

## **Cabinet**

**13 February 2024**

### **Capital Budget Monitoring – Round 3 2023/24**

Portfolio Holder: Councillor Vince Maple, Leader of the Council

Report from: Katey Durkin, Chief Finance Officer

Author: Andy McNally-Johnson, Head of Corporate Accounts

#### **Summary**

This report presents the results of the third 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 third 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 12.1 to 12.5 to this report.
- 1.3. Cabinet is requested to recommend to Council the removal of the budget relating to the Aiming Higher for Children with Disabilities scheme, funded from Capital Grants.

#### **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)	78,472	36,927	41,545	13,030	28,464	(51)
Regeneration, Culture and Environment	406,461	213,181	193,280	58,302	102,438	(32,540)
Housing Revenue Account	67,220	28,921	38,298	14,765	23,533	0
Business Support Department	3,116	2,645	471	119	352	0
Members Priorities	93	12	81	75	0	(6)
<b>Total</b>	<b>555,361</b>	<b>281,685</b>	<b>273,676</b>	<b>86,293</b>	<b>154,786</b>	<b>(32,597)</b>

**Table 2: Funding the Capital Budget**

Funding Source	Total £000s	C&A £000s	RCE £000s	HRA £000s	BSD £000s	Members Priorities £000s
Capital Grants	83,994	33,638	45,273	5,082	1	0
Developer Contributions	6,061	3,952	2,074	0	0	35
Capital Receipts	1,229	0	887	0	296	46
RTB Receipts	6,972	0	0	6,972	0	0
Revenue / Reserves	11,160	0	129	11,031	0	0
Prudential Borrowing	101,363	3,954	82,020	15,213	175	0
Borrowing in lieu of Capital Receipts	20,659	0	20,659	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
<b>Total</b>	<b>273,676</b>	<b>41,545</b>	<b>193,280</b>	<b>38,298</b>	<b>471</b>	<b>81</b>

## 6. Children and Adults

6.1. The Children and Adults programme is forecast to underspend by £51,000.

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	6,529	2,237	4,293	2,564	1,729	0
Basic Needs - Secondary	24,257	6,548	17,709	3,741	13,968	0
Commissioning	824	824	0	0	0	0
School Condition Programme	6,475	5,700	775	750	25	0
Schools Devolved Capital	1,740	1,604	136	136	0	0
Basic Needs - SEND	35,489	18,589	16,900	5,559	11,290	(51)
Children's Social Care	1,654	102	1,552	174	1,378	0
Adult Social Care	1,504	1,323	181	105	76	0
<b>Children and Adult Services Total</b>	<b>78,472</b>	<b>36,927</b>	<b>41,545</b>	<b>13,029</b>	<b>28,464</b>	<b>(51)</b>

	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	6,529	2,237	4,293	2,564	1,729	0

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

- Hundred of Hoo 1fe Primary Expansion (Remaining Budget £1.86million), project to expand Hundred of Hoo primary to 2 Form Entry (FE). Additional budget of £800,000 was agreed by Council in April 2023 and has been added to the scheme budget. The main build was completed as expected in September 2023. 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. The Gateway 3 process is now complete. Contractors are still expected to start on site in January 2024, and completion is still expected for 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, however we still anticipate completion this financial year.
- Wayfield Primary Expansion (Remaining Budget £500), 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. Additional budget has now been agreed to cover the forecast overspend of £500.
- 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.

	<b>Total Approved Cost £000s</b>	<b>Total Exp to 31/03/23 £000s</b>	<b>Remaining Budget £000s</b>	<b>Forecast Spend 2023/24 £000s</b>	<b>Forecast Spend in Future Years £000s</b>	<b>Total Scheme Variance £000s</b>
Basic Needs - Secondary	24,257	6,548	17,709	3,741	13,968	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, however completion is now slightly delayed from the initial December date and is now expected in February 2024.
- Hoo Academy 6<sup>th</sup> Form (Remaining Budget £3.24million), project to provide additional classrooms, specialist rooms and changing facilities to enable the 1FE expansion at the school. Contractors started on site as expected in autumn 2023 with completion expected in autumn 2024.
- 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.
- Sir Joseph Williamson (Remaining Budget £6,000), £6,000 has been added to this budget since Round 2 monitoring in order to pay the retention payment.
- 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 in Spring 2024 and completion for autumn 2024.
- Victory Academy 6<sup>th</sup> Form (Remaining Budget £3.44million), project to provide a new 6th form block at Victory Academy which will in turn enable a 1FE expansion of the main school. The current PAN of 210 will increase to 240 permanently. Work is expected to start on site in Spring 2024 with completion expected in Autumn 2024.
- 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 still expecting a decision in Spring 2024, so we continue to forecast this scheme taking place wholly in 2024/25. Target date for completion is still 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 still expecting a decision in Spring 2024, so we continue to forecast this scheme taking place wholly in 2024/25. Target date for completion is still 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 still

expecting a decision in Spring 2024, so we continue to forecast this scheme taking place wholly in 2024/25. Target date for completion is still March 2025.

- Maritime Academy Science Block (Remaining Budget £434,000), project to provide one year of temp capacity at the Twydall site for a science laboratory and a Design and Technology room. We have 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 expected to be shared over this and next financial year. Expected completion date for September 2024.
- Leigh Academy Canopy (Remaining Budget £325,000), project to provide additional dining facilities to cater for higher pupil numbers due to bulge classes. We currently anticipate completion this financial year.

**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. There is a remaining unspent budget of £75 and officers request that this completed scheme now be removed from the Capital Programme.
- Elaine Centre Refurbishment (Remaining Budget £306), the small remaining budget will be spent on 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	750	25	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 £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	1,327	1,190	137	137	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	35,489	18,589	16,900	5,559	11,290	(51)

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 £1,000)**, projects to provide SEND resourced provision in mainstream schools. Since Round 2 monitoring, Council agreed to remove the remaining budget from this scheme as the planned works would take place under the Stood Academy scheme. The remaining £1,000 has already been spent this year and the scheme will therefore close at the end of this year.
- **Bradfields Additional Places (Remaining Budget £36,000)**, project to expand Bradfields Academy to enable 100 additional pupils. This project is now complete, and the building is in use.
- **Abbey Court Phase 2 (Remaining Budget £298,000)**, 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 £51,000. As this scheme is funded by prudential borrowing, it is proposed that the remaining unspent budget will be surrendered at the end of the financial year.
- **Strood Academy SEND Block (Remaining Budget £2.269million)**, project to provide resourced provision for 25-30 secondary aged ASD pupils. Contractors started on site in April 2023 and completed as expected in November 2023.

- **Howard School SEND Block (Remaining Budget £0)**, project to provide resourced provision for 25-30 secondary aged ASD pupils. Since Round 2 monitoring, Council has agreed to remove this scheme from the Capital Programme, and the budget has been transferred to the Rivermead at Stoke and Dane Court SEND schemes.
- **Victory Academy SEND Block (Remaining Budget £2.566million)**, project to provide resourced provision for 25-30 secondary aged SEMH pupils. 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 £2.994million)**, 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 since Round 2 monitoring Council has agreed the virement of £1.2million additional funding from the Howard School SEND block budget. We are now expecting to start on site in March 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 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 in January 2024 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 £1.4million)**, 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. Since Round 2 monitoring, Council has agreed an additional £500,000 of budget to be added to this scheme, transferred from the Howard School SEND block budget.
- **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 to be installed by 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 social emotional mental health needs (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; High Needs Special Places Provision; SEND New Places Scheme; Strood Academy SEND Block [part]) with the remainder funded by Government Grants.

**Budgetary Forecast** – There is a forecast underspend in this area of £51,000 on the Abbey Court Phase 2 scheme. All other schemes are forecasting 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
Children's Social Care	1,654	102	1,552	174	1,378	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 £1.552 million), 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, was suspended while a review was undertaken. The expenditure currently forecast for this financial year is for the rebuild of a 2-bed self-cabin. Further

expenditure against this scheme remains paused pending a revised business case to Cabinet, which is expected to reduce the overall cost and allow a reduction in the agreed budget.

**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	105	76	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 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. Works have been slightly delayed due to assessments for Reinforced Autoclaved Aerated Concrete (RAAC), however we are expecting works to commence imminently.

**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	17,221	218	17,003	253	16,750	0
FLS - Highways	95,860	77,047	18,813	10,027	8,786	0
FLS - Integrated Transport	19,221	17,959	1,262	764	498	0
FLS - Other Front Line Services	14,089	12,638	1,451	667	784	0
<b>Front Line Services</b>	<b>146,391</b>	<b>107,862</b>	<b>38,529</b>	<b>11,712</b>	<b>26,818</b>	<b>0</b>
<b>Housing Infrastructure Fund</b>	<b>20,725</b>	<b>19,042</b>	<b>1,684</b>	<b>1,684</b>	<b>0</b>	<b>0</b>
<b>Culture &amp; Community</b>	<b>48,276</b>	<b>4,779</b>	<b>43,497</b>	<b>21,334</b>	<b>22,163</b>	<b>0</b>
Regeneration - Corporate Property	20,053	10,087	9,966	5,517	4,422	(27)
Regeneration - Future High Streets Fund	9,034	3,215	5,819	4,622	1,197	0
Regeneration - Green Spaces	3,309	1,049	2,259	706	1,553	0



Regeneration - Innovation Park Medway	73,307	29,415	43,891	5,039	5,908	(32,944)
Regeneration - Medway Development Company	4,813	3,592	1,221	282	939	0
Regeneration - Other	80,552	34,138	46,414	7,407	39,437	430
<b>Regeneration</b>	<b>191,068</b>	<b>81,498</b>	<b>109,571</b>	<b>23,573</b>	<b>53,457</b>	<b>(32,540)</b>
<b>GENERAL FUND TOTAL</b>	<b>406,461</b>	<b>213,181</b>	<b>193,280</b>	<b>58,302</b>	<b>102,438</b>	<b>(32,540)</b>
<b>Housing Revenue Account</b>	<b>67,220</b>	<b>28,921</b>	<b>38,298</b>	<b>14,765</b>	<b>23,533</b>	<b>0</b>
<b>REGENERATION, CULTURE &amp; ENVIRONMENT TOTAL</b>	<b>473,681</b>	<b>242,102</b>	<b>231,579</b>	<b>73,068</b>	<b>125,970</b>	<b>(32,540)</b>

	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
Front Line Services (FLS) - Environmental Services	17,221	218	17,003	253	16,750	0
<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"> <li>HWRC Civic Amenity Sites Improvements (Remaining Budget £3,000), most of the remaining budget has now been spent, with a small remaining invoice for installation which should be complete this financial year.</li> <li>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.</li> </ul> <p><b>Funding:</b> the above schemes are funded by a mixture of capital receipts (HWRC Civic Amenity Sites Improvements) and prudential borrowing (Waste Fleet Replacement Scheme).</p> <p><b>Budgetary Forecast:</b> it is anticipated that schemes within this area will complete within the approved 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
FLS - Highways	95,860	77,047	18,813	10,027	8,786	0
<p>The purpose of the schemes within this area are to ensure highways within Medway are in a good condition and include the following schemes:</p> <ul style="list-style-type: none"> <li>LED Lantern Replacement Scheme (Remaining Budget £751,000), the LED scheme is split into two parts: <ul style="list-style-type: none"> <li>a) The main LED Conversion scheme which has approximately 500 lanterns has now been completed with few remedial works still outstanding; and</li> <li>b) Through the Highways Infrastructure Contract (HIC), 1254 (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 41 lanterns still outstanding, and a small number of unresolved issues including delays to permissions from Network Rail on 3 column and outstanding parts required for 10 columns. Completion is expected in the Spring of 2024. There is a small remaining forecast in 2024/25 which will be spent on replacing bulbs in illuminated signs and bollards with LED which will contribute to further energy savings.</li> </ul> </li> <li>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,</li> </ul>						

this will also include School Streets and Red Routes. The outcomes comprise the installation of cameras across all schemes within the programme to enforce traffic offences at agreed locations. This will also cover any physical infrastructure improvements as required. The procurement process for the cameras is now complete, with the purchase and installation of the cameras scheduled for later in the year.

- 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 28,648m<sup>2</sup>. These have now been completed. The annual large patching programme has started and will be ongoing through the spring of 2024. The works to Stoke Bridge are now complete, and the final accounts being finalised.
- Medway Tunnel (Remaining Budget £10.529million), general Maintenance. On track to deliver scheduled annual maintenance, inspections, and any minor repairs. We have delivered three of the four planned maintenance closures this year. 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 and A289 Carriageway Resurfacing.
- Horsted Gyration & 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 gyration and the installation of a controlled pedestrian/cycle crossing in the vicinity of Pilots View (Horsted Park). Design work for the former is now complete and consultation is due imminently with a view to construction starting in the final quarter of 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. We are on track to complete these within this financial year.
- 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 Gyration & Ped Imps); capital receipts (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.

	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	764	498	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 Phase 3 will complete in 2023/24, but Phases 4 and 5 will now take place in 2024/25.
- 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). Staff resourcing challenges have delayed scheme delivery. Some minor schemes such as accessibility

improvements, bus infrastructure enhancements and some smaller parking design schemes will still be implemented in 2023/24. However, the majority of schemes will now be implemented in 2024/25.

**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	14,089	12,638	1,451	667	784	0

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

- 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. Works to repair damaged cemetery roadways in Chatham Cemetery were completed as expected in November 2023. The paths at Woodlands / Chatham cemetery are scheduled to complete in 2024/25.
- 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 may now extend into 2024/25) and a programme of School Streets to promote Active Travel (delivery in 23/24).
- Strood Town Centre (Remaining Budget £12,000), scheme completed; the works identified for the remaining budget will now take place in 2024/25.
- Chatham Town Centre (Remaining Budget £20,000), this scheme is now complete, and we await the final invoice.
- Medway City Est 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 & 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	1,684	1,684	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 £1.684 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 was removed from the Capital Programme by Chief Operating Officer delegation during Round Two. Now that the final grant claim has been completed, the remaining budget has been slightly adjusted since Round Two.

**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	48,276	4,779	43,497	21,334	22,163	0

The schemes within this service area are as follows:

- 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 19th 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 hirable public meeting room, public disabled toilet, better connections between the library and on-site youth centre and an upgraded public computer suite.
- 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 still expect the procurement process to complete this financial year. There is a small budget forecast to be spent in 2024/25 which will be for livery, design and stock supply.
- 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 frame is now complete and the building watertight. The procurement process for gym equipment has commenced and is expected to be completed so that equipment can be installed in the Spring. 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 the Chalet is ongoing with the total figure required estimated at approx. £350,000 and work cannot be phased so needs to be delivered in one season once full funding is achieved. Given the challenges in securing this funding externally, we now anticipate that this scheme will be delivered in 2025/26.
- 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), Due to delays and the complex design the estimated completion date is now Summer 2026. The current programme plan is to tender in spring 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 Mon [part]) and Brook Theatre Refurbishment [part]; other grants (3G Pitch); Capital Receipts (EH LMA - Environmental Mon [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:** schemes in this area are anticipated to complete 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 - Corporate Property	20,053	10,087	9,966	5,517	4,422	(27)

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.
- 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 Phase 1 (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. Final snagging, commissioning and handover are still outstanding but are expected to complete this financial year. Contract variations on some of the adaptations at Gun Wharf have increased the cost of this scheme, and officers will request a virement from the Gun Wharf Building Works budget if required once the final costs are known.
- 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 have completed. This scheme is currently paused due to the discovery of RAAC at Gun Wharf. It is anticipated that this scheme can be completed under budget, and that surplus funds could be used to cover the additional costs of the Gun Wharf works in the Climate Change Emergency scheme.
- Climate Change Emergency Refit Phase 2 (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. This scheme requires a business case to be signed off by the Chief Operating Officer to release Council match funding.
- 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. Works completed as expected in November 2023 and all invoices have now been paid, with the scheme delivering an underspend of £27,000.
- 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. This scheme has been delayed due to the discovery of RAAC at Gun Wharf, and we now anticipate that this scheme will be implemented in 2024/25.
- 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 & Council Meeting Facilities); Capital Grants (Climate Change Emergency Refit Phase 2 and Changing Places Disabled Toilet); 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:** All schemes in this area are forecasting to complete within the allocated budget. The Rochester Pier Salvage scheme is forecasting a £27,000 underspend.

	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	4,622	1,197	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"> <li>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 Levelling UP Fund (LUF) and borrowing.</li> <li>FHSF - Innovation Hub Medway (Remaining Budget £1.631million), project to deliver 760sqm of workspace within the Pentagon Centre. Contractors expected on site early in 2024.</li> <li>FHSF - St Johns 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.</li> <li>FHSF - Property Acquisition &amp; 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.</li> <li>FHSF - Paddock &amp; Public Realm (Remaining Budget £2.180million), a contractor has now been appointed. The main works will be undertaken in 2023/24.</li> <li>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.</li> </ul> <p><b>Funding:</b> the above schemes are funded by way of a government grant.  <b>Budgetary Forecast:</b> 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	3,309	1,049	2,259	706	1,553	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"> <li>Horsted Valley - Environmental Enhancements (Remaining Budget £25,000), currently exploring options for outdoor sports improvements. We now anticipate that this work will take place in 2024/25.</li> <li>Rainham Play (Remaining Budget £85,000), Cherry Tree play area works were completed in spring 2023. The tender process for the access works and further improvements is now underway and we anticipate works being completed in 2024/25.</li> <li>Hook Meadow Works (Remaining Budget £44,000), currently awaiting steer as Community Hub scheme will have an impact on this project. This scheme is still forecast for 2024/25.</li> <li>Princes Park Play Area (Remaining Budget £0), this project is now complete, with final invoices due to be paid in 2023/24</li> <li>Berengrave Nature Reserve Ecological Improvements (Remaining Budget £15,000), signage and new seating are still in progress, with completion now expected in early 2024.</li> <li>Jackson's Field &amp; Victoria Gardens Green Spaces Project (Remaining Budget £49,000), works are in progress at Victoria gardens play areas. The project is now expected to be completed in 2024/25.</li> <li>Eastgate House Gardens Improvements (Remaining Budget £10,000), we initially planned to refurbish the pond however quotations received exceeded the remaining budget. We now intend to spend the remaining budget on smaller improvements to the gardens which should be completed this financial year.</li> <li>Copperfields Open Space (Remaining Budget £19,000), the new outdoor gym was installed over the summer, mile markers and benches were completed as expected in the autumn. A community herb</li> </ul>						

garden was planted in September 2023. The scheme is now nearing completion and we anticipate all budget to be spent this financial year.

- Jackson's Field & Borstal Recreation Ground Green Spaces Improvements (Remaining Budget £6,000), the majority of the improvement works have now been completed. 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 which we anticipate will be completed this financial year.
- Northcote Recreation Ground & Rede Common (Remaining Budget £1,000), Access improvements at Rede Common were completed October 2022 as planned. This scheme is now complete.
- 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 £114,000), 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 completed over the autumn. £35,257 of s106 funding erroneously allocated to this scheme has now been transferred 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 play area improvements were completed as planned 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. Play area improvements were completed as planned over the autumn. The remaining budget will be spent on procurement and legal fees.
- Cozenton Park & Chalk Pit Allotments (Remaining Budget £182,000), scheme to bring the disused nursery back into use as a community garden and allotments. 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 the Council to go out to public consultation. The project is due for completion in 2024-25.
- Luton Millennium Green Improvements (Remaining Budget £114,000), scheme for improvements to the Luton Millennium Green, funded by Levelling Up Parks Fund and S106 contributions. We went out to tender in August 2023 and are hoping for works to commence over the winter. We still anticipate completion this financial year.
- Temple Marsh Open Space (Remaining Budget £1.233million), the development of an open space provision for the adjacent development of Temple Waterfront. Currently we are in the early specification stages, and we anticipate that the scheme will be delivered over the next three financial years.

**Funding:** the above schemes are funded by way of Section 106 Developer Contributions except Rainham Play, Play Parks Refurbishment [part], which is funded from Capital Receipts, Play Parks Refurbishment [part] which is funded from Prudential Borrowing, Luton Millennium Green [part] which is funded by capital grant, and Temple Marsh Open Space [part] which is funded by Commuted sums.

**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	5,039	5,908	(32,944)

Expenditure on these schemes has paused whilst options are considered for the future of this project.

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

IPM Phase 1 & 2 Public Realm (Remaining Budget £4.603million), public realm works were completed in the summer however some landscaping including trees is being reviewed and will be completed in 2024/25. FM Conway will hand over the site in early 2024. Spend beyond 2023/24 is reflective of the pause in expenditure but includes ongoing salary and delivery costs such as legal fees and procurement.

Phase 2 Infrastructure (Remaining Budget £172,000), Infrastructure works were completed over the summer of 2023. FM Conway will hand over the site in early 2024. There are some utility costs forecast in 2024/25.

IPM Wider Site Delivery (Remaining Budget £11.062million), The multi storey car park is currently paused while plans for the future of the site are considered. The forecast spend includes the Highways mitigation costs and additional security costs for when the contractor leaves the site.

IPM Project Capitalised Interest (Remaining Budget £1.057million), IPM capitalised interest. Interest rate rises in the past 2 years have put pressure on this budget, however the pause in expenditure will likely result in there being some remaining budget left at the end of this financial year.

IPM - 6 Storey Building (Remaining Budget £12.954million), as with the rest of IPM, this scheme is currently paused. Expenditure this year will include some staff salaries.

Innovation Park Medway (Remaining Budget £343,000), remaining budget will be spent on remedial works at Rochester Airport Ltd following the improvement works carried out in 2021. Forecast costs include the final post excavation archaeological report.

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 overflow car park works are paused; however we are working with Medway Council's Principal Engineer to identify additional costs required to complete the utilities connection.

Innovation Park Medway Zone A (Remaining Budget £1.611million), infrastructure works were completed over the summer of 2023 and the contractor, FM Conway will hand over the site early in 2024.

Innovation Park – Southern site (Remaining Budget £11.760million), self-certification is now complete for sites S.1.1 and S1.3. Forecast costs are for the discharge of conditions for site S1.3, all other works are paused.

**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 above schemes are forecasting an underspend of £32.944million due to the current pause on expenditure. Once future plans for the progression of these schemes have been agreed, either unspent budget will be removed or additional spend will be forecast as appropriate.

	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	4,813	3,592	1,221	282	939	0

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 £15,000), The purchase of Mountbatten House is now complete. The forecast for 2023/24 cover valuation fees for sale to MDC and temporary roof works to prevent water ingress. Of the £126,000 remaining budget, it is expected that this scheme will underspend by -£111,000 and that the remaining budget will be removed by Council shortly as recommended by Cabinet on 21<sup>st</sup> November 2023, leaving £15,000 remaining to cover expenditure incurred in 2023/24.
- Mountbatten House Project (Remaining Budget £1.206million), this scheme is for the mechanical and electrical strip of Mountbatten House which is expected to complete this financial year. £940,000 of additional budget has been added since Round 2 from the Brownfield Release Fund.

**Funding:** the above schemes are funded by way of prudential borrowing (Mountbatten House Purchase), Borrowing in Lieu of Capital Receipts (Mountbatten House Project [part]) and Capital Grants (Mountbatten House Project [part])

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



	<b>Total Approved Cost £000s</b>	<b>Total Exp to 31/03/23 £000s</b>	<b>Remaining Budget £000s</b>	<b>Forecast Spend 203/24 £000s</b>	<b>Forecast Spend in Future Years £000s</b>	<b>Total Scheme Variance £000s</b>
Regeneration – Other	80,552	34,138	46,414	7,407	39,437	430

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 this 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.
- 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), Roman Wall works are due to commence later this financial year but are not likely to be completed until 2024/25 due to delays caused by issues accessing the site as access is over Network Rail land. 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 £3.712million), the 2023/24 forecast includes the connection for new Station Approach Road and installation of flood gate, legal fees for development agreements. Building works this financial year will include circa £300k 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. £1.7million of additional budget has been added to this scheme since Round 2 from the Brownfield Land Release Fund.
- 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. With the adoption of the Financial Assistance Policy in September 2023 the limit of financial assistance has increased to £10,000 and this is likely to increase costs for this budget.
- 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, although this is now forecast in 2024/25 to align with contractors starting on site.
- Temporary Accommodation Pilot (Remaining Budget £6.265million), 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 seven further properties this financial year. The purchase of a new build site at Rainham Road is due to start imminently. £1.492million additional budget has been added to this scheme since Round Two funded from the Local Authority Housing Fund.
- Operational Depot Site (Remaining Budget £112,000), the site was handed over in December 2022 and is now in full operation with Medway Norse. The dispute over the final account is in principle now resolved and the figure settled at £430,000 over the agreed budget. Officers will need to request this additional budget from Council, proposed to be funded by prudential borrowing.
- Debenham's Redevelopment (Remaining Budget £18.609 million), no spend forecast in 2023/24. Conversations are ongoing with potential end users for the building. Additional budget of £730,000 has been added from the BrownFields Land Release Fund.
- 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, Debenhams Redevelopment [part], Strood Riverside Phase 1&2 [part], Temporary Accommodation Pilot [part] 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 [part] and Operational Depot); Borrowing in Lieu of Capital Receipts (Rochester Riverside Growing Places, Strood Riverside Phase 1&2 [part], Innovation Park – Southern Site and Debenham’s Redevelopment [part]) and Borrowing in Lieu of Future NHS Grant (Healthy Living Centre Pentagon).

**Budgetary Forecast:** it is anticipated that the Operational Depot Site will incur a projected overspend of £430,000 whilst the remaining 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	67,220	28,921	38,298	14,765	23,533	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 3 year programme. Works to the main HRA capital programme are progressing well with multiple major projects now complete, in progress or in the procurement process.
- 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 Street, Copenhagen Road, Saxton Street and Borough Road.
- HRA Future Projects (Remaining Budget £4.835million), this is for future HRA projects where some external funding may be announced, such as homes for Ukraine/Afghan families. 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 this summer, with the second tranche due once 60% of tranche 1 has been committed. £1.085million of additional budget has been added to this scheme since Round Two from the Local Authority Housing Fund.
- HRA New Build Phase 5 (Budget £10.494million), 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. £598,000 of additional budget has been added to this scheme since Round Two, funded from the Brownfield Land Release Fund.

- 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 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], HRA New Build Phase 5 [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	119	352	0
Democracy & Governance	18	17	1	1	0	0
<b>Business Support Department Total</b>	<b>3,116</b>	<b>2,645</b>	<b>472</b>	<b>120</b>	<b>352</b>	<b>0</b>

	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	119	352	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 BAU Business Change team. This scheme is now complete.
- 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 funding will now be required, and the service will make plans to request this once the future of Gun Wharf has been confirmed. The scheme will therefore be delayed into 2024/25.
- 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. Due to the discovery of RAAC at Gun Wharf, we have paused the flooring works which means more of the work is now envisaged to take place 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, although there is an indication that the ICT Infrastructure Works scheme may require further financing for which officers will seek additional funding, once the projected costs have been finalised..

	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	93	12	81	75	0	(6)
<b>Members Priorities Total</b>	<b>93</b>	<b>12</b>	<b>81</b>	<b>75</b>	<b>0</b>	<b>(6)</b>

	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	93	12	81	75	0	(6)

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

- MP Beechings Play Area (Remaining Budget £75,000), this is a new scheme for 2023/24. Currently out to tender for play area refurbishment. The £35,257 of s106 funding erroneously allocated to Great Lines Heritage Park has now been allocated to this budget. The tender for works was awarded in November and works were completed over the winter.
- MP Halling Bishops Palace (Remaining Budget £6,000), this is a new scheme for 2023/24 to enable railings to be installed at Bishops Palace Halling, to protect and scheduled ancient monument. This scheme is now unlikely to proceed as Heritage England has refused to grant consent.

**Funding:** the above schemes are funded by Developer Contributions (MP Beechings Play Area [Part] and Capital Receipts).

**Budgetary Forecast:** The MP Halling Bishops Palace scheme is forecasting an underspend of £6,000 as it is now unlikely to proceed.

## 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
<b>Capital Reserve Developer Contributions</b>				
S106 Highways & Transport Cap	102	87	15	0
S106 Education Cap	3,952	3,952	0	0
S106 Leisure/Heritage Cap	588	312	285	9
S106 Public Realm Cap	20	20	0	0
<b>Developer Contributions from Capital Reserves</b>	<b>4,662</b>	<b>4,371</b>	<b>300</b>	<b>9</b>
<b>Revenue Reserve Developer Contributions</b>				
S106 Leisure/Heritage Rev	348	64	274	(10)
S106 Public Realm Rev	90	47	43	0
<b>Developer Contributions from Revenue Reserves</b>	<b>438</b>	<b>111</b>	<b>317</b>	<b>(10)</b>

## 11. Changes Since Cabinet Round 2 Monitoring 2023/24

11.1. The following additions have been made since the second round of monitoring was presented to Cabinet on 21 November 2023:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Children and Adults	Leigh Academy	325	Developer Contributions	Council 19/10/23
Children and Adults	Wayfield	1	Capital Grant	Council 19/10/23
Children and Adults	Sir Joseph Williamson	6	Capital Grant	Council 19/10/23
Children and Adults	Maritime Academy	140	Developer Contributions	Council 19/10/23
Regeneration, Culture and Environment	Temple Marsh Open Space	1,233	Developer Contributions/ Reserves	Chief Operating Officer/Finance Portfolio Holder 06/12/23
Regeneration, Culture and Environment	Temporary Accommodation Pilot	1,492	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 29/11/23
Regeneration, Culture and Environment	Mountbatten House Project	940	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 08/12/23

Regeneration, Culture and Environment	Strood Riverside Phase 1 & 2	1,700	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 08/12/23
Regeneration, Culture and Environment	Debenhams Redevelopment	730	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 08/12/23
Housing Revenue Account	HRA New Build Phase 5	598	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 14/11/23
Housing Revenue Account	HRA Future Projects	1,085	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 29/11/23

11.2. The following budget virements have been approved since the second round of monitoring was presented to Cabinet on 21 November 2023:

Directorate	Scheme Providing Budget Virement	Scheme Receiving Budget Virement	Virement Amount £000s	Approval
Children and Adults	Abbey Court Phase 2	Bradfields Additional Places	21	Director of People 24/10/23

11.3. The following schemes have been removed from the 2023/24 capital programme since the second round of monitoring was presented to Cabinet on 21 November 2023:

Directorate	Scheme	Approved Budget Removed £000s	Funding	Approval
Children and Adults	SEND New Places	1,533	Prudential Borrowing	Council 19/10/23
Regeneration, Culture and Environment	Howard School	377	Capital Grant	Council 19/10/23

11.4. The following additions, recently agreed, have not been included in Round 3, but will form part of future monitoring reports:

Directorate	Scheme	Approved Budget Removed £000s	Funding	Approval
Regeneration, Culture and Environment	Temporary Accommodation	41,925	Prudential Borrowing	Council 24/01/24
Regeneration, Culture and Environment	Healthy Living Centre	2,752	Borrowing in Lieu of NHS Grant	Council 24/01/24

11.5. The following virements, recently agreed, have not been included in Round 3, but will form part of future monitoring reports:

Directorate	Scheme Providing Budget Virement	Scheme Receiving Budget Virement	Virement Amount £000s	Approval
Regeneration, Culture and Environment	Pentagon: Future Capital Works	Pentagon: Healthy Living Centre	1,246	Council 24/01/24
Regeneration, Culture and Environment	Pentagon: Future Capital Works	Pentagon: Innovation Hub	1,811	Council 24/01/24

## 12. Conclusion

12.1. The second round of Capital Budget Monitoring for 2023/24 forecasts a projected underspend of £51,000 within the Children's and Adults Directorate, £32.54million for Regeneration, Culture and Environment, and £6,000 within Members Priorities. 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 against the agreed budget.	BIII
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	Discussions are ongoing between the service, legal services and the contractor to ensure	BIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	from the contractor for inflation and contract variations. Final agreement has not yet been reached, and costs could reach up to £430,000.	only reasonable costs are paid by the Council.	
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 a risk that significant capital investment will be required to address this issue.	Officers are working with industry experts to address this issue.	All
<b>Likelihood</b>		<b>Impact:</b>	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		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.

### Lead officer contact

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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