

Regeneration, Culture and Environment Overview and Scrutiny Committee

12 December 2024

Capital Budget Monitoring – Round 2 2024/25

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Summary

This report presents the results of the second 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 second 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). On 17 October 2024, Council approved a series of changes to the Constitution, including to the budget virement limits. Capital virements of up to £1million can be approved by the Chief Executive and Directors, capital virements up to £2million can be approved by Cabinet with anything above that being reported to Full Council for decision.

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 £325.237million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £599.155million. This report consolidates the second round of capital budget forecasts for 2024/25, based on returns submitted by individual budget managers. 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 2 forecast position. Table 2 details how the approved programme will be funded.

Table 1: Round 2 Capital Monitoring Summary

Directorate	Total Approved Cost £000s	Total Expenditure to 31/03/24 £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)	52,950	19,789	33,161	19,734	12,072	(1,355)
Regeneration, Culture and Environment	442,253	218,243	224,010	64,017	153,794	(6,199)
Housing Revenue Account	101,201	33,566	67,636	22,080	45,556	0
Business Support Department	2,750	2,320	430	386	44	0
Total	599,155	273,918	325,237	106,217	211,466	(7,554)

Table 2: Funding the Capital Budget

Funding Source	Total £000s	C&A £000s	RCE £000s	HRA £000s	BSD £000s
Capital Grants	64,422	30,469	33,347	606	0
Developer Contributions	5,050	457	4,593	0	0
Capital Receipts	2,488	0	2,229	0	258
RTB Receipts	0	0	0	0	0
Revenue / Reserves	19,029	0	304	18,725	0
Prudential Borrowing	173,938	2,235	123,226	48,304	172
Borrowing in lieu of Capital Receipts	20,284	0	20,284	0	0
Borrowing in lieu of Future Business Rates	16,847	0	16,847	0	0
Borrowing in lieu of Future Rent	11,415	0	11,415	0	0
Borrowing in lieu of Future Section 106 Contributions	0	0	0	0	0
Borrowing in lieu of Future NHS Grant	11,764	0	11,764	0	0
Total	325,237	33,161	224,011	67,636	430

5. Regeneration, Culture and Environment – General Fund

5.1. The Regeneration, Culture and Environment general fund programme is forecast to overspend by £6.199 million (4.665million in Round 1) against the current approved budget of £224.010million as set out below.

Service	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
FLS - Environmental Services	17,000	0	17,000	6,000	6,000	(5,000)
FLS - Highways	99,981	86,300	13,681	8,681	5,000	0
FLS - Integrated Transport	21,921	18,667	3,255	2,418	837	0
FLS - Other Front-Line Services	14,558	12,645	1,913	1,186	727	0
Front Line Services (FLS)	153,459	117,611	35,849	18,285	12,564	(5,000)
Culture & Community	46,592	21,769	24,823	5,430	17,793	(1,600)
Regeneration - Corporate Property	34,916	9,239	25,677	3,319	22,349	(8)
Regeneration - Future High Streets Fund	12,206	6,714	5,492	5,492	0	0
Regeneration - Green Spaces	4,995	1,546	3,449	675	2,774	0
Regeneration - Innovation Park Medway	73,307	32,907	40,400	5,333	35,476	409
Regeneration - Medway Development Company	2,913	2,913	0	0	0	0
Regeneration - Other	113,865	25,544	88,321	25,481	62,840	0
Regeneration	242,202	78,863	163,339	40,301	123,439	401
Regeneration, Culture and Environment Total	442,253	218,243	224,011	64,016	153,796	(6,199)

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Front Line Services (FLS) - Environmental Services	17,000	0	17,000	6,000	6,000	(5,000)
The scheme within this area is to replace the Council's bespoke waste fleet						
<ul style="list-style-type: none"> 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. Orders for vehicles were placed over the summer as expected. Delivery is scheduled in phases starting in Quarter 4 of this financial year, with the last phase of deliveries expected in 2025/26. Based on the successful tender, the service anticipates an underspend on this scheme of £5million, but as this is not yet finalised the service will request removal of the remaining budget later in the year. 						
Funding - the above scheme is funded by prudential borrowing.						
Budgetary Forecast – it is anticipated that this scheme will deliver an underspend of approximately £5million.						

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
FLS - Highways	99,981	86,300	13,681	8,681	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, 169 have now been completed with only 15 remaining. Works have been delayed due to supply chain issues and also needing to ensure that the works at Maritime Academy were complete in order to be able to carry out the replacements in that area. However, the service still anticipates that works will be complete by the end of this financial year.
- 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 to enforce traffic offences at agreed locations. This will also cover any physical infrastructure improvements as required. This financial year the service is planning to implement 17 Moving Traffic sites, 10 School Streets, and 5 static camera locations. Consultations have now concluded, and the ordering of infrastructure and implementation will now commence.
- Potholes (Remaining Budget £1.964million), The annual resurfacing programme commenced in June, with 12 schemes due for completion by the autumn. 11 of these are now complete, with the final scheme due to be completed during the autumn. Since Round One £141,000 of unallocated capital grant from Department of Transport from previous years has been added to this scheme.
- Medway Tunnel (Remaining Budget £7.509million), scheme to maintain and repair the Medway Tunnel and facilities. We are currently on track to deliver scheduled annual maintenance, inspections and any minor repairs. Planned works for the replacement of the air quality sensors, replacement of the Tunnel CCTV and variable message signs are now complete. The service anticipates that the replacement LED lighting will complete over the autumn and the overhaul of the radio rebroadcast systems by the end of this financial year. We are also investigating a further refresh of the tunnel control system, Supervisory Control and Data Acquisition (SCADA).
- Horsted Gyatory & 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 traffic modelling to understand the potential impact on traffic flows across the gyratory has been undertaken. The modelling will now be interpreted to assess impact, and potential for progression in 2024/25 will then be reviewed.
- Design & Resurfacing (Remaining Budget £6,000), this scheme will implement work on road makings and signs only this financial year due to the small, allocated budget.
- 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 £70,000), 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. The works are still being costed with a view to complete over the winter.
- Highways Maintenance Local Transport Plan3 (LTP3) (Remaining Budget £1.795million), this scheme includes maintenance of Highways structures, Drainage Improvements, Street Lighting Replacements, cyclical crash barrier replacements and skid policy sites. The service is awaiting costs from Volker on the Drainage Improvements works. All scheduled cyclical barrier replacements are now complete except one which is scheduled to complete in Q4 of this financial year. The service is still reviewing the list of works but expect to commence over the autumn and complete this financial 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 Gyratory & 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.

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
FLS - Integrated Transport	21,921	18,667	3,255	2,418	837	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).
- Mierscourt Road Junction with A2 (Remaining Budget £122,000), this project seeks to improve junction capacity and traffic flow at the junction through physical alterations and traffic signal amendments. This is a new scheme added since Round One via the Chief Operating Officer's delegation, funded via S106 developer contributions. The scheme is currently at the design stage. Traffic modelling of the scheme has been undertaken and plans will now be subject to a Road Safety Audit. Consultation on the scheme is likely to take place in the Autumn.
- A228 Peninsula Way/Main Road Junction (Remaining Budget £347,000), this project will design and implement traffic flow and capacity improvements at the junction, including where possible improvements to walking and cycling infrastructure. This is a new scheme added since Round 1 via the Chief Operating Officer's delegation, funded via S106 developer contributions. The project is currently at the feasibility and design stage and development will continue into 2025/26.
- Integrated Transport S106 minor schemes (Remaining Budget £629,000), a series of smaller schemes funded by S106 developer contributions, each scheme is separately identified and monitored via project codes. This is a new scheme added since Round One via the Chief Operating Officer's delegation. The current scheme comprises a number of schemes including pedestrian crossings (Strood Retail Park, Bloors Lane, A228), bus shelters (Dock Road), accessibility improvements (Kent Road, Station Road, Ash Tree Lane, Chatham Waters), signaling improvements (A2 Corporation Street), junction improvements (A2/Birling Avenue, Quarry Grove/Limeburner Drive, Bells Lane Hoo, Bush Road/Station Road/A228) and traffic calming/safer routes to school (Delce Road, Stoke Road).

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, Mierscourt Road Junction with A2, A228 Peninsula Way/Main Road Junction, Integrated Transport S106 minor schemes).

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

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
FLS - Other Front Line Services	14,558	12,645	1,913	1,186	727	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 Council is currently in the process of transferring CCTV engineering in-house which the service anticipates will allow them to achieve better value for money with the remaining budget. The scheme is due to complete this financial year.
- 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. The paths at Woodlands / Chatham cemetery are still scheduled to complete in 2024/25, investigatory works are now being carried out.
- Active Travel (Remaining Budget £1.053million), This comprises of residual ATF2 funding from Active Travel England, now intended to support the delivery of priority walking and cycling schemes, as set out in Medway's emerging Local Cycling and Walking Infrastructure Plans (LCWIP), combined with potential S106 contributions where these align. The LCWIP report is in the latter stages of development and is scheduled to go to Cabinet in December 2024 for approval, serving as a 10-year plan for the development of Medway's walking and cycling network. Priority scheme outputs will then be progressed accordingly, where funding permits.
- Strood Town Centre (Remaining Budget £11,000), scheme largely completed with a small remaining budget which will be utilised on minor works in the town centre, including footway improvements.
- 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 & 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 works around the new slip road including additional signs and other minor works to address issues raised in the stage three Road Safety Audit. The service still anticipates completion this financial year.
- 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. Capital to be spent over 2024/25 and 2025/26 supporting upgrade and repair of traffic signal infrastructure and systems. The focus of this financial year is a workstream to replace and upgrade faulty equipment, this largely consist of fault detection that contributes to sub-optimal performance. Replacements and upgrades have been arranged, and the programme to carry out the works has begun.
- 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. The purchase of the pay & display machines is now complete, and the scheme has gone live now in all but one site. The scheme is due to complete this financial year.

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	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Culture & Community	46,592	21,769	24,823	5,430	17,793	(1,600)

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 scheme was postponed to 2024/25 to enable the service to consider other vehicle options that may offer better value for money. The Council was successful in a bid to Arts Council England with a requirement for £150,000 match funding from this budget, which the service has successfully negotiated to £50,000. The service is now preparing to procure the mobile library vehicles at an estimated cost of £50,000, which will deliver £100,000 as a saving. A new scheme for Library Improvement, funded by the Arts Council England grant has been requested to be added to the Capital Programme for Round Three.
- 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. Funding is scheduled to be spent in the current financial year, prior to the signing of a new LMA with English Heritage which should come into effect from April 2025.
- 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 and Cozenton Park Sports Centre officially opened to the public in July 2024. Final invoices still need to be paid, but the service estimates an underspend on this scheme of approximately £1.5million. In October 2024 Council approved the addition of a new scheme to the Capital Programme for Sports Centre Improvements, which would undertake improvements to Medway Park and Strood Sports Centre with the aim of improving income generation. To be funded by £1.5 million capital investment savings arising from the delivery of the Cozenton Park Sports Centre scheme. These changes will be reflected in Round 3.
- 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, there is no designated start for works at this time pending development of Heritage Place initiative.
- Brook Theatre Refurbishment (Remaining Budget £20.515million), this Capital Project is to fund a major refurbishment programme for the Brook Theatre. Works are at Royal Institute of British Architects (RIBA) Stage 4 (Technical Design, Planning and Tender) with Gateway 1 Approval achieved in June which then allowed us to commence the tender award process for the Works Contract. The outline programme following Gateway 1 Approval is Contract Award (Gateway 3) over the Autumn, which was approved by the Procurement Board on 04/11/24. The original deadline for the use of the Levelling Up Funding via the Ministry for Homes, Communities and Local Government (MHCLG) was 31 March 2025, and therefore an extension of time required is required by contractors pricing the scheme. Medway Council will only commission the work if MHCLG extend the deadline of spend, and they have requested that we get the contract as close to approval as possible i.e. 'subject to MHCLG agreeing to extend funding spend window' before asking them to extend the window. As a result, there is a formal request for approval elsewhere on this agenda in order that decision makers have the final contract/proposal in front of them with nothing left other than MHCLG confirmation of an extension. It is envisaged that contract commencement now likely to be early in 2025 with a target 91 week construction window to complete in Autumn 2026.

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 deliver an underspend of £1.6million which is primarily due to the Splashes Replacement Scheme, however this is being vired to a new as agreed by Cabinet and approved by Council in October 2024.

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Regeneration - Corporate Property	34,916	9,239	25,677	3,319	22,349	(8)

The schemes within this service area are as follows:

- Building Maintenance (Remaining Budget £8,000), this scheme has now been delivered. No further works have been agreed so the scheme will deliver an underspend of £8,000.
- Pentagon: Future Capital Works (Remaining Budget £2,181,000), 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. This scheme is forecasting an overspend of £1.196million, which has been funded by way of virements from the envisaged underspends on the Future High Streets Fund (FHSF) Pentagon Centre Transformation (£421,000) and Pentagon Wilkinsons (£776,000) as approved by the Director of Place under delegated authority on 01/11/24. The remaining budget, previously £985,000, has been adjusted accordingly.
- Climate Change Emergency Refit Ph1 (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. The scheme is now complete and negotiations are ongoing on the final account.
- 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 Reinforced Autoclaved Aerated Concrete (RAAC) in the building, however this was completed over the summer as expected. Lift 2a is currently being manufactured and the service anticipates completion over the winter. The switchgear replacement is currently being designed by UK Power Networks (UKPN) and awaiting costs and an installation programme, however the service anticipate this may now take place in 2025/26.
- 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 Information and Communications Technology (ICT) equipment and adaptations to other areas of the building to create a meeting space. Main Works are currently paused pending in-year alignment with the wider Gun Wharf Improvement Programme. The service will be requesting that the remainder of this budget be transferred into the Gun Wharf Improvement Works budget later in the year.
- 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 the service is preparing to appoint a multi-disciplinary team to prepare the proposal and outline design. The service anticipates completing RIBA stages 1 and 2 by the end of 2024, with procurement commencing early in 2025 for a detailed design specification. The tender would then be let in the Summer of 2025.
- 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. The University of Greenwich has presented invoices for eligible expenditure on their facility for the full £90,000 and, following discussions with the funder, it has been agreed that the remaining £50,000 will now be paid to the University of Greenwich and that a second site will now not be undertaken. This scheme is now complete.

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 an overspend of £1.188million, primarily due to the forecast overspend on the Pentagon Centre – Future capital works (which is offset by reported underspends on the FHSF – Pentagon Centre Transformation and the Pentagon Wilkinsons schemes that it is proposed be transferred back to this scheme). There is also a small underspend of £8,000 on the Building Maintenance scheme.

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Regeneration - Future High Streets Fund (FHSF)	12,206	6,714	5,492	5,492	0	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 £140,000), scheme to transform the first floor of the Pentagon Centre. The contractor has now been appointed and works are progressing on site. The service is forecasting an underspend on this scheme of £421,000 which has been vired to the Pentagon Centre - Future Capital Works scheme approved by the Director of Place under delegated authority on 01/11/24. The remaining budget, previously £561,000, has been adjusted accordingly.
- 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), Debenhams has been acquired, initial surveys have been undertaken. The service is currently awaiting a decision from a potential tenant for the ground and first floor. As reported in Round One monitoring, the funder has agreed that this budget can be transferred to the Innovation Hub in order to meet the spend deadline.
- FHSF - Paddock & Public Realm (Remaining Budget £1.061million), scheme to fund a programme of infrastructure and landscaping improvements to the Paddock. Works are now complete, and the site was formally opened in August.
- 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 complete within the approved budget. There is a projected underspend of £421,000 on the Pentagon Centre Transformation scheme, which has been transferred by way of a budget virement to the Pentagon Centre – Future Capital Works budget in anticipation of allocation to another Pentagon scheme of works as appropriate.

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Regeneration - Green Spaces	4,995	1,546	3,449	675	2,774	0

The purpose of the schemes within this area are to improve green spaces throughout Medway. The schemes are as follows:

- Horsted Valley - Environmental Enhancements (Remaining Budget £25,000), implementation of a series of access, landscape and biodiversity projects from Luton Millennium Green to Horsted Park. The service continues to explore options for outdoor sports improvements. This service is currently exploring a match funding bid.
- Rainham Play (Remaining Budget £69,000), scheme to complete improvements towards park, play and amenities at Cherry Top, Rainham Rec and Ryetop. The service has tendered for the Cherry Tree Open Space access works and works are anticipated to commence in the autumn as planned.
- Hook Meadow Works (Remaining Budget £43,000), scheme of improvements at Hook Meadow. The service continues to work with Cultural Services and the HRA on the next steps for the Community Hub scheme. Due to ongoing discussions with the project team, this scheme is now forecast to complete in 2025/26.
- 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 nearly complete and due to complete over the Autumn. The remaining budget will be reviewed as part of the management plan for the site but is now forecast in 2025/26.
- Jackson's Field & 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. The service plans to go out to tender for these works later this year, with work on site in the early Spring of 2025.
- Eastgate House Gardens Improvements (Remaining Budget £10,000), scheme to complete physical improvements to the Lower Gardens at Eastgate House to provide a positive setting for the Medway Norse Café. The service intends to spend the remaining budget on smaller improvements to the gardens which should be completed this financial year.
- 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.
- 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. The small remaining budget will be spent on interactive play panels which are due to be installed over the Autumn.
- 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.
- 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.
- Cozenton Park & Chalk Pit Allotments (Remaining Budget £352,000), scheme to bring the disused nursery back into use as a community garden and allotments. Since Round One, £141,000 has been added to this budget funded by S106 developer contributions, via the Chief Operating Officer's delegation. The service consulted the public on proposals to improve the site over the summer. A planning application is now in progress for the former nursery site to be converted into a community tree nursery, community garden and allotments. Various site surveys will be carried out over the coming months.

- 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 now being installed.
- Temple Marsh Open Space (Remaining Budget £1.233million), the development of an open space provision for the adjacent development of Temple Waterfront. All boreholes and trial pits have now been dug and samples sent off over the summer. The service expects to receive the results over the Autumn. The next steps are to work with Kent County Council (KCC) on the Contaminated Land Interpretive Report which will conclude with a set of recommendations detailing future actions. This will help to determine when design work can begin.
- 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 were anticipated to complete over the summer but have been delayed to the Autumn due to weather delaying the ground penetrating radar (GPR) survey of the site. The tender for the footpath and access improvements has now been delayed until the Winter, with work on site now anticipated in 2025/26. Planting improvements will follow this.
- Deangate Community Parkland (Remaining Budget £1.068million); new scheme for 2024/25 to develop and improve Deangate Community Parkland. The service is proceeding with RIBA stages 4-7, with the next steps being to work with consultants to discharge planning conditions to ensure work on site has begun and that the planning permission is secured.
- Riverside Country Park (Remaining Budget £195,000); scheme to provide overflow car park improvements, a new viewing platform at Sharps Green Pond and mound steps. This is a new scheme added to the Capital programme via the Chief Operating Officer's delegation since Round One monitoring and is funded by S106 developer contributions. The overflow car park works require planning permission. The service is currently finalizing the cost estimates for all elements of the scheme. Works are currently anticipated to commence in Spring 2025.

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	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Regeneration - Innovation Park Medway (IPM)	73,307	32,907	40,400	5,333	35,476	409

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:

- IPM Phase 1 & 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.
- Phase 2 Infrastructure (Remaining Budget £166,000), the main works contract is now at practical completion and is in the Defects Liability Period for Infrastructure works.
- 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.
- 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 £409,000. 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.
- 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.
- Innovation Park Medway (Remaining Budget £279,000), the main works are now complete however the final account has been delayed to align 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.
- 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.
- Innovation Pk Medway Zone A (Remaining Budget £560,000), the main contract is now at practical completion, with the exception of landscaping for the lawn areas.
- Innovation Park – Southern site (Remaining Budget £11.415million), all remaining enabling works are paused pending the Strategic Review of the site.
- IPM Sustainable Development Options (Remaining Budget £180,000), project to undertake a review of the sustainable development options for the site. Consultants have been appointed over the summer as anticipated. The outcome of their work will be reported to Cabinet in Spring 2025.

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 overspend of £409,000 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.

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Regeneration - Medway Development Company	2,913	2,913	0	0	0	0

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

- 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.

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Regeneration – Other	113,865	25,544	88,321	25,481	62,840	0

The schemes within this area relate to regeneration not included within the specific areas above. The schemes are as follows:

- Digital Equipment Medway Adult Education (MAE) (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 the MIS provider. Forecast works for 2024/25 include completing the enrolment system purchase and roll out, Room 11 renovation work completed over the summer as anticipated, and the refurbishment of Room 2 which requires works to the windows.
- Healthy Living Centre Pentagon (Remaining Budget £11.764million), 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 autumn 2025. The NHS has agreed to fund these works.
- Chatham Town Centre S106 Works (Remaining Budget £46,000), the COVID Pandemic 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. The service currently anticipates most of the work will take place in 2025/26.
- 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.
- Strood Riverside Phase 1&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.
- 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. There are currently five cases being processed and due to be approved for works to be completed this financial year.
- 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. There are currently 78 cases approved this financial year and the service estimates a further 100 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 is 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. The service also has a potential new build acquisition which was expected to deliver 64 units in the autumn however this is still in negotiation and there is now some uncertainty as to whether it will proceed. 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 total number of units either completed or currently in the pipeline is 139 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. We are currently still waiting a decision from potential tenants. As the building will need to be designed holistically, works cannot begin until the service has more certainty about how the tenants want to use the building. In the meantime MDC have been appointed to Project Manage the OPE enabling works to ensure that the funding deadline is met.
- Pentagon Wilkinsons (Remaining Budget £0), scheme to complete the relocation of Wilkinsons within the Pentagon Centre. The forecast budget for 2024/25 is for consultant fees. The service is forecasting an underspend on this scheme of £776,000 which has been vired to the Pentagon Centre - Future Capital Works scheme approved by the Director of Place under delegated authority on 01/11/24. The remaining budget, previously £776,000, has been adjusted accordingly.
- 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. Outputs for the green infrastructure improvements and feasibility study on the community hub have been revised and agreed. The service is in the process of appointing a consultant to carry out the feasibility study on the community hub. Surveys for the green infrastructure improvements should be carried out over the autumn. The service currently anticipates work on site to commence in early 2025.

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 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 Wilkinsons scheme has delivered an underspend of £776,000 which has been transferred by way of a budget virement to the Pentagon Centre – Future Capital Works budget in anticipation of allocation to another Pentagon scheme of works as appropriate.

6. Housing Revenue Account

6.1. The Housing Revenue Account programme is forecast to spend within the current approved budget (to budget in Round 1) of £67.636m as set out below.

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Housing Revenue Account (HRA)	101,201	33,566	67,636	22,080	45,556	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, the service will be requesting that the budget be transferred to the HRA Purchase of Housing Units budget later this year.
- 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. Another acquisition is being progressed.
- 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, there have been two completed acquisitions with a further two potential acquisitions currently being considered.
- 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 entered into contract for Phase 5 over the summer as expected and the contractor is due to start on site over the autumn for Lennox Wood and Aburound House. 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 (MDC) 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. The service is forecasting four further stage payments to MDC this financial year.
- HRA Hook Meadow (Remaining Budget £4.600million), scheme to purchase and develop Hook Meadow. Proposals are being considered. Planning application expected to be submitted early in 2025/26 with the build taking place in 2026/27 and 2027/28.
- 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
Capital Reserve Developer Contributions				
S106 Highways & Transport Cap	1,182	355	843	16
S106 Leisure/Heritage Cap	1,021	404	616	0
S106 Public Realm Cap	11	11	0	0
Developer Contributions from Capital Reserves	2,214	770	1,459	16
Revenue Reserve Developer Contributions				
Developer Commuted Sums	961	80	881	0
S.106 Highways & Transport Revenue	9	0	(6)	(16)
S106 Leisure/Heritage Rev	1,363	153	1,210	0
S106 Public Realm Rev	46	1	45	0
Developer Contributions from Revenue Reserves	2,380	234	2,130	(16)

8. Changes Since Round 1 Budget Monitoring

8.1. The following additions have been made since the Round 1 monitoring 2024/25 was presented to Cabinet on 31 July 2024 and have formed part of the Round 2 monitoring:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Highways Potholes unallocated LTP from prior years	142	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 18/07/24
Regeneration, Culture and Environment	Cozenton Park S.106	141	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 29/07/24
Regeneration, Culture and Environment	Riverside Country Park S.106	195	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 29/07/24

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Integrated Transport S.106 Small Schemes	629	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 18/07/24
Regeneration, Culture and Environment	Mierscourt Road Junction with the A2	122	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 18/07/24
Regeneration, Culture and Environment	A228 peninsula Way/Main Road Junction	347	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 18/07/24

8.2. The following budget adjustment has been made since Round 1 monitoring 2024/25 was presented to Cabinet on 31 July 2024, which ensures the budget reflects the funding to be provided to the NHS in line with the signed agreement:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Healthy Living Centre Pentagon	(1,336)	NHS Capital Grant	Chief Operating Officer/Finance Portfolio Holder 23/08/24

8.3. The following additions have been made since the Round 1 monitoring 2024/25 was presented to Cabinet on 31 July 2024 but have not formed part of the Round 2 monitoring due to the later approval dates:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Rochester Esplanade and Jacksons Field	601	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 06/09/24
Regeneration, Culture and Environment	Hoo Sports Centre	744	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 17/09/24
Regeneration, Culture and Environment	The Strand Splashpad	250	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 03/10/24

8.4. The following virements have taken place since Round 1 monitoring 2024/25 was presented to Cabinet on 31 July 2024 and form part of the Round 2 monitoring reported above:

Directorate	Scheme Providing Budget Virement	Scheme Receiving Budget Virement	Virement Amount £000s	Approval
Regeneration, Culture and Environment	FHSF Pentagon Centre Transformation	Pentagon Centre - Future Capital Works	421	Director of Place 01/11/24
Regeneration, Culture and Environment	Pentagon Wilkinsons	Pentagon Centre - Future Capital Works	776	Director of Place 01/11/24

8.5. The following recently agreed virement has taken place since Round 1 monitoring 2024/25 was presented to Cabinet on 31 July 2024 but do not form part of the Round 2 monitoring reported above due to the later approval dates:

Directorate	Scheme Providing Budget Virement	Scheme Receiving Budget Virement	Virement Amount £000s	Approval
Regeneration, Culture and Environment	Splashes Replacement Scheme	Sports Centre Improvement	1,500	Council 17/10/24

9. Conclusion

9.1. The second round of Capital Budget Monitoring for 2024/25 forecasts a projected underspend of £6.199million (£4.665million as at Round 1) against the approved budget within the general fund capital schemes that fall within the remit of this Committee. The Housing Revenue Account schemes are forecast to complete their capital schemes within the approved budget (£nil variance as at Round 1).

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.	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
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.	CII
Likelihood		Impact:	
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.

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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