme.
- Street Furniture (Remaining Budget £280,000), renewal of street furniture across the network. On track to deliver. No issues to report currently.
- Structures & Tunnels (Remaining Budget £304,000), all the annual highway structure inspections have been completed. The remaining budget will be spent on outstanding repairs.
- Highways Maintenance LTP3 (Remaining Budget £1.246million), Stoke Bridge structures project, annual Highway Drainage Improvement works, Annual Street Lighting replacement scheme and the Annual Crash Barrier replacement schemes are all on track. 7 of the 8 identified footway sites have now been completed. Of the 7 skid deficient sites planned to be improved this year, 5 have now been completed.

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

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

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

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

- Controlled Parking Zones (Remaining Budget £28,000), this budget is used for the controlled parking design and implementation on Rochester Riverside with spend being aligned with the delivery of housing on the site.
- Integrated Transport LTP3 (Remaining Budget £623,000), the virement to Medway City Estate slip road project approved and completed. Any essential schemes during the current year may funded from next year's allocation, which has already been confirmed by Department for Transport (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	1,185	744	0

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

- England Coast Path Super Steps (Remaining Budget £35,000), the works have now been completed and grant claim should be settled by Natural England in Q4. 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 £20k, which was added to the budget by the Chief operating Officer in consultation with the Finance Portfolio Holder under delegated authority in Round 1.
- England Coast Path Grain – Rainham (Remaining Budget £4,000), the works have been completed and a grant claim has been submitted to Natural England.
- CCTV (Remaining Budget £117,000), work is underway to improve and upgrade Medway's CCTV infrastructure. At the start of 2022 Kyndi identified that 42 cameras were either orange or red in a RAG rating review, meaning that they were nearing end of life or non-operational. Since March of this year, 18 Community Safety cameras and 6 car park cameras has been upgraded in Twydall, Strood, Rochester and parts of Chatham, replacing legacy analogue cameras with digital. The next tranche of capital improvement works are planned and due to take place over the coming months and into the new year.
- New Pay & 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 Automatic Number Plate Recognition (ANPR) barrier infrastructure. The planning phase is well under way with work due to commence in January 2023.
- Bereavement Path Repairs (Remaining Budget £250,000), preparatory works have been carried out. This work was originally planned for 2023/24 however Highways and Volker believe they may have capacity to complete the works this financial year.
- Active Travel (Remaining Budget £717,000), of the primary schemes initially identified, only one (Four Elms Hill) is ready for construction. This scheme has now been delayed into 2023/24 due to the disruption the lane closures would cause to local residents so soon after other lane closures earlier this year. 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 Estate Connectivity (Remaining Budget £636,000), the final cost of the scheme in 2022/23 is estimated at £636,741. This includes Highways Design Fees, Stage 3 Road Safety Auditing, remaining payments to utility companies, the reinstallation of a traffic camera, completion of the Anthony's Way east lighting works including ducting, connections and disconnection and removal of old columns, and the reinstallation of tunnel matrix sign on new posts with ducting for comms and power.

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

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

Housing Infrastructure Fund	Total Approved Cost	Total Exp to 31/03/22	Remaining Budget	Forecast Spend 22-23	Forecast Spend in Future Years	Forecast Variance
	£000	£000	£000	£000	£000	£000
	170,529	11,232	159,297	8,286	151,011	0

The purpose of the Future Hoo Housing Infrastructure Fund programme (HIF) 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 £4.741million)
- HIF Rail (Remaining Budget £59.674million)
- HIF Highways (Remaining Budget £81.198million)
- HIF Strategic Environmental Management Scheme (SEMS) (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 £170million 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
	33,853	3,732	30,121	2,512	27,608	0

The schemes within this service area are as follows:

- World Heritage Site & Great Lines Heritage Park (Remaining Budget £31,000), it is currently anticipated that this will be spent in 2023/24 on monitoring and evaluation. Recruitment to the post has begun.
- Lordswood Community Hub (Remaining Budget £365,000), additional budget of £115,000 was agreed by Council in October. Currently this project is out to the market for building contractors. This process closed on 6th December 2022, tenders assessed, and a contractor appointed. This was discussed and agreed by the RCE Directorate Management Team and the Procurement Board in January 2023. Works are now expected to begin in March 2023 and finish in May 2023 assuming approval is given, and contractors have availability.
- Environmental Health Local Management Agreement - Environmental Monitoring (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 stormpoles. 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 £22.666million), additional budget was agreed by Council in November 2022. Main contractor works contract awarded to Wilmott Dixon following the competitive tender process. Works scheduled to start in March 2023.
- 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 meter fitting, new meter was due to be fitted week commencing 12th December 2022. Works now complete and handover due to take place in the near future.
- Central Theatre Sound System (Remaining Budget £95,000), the works to install the new sound system were completed on the 28th October 2022. We are currently awaiting the invoice from the supplier.
- Brook Theatre Refurbishment (Remaining Budget £6.622million), Royal Institute of British Architects (RIBA) stages 1- 3 will be completed in February 2023 and planning submitted. Tender to be issued in June 2023 with works now expected in November 2023 and completing in June 2025 and works tendered in February 2023. works to commence May 2023 and completed July 2023. Indicative costs show that either half the project can be done or additional capital is requested in order to meet LUF outputs.

**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	8,611	4,312	4,299	0

The schemes within this service area are as follows:

- Building Maintenance (Remaining Budget £10,000), Elaine Centre works are almost completed. All remaining budget on this cost centre will be used for that project. Utility cost increases are starting to impact buildings, however this scheme is forecasting to spend to budget.
- 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. Rising utility costs are starting to impact on buildings however this scheme is currently forecasting to spend to budget.
- Pentagon: Future Capital Works (Remaining Budget £4.924m), £1.5million for Wilko Capital and rest spent over 2 years on first floor.
- Climate Change Emergency Refit Phase 1 (Remaining budget £2.514million), Phase 1 completed by the end of December 2022. Phase 2 has commenced and we have been awarded £4.2million funding from Salix, so we will be claiming from this in order to pay invoices. Additional capital to be requested for top up is required to fund the remainder of Phase two. Utility cost increases are starting to impact on our buildings however this scheme is forecasting to spend to budget.
- Gun Wharf Building Works (Remaining Budget £1.050million), surveys have commenced for transformers and lift replacements. Designs will be completed and tendered with works commencing late 2022/23 and early 2023/24.
- Changing Places Disabled Toilet (Remaining Budget £90,000), this scheme has just been added to the capital programme and is in the very early stages. No spend expected this financial year.

**Funding** - the above schemes are funded from Capital Receipts (Building Maintenance and Gun Wharf Building Works); Capital Grants (Changing Places Disabled Toilet); Reserves (Civic Centre Decant) and the remainder by way of Prudential Borrowing (Pentagon: Future Capital Works and Climate Change Emergency Refit Ph1).

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

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	3,918	4,757	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 Transformation (Remaining Budget £256,000), Full budget to be spent this year. NHS agreement is key to deliver the Healthy Living Centre within funding timelines both for the NHS funding and Future High Street fund. Design team has been appointed and a contractor has been appointed to input into design.
- FHSF - Brook Theatre (Remaining Budget £282,000), 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 May 2023.
- FHSF - Innovation Hub Medway (Remaining Budget £1.690million), Third party operators were appointed in September 2022. Operators will input into overall scheme design. Tenders for the contractors will go live in the new year, with a 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 and aim to be completed March 2024. 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), Debenhams has been acquired, initial surveys have been undertaken. Tender exercise for multi discipline design team has been paused while options are being considered for the building. The ground floor will be prioritised for delivery as it is a funding output for the grant money.
- FHSF - Paddock & Public Realm (Remaining Budget £2.349million), Tender returns received in November 2022, costs of works is being reviewed. Main works will be undertaken in 23/24.
- FHSF - Project Management (Remaining Budget £800,000), Subject to approvals from the funding body, funding may be moved across to the capital projects, if required.

**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	563	251	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 continues with Football Foundation grass pitch pilot and spend now forecast in 2023/24 as it is unlikely we will now be able to complete this scheme before year end.
- The Vines - Site Improvements (Remaining Budget £1,000), works were completed in August 2022. No further spend is expected.
- Rainham Play (Remaining Budget £62,000), Cherry Trees play area tender has been awarded and a purchase order raised for £38,000. Due to delay with further info from Southern Water and officer leaving the team this project is anticipated on the ground in February 2023. Rest of funds will be spent on access improvements at Cherry Trees in 2023/24.
- Hook Meadow Works (Remaining Budget £44,000), still awaiting 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 awarded for access improvements to Berengrave and started on site September, due to finish November 2023. Some remaining elements of this project may have to wait until 2023/24 due to key personnel leaving.
- Jackson's Field & Victoria Gardens Green Spaces Project (Remaining Budget £76,000), Footpath works completed August 2022. Victoria gardens play areas improvements will be delayed into 2023/24 due to key personnel leaving.
- 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 was very high so we are currently seeking further quotes. Works are still planned to be completed before the end of the financial year.
- 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), Vines footpath improvement works completed August 2022. Friends of Borstal Rec have been consulted on improvements for remainder of funding and works to be completed this financial year.
- 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 Cllr Doe at Crestway. Following May 2022 Procurement Board approval, tender issued and evaluation completed in July 2022. Directorate Management Team agreed to move to Gateway 3 in July 2022. Tender approved at September Procurement Board and HGS UK appointed/PO raised. Consulting on 4 play areas

with local residents and schools. Then equipment confirmed and estimate of spring 2023 on the ground.

- Northcote Recreation Ground & Rede Common (Remaining Budget £17,000), Access improvements at Rede Common were completed October 2022 as planned. Awaiting final invoice.
- Cliffe Woods Recreation Ground Improvements (Remaining Budget £2,000), works were completed in Autumn 2022 as planned.
- Balmoral Gardens Improvements (Remaining Budget £12,000), additional funding now received to address the vandalism damage. Order shortly to be raised and works on safety surfacing improvements will be completed on site by spring 2023.
- Great Lines Footpath Improvements (Remaining Budget £59,000), following clarifications of tenders the project is beyond the available budget. Currently on hold until further s106 is received.
- Capstone Park S106 Improvements (Remaining Budget £99,000), car park improvements are now complete. We are liaising with the contractor about their final invoice as this is now overdue. The remainder of the budget will be spent on various improvements to the country park next financial year.

**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	17,235	26,048	0

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

- Innovation Park Medway 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. There is some remaining budget for internal salary costs, legal costs and marketing costs to dispose of the IPM Plots. Recent decision from the South East Local Enterprise Partnership (SELEP) to award GBF funding £400,000 for IPM. This will be added to the budget for R4 after the grant letter has been received.
- 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.
- Innovation Park Medway Highway Infrastructure (Remaining Budget £11.275million), £2.6million 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. £7million is for multistorey carpark which will come forward in line with the Gateway Building and expected to be complete by March 2025 if Levelling Up Fund (LUF) is successful. The remaining budget will be spent on Management & Maintenance strategy, relocation and site management.
- Innovation Park Medway Project Capitalised Interest (Remaining Budget £1.250million), IPM capitalised interest. Forecast for 2022/23 based on the forecasted spend on IPM from borrowing. Future forecasts based on the same figure.
- Innovation Park Medway - 6 Storey Building (Remaining Budget £13.796million), Royal Institute of British Architects (RIBA) Stage 3 design complete, project has paused whilst we look at options following the confirmation of the LUF decision in January 2023.
- Innovation Park Medway (Remaining Budget £696,000), subject to Leader approval on works to be undertaken at Rochester Airport for spend in 23/24, an allowance has been made for post excavation reports for archaeology.



- Innovation Park Medway 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 ICM.
- Innovation Park 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	29,501	66,094	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 (Remaining Budget £49.775million), 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 anticipate £500,000 in overheads this financial year. We are updating our overall business plan to reflect inflated construction costs, which will be presented as part of the next 6 monthly update.
- Garrison Point Loan (Remaining Budget £12.096million), the project is progressing towards completion and will be phased from February 2023 to March 2023. Sales are progressing well, with 90% 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 to present a new plan to cover the needs of the loan going forward. Expect to request around £2million per month for the rest of the financial year.
- White Road (Remaining 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.
- Chatham Waterfront Loan (Remaining Budget £26.637million), currently updating the business plan to reflect uplifted costs occurred due to high construction inflation. This will be presented within a revised business plan issued to Council as part of MDC's six monthly Cabinet update.
- Britton Farm Residential (Remaining Budget £5.897million), project currently under construction. Agreement for scheme to be purchased by the Housing Revenue Account (HRA) confirmed.
- Mountbatten House Purchase (Remaining Budget £518,000), Mountbatten House bought, this is an allowance for other interests, (Games Workshop relocation and taking part of the British Heart Foundation) will know by end of year. Should get rates bills back at the property has been stripped out, work started February 2022.
- Mountbatten House Project (Remaining Budget £609,000), £400,000 to be spent current year, remainder the following. A proposal is being completed to cost the main project and Upper Mount for approval to proceed by the Council.
- Queen Street (Remaining 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 – Garrison Point 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
	78,903	28,335	50,568	3,856	46,712	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 (Remaining Budget £230,000), scheme is progressing and work started on renovating room 11, ordering new admin windows and £20,000 spent on digital equipment. Further work expected in 2022/23 includes purchasing software for the enrolment system.
- Regeneration Investment Fund (Remaining Budget £0), this scheme was removed from the capital programme by Council in November 2022.
- Healthy Living Centre Pentagon (Remaining Budget £10.348million), still agreeing terms with the NHS, but the deal at present is that Medway Council (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 2023/24.
- Chatham Town Centre S106 Works (Remaining Budget £400,000), the Pandemic has affected the delivery of this project resulting in a year's delay.
- Rochester Riverside Growing Places (Remaining Budget £658,000), The site has been treated for Japanese knotweed. Countryside is reviewing the impact of inflation on the scheme; however we are currently forecasting that the scheme will spend to budget.
- Strood Riverside Phase 1&2 (Remaining Budget £2.095million), 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. Works still to be completed in 2022/23 include reviewing viability and feasibility studies, flood gate finishing off construction works and tie into scheme. The station approach road on Strood Riverside needs to be connected by the station. In 2023/24 we will be completing planning applications for circa 400 residential units on Civic Centre site along with site prep. In 2024/25 we plan to transfer land to Medway Development Company and complete maintenance of the flood wall.
- Housing Renovation Grants (Remaining 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 £66,000 to date. Forecast an additional £5k 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 £12k on emergency plumbing and replacing a collapsed ceiling. £200,000 will be provided to the Housing Revenue Account No Use Empty scheme.
- Disabled Facilities Grant Mandatory (Remaining Budget £5.779million), The Service has received 188 referrals for adaptations so far this year. We have approved 95 adaptations so far this year for major adaptations. Currently, our partnership home improvement agency (Town & Country Housing) are now holding approximately eight months of referrals, as their only now have part time surveyors. 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 (Remaining Budget £12million) , this scheme will provide a space for businesses outgrowing their current office(s) and comprises of a new building and carpark. Designs are ongoing and working alongside planning. Will go out to tender early next year as the Gateway 1 Procurement has been approved, once we have the tenders back we can provide more detailed breakdown.
- Debenham's Redevelopment (Remaining Budget £17.879million), Surveys 2023/24 ground floor delivered as a priority. Options being considered to test the market; more detail will be able to be provided in the new year for more detailed costing.
- Command Of the Heights - Phase 2 (Remaining Budget £37,000), there is no anticipated works taking place this year. Remedial works are planned for 23/24 with the remaining scheme budget.

- Heritage Action Zone (Remaining Budget £833,000), 68% of the total budget is already in contract and confirmed spend, the remaining capital works are at application stage awaiting formal grant offers. At this stage we are very confident the full budget will be spent this financial year.

**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
	47,896	19,739	28,157	15,743	12,413	0

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

- Improve To Housing Stock (Remaining Budget £9.980million), planned capital works improvement programme to maintaining the 'decent homes' standards Housing Revenue Account (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 (Remaining 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 to provide appropriate bathroom facilities, making the preparation and cooking of food easier and for the adaption of lighting or heating controls. Adaptations being approved in the current year at an average cost of £7,500 per major adaptation and £350 for minor adaptations. On this basis, it is forecast the whole budget will be spent in the current year.
- HRA House Purchase or Buyback (Remaining Budget £356,000), budget is used as and when an opportunity arises to acquire buy back or open market property. This budget is being used in conjunction with the budget for HRA Purchase of Housing Units (see below).
- HRA Purchase of Housing Units (Remaining Budget £3.772million), 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. Properties currently in the pipeline are Luton Road, Derwent Way, Wood St, Copenhagen, Saxton Street and Borough Road.
- HRA New Build-Phase 4-Garage Site (Remaining Budget £3.412million), 28 units (19 x 2 bed affordable rent & 9 x social rent bungalows) – practical completion due by the end of the year.
- HRA New Build Phase 5 (Remaining Budget £9.394million), 41 units (19 x 2,3,4,6 bed affordable rent & 21 x 1&2 bed apartments) Hazel McCormack Young (HMY) engaged and Faiththorn Farrell Timms (FFT) engaged working up to RIBA stage 3. Lennox Wood and Aburound House have been submitted to planning. Subject to planning permission, the tender process for Joint Contracts Tribunal (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 (Remaining 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 purchased by the HRA as a fully affordable rent scheme. This will be the HRA’s largest purchase of affordable housing units to date. Further budget will be required in 2023/24, the total estimated cost if £6.2million.

**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, HRA New Build Phase 5 and 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 Department programme is forecast to overspend by £1,000 before proposed management action.

	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
Information and Communications Technology Investment	3,599	2,936	663	238	424	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>1</b>

Information and Communications Technology 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	238	424	0

The purpose of these schemes is to invest in the Council's Information and Communications Technology Investment (ICT) infrastructure to assist in its digital transformation and includes the following schemes:

- Digital Transformation Programme (Remaining 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 is 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 c£600,000 for which there is not current budget approval.
- 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 work has been divided into 6 stages. Stage 1 has been completed. Stage 2 and 3 are due to be completed in 2022/23. Stage 4-6 are estimated to take place in 2023/24. 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 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.

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 these schemes is to provide improvements to the Democracy & Governance services within Medway.

- Individual Electoral Registration (Remaining Budget £2,000), we have now ordered the software which will be used to transfer the electoral register over to the new wards so the new register can be published in February 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 a mixture of government grants and capital receipts.

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

## 7. Members Priorities

7.1. The Business Support programme is forecast to budget.

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

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

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

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

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

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

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

- MP St Marys Amateur Boxing Club (Remaining Budget £40,000), club has informed Council they hope to be able 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), this payment has now been made.
- MP Platters Farm Panels (Remaining Budget £3,000), this is a new project. Tree trail panel completed and installed on site October 2022, along with tree plaques. Awaiting Comms to charge design fee (estimate of £600). Remainder will be spent on trees in the park then project will be closed at year end.
- MP Rainham Signage (Remaining Budget £9,000), works to complete this scheme will take place during 2022/23. Orders have been placed with the sign manufacturer and works are expected to be undertaken in early Q4.

**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	337	337	0	0
S106 Education Cap	2,490	1,605	881	(4)
S106 Leisure/Heritage Cap	437	252	185	0
<b>Developer Contributions from Capital Reserves</b>	<b>3,264</b>	<b>2,194</b>	<b>1,066</b>	<b>(4)</b>
<b>Revenue Reserve Developer Contributions</b>				
S106 Leisure/Heritage Rev	15	0	15	0
S106 Public Realm Rev	400	104	297	0
<b>Developer Contributions from Revenue Reserves</b>	<b>415</b>	<b>104</b>	<b>311</b>	<b>0</b>

## 9. Budget Changes Since Round 2

9.1. The following budget changes have been made since Round 2 monitoring:

### 9.1.1. Children and Adults

- Halling Primary Phase 2 – addition of £975 funded from Basic Needs Grant.
- The Rowans Primary Support – addition of £155 funded from Section 106 Developer Contributions.
- Robert Napier Bulge - addition of £35,000 funded from Section 106.

### 9.1.2. Regeneration, Culture and Environment.

- Lordswood Community Hub – addition of £114,500 funded from Reserves.
- Regeneration Investment Fund – removal of £12.957million funded from Prudential Borrowing.
- Splashes Replacement Scheme – addition of £5.8million funded from Prudential Borrowing.
- Medway Tunnel – addition of £4.9million to be funded from Capital Grants

### 9.1.3. Housing Revenue Account.

- HRA Purchase of Housing Units – addition of £488k funded from Homes England Capital Grant.

## 10. Conclusion

- 10.1. The third round of Capital Budget Monitoring for 2022/23 forecasts a projected overspend of £591,000 within the Children's and Adults Directorate. 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
Agreement cannot be reached with Homes England regarding a revised specification for the HIF	It is becoming increasingly apparent that Homes England will be unable to provide additional funding, therefore if agreement cannot be	Discussion with Homes England is ongoing, however officers are confident that it remains as committed to delivering the HIF	D1

Risk	Description	Action to avoid or mitigate risk	Risk rating
programme.	reached regarding a revised specification, the funder is entitled to claw back funds.	outcomes as the Council. Furthermore, Homes England has confirmed that it does not intend to reclaim expenditure incurred by the Council in good faith.	
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. Recommendations

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

14.2. The Committee is asked to note that on 07 February 2023, the Cabinet agreed a virement of £748k between the Abbey Court scheme and the Bradfields scheme.



14.3. The Committee is asked to note that on 07 February 2023, the Cabinet recommended that Council approve the following changes to the capital budget:

- The addition of £14k to the Maundene scheme to be funded by s106 contributions (MC/07/0032 Land at Hoo Road, Liberty Park), for which funds have been received.
- The addition of £25k to the Wayfield Basic Need scheme to be funded from Basic Need grant.

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#### Appendices

None

#### Background Papers

None.