

CABINET

21 NOVEMBER 2023

CAPITAL BUDGET MONITORING 2023/24 – ROUND 2

Portfolio Holder: Councillor Vince Maple, Leader of the Council

Report from: Katey Durkin, Chief Finance Officer

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Summary

This report presents the results of the second round of the Council's capital budget monitoring process for 2023/24.

1. Recommendations

- 1.1. It is recommended that the Cabinet notes the results of the second round of capital budget monitoring for 2023/24 and the management actions to resolve the projected overspend in Children's and Adults.
- 1.2. It is recommended that the Cabinet notes the changes made to the capital programme as set out in 11.1 to 11.4 to this report.
- 1.3. Cabinet is requested to recommend to Council the removal of the following budgets relating to schemes that are either complete or no longer required:
 - Motorway Signage, £60,000 funded from Capital Receipts.
 - World Heritage Site & GLHP, £31,000 funded from Capital Grants.
 - Civic Centre Decant, £24,000 funded from Reserves.
 - Mountbatten House Purchase, £92,000 funded from Borrowing.
 - MDC Queen Street, £20,000 funded from Borrowing.
 - MP St Marys Amateur Boxing Club, £40,000 funded from Capital Receipts.

2. Suggested reasons for decisions

- 2.1. Full Council is responsible for agreeing the capital programme. Cabinet is responsible for ensuring that expenditure remains within the approved programme, including instructing corrective action to prevent any forecast overspend from materialising.

3. Budget and policy framework

- 3.1. 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.

- 3.2. 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.

4. Background

- 4.1. The approved capital programme for 2023/24 and beyond is £267.677million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £547.785million. This report consolidates the second round of capital budget forecasts for 2023/24, based on returns submitted by individual budget managers during August 2023. 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.

5. Summary Capital Budget Position 2023/24

- 5.1. 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 Expenditure to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Forecast (Under)/overspend £000s
Children and Adults (including Public Health)	77,506	34,200	42,984	16,217	26,762	(5)
Regeneration, Culture and Environment	401,529	214,004	187,520	65,935	121,846	261
Housing Revenue Account	65,537	28,921	36,615	20,257	16,358	0
Business Support Department	3,116	2,645	471	421	50	0
Members Priorities	98	12	86	46	0	(40)
Total	547,785	279,781	267,677	102,876	165,017	216

Table 2: Funding the Capital Budget

Funding Source	Total £000s	C&A £000s	RCE £000s	HRA £000s	BSD £000s	Members Priorities £000s
Capital Grants	79,404	35,597	40,407	3,999	1	0
Developer Contributions	4,928	3,967	961	0	0	0
Capital Receipts	1,649	0	1,267	0	296	86
RTB Receipts	6,972	0	0	6,972	0	0
Revenue / Reserves	11,187	0	156	11,031	0	0
Prudential Borrowing	100,620	3,420	81,811	15,213	175	0
Borrowing in lieu of Capital Receipts	20,679	0	20,679	0	0	0
Borrowing in lieu of Future Business Rates	19,993	0	19,993	0	0	0
Borrowing in lieu of Future Rent	11,760	0	11,760	0	0	0
Borrowing in lieu of Future Section 106 Contributions	137	0	137	0	0	0
Borrowing in lieu of Future NHS Grant	10,348	0	10,348	0	0	0
Total	267,677	42,984	187,520	36,615	471	86

6. Children and Adults

6.1. The Children and Adults programme is forecast to underspend by £5,000.

Service	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Basic Needs - Primary	6,851	2,237	4,292	2,846	1,446	0
Basic Needs - Secondary	21,060	3,822	17,238	4,402	12,836	0
Commissioning	824	824	0	0	0	0
School Condition Programme	6,475	5,700	775	775	0	0
Schools Devolved Capital	1,740	1,604	136	136	0	0
Basic Needs - SEND	37,399	18,589	18,810	7,677	11,129	(5)
Children's Social Care	1,654	102	1,552	200	1,352	0
Adult Social Care	1,504	1,323	181	181	0	0
Children and Adult Services Total	77,506	34,200	42,984	16,217	26,762	(5)

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Basic Needs - Primary	6,851	2,237	4,292	2,846	1,446	0

The purpose of the schemes within this area are to provide additional primary school places at both Hundreds of Hoo, St Nicholas Infants, and Luton Primary Schools.

- Hundred of Hoo 1 Form Entry (FE) Primary Expansion (Remaining Budget £1.86million), project to expand Hundred of Hoo primary to 2FE). Additional budget of £800,000 was agreed by Council in April 2023 and has been added to the scheme budget. Contractors have been on site since October 2022. The build has progressed well, with completion of the building element in September as expected. There are however some additional car park works which are still outstanding which may extend into 2024/25 however at the moment we are forecasting to fully expend the budget in 2023/24.

- St Nicholas Infants (Remaining Budget £2.03million), project to expand St Nicholas Infants School. Contractors are expected on site in the New Year and completion is still expected by September 2024.
- Luton Primary (Remaining Budget £400,000), project to provide a new standalone nursery building to replace the current one which is no longer fit for purpose. We are currently at the design stage, with no date as yet for contractors to start.
- Wayfield Primary Expansion (Remaining Budget £0), Project to provide additional capacity to enable the bulge classes taken in recent years. The project started on site in June 2022 and was mostly complete by September 2022 as expected. This scheme is expected to incur a small overspend of £500 in 2023/24 due to the issues reported in the 2022/23 monitoring relating to additional roof lights and fencing. This is in addition to the overspend reported in 2022/23 of £39,000 which was agreed by Cabinet in February 2023 but has not yet been agreed by Council. It is proposed that the entirety of the overspend will be funded by Basic Need grant and officers will formally request this at Council in the near future.
- 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 no further spend expected.

Funding: the above schemes are funded by way of a mixture of Section 106 Developer Contributions and Capital Grants.

Budgetary Forecast: schemes within this area are anticipated to spend within the allocated budget, with the exception of the small overspend on the Wayfield scheme of £500 for which officers will seek agreement from Council, to be funded by Basic Need grant (this overspend of £500 is in addition to the reported overspend in 2022/23 of £39,000 for which Council agreed an addition to the capital programme at its meeting of 19 October 2023. This will be reflected in the round 3 monitoring report.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Basic Needs - Secondary	21,060	3,822	17,238	4,402	12,836	0

The purpose of the schemes within this area are to provide additional secondary school places at Robert Napier School, Hoo, Greenacre, Maritime and Victory Academies, and Chatham, Holcombe and Fort Pitt Grammar Schools

- Hoo Academy Dining and Changing Rooms (Remaining Budget £1.140million), 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. Contractors started on site as expected over the summer, with completion still expected in December 2023.
- Hoo Academy 6th Form (Remaining Budget £3.24million), project to provide additional classrooms, specialist rooms and changing facilities to enable the 1FE expansion at the school. The project is under design and start on site is expected in autumn 2023 with completion now expected in autumn 2024. This scheme has been delayed since Round 1 monitoring due to delays on the steel frame and also unforeseen underground cabling.
- Greenacre Extra Class Spaces (Remaining Budget £26,500), 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 complete, we are awaiting the final invoices.
- Thomas Aveling (Remaining Budget £1,000), this scheme is now complete, however due to the contractor going into administration there are still some works required to rectify identified defects.
- Greenacre Academy Science Block (Remaining Budget £3.49million), project to provide a new science block at the school, which will enable a 1FE expansion at by reconfiguration and refurb of the current science areas which are no longer fit for purpose. Project expected to start on site January 2024 and completion for Sept 2024. There has been a re-profiling of spend between financial years since Round 1 monitoring, this is because better value for money can be achieved by adapting this scheme into a two phase process.
- Victory Academy 6th Form (Remaining Budget £3.44million), project to provide a new 6th form block at Victory Academy which will in turn enable a 1FE entry expansion of the main school. The current

PAN of 210 will increase to 240 permanently. Work is expected to start on site in January 2024 with completion expected in Autumn 2024. There has been a re-profiling of spend between financial years since Round 1 monitoring. This is due to it taking longer than expected to secure the agreement of the school to the design which has slightly delayed the scheme into next financial year, although we still expect to complete in the autumn of 2024 as planned.

- Chatham Grammar Co-Ed (Remaining Budget £897,000), project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. We are currently expecting a decision in Spring 2024 which will therefore delay this scheme wholly into 2024/25. Target date for completion is now March 2025.
- Holcombe Grammar Co-Ed (Remaining Budget £897,000), project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. We are currently expecting a decision in Spring 2024 which will therefore delay this scheme wholly into 2024/25. Target date for completion is now March 2025.
- Fort Pitt Grammar Co-Ed (Remaining Budget £871,000), project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. We are currently expecting a decision in Spring 2024 which will therefore delay this scheme wholly into 2024/25. Target date for completion is now March 2025.
- Maritime Academy Science Block (Remaining Budget £294,000), project to provide one year of temporary capacity at the Twydall site for a science laboratory and a Design and Technology room. We appointed Portakabin and temporaries were on site as planned in August, project is now complete.
- Robert Napier Extension (Remaining Budget £2.94million), project to expand Robert Napier secondary school by 1 FE to PAN 210 (currently 180). The project is at the design stage and expenditure is expected to be shared over this and next financial year. Expected completion date for September 2024. There has been some re-profiling of spend between financial years since Round one monitoring. Although our officers are overseeing the scheme, it is being delivered by the Trust via a formal agreement agreed at Cabinet.

Funding: the above schemes are funded by way of a mixture of Section 106 Developer Contributions and Capital Grant. It is anticipated that all schemes will be completed on budget.

Budgetary Forecast: schemes within this area are anticipated to spend within the allocated budget.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Commissioning	824	824	0	0	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 £113), works on the mural to enhance the home and make it more child friendly are now complete. The small remaining budget will be spent on the sensory garden.
- Elaine Centre Refurbishment (Remaining Budget £306), the small remaining budget will be spent on the completing the Care Leavers' Hub.

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.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Condition Programme	6,475	5,700	775	775	0	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 (DfE). 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 £81,000), the budget will be fully utilised with planned boiler and heating works. Any additional spend on school heating will be funded from elsewhere within the suite of condition programme projects. Planned works for this financial year include boiler works at St Peters.
- Condition Programme – Roofing (Remaining Budget £319,000), works scheduled for this financial year include roofing works at Horsted and Hempstead schools, and to repair the boiler room roof at Crest due to water ingress.
- Condition Programme – Electrical (Remaining Budget £0), this is for projects within the condition programme to ensure electrical safety and compliance. There are no planned works for this financial year.
- Condition Programme – Water Management (Remaining Budget £44,000), this project within the condition programme relates to safe water management and drainage issues. There are no planned works this financial year.
- Condition Programme – Fire Risk (Remaining Budget £107,000), projects at various schools within the condition programme to ensure compliance with fire regulations. Fire risk assessments are being conducted at a number of schools this financial year. The cost of these surveys, and any works identified by them will be met from this budget.
- Condition Programme – Other (Remaining Budget £150,000), 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. Schemes planned for this financial year are flooring works at St Peters, windows at Riverside, toilet and outside space works at Greenvale and lift works at St Margarets at Troy Town.
- Condition Programme – Security (Remaining Budget £56,000), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms, and CCTV etc. Scheduled works for this financial year include fencing works at Crest Infants School.

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.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Schools Devolved Capital	1,740	1,604	136	136	0	0

This scheme accounts for Schools own capital funds provided by the Department for Education, via the Education and Skills Funding Agency, which are used to address their own priorities to improve educational standards and enhance the environment for teaching and learning.

- Schools set and retain their own capital budgets and 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.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Basic Needs – SEND	37,399	18,589	18,810	7,677	11,129	(5)

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, Abbey Court School, Strood, Leigh, Delce and Victory Academies, The Howard School, Rivermead, Sir Joseph Williamson's, Inspire, Dane Court and Pre-Beeches at the Rowan.

- High Needs Special Places Provision (Remaining Budget £535,000), scheme to provide additional special school places within Medway. 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 £1.534million), projects to provide SEND resourced provision in mainstream schools. A further project at Strood academy is progressing to provide for up to 32 additional pupils. Council will be requested to transfer the remaining budget for this scheme to the Strood Academy SEND block below.
- Bradfields Additional Places (Remaining Budget £15,000), project to expand Bradfields Academy to enable 100 additional pupils. This project is now complete, and the building is in use. There are expected to be some additional costs as a result of running a generator on site since October 2022 due to issues connecting power to the new building. There is a forecast overspend of £21,000 and the service requested that budget is transferred from the underspend at Abbey Court to cover this.
- Abbey Court Phase 2 (Remaining Budget £319,000), project to expand and relocate Abbey Court secondary provision and providing 56 additional places. The project is now complete. The scheme is forecasting to underspend by £26,000 and that this underspend will be used to fund the forecast overspend at Bradfields.
- Strood Academy SEND Block (Remaining Budget £2.269million), project to provide resourced provision for 25-30 secondary aged Autism Spectrum Disorder (ASD) pupils. Contractors started on site in April 2023 with completion expected during Autumn 2023.
- Howard School SEND Block (Remaining Budget £2.077million), project to provide resourced provision for 25-30 secondary aged ASD pupils. Project is at the design stage with start on site now delayed due to school uncertainty. The scheme is temporarily on hold pending further engagement with the school. Start on site is now expected in early 2024 with completion aimed at autumn 2024.
- Victory Academy SEND Block (Remaining Budget £2.566million), project to provide resourced provision for 25-30 secondary aged pupils with Social, Emotional and Mental Health Difficulties (SEMH). project at the advanced design stage with start on site aimed at January 2024 and project completion September 2024.
- Rivermead at Stoke Refurb (Remaining Budget £1.794million), project to refurb and adapt the former Stoke primary site, to be suitable for secondary aged ASD pupils. This is an expansion onto a satellite site for Rivermead. We are currently in the feasibility stage and working on a design with the Academy. There have been delays due to increased costs and we are now expecting to start on site in January 2024 with completion expected by autumn 2024.
- SJW SEND (Remaining Budget £2.4million), project to provide resourced provision at the school to meet the needs of high functioning ASD pupils. This project has not yet commenced, so most of the expenditure is forecast in future years.
- Inspire Special School (Remaining Budget £1.3million), project to provide temporary accommodation at the school in advance of the delayed Department for Education (DfE) led project. Temporary accommodation will provide for up to 40 additional secondary SEMH pupils. Designs have been completed and off-site construction underway. Start on site is expected during the autumn of 2023 with completion expected in Spring 2024.
- Leigh Academy (Remaining Budget £2.3million), project to provide additional capacity for 25-30 pupils at the school within a resourced provision for secondary aged pupils with Moderate Learning Difficulties (MLD). Project at the design stage with contractors expected on site in early 2024 and completion expected by January 2025.
- Dane Court SEND (Remaining Budget £900,000), project to make a small expansion to Danecourt Special school to provide capacity for an additional 20 pupils. The project is at the design stage and following meetings with the school over the summer we now expect to start on site in spring 2024 with completion in autumn 2024.
- Pre-Beeches at the Rowan SEND (Remaining Budget £550,000), project to install temporary accommodation at the Rowans in advance of the Beeches project which is led by the DfE and delayed. Initial project was installed in September 2023 but with ongoing costs into 2024/25 for the length of the temporary accommodation.
- Delce Academy (Remaining Budget £250,000), Project to make adaptations to Delce Academy for primary SEMH children. This project has not yet started and is expected to commence in 2024/25.

Funding: the above schemes are primarily funded by prudential borrowing (Bradfields; Abbey Court; SEND New Places Scheme) with the remainder by Government Grants.

Budgetary Forecast: there is a forecast overspend of £21,000 on the Bradfields scheme, and a forecast underspend of £26,000 on the Abbey Court scheme, resulting in a net overall forecast of an underspend of £5,000. The Director of People approved a virement on 24 October 2023 from the Abbey Court budget to the Bradfields budget to cover the forecast overspend under delegated authority, as per the Council's Constitution.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Children's Social Care	1,654	102	1,552	90	1,462	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 Eden House (Budget £1.552million), this scheme is for the creation of a Council run specialist children's home with the to reduce placement costs and provide support for children and young people with complex needs. A full management team will be in place by the end of November 2023 with a view to gaining Ofsted registration by the end of March 2024. Phase 2 of the project which involves the use of Aut Even will be going through governance for further consideration this autumn. Significant work has been identified by surveyors on the Cabin which is the specialist part of the provision due to the roof and cladding being unsafe and quotes are being sought for building works. Any further requests for capital additions will be presented to Members together with a related business case.

Funding: the above scheme is funded by prudential borrowing.

Budgetary Forecast: it is estimated that the above scheme will fully expend the allocated budget.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Adult Social Care	1,504	1,323	181	120	61	0

There are currently two schemes within this area; one to implement a new Electronic Social Care Records System to record information about families, and a new scheme to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme.

- Integrated Care Management System (Remaining Budget £1,000), 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. The pause of the Care Reforms has led to the last of this budget not being spent. We will be introducing online tools in 2023/24 to support Adult Social Care transformation, which will also meet the Care Reform requirements, when they are introduced, and this budget will be used to support implementation.
- Family Hubs and Start for Life (Remaining Budget £180,000), project to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme. Medway Nurse has attended all the proposed sites and we await final costings.

Funding: the above schemes are funded by government grant.

Budgetary Forecast: it is estimated that the above scheme will fully expend the allocated budget.

7. Regeneration, Culture and Environment

- 7.1. The Regeneration, Culture and Environment programme is forecast to overspend by £261,000 against the current approved budget as set out below.

Service	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
FLS - Environmental Services	26,221	9,106	17,115	1,103	16,500	488
FLS - Highways	95,920	77,047	18,873	11,101	7,712	(60)
FLS - Integrated Transport	19,221	17,959	1,262	1,262	0	0
FLS - Other Front Line Services	14,224	12,768	1,451	1,433	19	0
Front Line Services	155,586	116,880	38,701	14,899	24,231	428
Housing Infrastructure Fund	20,778	19,042	1,737	1,737	0	0
Culture & Community	48,708	5,181	43,527	20,322	23,175	(31)
Regeneration - Corporate Property	20,251	10,262	9,990	5,674	4,292	(24)
Regeneration - Future High Streets Fund	9,034	3,215	5,819	5,819	0	0
Regeneration - Green Spaces	2,111	1,049	1,062	887	175	0
Regeneration - Innovation Park Medway	73,307	29,415	43,891	9,083	34,809	0
Regeneration - Medway Development Company	4,122	3,710	412	299	49,751	(112)
Regeneration - Other	67,631	25,250	42,381	7,216	35,165	0
Regeneration	176,456	72,902	103,554	28,977	74,441	(136)
General Fund Total	401,529	214,004	187,520	65,935	121,846	261
Housing Revenue Account	65,537	28,921	36,615	20,257	16,358	0
Regeneration, Culture and Environment Total	467,065	242,925	224,135	86,192	138,205	261

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
FLS - Environmental Services	26,221	9,106	17,115	1,103	16,500	488
<p>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.</p> <ul style="list-style-type: none"> HWRC Civic Amenity Sites Improvements (Remaining Budget £3,000), the remainder of this budget is due to be spent on compactors, which are due for delivery and installation during the Autumn. Operational Depot Site (Remaining Budget £112,000), the site was handed over in December 2022 and is now in full operation with Medway Norse. As reported in previous monitoring, there are still some outstanding issues around potential claims from the contractor for inflation and contract variations. Medway Council is disputing these and final agreement has not yet been reached, however officers have indicated that it is likely that the final agreed amount will be circa £488,000 above the remaining budget for this scheme. The service propose that this will be funded from prudential borrowing and will be requesting additional funding from Council later this year once the final amount is known. Waste Fleet Replacement Scheme (Remaining Budget £17million), this scheme is to replace the Council's bespoke waste vehicle fleet. We are currently in the soft market testing stage, and our 						

current plan is to commence procurement in the Spring of 2024 with purchase and delivery in 2024/25 and 2025/26.

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

Budgetary Forecast: it is anticipated that the Operational Depot Site will overspend the allocated budget by £488,000, for which officers will be requesting additional budget from Council to be funded by prudential borrowing.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
FLS - Highways	95,920	77,047	18,873	11,101	7,712	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 £751,000). The LED scheme is split into two parts:
 - a) The main LED Conversion scheme which has approximately 500 lanterns has now been completed with few remedial works still outstanding; and
 - b) Through the Highways Infrastructure Contract (HIC) 1,254 (non-standard/conservation style lanterns). This part of the scheme has been delayed due to supply chain issues and problems integrating the new system to the existing lantern. There are 127 lanterns still outstanding, brackets have now been received but the columns still need to be costed and ordered. Completion is expected in the Spring of 2024.
- Enforcement Cameras (Remaining Budget £2.019million), project for the development and implementation of Safer Healthier Streets Programme schemes that would enable the Council to carry out the civil enforcement of moving traffic offences under part 6 of the Traffic Management Act 2004, this will also include School Streets and Red Routes. The outcomes comprise the installation of cameras across all schemes within the programme in order to enforce traffic offences at agreed locations. This will also cover any physical infrastructure improvements as required. The procurement process for the cameras has now commenced, with the purchase and installation of the cameras scheduled for later in the year. The Red Routes scheme was subject to a call-in which was heard on 18th October and as a result the Regeneration, Culture and Environment Overview and Scrutiny Committee agreed to accept the Cabinet decision and therefore take no further action.
- Motorway Signage (Remaining Budget £60,000), the original project design will not proceed. There are no current plans for the progression of this project. Officers recommend that this scheme, funded by capital receipts, be removed from the Capital Programme.
- Potholes (Remaining Budget £2.470million), The Stoke Bridge tender was postponed to this financial year due to agreements required with Network Rail. This work will now commence in the summer with estimated completion in the autumn. The annual resurfacing programme for this financial year has identified 16 sites with a total area of 28,648m². There is now only one site remaining to complete. The annual large patching programme is scheduled to start imminently.
- Medway Tunnel (Remaining Budget £10.529million), general Maintenance. On track to deliver scheduled annual maintenance, inspections and any minor repairs. We have delivered one of the four planned maintenance closures this year, with the second due in the autumn. We have also completed several of the upgrades included in the DfT Challenge fund including the Sump Gas Sampling System, Contraflow Gaps and the Manhole Upgrade and Replacement. Works to be completed in year include Pier Road Retaining Wall, Network / Comms upgrade and the A289 corridor Carriageway Resurfacing, and these are currently in progress and due for completion in this financial year.
- Horsted Gyrotory & Ped Imps (Remaining Budget £64,000), there are two project objectives: achieve improved traffic flow through the design and installation of traffic signal control on the gyratory and the installation of a controlled pedestrian/cycle crossing in the vicinity of Pilots View (Horsted Park). Design work for the former will continue, with the pedestrian/cycle crossing implemented in 2023/24.
- Design & Resurfacing (Remaining Budget £1.539million), carriageway and footpath resurfacing towards the annual resurfacing programme. Carriageway works at St Willimas Way and Limetree

Close are now complete. There are 10 footway sites identified for resurfacing this financial year, of which works on Sherwood Avenue footway is now complete.

- Street Furniture (Remaining Budget £0), renewal of street furniture across the network. There are no planned works under this project for this financial year.
- Structures & Tunnels (Remaining Budget £74,000), the team is currently working on a minor works programme from inspections carried out in 2022/23 that identified repairs or structures required.
- Highways Maintenance LTP3 (Remaining Budget £1.366million), the minor works programme for structures (produced from inspections) has commenced and is on track. The programmes for Crash Barriers and to implement Skid Policy are also ongoing.

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

Budgetary Forecast: it is anticipated at the current time that the schemes will complete within the approved budget. The Motorway Signage scheme is forecasting a £60,000 underspend and as there are no current plans to progress this scheme, officers recommend its removal from the Capital Programme.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
FLS - Integrated Transport	19,221	17,959	1,262	1,262	0	0

The purpose of the schemes within this area is 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 to the delivery of housing on the site. It is currently expected that the remaining budget will be spent in 2023/24.
- Integrated Transport LTP3 (Remaining Budget £1.234million), project for the design and implementation of an agreed suite of transport infrastructure improvements aligned with the Council's Local Transport Plan and Climate Change Action Plan, related to sustainable transport (walking, cycling and public transport), road safety, and traffic management (including parking design).

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

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

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
FLS - Other Front Line Services	14,224	12,768	1,451	1,433	19	0

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

- England Coast Path Super Steps (Remaining Budget £0), the works have now been completed and all grant claims submitted to Natural England. The remaining budget was removed under the delegation of the Chief Operating Officer (COO) during Round 2.
- England Coast Path Grain – Rainham (Remaining Budget £0), the works have been completed and a grant claim has been submitted to Natural England. The remaining budget was removed under the delegation of the COO during Round 2.
- CCTV (Remaining Budget £46,000), work is underway to improve and upgrade Medway's CCTV infrastructure. Discussions are currently ongoing regarding how to best utilize the remaining budget but will most likely be used to consolidate old BT circuits and transition over to the Council's fibre network.
- New Pay And Display Machines (Remaining Budget £1,000), this project is now complete with the final invoice awaited.

- Bereavement Path Repairs (Remaining Budget £82,000), project to repair roads and pathways across Medway’s cemeteries to ensure assets are maintained in a good and safe condition. Quotes have now been received and works are expected to commence in the Autumn.
 - Active Travel (Remaining Budget £1.198million), there are three live schemes: an Active Travel route between Cuxton and Strood (design work during 23/24), a pedestrian/cycle path on Four Elms Hill (construction in 23/24) and a programme of School Streets to promote Active Travel (delivery in 23/24). £464,000 has been added to the budget since Round one under the delegation of the COO delegation, funded by Active Travel grant.
 - Strood Town Centre (Remaining Budget £12,000), scheme completed; remaining budget to be used for ongoing monitoring and surveys.
 - Chatham Town Centre (Remaining Budget £20,000), additional budget has been added by COO delegation for Round 2 to cover the retention on this completed scheme, funded by S106 contributions.
 - Medway City Estate Connectivity (Remaining Budget £92,000), this scheme includes Highways Design Fees, Stage 3 Road Safety Auditing, remaining payments to utility companies, the reinstallation of a traffic camera, completion of the Anthonys Way east lighting works including ducting, connections and disconnection and removal of old columns, and the reinstallation of tunnel matrix sign on new posts with ducting for comms and power. The scheme is now substantially complete, subject to minor changes to road markings and signs, and payment of outstanding land transfer fees.
- Funding:** the schemes above are funded from a mixture of Capital Grants (Active Travel, Strood Town Centre and Medway City Est Connectivity); Capital Receipts (CCTV and Bereavement Path Repairs); s106 developer contributions (Chatham Town Centre) 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.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Housing Infrastructure Fund (HIF)	20,778	19,042	1,737	1,737	0	0

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

- HIF Project Delivery (Remaining Budget £1.737 million)
- HIF Rail (Remaining Budget £0)
- HIF Highways (Remaining Budget £0)
- HIF Strategic Environmental Management Scheme (Remaining Budget £0)
- HIF Preliminary Costs (Remaining Budget £0)

As Central Government has now made the decision to discontinue this scheme, the remaining unspent budget has been removed from the Capital Programme under the delegation of the COO during Round 2.

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

Budgetary Forecast: it is estimated that this scheme will spend within the remaining allocated budget.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Culture & Community	48,708	5,181	43,527	20,322	23,175	(31)

The schemes within this service area are as follows:

- World Heritage Site & Great Lines Heritage Park (GLHP) (Remaining Budget £31,000), this scheme is now complete. There is a small amount of remaining unspent grant and officers are exploring alternative schemes that this could fund. This scheme is currently forecasting an underspend of £31,000. Officers are therefore recommending the removal of this scheme from the Capital Programme and should other uses be found for the remaining grant, this will be presented as a request for a new addition to the capital programme.
- Lordswood Community Hub (Remaining Budget £330,000), The project is now largely complete barring snagging items, with the building re-opening to the public on Monday 19 June 2023. The project has delivered a refurbished library space at Lordswood, now able to offer the full range of Community Hub services to residents. Additions to the building include a new hireable public meeting room, public disabled toilet, better connections between the library and on-site youth centre and an upgraded public computer suite. At round one, this scheme reported a forecast underspend of £10,000, however the costs of fitting out of the public computer suite were higher than expected and the scheme is now forecasting to spend to budget.
- Mobile Library Purchase (Remaining Budget £150,000), this is a new scheme for 2023/24 to replace the existing diesel fleet with electric vehicles. We are expecting bids to be returned over the autumn so that procurement can take place early next year.
- English Heritage Local Management Agreement (EH-LMA) – Environmental Monitoring (Remaining Budget £269,000), conservation works to all three sites are ongoing. Main elements include the widening of the gates at Rochester Castle, the repair of the piers and railings along castle view as well as damp repairs and maintenance at Upnor Castle. Future works will include surveys and remedial works to Rochester Castle keep walls. Timings of works is hard to know given requirements of applying for scheduled ancient monuments consent and agreeing methodologies.
- Guildhall Museum Refurbishment (Remaining Budget £3,000), works on new Dickens Gallery have been completed and the gallery is open and operational. Remaining sum to be spent on equipment (large TV screen for presentations) to support meeting hires and talks at the museum.
- Splashes Replacement Scheme (Remaining Budget £21.744million), as previously reported, the project continues to perform within budget and on time, with building works scheduled to finish in April 2024 to enable the new sports centre to open in summer 2024. The steel frame structure is now complete with a topping out ceremony scheduled in the autumn. Work expected to take place over the autumn includes completing the pool slabs and main pool walls (including underwater lights), completing under slab filtration pipework to the Leisure pool, completing Phase 1 frame erection, completing pool hall retaining walls, completing remaining Phase 3 pads and commencing the Phase 2 Frame. Supplies continue to be delivered with costs being closely monitored due to inflation and fluctuation in prices.
- Dickens Chalet Restoration (Remaining Budget £100,000), fundraising for Chalet ongoing with plans to implement the works in 2024/25. Total figure required is approximately £300,000 and work cannot be phased so needs to be delivered in one season once full funding is achieved.
- 3G Pitch (Remaining Budget £3,000), All building works are now complete for both the 3G pitch and new changing pavilion. All invoices to contractors have also been paid. The remaining budget will be used to pay the retention this financial year.
- Brook Theatre Refurbishment (Remaining Budget £20.897million), additional capital budget of £14.7million has been added to this scheme since Round One monitoring. Due to delays and the complex design the estimated completion date is now Summer 2026 (delayed by one year since Round One monitoring). The current programme plan is to tender in March 2024, and for contractors to start on site in Summer 2024.

Funding: the above schemes are funded by way of Government Grants (World Heritage Site & GLHP [part], EH LMA - Environmental Monitoring [part]) and Brook Theatre Refurbishment [part]; other grants (3G Pitch); Capital Receipts (EH LMA - Environmental Monitoring [part], Guildhall Museum Refurbishment and Central Theatre Sound System); Reserves (World Heritage Site & GLHP [part]) with the remainder by

way of prudential borrowing (Splashes Replacement Scheme, Dickens Chalet Restoration, Lordswood Community Hub, Mobile Library Purchase and Brook Theatre Refurbishment [part]).

Budgetary Forecast: there is a current forecast underspend of £31,000 in this area on the World Heritage Site & GLHP scheme. Officers are recommending that this scheme be removed from the Capital Programme.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Regeneration - Corporate Property	20,251	10,262	9,990	5,674	4,292	(24)

The schemes within this service area are as follows:

- Building Maintenance (Remaining Budget £8,000), remaining budget will be spent on finalising the leaving care and adolescent hub at Elaine centre.
- Civic Centre Decant (Remaining Budget £24,000), residual budget left for decant from Civic Centre. This scheme is currently forecasting an underspend of £24,000. As the decant was completed in 2008, officers will be recommending the removal of this scheme from the Capital Programme.
- Pentagon: Future Capital Works (Remaining Budget £4.481million), Spend will be paused post RIBA 4 design on the Healthy Living Centre until the NHS has signed the lease and S2 agreement.
- Climate Change Emergency Refit Ph1 (Remaining Budget £298,000), Phase one Refit works to upgrade 11 buildings with energy efficiency measures, including LED lights, Solar, Heat pumps and waterless urinals. Works commenced in the summer of 2021 and are due to complete this summer. Final snagging, commissioning and handover are still outstanding but are expected to take place over the autumn. The project is expected to complete this financial year.
- Gun Wharf Building Works (Remaining Budget £1.031 million), budget approved to fund lift replacements and transformers. The surveys indicated that the transformers do not need to be replaced for another 5 years so only the switchgear will be replaced. The contract for lift 2b has been tendered and awarded, and it is expected that the installation will take place over the winter. It is currently expected that lift 2a can be replaced after 2b works has completed and that both will be completed by the end of the financial year.
- Climate Change Emergency Refit Ph2 (Remaining Budget £3.6million), phase 2 of the retrofit energy improvement programme. Project is to install air source heat pumps across 14 buildings, and these will be purchased during this financial year to comply with the Salix grant conditions.
- Rochester Pier Salvage (Remaining Budget £137,000), new scheme commencing in 2023/24. Scheme is for the removal of collapsed sections of Rochester Pier and two timber mooring towers (dolphins) located at Rochester Esplanade. Removal of Pier section will facilitate future overall restoration of Pier. The contract was awarded in July 2023, with estimated completion in the winter of 2023.
- Council Meeting Facilities (Remaining Budget £320,000), scheme is for conversion of meeting rooms into new Council Chamber, as well as the purchase of furniture and ICT equipment and adaptations to other areas of the building to create a meeting space. Current layout of the Council Chamber has been approved. Due to the recent issues with RAAC at Gun Wharf (see Risks at section 12 for further information), officers are currently reviewing the timeline of the scheme and will present updates to Members once this work has been finalised.
- Changing Places Disabled Toilet (Remaining Budget £90,000), University of Greenwich works for a new changing places facility was completed as planned in August. A new changing places room is also anticipated to be completed this financial year, the location is yet to be confirmed.

Funding: the above schemes are funded from Capital Receipts (Building Maintenance); Capital Grants (Changing Places Disabled Toilet); Reserves (Civic Centre Decant and Council Meeting Facilities); borrowing in lieu of future s106 developer contributions (Rochester Pier Salvage) and the remainder by way of Prudential Borrowing (Pentagon: Future Capital Works, Gun Wharf Building works and Climate Change Emergency Refit Phase 1).

Budgetary Forecast: there is currently a £24,000 forecast underspend in this area on the Civic Centre Decant scheme. Officers are recommending the removal of this scheme from the Capital Programme.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Regeneration - Future High Streets Fund (FHSF)	9,034	3,215	5,819	5,819	0	0
<p>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:</p> <ul style="list-style-type: none"> FHSF – Brook Theatre (Remaining Budget £265,000), contractors are on site and the project is anticipated to complete this financial year. Future works to be funded from the Levelling Up Fund (LUF) and borrowing. FHSF - Innovation Hub Medway (Remaining Budget £1.631million), project to deliver 760sqm of workspace within the Pentagon Centre. The main works contract will be tendered over the autumn, with contractors expected on site early in 2024. FHSF - St John’s Church (Remaining Budget £832,000), Funding agreement between the Council and the Diocese is now signed, project to progress and aim to be completed by 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 £280,000), 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 £2.180million), a contractor has now been appointed. The main works will be undertaken in 2023/24 and a contractor has been appointed. FHSF - Project Management (Remaining Budget £631,000), Subject to approvals from the funding body, funding may be moved across to the capital projects, if required. <p>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.</p>						

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Regeneration - Green Spaces	2,111	1,049	1,062	887	175	0
<p>The purpose of the schemes within this area are to improve green spaces throughout Medway. The schemes are as follows:</p> <ul style="list-style-type: none"> Horsted Valley - Environmental Enhancements (Remaining Budget £25,000), currently exploring options for outdoor sports improvements. Officers are expected to be able to offer updates in the spring. Rainham Play (Remaining Budget £85,000), Cherry Tree play area works were completed in spring 2023. We are currently working on options for access and further improvements at this site for 2023-24 with the remaining budget. Hook Meadow Works (Remaining Budget £44,000), currently awaiting steer as Community Hub scheme will have an impact on this project. Budget now forecast for 2024/25. Princes Park Play Area (Remaining Budget £0), this project is now complete, with final invoices due to be paid in 2023/24. Berengrave Nature Reserve Ecological Improvements (Remaining Budget £15,000), signage and new seating are still in progress, with completion expected over the autumn. Jackson’s Field & Victoria Gardens Green Spaces Project (Remaining Budget £49,000), works are in progress at Victoria gardens play areas. The project is expected to be completed this financial year. Eastgate House Gardens Improvements (Remaining Budget £10,000), final amount to be spent on refurbishment of pond in Eastgate House gardens. Awaiting additional funds to support the works but this work should take place in 2023/24. 						

- Copperfields Open Space (Remaining Budget £19,000), the new outdoor gym was installed over the summer, mile markers and benches are now in progress. A community herb garden is currently being planted.
- Jackson's Field & Borstal Recreation Ground Green Spaces Improvements (Remaining Budget £6,000), orders for the improvements have now been made, in consultation with the Friends group. We anticipate that this will be completed this financial year.
- Play Parks Refurbishment (Remaining Budget £251,000), works were delayed by wet weather. All sites have now been completed, with only minor works such as painting outstanding.
- Northcote Recreation Ground & Rede Common (Remaining Budget £1,000), access improvements at Rede Common were completed October 2022 as planned. We are currently awaiting the final invoice.
- Balmoral Gardens Improvements (Remaining Budget £12,000), Play improvements were completed in April 2023. The final invoices have now been paid.
- Great Lines Footpath Improvements (Remaining Budget £149,000), we went out to tender for the footpath improvements in May 2023, and the contract has now been awarded. Works started on site as planned in July 2023 and is on track for completion this financial year. £35,257 of s106 funding allocated to this scheme relates to the Beechings Play Area scheme (under Members Priority).
- Capstone Park S106 Improvements (Remaining Budget £47,000), the Orchard car park improvements were completed as planned in June 2023 and the remaining budget will be spent on play area improvements. We have been out to tender for the play area improvements, the contract has now been awarded and we anticipate contractors will start on site over the autumn. The project is on track to be completed this financial year.
- The Strand – Play Area Improvements (Remaining Budget £54,000), scheme to improve junior play provision. This is a new scheme added in Round Two by COO delegation. We went out to tender in May 2023 and a contract has now been awarded. We anticipate contractors will start on site over the autumn. The project is on track for completion this financial year.
- Cozenton Park & Chalk Pit Allotments (Remaining Budget £182,000), scheme to bring the disused nursery back into use as a community garden and allotments. This is a new scheme added in Round Two by COO delegation. We are currently reviewing options for the old nursery site. Expenditure to date has been on improving security of the site and topographical surveys. Draft scheme to be discussed with Planning and then approval sought from Council to go out to public consultation. The project is due for completion in 2024-25.
- Luton Millennium Green Improvements (Remaining Budget £114,000), this is a new scheme added in Round Two by COO delegation, funded by S106 developer contributions. We went out to tender in August 2023 and are hoping for works to commence over the winter.

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 Play Parks Refurbishment [part] which is funded from Prudential Borrowing.

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

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Regeneration - Innovation Park Medway	73,307	29,415	43,891	9,083	34,809	0

The purpose of the schemes within this area are to create the infrastructure at the Innovation Park Medway (IPM). Progress has been made to date on realising the plans for IPM with planning achieved for elements of the Southern Site, enabling works nearing completion on the Northern Site and interest from potential occupiers. We are now reviewing the development approach for the various sites which make up Innovation Park Medway in partnership with key stakeholders.

The schemes are as follows:

- IPM Phase 1 & 2 Public Realm (Remaining Budget £4.603million), public realm works were reached key milestones in the summer however some landscaping, including trees is being reviewed and will be complete later in the year. FM Conway are due to handover the site in the autumn of 2023. Spend beyond 2023/24 is for project delivery including legal fees, salary costs and marketing, as well as

design work for the cycle path, this spend forecast will be reviewed to ensure delivery is achieved in the most sustainable manner.

- IPM Phase 2 Infrastructure (Remaining Budget £172,000), infrastructure works reached key milestones in the summer of 2023. FM Conway are due to handover the site in the autumn of 2023.
- IPM Wider Site Delivery (Remaining Budget £11.062million), the multi storey car park is currently at RIBA stage 3, but the build will not take place until site occupation has reached the appropriate threshold. £2.6m within this cost code is for Highways Mitigation to make road networks improvements in line with National Highways and KCC requirements under the Monitor and Manage approach. This will be paid when occupation triggers are met and will be a contribution to road network improvements.
- IPM Project Capitalised Interest (Remaining Budget £1.057million), interest rate rises in the past 2 years have put pressure on this budget to the extent that we now expect the budget to be fully expended by the end of this financial year.
- IPM - 6 Storey Building (Remaining Budget £12.954million), Levelling up Fund (LUF) bid was unsuccessful therefore the business case is being reviewed to ensure the site can be brought forward in the most sustainable manner.
- Innovation Park Medway (Remaining Budget £343,000), this budget will be reviewed following the improvement works carried out in 2021.
- IPM Enabling Works (Remaining Budget £330,000), the project (roads, lighting, drainage, utilities) is complete apart from some additional utilities which are currently being installed. The remaining budget is being reviewed to ensure that delivery is achieved in the most sustainable manner.
- IPM Zone A (Remaining Budget £1.611million), infrastructure works reached key milestones during the summer of 2023 and the contractor, FM Conway is due to hand over the site in the autumn.
- IPM – Southern site (Remaining Budget £11.760million), self-certification has now been secured for one of the office buildings with the car park self-certification due shortly.

Funding: the above schemes are funded by way of Prudential Borrowing (IPM Phase 1 & 2 Public Realm [part]), Borrowing in advance of Future Rent (Innovation Park – Southern Site), whilst the remainder will be funded by Borrowing In Lieu of Future Business Rates.

Budgetary Forecast: the Council is reviewing the forecasts to ensure that this key site is delivered in the most sustainable and economically advantageous manner.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Regeneration - Medway Development Company	4,122	3,710	412	300	0	(112)

The schemes within this area relate to works projects carried out by Medway Development Company on behalf of Medway Council. Schemes carried out by Medway Development Company directly using financial assistance in the form of capital loans from the Council no longer form part of Medway Council's Capital Programme. The schemes are as follows:

- Mountbatten House Purchase (Remaining Budget £126,000), the purchase of Mountbatten House is now complete. The forecast for 2023/24 covers valuation fees for sale to MDC and temporary roof works to prevent water ingress. It is expected that this scheme will underspend by £92,000. As this scheme is now complete, officers are recommending that it now be removed from the Capital programme.
- Mountbatten House Project (Remaining Budget £266,000), this scheme is for the mechanical and electrical strip of Mountbatten House which is expected to complete this financial year.
- MDC - Queen Street (Remaining Budget £20,000), project complete, planning permission approved. No further spend expected and scheme will produce an underspend of £20,000. Officers will be recommending the removal of this scheme from the Capital Programme.

Funding: the above schemes are funded by way of prudential borrowing (Mountbatten House Purchase) and Borrowing in Lieu of Capital Receipts (Mountbatten House Project and MDC - Queen Street).

Budgetary Forecast: it is anticipated that the above schemes will deliver an underspend of £112,000 on the MDC – Queen Street scheme (£20,000) and MDC – Mountbatten House Purchase (£92,000). Officers will be recommending the removal of these scheme from the Capital Programme as they are now complete.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 203/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Regeneration – Other	67,631	25,250	42,381	7,216	35,165	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 £227,000), further work expected in 2023/24 includes purchasing software for the enrolment system. This has commenced and is expected to complete early next year. The scheme is progressing, and work started on renovating room 11, specifically refurbishing grade 2 listed glass partition doors and ordering new admin windows.
- Healthy Living Centre Pentagon (Remaining Budget £10.348 million), contractors are expected to start on site early in 2024-25. The Final Business Case is expected in December 2023.
- Chatham Town Centre S106 Works (Remaining Budget £90,000), the COVID Pandemic has affected the delivery of this project. The planning permission has now lapsed, resulting in no further s106 funding to be received. The budget has therefore been reduced to the amount of s106 funding received to date. The remaining funding has been allocated to projects agreed with the Chatham Forum during 2023/24.
- Rochester Riverside Growing Places (Remaining Budget £502,000), 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 £2.012million), the 2023/24 forecast includes the connection for a new Station Approach Road and installation of flood gate, legal fees for development agreements. Building works this financial year will include circa £300,000 maintenance for river wall for Canal Road and former Civic site. In 2024/25 there will be ongoing maintenance costs for flood defences and site preparation.
- Housing Renovation Grants (Remaining Budget £120,000), 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. £20,000 committed to date for private and tenanted homes to prevent poor housing conditions. Of the £40,000 forecast for 2023/24, £30,000 relates to potential activity around selective licensing subject to Cabinet decision which is still being discussed.
- Disabled Facilities Grant Mandatory (Remaining Budget £6.120million), the service continues to work through referrals carried over from last financial year. The forecast also includes £700,000 for the provision of Occupational Therapy services at the Chatham Healthy Living Centre.
- Temporary Accommodation Pilot (Remaining Budget £4.773million), scheme to purchase at least 20 properties for use as Temporary Accommodation. The budget is intended to cover the purchase price, stamp duty, refurbishment and fees. Two properties (four units) were purchased as of August 2023. We are expecting to complete on three further properties in Quarter 3 (acquisition costs £540,500 and refurb around £15,000). The purchase of a new build site at Rainham Road is due to start in Quarter 3 (purchase price of £2.800million plus stamp duty £331,250, fees approx. £1,500). A 10% deposit will be due in Quarter 3 of this year, with the remaining balance expected in 2024/25 on completion.
- Debenham's Redevelopment (Remaining Budget £17.879 million), no spend forecast in 2023/24. Discussions are ongoing with potential end users for the building.
- Command Of The Heights - Phase 2 (Remaining Budget £37,000), there is no anticipated works taking place this year. Remedial works are planned for 2024/25 with the remaining scheme budget.
- Heritage Action Zone (Remaining Budget £273,000), approximately 75% of the 2023/24 budget is already committed with the remainder provisionally allocated. Anticipated to complete project in time and on budget as this is the final year of the funding programme.

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 (Temporary Accommodation Pilot); 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.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Housing Revenue Account	65,537	28,921	36,615	20,257	16,358	0

These schemes comprise capital schemes relating to the Council’s Housing Stock and are as follows:

- Improve To Housing Stock (Budget £11.527million), 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 a 3 year programme. Current year forecast is based on the predicted completion of programmes in the current year. £1.034million has been added to the budget via COO delegation since Round One funded by the Social Housing Decarbonisation Fund Wave 2.1.
- Disabled Adaptations (Budget £279,000), 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. This budget is being used in conjunction with the budget for HRA Purchase of Housing Units (see below).
- HRA Purchase Of Housing Units (Budget £4.62million), 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 Future Projects (Remaining Budget £3.750million), this is for future HRA projects where external funding may be announced, such as homes for Ukraine/Afghan. This financial year, we are planning the purchase of 19 units for resettlement and temporary accommodation. The first tranche of funding of £773,000 is due in summer, the second tranche due once 60% of tranche 1 has been committed.
- HRA New Build Phase 5 (Budget £9.896 million), 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. Contractors are expected on site in the spring of 2024. The viability of Phase 5 has been affected by interest rates and the increasing costs of materials and labour. Costing is currently being reviewed.
- HRA Britton Farm (Budget £6.187million), Britton Farm is a Medway Development Company build of 44 units (mix of 1 & 2 bedroom apartments). 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. The scheme is progressing well with the second stage payment due to MDC in the autumn. Completion is currently expected in 2025.

Funding: the above schemes are funded by Capital Receipts (HRA House Purchase Or Buyback [part], HRA New Build Phase 5, Britton Farm [part], and HRA Purchase of Housing Units [part]); Reserves (Improve To Housing Stock [part], Disabled Adaptations and HRA House Purchase Or Buyback [part]); Capital grants (Improve to Housing Stock [part], HRA Purchase of Housing Units [part] and HRA future projects [part]) and Prudential Borrowing (HRA Purchase of Housing Units [part], HRA Future Projects [part], Britton Farm and HRA New Build Phase 5).

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

8. Business Support

8.1. The projected outturn for Business Support is expected to be contained within the existing budget.

Service	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
ICT Investment	3,098	2,628	471	420	51	0
Democracy & Governance	18	17	1	1	0	0
Business Support Department Total	3,116	2,645	472	421	51	0

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
ICT Investment	3,098	2,628	471	420	51	0

The purpose of these schemes is to invest in the Council's 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 Change team. The team is now established so the rest of this budget will be spent this year to implement a system being rolled out as part of the Medway 2.0 project.
- ICT Infrastructure Works (Remaining Budget £330,000), the remaining budget will be used to procure a new backup solution for the Council's data/servers. We have now completed the review of backup solutions that are available that will meet our needs. Indicative costs are significantly higher than expected, so further reviews will now be required which may cause delays to the scheme.
- Data Centre Refurbishment (Remaining Budget £137,000), 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. Contractors are expected on site later this year, with completion expected in 2024/25. There are price fluctuations, and the budget manager is keeping under review whether additional funding may be required. There have been issues raised regarding whether there is insurance cover in place for the work required to lift the server cabinets which may incur an additional cost.

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.

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Democracy & Governance	18	17	1	1	0	0

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

- Individual Electoral Registration (Remaining Budget £1,000), the small remaining budget will be used on election equipment.

Funding: the above scheme is funded by government grant.

Budgetary Forecast: this scheme is anticipated to be completed within the approved budget.

9. Members Priorities

- 9.1. It is expected that all allocated Members Priorities Schemes will result in a projected underspend of £40,000, and the scheme in question be removed from the Council's capital programme.

Service	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Member Priorities RCE	98	12	86	46	0	(40)
Members Priorities Total	98	12	86	46	0	(40)

	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Member Priorities RCE	98	12	86	46	0	(40)

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) The club is currently working on a detailed design. 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. As this scheme has been part of the Capital Programme for several years with no progress, officers recommend to Cabinet and Council the removal of this scheme from the Capital Programme.
- MP Beechings Play Area (Remaining Budget £40,000), this is a new scheme for 2023/24. Currently out to tender for play area refurbishment. Works are due on the ground in autumn 2023. There is an additional £35,257 of s106 funding that has been added to this scheme via COO delegation in Round 2, however this was incorrectly allocated to the Great Lines Heritage Park budget and will be corrected for Round 3.
- MP Halling Bishops Palace (Remaining Budget £6,000), this is a new scheme for 2023/24. Project to enable railings to be installed at Bishops Palace Halling, to protect the scheduled ancient monument. Works will be complete once scheduled ancient monument consent is granted.

Funding: the above schemes are funded by Capital Receipts.

Budgetary Forecast: the MP St Mary's Amateur Boxing Club scheme is forecasting an underspend of -£40,000 and officers are recommending it be removed from the Capital Programme.

10. Section 106 Developer Contributions

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

	Current Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Forecast Under/(over) spend £000s
Capital Reserve Developer Contributions				
S106 Highways & Transport Cap	93	93	0	0
S106 Education Cap	3,967	3,763	204	0
S106 Leisure/Heritage Cap	744	568	175	0
S106 Public Realm Cap	20	20	0	0

Developer Contributions from Capital Reserves	4,823	4,444	379	0
Revenue Reserve Developer Contributions				
S106 Leisure/Heritage Rev	15	15	0	0
S106 Public Realm Rev	90	90	0	0
Developer Contributions from Revenue Reserves	105	105	0	0

11. Changes Since Cabinet Round 1 Monitoring 8 August 2023

11.1. The following additions have been made since the first round of monitoring was presented to Cabinet on 8 August 2023:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Luton Millenium Park	114	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 07/08/23
Regeneration, Culture and Environment	Active Travel	464	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 25/05/23
Housing Revenue Account	HRA Improvements to Housing Stock	1,024	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 16/07/23

11.2. The following budget virements have been approved following the 2023/24 budget approval by Council:

Directorate	Scheme Providing Budget Virement	Scheme Receiving Budget Virement	Virement Amount £000s	Approval
Children and Adults	Abbey Court Phase 2	Bradfields Additional Places	5	Director of People 24/10/23

11.3. The following schemes have been removed from the 2023/24 capital programme since the first round of monitoring was presented to Cabinet on 08 August 2023:

Directorate	Scheme	Approved Budget Removed £000s	Funding	Approval
Regeneration, Culture and Environment	Housing Infrastructure Funding	149,751	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 18/10/23
Regeneration, Culture and Environment	Medway Development Company	49,751	Prudential Borrowing	Council 19/10/23

Directorate	Scheme	Approved Budget Removed £000s	Funding	Approval
Regeneration, Culture and Environment	England Coast Path Super Steps	1	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 13/10/23
Regeneration, Culture and Environment	England Coast Path Grain to Rainham	4	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 13/10/23
Members Priorities	Platters Farm Panels/Rainham Signage/Unallocated Balance	262	Capital Receipts	Council 19/10/23

11.4. The following additions, recently agreed, have not been included in Round 2, but will form part of future monitoring reports:

Directorate	Scheme	Approved Budget Removed £000s	Funding	Approval
Children and Adults	Wayfield Primary School	40	Capital Grant	Council 19/10/23

12. Conclusion

12.1. The second round of Capital Budget Monitoring for 2023/24 forecasts a projected underspend of £5,000 within the Children's and Adults Directorate, and £40,000 within Members Priorities, whereas the Regeneration, Culture and Environment Directorate is forecasting an overspend of £261,000. All other Services/Directorates are forecast to complete their capital schemes within the approved budget.

13. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Capital receipts	A significant proportion of the Capital Programme is funded from capital receipts; if the Council does not achieve the required receipts, some elements of the programme may either need to be curtailed or refinanced.	Close monitoring of the programmes anticipated to deliver capital receipts, and careful management of the delivery of those schemes funded from receipts.	BII
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	BIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
		against the agreed budget.	
Deliverability of the Capital Programme	Macro-economic conditions, largely but not wholly resulting from the external factors, have affected the cost and availability of both materials and labour.	Close monitoring of the programme and careful management of the delivery are supported by scrutiny from senior officers and Members.	BIII
Operational Depot site	The Operational Depot Site is in operation with Medway Norse however there are outstanding issues around disputed claims from the contractor for inflation and contract variations. Final agreement has not yet been reached, and costs could reach up to £500,000.	Discussions are ongoing between the service, legal services and the contractor to ensure only reasonable costs are paid by the Council.	BIII
Reinforced Autoclaved Aerated Concrete (RAAC) at Gun Wharf	It has been confirmed that Gun Wharf has reinforced autoclaved aerated concrete (RAAC) in some parts of the roof. There is an as of yet unquantified risk that significant capital investment will be required to address this issue.	Officers are working with industry experts to address this issue.	All
Likelihood		Impact:	
A Very likely B Likely C Unlikely D Rare		I Catastrophic II Major III Moderate IV Minor	

14. Financial Implications

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

15. Legal Implications

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

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Appendices

Appendix 1 – Progress of Medway Development Company schemes funded by way of capital loans from Medway Council.

Background papers

None