

## **Regeneration, Culture and Environment Overview and Scrutiny Committee**

**15 August 2024**

### **Capital Budget Monitoring – Round 1 2024/2025**

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#### **Summary**

This report presents the results of the first round of the Council's capital budget monitoring process for 2024/25.

#### **1. Recommendations**

1.1. It is recommended that the Regeneration, Culture and Environment Overview and Scrutiny Committee notes the results of the first round of capital budget monitoring for 2024/25.

#### **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 2024/25 and beyond is £324.422million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £598.463million. This report consolidates the first round of capital budget forecasts for 2024/25, based on returns submitted by individual budget managers during June 2024. 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. Summary Capital Budget Position 2024/25

4.1. Table 1 below summarises the capital programme and Round 1 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 31/03/24 £000s	Remaining Budget £000s	Forecast Spend 2024/25 £000s	Forecast Spend in Future Years £000s	Forecast (Under)/overspend £000s
Children and Adults (including Public Health)	52,498	19,912	32,587	19,161	13,426	0
Regeneration, Culture and Environment	442,013	218,243	223,770	86,140	132,965	(4,665)
Housing Revenue Account	101,201	33,566	67,636	25,615	42,020	0
Business Support Department	2,750	2,320	430	390	40	0
<b>Total</b>	<b>598,463</b>	<b>274,041</b>	<b>324,422</b>	<b>131,307</b>	<b>188,450</b>	<b>(4,665)</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	63,706	29,895	33,205	606	0	63,706
Developer Contributions	3,615	457	3,158	0	0	3,615
Capital Receipts	2,488	0	2,229	0	258	2,488
RTB Receipts	0	0	0	0	0	0
Revenue / Reserves	19,029	0	304	18,725	0	19,029
Prudential Borrowing	173,938	2,235	123,226	48,304	172	173,938
Borrowing in lieu of Capital Receipts	20,284	0	20,284	0	0	20,284
Borrowing in lieu of Future Business Rates	16,847	0	16,847	0	0	16,847
Borrowing in lieu of Future Rent	11,415	0	11,415	0	0	11,415
Borrowing in lieu of Future Section 106 Contributions	0	0	0	0	0	0
Borrowing in lieu of Future NHS Grant	13,100	0	13,100	0	0	13,100
<b>Total</b>	<b>324,422</b>	<b>32,587</b>	<b>223,770</b>	<b>67,636</b>	<b>430</b>	<b>324,422</b>

## 5. Regeneration, Culture and Environment – General Fund

5.1. The Regeneration, Culture and Environment general fund programme is forecast to overspend by £4.665million against the current approved budget as set out below.

Service	Total Approved Cost	Total Exp to 31/03/24	Remaining Budget	Forecast Spend 2024/25	Forecast Funding in Future Years	Total Scheme Variance
	£000s	£000s	£000s	£000s	£000s	£000s
FLS - Environmental Services	17,000	0	17,000	5,961	5,939	(5,101)
FLS - Highways	99,839	86,300	13,539	8,539	5,000	0
FLS - Integrated Transport	20,823	18,667	2,156	2,142	14	0
FLS - Other Front Line Services	14,558	12,645	1,913	1,136	777	0
<b>Front Line Services</b>	<b>152,220</b>	<b>117,611</b>	<b>34,608</b>	<b>17,778</b>	<b>11,729</b>	<b>(5,101)</b>
<b>Culture &amp; Community</b>	<b>46,592</b>	<b>21,769</b>	<b>24,823</b>	<b>10,030</b>	<b>14,793</b>	<b>0</b>
Regeneration - Corporate Property	33,719	9,239	24,480	1,676	22,804	0
Regeneration - Future High Streets Fund	12,627	6,714	5,913	5,352	561	0
Regeneration - Green Spaces	4,659	1,546	3,113	1,194	1,919	0
Regeneration - Innovation Park Medway	73,307	32,907	40,400	5,355	35,481	436
Regeneration - Medway Development Company	2,913	2,913	0	0	0	0
Regeneration - Other	115,977	25,544	90,433	44,754	45,679	0
<b>Regeneration</b>	<b>243,202</b>	<b>78,863</b>	<b>164,339</b>	<b>58,332</b>	<b>106,443</b>	<b>436</b>
<b>REGENERATION, CULTURE AND ENVIRONMENT TOTAL</b>	<b>442,013</b>	<b>218,243</b>	<b>223,770</b>	<b>86,140</b>	<b>132,965</b>	<b>(4,665)</b>

	Total Approved Cost £000'S	Total Exp to 31/03/24 £000'S	Remaining Budget £000'S	Forecast Spend 24-25 £000'S	Forecast Spend in Future Years £000'S	Forecast Variance £000'S
Front Line Services (FLS) - Environmental Services	17,000	0	17,000	5,961	5,939	(5,101)

The scheme within this area is to replace the Council's bespoke waste fleet

- Waste Fleet Replacement Scheme (Remaining Budget £17million), this scheme is to replace the Council's bespoke waste vehicle fleet by procuring 46 vehicles in like for like configurations. This scheme was approved for Gateway One at Procurement Board in March. Tenders were completed in April and Procurement Board has approved Gateway Three to award the contract. Waste services are working with Category Management and Legal Services to finalise the contract terms and we hope to place the order for the vehicles over the summer. Delivery of the vehicles will be scheduled starting in Quarter Three of 2024/25 and completing in 2025/26. Based on the successful tender, the service anticipates an underspend on this scheme of (£5.101million).

**Funding** - the above scheme is funded by prudential borrowing.

**Budgetary Forecast** – it is anticipated that this scheme will deliver an underspend of approximately (£5.101million) which will be removed from the capital programme on completion of the scheme.

	Total Approved Cost £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000'S
FLS - Highways	99,839	86,300	13,539	8,539	5,000	0

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

- Light-Emitting Diode (LED) Lantern Replacement Scheme (Remaining Budget £676,000), this scheme is for a programme of installation of a CMS system, replacement of approximately 4,600 columns and 21,500 lanterns to LED resulting in reduced energy costs and carbon emissions. Works are now largely complete with minor defects being rectified by the contractor. Within the forecast for this financial year is the replacement of 184 high voltage streetlamps with LED along Berwick Way, Four Elms, Main Road and Ratcliffe.
- Enforcement Cameras (Remaining Budget £1.596million), project for the development and implementation of Safer Healthier Streets Programme schemes that would enable the Council to carry out the civil enforcement of moving traffic offences under part 6 of the Traffic Management Act 2004, this will also include School Streets and Red Routes. The outcomes comprise the installation of cameras across all schemes within the programme in order to enforce traffic offences at agreed locations. This will also cover any physical infrastructure improvements as required. There are currently 8 Moving Traffic sites, and 7 School Street sites live across the borough, which were implemented in February and March 2024. This financial year the service is planning to implement 17 Moving Traffic sites, 10 School Streets, and 5 static camera locations. It is currently consulting on these, with the Moving Traffic consultation due to end over the summer, and the School Street consultation due to end in the autumn. Once the outcome of the consultations is known we will be able to commence the procurement of the required infrastructure. We are currently forecasting to fully expend the budget this year, but this may be reviewed following the outcome of the consultations.
- Potholes (Remaining Budget £1.823million), the annual resurfacing programme commenced in June, with some schemes due for completion in the autumn. Some schemes will be reviewed for viability and may be subject to change.
- Medway Tunnel (Remaining Budget £7.509million), scheme to maintain and repair the Medway Tunnel and facilities. The service are currently on track to deliver scheduled annual maintenance, inspections and any minor repairs. Planned works for this financial year include replacement of the air quality sensors, replacement of the Tunnel CCTV, variable message signs, replacement LED lighting and an overhaul of the radio rebroadcast systems. The service are also investigating a further refresh of the tunnel control system, Supervisory Control and Data Acquisition (SCADA).

- Horsted Gyrotory & Ped Imps (Remaining Budget £64,000), this scheme will provide a controlled pedestrian crossing on Horsted Way, adjacent to the Horsted Park development. The scheme has been designed and is undergoing traffic modelling to understand the potential impact on traffic flows across the gyratory. The next stage will be consultation with Members and residents.
  - Design & Resurfacing (Remaining Budget £6,000), carriageway and footpath resurfacing towards the annual resurfacing programme. A request from the service for a budget virement from the Highways Maintenance budget will be presented to Cabinet later in the year to enable works on this programme.
  - 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), this scheme is for the Statutory inspections of highways structures. Works planned for this financial year include the investigation and repair of two retaining walls. Currently the works are being costed with a view to complete over the winter.
  - Highways Maintenance Local Transport Plan3 (LTP3) (Remaining Budget £1.366million), this scheme includes maintenance of Highways structures, Drainage Improvements, Street Lighting Replacements, cyclical crash barrier replacements and skid policy sites. With the planned scheme of works, the service projects an underspend sufficient to fund a virement to the Design and Resurfacing budget, and the service will present this request to Cabinet later in the year.
- Funding** - the above schemes are funded by a mixture of capital grants (Potholes, Medway Tunnel [part] and Highways Maintenance LTP3); section 106 contributions (Horsted Gyrotory & Ped Imps); and prudential borrowing (LED Lantern Replacement Scheme, Medway Tunnel [part], Design & Resurfacing, Structures & Tunnels, and Enforcement Cameras).
- Budgetary Forecast** - it is anticipated at the current time that the schemes will complete within the approved budget, although overspends and underspends have been identified on individual schemes and the service will present a request to Cabinet later this year to vire between these budgets to address this.

	Total Approved Cost £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
FLS - Integrated Transport	20,823	18,667	2,156	2,142	14	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 Phases 3 and 4 will complete in 2024/25, and Phases 5 to 7 will take place in 2025/26.
  - Integrated Transport LTP3 (Remaining Budget £2.128million), project for the design and implementation of an agreed suite of transport infrastructure improvements aligned with the Council's Local Transport Plan and Climate Change Action Plan, related to sustainable transport (walking, cycling and public transport), road safety, and traffic management (including parking design).
- Funding** - the above schemes are funded by way of a mixture of Government Grant (Integrated Transport LTP3); and Section 106 Developer Contributions (Controlled Parking Zones).
- Budgetary Forecast** – it is anticipated at the current time that the schemes will complete within the approved budget.

	Total Approved Cost £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
FLS - Other Front Line Services	14,558	12,645	1,913	1,136	777	0

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

- CCTV (Remaining Budget £43,000), work is underway to improve and upgrade Medway's CCTV infrastructure. The service is considering options to best utilize the remaining budget including consolidation of old BT circuits and transition over to the Council's fibre network. The forecast assumes this will be spent in 2024/25.
- Bereavement Path Repairs (Remaining Budget £24,000), 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 £1.053million), there are three live schemes: an Active Travel route between Cuxton and Strood (design work completed during 2023/24), 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 (delivered in 2023/24).
- Strood Town Centre (Remaining Budget £11,000), scheme completed; the works identified for the remaining budget will now take place in 2024/25.
- Medway City Est Connectivity (Remaining Budget £49,000), this scheme includes Highways Design Fees, Stage 3 Road Safety Auditing, remaining payments to utility companies, the reinstallation of a traffic camera, completion of the Anthonys Way east lighting works including ducting, connections and disconnection and removal of old columns, and the reinstallation of tunnel matrix sign on new posts with ducting for comms and power. The scheme is now substantially complete, subject to minor changes to road markings and signs, and payment of outstanding land transfer fees.
- Traffic Signal System Upgrades (Remaining Budget £562,000), this is a new scheme for this financial year to deliver upgraded traffic signal systems across Medway, replacing unreliable and obsolete equipment. This grant funding has been awarded to Medway Council following a successful bid to the Department for Transport's Traffic Signal Obsolescence Grant (TSOG). The funding opportunity was open to all English Local Authorities, excluding London Boroughs. The funding is intended to support maintenance and upgrade of obsolete traffic signal equipment, helping to resolve maintenance and reliability issues with traffic signals and related control systems. Unreliable or obsolete equipment can contribute to unnecessary road network delay, in turn affecting air quality and carbon emissions. The central government grant recognises traffic signal equipment within English authorities require investment. The basis of Medway's bid was to support several key workstreams, these include maintaining existing outstanding faults that result in sub-optimal traffic signal performance, fine turning traffic signals on key routes to better reflect current traffic conditions, expanding remote traffic signal site monitoring, and maintenance and repair of Medway's Variable Message Sign (VMS) stock. The workstreams are to be delivered over the next two years. The grant supports the Council's climate response in relation to carbon reduction and improved air quality through tackling unnecessary congestion, as well as supporting a reliable public transport network.
- Country Parks Car Park Charges (Remaining Budget £171,000), this scheme will complete capital works required to implement a car park charging scheme across Country Parks, including line marking, ticket machine purchases and new signage.

**Funding** – The schemes above are funded from a mixture of Capital Grants (Active Travel, Strood Town Centre, Medway City Est Connectivity and Traffic Signal System Upgrades); Capital Receipts (CCTV and Bereavement Path Repairs) and s106 developer contributions (Chatham Town Centre)

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

	Total Approved Cost £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Culture & Community	46,592	21,769	24,823	9,730	15,093	0

The schemes within this service area are as follows:

- Mobile Library Purchase (Remaining Budget £150,000), this is a scheme to replace the existing diesel fleet with electric vehicles. The service anticipates proceeding with the procurement towards the end of 2024/25.
- English Heritage Local Management Agreement (EH LMA) - Environmental Mon (Remaining Budget £200,000), conservation works to all three sites (Rochester Castle, Temple Manor and Upnor Castle) are ongoing. Works forecast for this financial year include the widening of the gates at Rochester Castle and the repair of the piers and railings along Castle View; and repairs to the flag loft and various remedial works to Upnor Castle. Due to requirements to apply for scheduled ancient monument consent and agreeing methodologies, the timings of these works may be delayed.
- 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 £3.855million), substantive building works are now complete with Cozenton Park Sports Centre open from July 2024.
- 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, the service anticipates that this scheme will be delivered in 2027/28 or beyond.
- Brook Theatre Refurbishment (Remaining Budget £20.515million), due to delays and the complex design the estimated completion date is Autumn 2026, delayed from the previously anticipated completion of Summer 2026. The service is working to secure Gateway One approval in the summer to commence the tender for the Works Contract, anticipate awarding the contract in the autumn and for works to commence over the winter. The scheme is partly funded by a grant from the Levelling Up Fund (LUF) of £6.5million, for which there is a deadline to spend of 31 March 2025 currently. The service is in discussions with the grantor to secure an extension of this date to allow for the delays in the scheme.

**Funding** - the above schemes are funded by way of Government Grants (EH LMA - Environmental Mon [part] and Brook Theatre Refurbishment [part]); Capital Receipts (EH LMA - Environmental Mon [part] and Guildhall Museum Refurbishment); with the remainder by way of prudential borrowing (Splashes Replacement Scheme, Dickens Chalet Restoration, 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 £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Regeneration - Corporate Property	33,719	9,239	24,480	1,676	22,804	0

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 the Elaine centre.
- Pentagon: Future Capital Works (Remaining Budget £985,000), works forecast for this financial year include necessary fire safety works on the first floor. Options for the remaining budget are currently being explored and appropriate approvals will be sought when required.
- Climate Change Emergency Refit Phase1 (Remaining Budget £305,000), Phase one Refit works to upgrade 11 buildings with energy efficiency measures, including LED lights, Solar, Heat pumps and waterless urinals. No forecasts for this scheme were submitted during the forecast window.
- Gun Wharf Building Works (Remaining Budget £870,000), budget approved to fund lift replacements and transformers. Lift 2b works were delayed due to the discover of RAAC in the building, however the service anticipates this will complete over the summer. Lift 2a is currently being manufactured and awaiting a programme for installation later this year. The switchgear replacement is currently being designed by UKPN and awaiting costs and an installation programme.
- Council Meeting Facilities (Remaining Budget £263,000), scheme for the conversion of meeting rooms into a 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. These works are currently paused pending alignment with the wider Gun Wharf Improvement Works scheme.
- Gun Wharf Improvement Works (Remaining Budget £22.000million, scheme to fund a replacement roof to Gun Wharf due to the presence of RAAC, and other works to improve occupation levels and deliver a Monitoring Hub. The forecast for 2024/25 comprises mainly feasibility costs, with the majority of the spend forecast in 2025/26 when we estimate the main works will complete. Feasibility works have commenced, and it is anticipated RIBA stages will be completed by Autumn.
- Changing Places Disabled Toilet (Remaining Budget £50,000), provision for two toilets and facilities for disabled people. University of Greenwich works for a new changing places facility was completed as planned last year. Plans for a second site have not yet been confirmed, and the service will discuss options with the funder.

**Funding** - the above schemes are funded from Capital Receipts (Building Maintenance & Council Meeting Facilities and Gun Wharf Improvement Works [part]); Capital Grants (Changing Places Disabled Toilet); revenue contribution (Gun Wharf Improvement Works [part]) and the remainder by way of Prudential Borrowing (Pentagon: Future Capital Works, Gun Wharf Building works, Council Meeting Facilities, Gun Wharf Improvement Works [part] and Climate Change Emergency Refit Ph1).

**Budgetary Forecast** - all schemes in this area are forecasting to complete within the allocated budget.



	Total Approved Cost £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Regeneration - Future High Streets Fund (FHSF)	12,627	6,714	5,913	5,352	561	0

The purpose of the schemes within this area are to assist in the regeneration of the centre of Chatham utilising the Future High Streets Fund award. The schemes are as follows:

- FHSF – Pentagon Centre Transformation (Remaining Budget £561,000), scheme to transform the first floor of the Pentagon Centre. The project is at contractor award stage, pending NHS finding approval, and signing of the NHS agreement. We are hoping this will be secured over the summer. Officers are considering whether some of the remaining budget could be transferred back to the Pentagon Centre – Future Capital Works scheme, awaiting allocation to other schemes.
- FHSF – Innovation Hub Medway (Remaining Budget £2.977million), project to deliver 760sqm of workspace within the Pentagon Centre. Contractors are on site as expected, with completion expected in the autumn.
- FHSF – St Johns Church (Remaining Budget £691,000), project is to co-fund Improvements Work to St Johns Church in Chatham that are being undertaken by the Church of England to bring this Grade 2 Listed Church back into use along with provision for flexible use space and a cafe. Works are on site and on schedule to be completed by December 2024.
- FHSF – Property Acquisition & Delivery (Remaining Budget £153,000), former Debenhams building has been acquired, initial surveys have been undertaken. The service are awaiting an NHS decision on the ground floor use and have agreed permission with the funder to utilize the budget against the Innovation Hub to meet the spend deadline of December 2024 if required.
- FHSF – Paddock & Public Realm (Remaining Budget £1.061million), scheme to fund a programme of infrastructure and landscaping improvements to the Paddock. Works are at an advanced stage of completion with the main works contract scheduled to be completed over the summer as planned.
- FHSF – Project Management (Remaining Budget £470,000), Delegated authority has been secured to fund the Service Charge costs for a 3 year period on the Innovation Hub.

**Funding** - the above schemes are funded primarily by way of a government grant, but with some additional prudential borrowing (FHSF – Pentagon Centre Transformation and FHSF – Innovation Hub Medway [part]) and S106 developer contributions (FHSF – Paddock & Public Realm [part])

**Budgetary Forecast** - it is anticipated that the above schemes will be completed within the allocated budget. The Pentagon Centre Transformation scheme may deliver an underspend should this occur, the service proposes that this be requested to be vired to the Pentagon Centre – Future Capital Works budget in anticipation of allocation to another Pentagon scheme of works as appropriate.

	<b>Total Approved Cost £000's</b>	<b>Total Exp to 31/03/24 £000's</b>	<b>Remaining Budget £000's</b>	<b>Forecast Spend 24-25 £000's</b>	<b>Forecast Spend in Future Years £000's</b>	<b>Forecast Variance £000's</b>
Regeneration - Green Spaces	4,659	1,546	3,113	1,194	1,919	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), implementation of a series of access, landscape and biodiversity projects from Luton Millennium Green to Horsted Park. The service is currently exploring options for outdoor sports improvements and anticipate that this work will take place in 2024/25.</li> <li>• Rainham Play (Remaining Budget £69,000), scheme to complete improvements towards park, play and amenities at Cherry Top, Rainham Rec and Ryetop. The service are progressing the tender process for the Cherry Tree Open Space access works and expect works will commence in the autumn.</li> <li>• Hook Meadow Works (Remaining Budget £44,000), scheme of improvements at Hook Meadow. The service are continuing to work with Cultural Services and the HRA on the next steps for the Community Hub scheme and awaiting their steer before proceeding.</li> <li>• Berengrave Nature Reserve Ecological Improvements (Remaining Budget £54,000), project to implement ecological improvements at Berengrave Local Nature Reserve including replacement, more accessible, boardwalk, tree work and various surveys. Fencing improvements are now in progress. The remaining budget will be reviewed as part of the management plan for the site.</li> <li>• Jackson's Field &amp; Victoria Gardens Green Spaces Project (Remaining Budget £49,000), scheme to make significant improvements to this key open space with a first phase focusing on community led improvements to the skate park. Works forecast for this financial year include play area improvements at Victoria Gardens.</li> <li>• Eastgate House Gardens Improvements (Remaining Budget £10,000), scheme to compete physical improvements to the Lower Gardens at Eastgate House to provide a positive setting for the Medway Norse Café. The service initially planned to refurbish the pond however quotations received exceeded the remaining budget, so 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 £2,000), project to provide an improved play area at Copperfields. The scheme is now nearing completion with the small remaining budget allocated to further play improvements such as interactive play panels.</li> <li>• Play Parks Refurbishment (Remaining Budget £7,000), scheme to refurbish play areas at Darnley Road, Maidstone Road Sports Ground and Heritage Drive Play as the existing equipment is nearing the end of its useful life.</li> <li>• Great Lines Footpath Improvements (Remaining Budget £4,000), project to deliver improvements to the footpath network at the Great Lines Heritage Park. This scheme is now largely complete, with only minor works outstanding.</li> <li>• The Strand – Play Area Improvements (Remaining Budget £3,000), scheme to improve junior play provision. This scheme is now largely complete. The small remaining budget will be spent on seating and minor improvements to the play area.</li> <li>• Cozenton Park &amp; Chalk Pit Allotments (Remaining Budget £211,000), scheme to bring the disused nursery back into use as a community garden and allotments. The service is currently publicly consulting on proposals to improve the site. The service plans to submit planning applications after consultations are concluded, which is expected over the summer. Since last year, £67,000 has been received from the Forestry Commission for the initial set up of the community tree nursery site which must be delivered this financial year. Improvements to the play area, skatepark and access/entrances are now being forecast in 2025/26 to enable completion of the community tree nursery site by the spend deadline of 27 March 2025.</li> <li>• Luton Millennium Green Improvements (Remaining Budget £7,000), scheme for improvements to the Luton Millennium Green, funded by Levelling Up Parks Fund and S106 contributions. Additional fencing and gates are being installed over the summer.</li> </ul>						

- Temple Marsh Open Space (Remaining Budget £1.233million), the development of an open space provision for the adjacent development of Temple Waterfront. Currently in the early specification stages as the site is former landfill. Before work can begin on procuring a design team the service has been working with Kent County Council (KCC) on undergoing updated landfill monitoring works to determine what kind of arrangement for monitoring we will require before opening the site as a formal greenspace. Currently in stage B of the landfill monitoring works and KCC are overseeing the tender for a contractor to undergo the ground investigation works with the tender due to be awarded in over the summer. It has been advised by KCC depending on the results of Stage B it may be appropriate to begin work on procuring a design team at the end of stage B with stage C works able to occur at the same time. This is yet to be determined.
- Town Hall Gardens (Remaining Budget £330,000), new scheme to improve Town Hall Gardens, including footpath, access and play area improvements. Tree works are now complete. The service has appointed a contractor to improve the play area and works are anticipated to complete over the summer. The service is currently awaiting additional ground penetrating radar survey of the site to be completed to enable the tender package to be finalised for the footpath and access improvements. Wet weather over the last 6 months has delayed this survey however the service is aiming for the tender to go out in summer 2024 with works on the ground in either autumn 2024 or spring 2025 depending on weather and ground conditions. Planting improvements will follow this. Project will continue into 2025/26.
- Deangate Community Parkland (Remaining Budget £1.068million); new scheme for 2024/25 to develop and improve Deangate Community Parkland. The service are proceeding with RIBA stages 4-7, with the next steps being to work with consultants to discharge conditions to ensure work on site has begun and that the planning permission is secured.

**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 and Horsted Valley – Environmental Enhancement which are funded from Prudential Borrowing, Luton Millennium Green [part] and Cozenton Park & Chalk Pit Allotments [part] which are 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 £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Regeneration - Innovation Park Medway (IPM)	73,307	32,907	40,400	5,355	35,481	436
<p>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. The schemes are as follows:</p> <ul style="list-style-type: none"> <li>• IPM Phase 1 &amp; 2 Public Realm (Remaining Budget £3.447million), the Public Realm Enabling works are at practical completion, except the lawn areas which have been delayed due to ground conditions. Further costs forecast for this financial year include project management and support costs.</li> <li>• IPM Phase 2 Infrastructure (Remaining Budget £166,000), The main works contract is now at practical completion.</li> <li>• IPM Wider Site Delivery (Remaining Budget £10.932million), 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 now that the contractor has left the site.</li> <li>• IPM Project Capitalised Interest (Remaining Budget £407,000), IPM capitalised interest. Interest rate rises in the past 3 years have put pressure on this budget and with the current forecast spend on the scheme this financial year we estimate an overspend in the region of £436,000. Officers will continue to review the forecast spend on the project alongside current interest rates, and if required a request for additional budget will be made via the appropriate governance route.</li> <li>• IPM 6 Storey Building (Remaining Budget £12.954million), as with the rest of IPM, this scheme is currently paused. There is no forecast spend this year, with all expenditure now forecast in future years.</li> <li>• Innovation Park Medway (Remaining Budget £279,000), the main works are now complete however the final account has been delayed aligning with Cabinet's decision to proceed with a Strategic Review for the IPM site. There is no forecast spend this financial year, with all expenditure now forecast in future years.</li> <li>• IPM Enabling Works (Remaining Budget £58,000), 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 the service are working with Medway Council's Principal Engineer to identify additional costs required to complete the utilities connection.</li> <li>• IPM Zone A (Remaining Budget £560,000), the main contract is now at practical completion, with the exception on landscaping for the lawn areas.</li> <li>• IPM Southern site (Remaining Budget £11.415million), all remaining enabling works are paused pending the Strategic Review of the site.</li> <li>• IPM Sustainable Development Options (Remaining Budget £180,000), project to undertake a review of the sustainable development options for the site. The engagement brief has been produced and is currently out to tender for appointment of external consultants which the service expect to take place over the summer.</li> </ul> <p><b>Funding</b> - the above schemes are funded by way of Prudential Borrowing (IPM Phase 1 &amp; 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.</p> <p><b>Budgetary Forecast</b> – the above schemes are forecasting an overspend of £436,000 on IPM Capitalised Interest which is due to rising interest rates since the original budget was set. Officers will continue to monitor forecast spend on the scheme alongside current interest rates and if required additional budget will be requested via the appropriate governance route.</p>						

	Total Approved Cost £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Regeneration - Medway Development Company	2,913	2,913	0	0	0	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 remaining scheme is as follows:</p> <ul style="list-style-type: none"> <li>• Mountbatten House Purchase (Remaining Budget £0), The purchase of Mountbatten House is now complete. There will be ongoing costs in preparing Mountbatten House for sale to Medway Development Company. Officers will be coming forward later this year to request the additional budget required.</li> </ul>						

	Total Approved Cost £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-24 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Regeneration – Other	115,977	25,544	90,433	44,754	45,679	0
<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"> <li>• Digital Equipment Medway Adult Education (Remaining Budget £197,000), scheme to invest in digital equipment for MAE tutors. Go Live of the software for the enrolment system has been delayed due to changing our MIS provider. Forecast works for 2024/25 include completing the enrolment system purchase and roll out, Room 11 renovation work which is scheduled over the summer, and the refurbishment of Room 2 including improved air conditioning and heating as an alternative to new windows due to cost pressures.</li> <li>• Healthy Living Centre Pentagon (Remaining Budget £13.100million), scheme to deliver a Healthy Living Centre in the heart of Chatham Town Centre to increase access to healthcare provision for residents. Contractors are still due to start on site over the summer of 2024 with completion anticipated in summer 2025. The NHS has agreed in principle to fund these works.</li> <li>• Chatham Town Centre S106 Works (Remaining Budget £46,000), the COVID Pandemic has affected the delivery of this project. The remaining budget will be used for Business Improvement District (BID) which will allow businesses to make improvements to the public realm and the town centre's business operational activities.</li> <li>• Rochester Riverside Growing Places (Remaining Budget £393,000), scheme to enable infrastructure and public realm improvements. The main works are now completed with only minor works now remaining.</li> <li>• Strood Riverside Phase 1&amp;2 (Remaining Budget £3.637million), project to deliver the redevelopment of Strood Riverside. Medway Development Company (MDC) has now been appointed and is on site delivering further enabling works on the area of Strood Riverside adjacent to the former Civic Centre Depot.</li> <li>• Housing Renovation Grants (Remaining Budget £117,000), 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 and officers will continue to monitor this.</li> <li>• Disabled Facilities Grant Mandatory (Remaining Budget £5.443million), this scheme distributes means tested grant to enable disabled people to remain in their own homes. 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. The service</li> </ul>						

currently has 37 cases approved this financial year and estimate a further 120 cases to be completed by the end of this financial year.

- Temporary Accommodation Pilot (Remaining Budget £47.713million), scheme to purchase a portfolio of properties for use as Temporary Accommodation. The budget is intended to cover the purchase price, stamp duty, refurbishment and fees. The service are aiming to deliver the majority of the required acquisitions during 2024/25, with several medium size new build turnkey projects in the pipeline as well as the individual market purchases. A potential new build acquisition is being pursued which would deliver 64 units in the autumn, which should be confirmed shortly. Discussions are also being held with Mears on the acquisition of properties which could be a viable option to increase numbers if the 64 unit project does not proceed. The service currently estimates this scheme will deliver a total of approximately 190 units.
- Debenham's Redevelopment (Remaining Budget £18.609million), scheme to redevelop the former Debenhams building to provide an active frontage and residential development in Chatham High Street. The service are currently still waiting for the NHS decision for an Elective Care Centre, which is likely to come later in the year. This is impacting progress with the residential units as the NHS are interested in taking the ground and first floor. The building will need to be designed holistically, and if the NHS do not proceed, the first floor will revert back to residential with the ground floor commercial use/active frontage onto the High Street. In the meantime MDC have been appointed to Project Manage the OPE enabling works to ensure that the funding deadline is met.
- Pentagon Former Wilkinsons (Remaining Budget £776,000), scheme to complete the works to separate the ground and first floors of the former Wilkinsons store within the Pentagon Centre. The forecast budget for 2024/25 is for consultant fees. It is envisaged that there will be some funds remaining that could be transferred to the Pentagon Centre – Future Capital Works scheme in preparation for allocation to another scheme.
- Rural England Prosperity (Remaining Budget £400,000), new scheme for 2024/25 to deliver a series of initiatives for rural businesses including improvements to rural access infrastructure and provision of a rural hub. The project is currently under review and a more detailed plan will be presented at the next monitoring round.

**Funding** - the above schemes are funded by way of a government grant (Disabled Facilities Grant Mandatory, Debenhams Redevelopment [part], Strood Riverside Phase 1&2 [part], Rural England Prosperity and Temporary Accommodation Pilot [part]); 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 Pentagon Former Wilkinsons); Borrowing in Lieu of Capital Receipts (Rochester Riverside Growing Places, Strood Riverside Phase 1&2 [part], and Debenhams Redevelopment [part]); and Borrowing in Lieu of Future NHS Grant (Healthy Living Centre Pentagon).

**Budgetary Forecast** – schemes in this area are forecasting to spend within the allocated budgets. The Pentagon Former Wilkinsons scheme may deliver an underspend and, should this occur, it is proposed that a request for this to be vired to the Pentagon Centre – Future Capital Works scheme in anticipation of being allocated to another Pentagon scheme of works will be made using the appropriate governance route in line with the Constitution.

## 6. Housing Revenue Account

6.1. The Housing Revenue Account programme is forecast to spend within the current approved budget as set out below.

	Total Approved Cost £000's	Total Exp to 31/03/24 £000's	Remaining Budget £000's	Forecast Spend 24-25 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Housing Revenue Account (HRA)	101,201	33,566	67,636	25,615	42,020	0

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

- Improve To Housing Stock (Remaining Budget £29.541million), planned capital works improvement programme to maintaining the 'decent homes' standards HRA properties. This is a rolling programme, and the budget is approved every 3 years for a 3 year programme.
- Disabled Adaptations (Remaining Budget £651,000), 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 applications 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 and adapting lighting or heating controls.
- HRA House Purchase Or Buyback (Remaining Budget £355,000), budget is used as and when an opportunity arises to acquire buy back or open market property. As there are currently no allocations for this budget, we will be requesting that the budget be transferred to the HRA Purchase of Housing Units budget.
- HRA Purchase Of Housing Units (Remaining Budget £6.069million), 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. The purchase of Longley Road was completed in April. Other acquisitions forecast in 2024/25 are Ingram Block B. The Local Authority Housing Fund will be spent on 5 acquisitions (one being a 4 bed property), with at least two of these in 2024/25 and the remainder in 2026/27. Other works include building works to Upper Luton Road and some additional tarmac and bollards to the land at the front of Longley Road.
- HRA Future Projects (Remaining Budget £9.367million), this is for future HRA projects where some external funding may be announced, such as homes for Ukraine/Afghan families. This financial year, the main acquisition will be Solomon's Road from MDC. The service have also forecast the Local Authority Housing Fund resettlement acquisition and works for a property in Patricbourne Avenue.
- HRA New Build Phase 5 (Remaining Budget £10.322million), 41 units (19 x 2,3,4,6 bed affordable rent & 21 x 1&2 bed apartments). The service is expecting to enter into contract for Phase 5 over the summer. Forecast costs for this financial year include s106 costs, contractor phased payments, surveys and estate agent fees. The build is currently expected to complete in 2026.
- HRA Britton Farm (Remaining Budget £4.331million), 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. We are forecasting four further stage payments to MDC this financial year.
- HRA Hook Meadow (Remaining Budget £4.600million), scheme to purchase and develop Hook Meadow. The proposal is for 18 flats and a new Community Hub. The project is currently paused until Culture & Libraries department has secured budget for the hub. If agreed, the service anticipates being able to submit a planning application later this financial year with the build taking place over 2025/26 and 2026/27.
- HRA Valley View (Remaining Budget £2.400million), scheme to purchase and develop Valley View. The proposal is for a potential new development site of 8 houses. The service hopes to submit a

planning application shortly. Subject to planning, the service anticipates going out to tender later in 2024/25 with the potential build programme taking place over 2025/26 and 2026/27.

**Funding** - the above schemes are funded primarily via prudential borrowing, with some funding via Capital Grants (HRA New Build Phase 5 [part]) and Reserves (Improve To Housing Stock [part], Disabled Adaptations[part]).

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

## 7. Section 106 Developer Contributions

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

	Current Budget £000s	Forecast Spend 2024/25 £000s	Forecast Spend in Future Years £000s	Forecast Under/(over) spend £000s
<b>Capital Reserve Developer Contributions</b>				
S106 Highways & Transport Cap	93	78	15	0
S106 Leisure/Heritage Cap	880	846	34	0
S106 Public Realm Cap	11	11	0	0
<b>Developer Contributions from Capital Reserves</b>	<b>984</b>	<b>935</b>	<b>49</b>	<b>0</b>
<b>Revenue Reserve Developer Contributions</b>				
Developer Commuted Sums	961	100	861	0
S106 Leisure/Heritage Rev	1,167	210	957	0
S106 Public Realm Rev	46	46	0	0
<b>Developer Contributions from Revenue Reserves</b>	<b>2,174</b>	<b>356</b>	<b>1,818</b>	<b>0</b>

## 8. Changes Since 2024/25 Budget Approval

8.1. The following additions have been made since the 2024/25 was approved by Council on 29 February 2024:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Traffic Signal Systems Upgrade	562	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 05/04/24
Regeneration, Culture and Environment	Deangate Community Parkland	1,068	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 01/03/24
Regeneration, Culture and Environment	Rural England Prosperity	400	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 20/03/24



Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Cozenton Park Forestry Commission	67	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 17/04/24
Regeneration, Culture and Environment	FHSF Paddock & Public Realm	11	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 05/06/24

## 9. Conclusion

- 9.1. The first round of Capital Budget Monitoring for 2024/25 forecasts a projected underspend of £4.665million for the Regeneration, Culture and Environment directorate – general fund and the Housing Revenue Account is forecast to complete their capital schemes within the approved budget.

## 10. 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.	<b>BII</b>
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.	<b>BIII</b>
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.	<b>BIII</b>
Potential Repayment of Levelling up Fund Capital Grant	The Levelling Up Fund (LUF) grant relating to the Brook Theatre refurbishment scheme of £6.5million currently has a deadline for spend of 31March 2025, but the scheme has suffered delays and the projected finish date has been moved back from Summer 2026 to autumn 2026, thereby leaving a risk that the grant may have to be repaid if not expended on time.	The service is currently in discussion with the Grantor to agree an extension of the deadline.	<b>CII</b>
<b>Likelihood</b>		<b>Impact:</b>	
A Very likely B Likely C Unlikely D Rare		I Catastrophic II Major III Moderate IV Minor	

## 11. Financial implications

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

## 12. Legal implications

12.1. 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