

Regeneration, Culture and Environment Overview and Scrutiny Committee

26 March 2024

Capital Budget Monitoring – Round 3 2023/24

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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 Regeneration, Culture and Environment Overview and Scrutiny Committee notes the results of the third round of capital budget monitoring for 2023/24.
- 1.2. It is recommended that the Regeneration, Culture and Environment Overview and Scrutiny Committee notes the changes made to the capital programme as set out in 9.1 to 9.3 to this report.

2. Budget and policy framework

- 2.1. 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.
- 2.2. 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.

3. Background

- 3.1. The approved capital programme for 2023/24 and beyond is £273.676million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £555.361million. This report consolidates the third round of capital budget forecasts for 2023/24, based on returns submitted by individual budget managers during November 2023. An analysis is provided below for each service area within the remit of this committee 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.

4. Overview and Scrutiny

- 4.1. At its meeting on 20 July 2023 Full Council approved changes to the terms of reference to the Overview and Scrutiny committees. From 2023/24 financial year the budget monitoring reports are included in the terms of reference of all four overview & scrutiny committees not just the Business Support and Digital Overview and Scrutiny committee. As such, though this report includes a summary of the overall Council position at Section 5 for information and context, this remainder of this report provides detailed information about the services within the remit of this Committee only.

5. Summary Capital Budget Position 2023/24

- 5.1. Table 1 below summarises the capital programme and Round 3 forecast position. Table 2 details how the approved programme will be funded.

Table 1: Round 3 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)
Total	555,361	281,685	273,676	86,293	154,786	(32,597)

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
Total	273,676	41,545	193,280	38,298	471	81

6. Regeneration, Culture and Environment

6.1. 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
Front Line Services	146,391	107,862	38,529	11,712	26,818	0
Housing Infrastructure Fund	20,725	19,042	1,684	1,684	0	0
Culture & Community	48,276	4,779	43,497	21,334	22,163	0
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
Regeneration	191,068	81,498	109,571	23,573	53,457	(32,540)

GENERAL FUND TOTAL	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
REGENERATION, CULTURE & ENVIRONMENT TOTAL	473,681	242,102	231,579	73,068	125,970	(32,540)

	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"> • 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. • 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. <p>Funding: 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>Budgetary Forecast: 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"> • LED Lantern Replacement Scheme (Remaining Budget £751,000), the LED scheme is split into two parts: <ul style="list-style-type: none"> 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), 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. • 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 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 28,648m². 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 Gyratory & 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 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 Gyratory & 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 hireable 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"> 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. 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. 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. 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. 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	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"> 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. 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. 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. 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 now expected in early 2024. Jackson's Field & 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. 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. 						

- 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 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
<p>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:</p> <ul style="list-style-type: none"> • 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 21st 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. <p>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])</p> <p>Budgetary Forecast: it is anticipated that the above schemes will complete 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 – Other	80,552	34,138	46,414	7,407	39,437	430
<p>The schemes within this area relate to regeneration not included within the specific areas above. The schemes are as follows:</p> <ul style="list-style-type: none"> • 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.

7. Members Priorities

7.1. It is expected that all allocated Members Priorities Schemes will result in a projected underspend of £6,000.

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
Member Priorities RCE	93	12	81	75	0	(6)
Members Priorities Total	93	12	81	75	0	(6)

	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.

8. Section 106 Developer Contributions

8.1. 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)/Overspend £000s
Capital Reserve Developer Contributions				
S106 Highways & Transport Cap	102	87	15	0
S106 Leisure/Heritage Cap	588	312	285	9
S106 Public Realm Cap	20	20	0	0
Developer Contributions from Capital Reserves	710	419	300	9
Revenue Reserve Developer Contributions				
S106 Leisure/Heritage Rev	348	64	274	(10)
S106 Public Realm Rev	90	47	43	0
Developer Contributions from Revenue Reserves	438	111	317	(10)

9. Changes Since Cabinet Round 2 Monitoring 2023/24

9.1. 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
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

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

Directorate	Scheme	Budget Addition £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

9.3. 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

10. Conclusion

10.1. The third round of Capital Budget Monitoring for 2023/24 for the Regeneration, Culture and Environment Directorate is forecasting underspends of £32.54million for the general fund, and £6,000 for Members Priorities, whereas the Housing Revenue Account is forecast to complete within budget.

11. 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 from the contractor for inflation and contract variations. Final agreement has not yet been	Discussions are ongoing between the service, legal services and the contractor to ensure only reasonable costs are paid by the Council.	BIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	reached, and costs could reach up to £430,000.		
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		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

12. Financial Implications

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

13. Legal Implications

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

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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