

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

**25 March 2025**

### **Capital Budget Monitoring – Round 3 2024/25**

Report from: Phil Watts, Chief Operating Officer (Section 151 Officer)

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#### **Summary**

This report presents the results of the third round of the Council's capital budget monitoring process for 2024/25. The Council's summary position is presented in section 4, with sections 5 and 6 providing the detail for the service areas within the remit of this Committee.

#### **1. Recommendations**

- 1.1. The Regeneration, Culture And Environment Overview And Scrutiny Committee is asked to note the results of the third round of capital budget monitoring for 2024/25.
- 1.2. The Regeneration, Culture And Environment Overview And Scrutiny Committee notes that Cabinet recommended to Full Council the removal of the remaining budget of £7,992 from the Building Maintenance scheme as this is now complete.
- 1.3. The Regeneration, Culture And Environment Overview And Scrutiny Committee notes that Cabinet recommended to Full Council the removal of the remaining budget of £100,000 from the Mobile Library scheme as this is no longer required with the addition of the Library Improvement Fund scheme to the Capital Programme.
- 1.4. The Regeneration, Culture And Environment Overview And Scrutiny Committee notes that Cabinet recommended to Full Council the addition of £559,000 to the Mountbatten House Purchase scheme, funded by prudential borrowing, to cover the costs of holding the building for onward sale to Medway Development Company (MDC).

#### **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 £328.821million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £602.752million. This report consolidates the third 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 3 forecast position showing a projected underspend of £7.612million (£7.554million as at Round 2). Table 2 details how the approved programme will be funded.

**Table 1: Round 3 Capital Monitoring Summary**

Directorate	Total Approved Cost £000	Total Expenditure to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Forecast (Under)/overspend £000
Children and Adults (including Public Health)	54,659	19,802	34,857	15,165	17,336	(2,356)
Regeneration, Culture and Environment	444,142	218,243	225,899	61,719	158,924	(5,256)
Housing Revenue Account	101,201	33,566	67,636	11,802	55,834	0
Business Support Department	2,750	2,320	430	378	52	0
<b>Total</b>	<b>602,752</b>	<b>273,931</b>	<b>328,821</b>	<b>89,063</b>	<b>232,145</b>	<b>(7,612)</b>

**Table 2: Funding the Capital Budget**

Funding Source	Total £000	C&A £000	RCE £000	HRA £000	BSD £000
Capital Grants	67,411	32,272	34,501	637	0
Developer Contributions	6,628	1,300	5,328	0	0
Capital Receipts	2,488	0	2,229	0	258
RTB Receipts	1,485	0	0	1,485	0
Revenue / Reserves	30,980	0	304	30,676	0
Prudential Borrowing	159,519	1,285	123,225	34,838	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
<b>Total</b>	<b>67,411</b>	<b>32,272</b>	<b>34,501</b>	<b>637</b>	<b>430</b>

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

- 5.1. The Regeneration, Culture and Environment general fund programme is forecast to underspend by £5.226 million (£6.198million in Round 2) against the current approved budget of £225.899million 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
FLS - Environmental Services	17,000	0	17,000	6,000	6,000	(5,000)
FLS - Highways	99,981	86,300	13,681	8,390	5,291	0
FLS - Integrated Transport	21,921	18,667	3,255	1,437	1,818	0
FLS - Other Front-Line Services	14,558	12,645	1,913	808	1,105	0
<b>Front Line Services (FLS)</b>	<b>153,460</b>	<b>117,611</b>	<b>35,848</b>	<b>16,635</b>	<b>14,214</b>	<b>(5,000)</b>
<b>Culture &amp; Community</b>	<b>49,480</b>	<b>21,769</b>	<b>26,227</b>	<b>6,543</b>	<b>19,284</b>	<b>(400)</b>
Regeneration - Corporate Property	34,791	9,239	25,552	2,244	24,075	768
Regeneration - Future High Streets Fund	12,206	6,714	5,492	4,717	0	(776)
Regeneration - Green Spaces	5,480	1,546	3,934	625	3,309	0
Regeneration - Innovation Park Medway	73,307	32,907	40,400	4,637	35,356	(407)
Regeneration - Medway Development Company	2,913	2,913	0	431	128	559
Regeneration - Other	113,990	25,544	88,446	25,888	62,558	0
<b>Regeneration</b>	<b>242,687</b>	<b>78,863</b>	<b>163,824</b>	<b>38,542</b>	<b>125,426</b>	<b>144</b>
<b>Regeneration, Culture and Environment Total</b>	<b>445,627</b>	<b>218,243</b>	<b>225,899</b>	<b>61,719</b>	<b>158,924</b>	<b>(5,256)</b>

	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)

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. 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	8,390	5,291	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. 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, these have now all been installed. Further conversion works are required in High Street areas and the service anticipates completing these works this financial year at an approximate cost of £450,000. The service anticipates rolling forward approximately £226,000 into 2025/26 to convert illuminated signs and bollards to LED, due to the phasing out of fluorescent lamps, creating further energy savings.
- 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 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 all 12 scheduled schemes now complete.
- 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 replacement LED lighting was completed over the autumn as anticipated and the overhaul of the radio rebroadcast systems is still expected to complete by the end of this financial year. The vital system refresh of the tunnel control system, Supervisory Control and Data Acquisition (SCADA) is now in progress and the service anticipates this will be completed by the end of this financial year.
- Horsted Gyratory & Ped Imps (Remaining Budget £64,000), this scheme will provide a controlled pedestrian crossing on Horsted Way, adjacent to the Horsted Park development. The traffic modelling has been assessed and further refinement of the design has been undertaken. The service now anticipates that this scheme will be delivered in 2025/26 due to the further design work needed, staff resourcing and balancing other transport priorities.
- 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, however there have been slight delays due to site access. Despite this, the service anticipates completion by the end of the financial year.
- 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 Quarter 4 of 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	1,437	1,818	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. The service had expected that Phases 3 and 4 would complete in 2024/25, however due to an issue with the developer these phases will now be delayed into 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). The Horsted Way pedestrian crossing island has now been completed. Public Rights of Way improvements at Watts Meadow and Victory Academy are due for construction this financial year.
- 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. The junction layout design has now been completed. A review of traffic signal infrastructure at the junction has determined that the project plan should include provision for updating all equipment to reduce future maintenance. A traffic signal design for the operation of the signals has been undertaken and is currently subject to review. As a result, consultation on the scheme proposals is now likely to take place in January and February 2025 (slightly delayed from Autumn 2024).
- 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. The project is still 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 current scheme comprises a number of projects including pedestrian crossings (Strood Retail Park, Bloors Lane, A228), bus shelters (Dock Road), accessibility improvements (Kent Road Halling, Station Road, Ash Tree Lane, Chatham Waters, High Halstow), 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). The service is forecasting that the pedestrian accessibility schemes at Halling and High Halstow will be completed this financial year, with the remaining schemes still in development and expected to complete next financial year.

**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	808	1,105	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 still 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 early 2025 for approval, serving as a 10-year plan for the development of Medway's walking and cycling network. This has been slightly delayed from the original schedule of December due to availability of Cabinet agendas. Pending approval of the LCWIP, 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. This project is complete with only one outstanding invoice awaiting payment. Subject to agreement with the funder, officers will identify a further project that will improve transport infrastructure on the Medway City Estate in order to utilise the budget available. This will be carried forward into 2025/26.
- 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. It is anticipated that this scheme will continue into 2025/26.
- 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 on all but one site. The Deangate site now cannot go live until Autumn 2025 so the service is now forecasting that this scheme will continue into 2025/26.

**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.

	<b>Total Approved Cost £000</b>	<b>Total Exp to 31/03/24 £000</b>	<b>Remaining Budget £000</b>	<b>Forecast Spend 2024/25 £000</b>	<b>Forecast Spend in Future Years £000</b>	<b>Total Scheme Variance £000</b>
Culture & Community	<b>49,480</b>	<b>21,769</b>	<b>26,227</b>	<b>6,543</b>	<b>19,284</b>	<b>(400)</b>

The schemes within this service area are as follows:

- Mobile Library Purchase (Remaining Budget £100,000), 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 which since Round Two has been vired to the new Library Improvement Fund scheme. This scheme is now no longer required and will deliver £100,000 as a saving.
- Library Improvement Fund (Remaining Budget £460,000), this is a scheme to deliver technology and building infrastructure improvements across Medway's libraries, funded by capital grant. This is a new scheme for Round Three, added via the Chief Operating Officer's delegation in consultation with the Finance Portfolio holder. Spend this financial year has been focused on technology acquisition, such as projectors and archival microfilm readers. The service is planning to recruit a project manager early in 2025 who will move forward with the planned infrastructure works in 2025/26.
- 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. No further expenditure is planned for this financial year while a new LMA is discussed and agreed with English Heritage.
- 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.
- Cozenton Park Sports Centre (Remaining Budget £2.355million), 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. Since Round Two, the planned virement of £1.5million to the Sports Centre Improvements scheme has been agreed and actioned. The service anticipates a further underspend of around £300,000, however this has not yet been finalised. Once the final account has been agreed and finalised, the service will come forward with a proposal for the underspend on this scheme, to either remove it from the Capital programme or to request a virement to another scheme.
- Hoo Sports Centre Works (Remaining Budget £744,000), this scheme is for works to be carried out at the Hoo Sports Centre, funded by the Swimming Pool Sport Fund. This is a new scheme for Round Three, added via the Chief Operating Officer's delegation in consultation with the Finance Portfolio Holder. Works are progressing and the service anticipates completion this financial year.
- Splashpad at the Strand (Remaining Budget £250,000), this scheme will deliver a new splashpad water feature at the Strand to replace the defunct paddling pool. This is a new scheme for Round Three, added via the Chief Operating Officer's delegation in consultation with the Finance Portfolio Holder. The contract has been awarded and works are due to be completed before the end of the financial year.
- 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.
- Sports Centre Improvements (Remaining Budget £1.500million), this scheme will deliver improvements to Medway Park and Strood Sports Centres with the aim of improving income generation. This is a new scheme for Round Three, added via Council on 17th October 2024. The contract for Strood Sports Hall has been awarded and works are due to complete by the end of the



financial year. The design contract for the wetside changing rooms and gym extension has been awarded and the service anticipates the design work should complete this financial year, enabling the main works contract to be tendered. At Medway Park, the wetside changing room upgrades are due to complete this financial year.

- 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 3 contract award approved over the Autumn as expected. The service still plans for Contract Commencement to be early in 2025 with a target 91 week construction window to complete in Autumn 2026. It should be noted that the service are forecasting that the scheme will not be completed by the original Levelling Up Fund (LUF) grant deadline of 31 March 2025, and therefore discussions are ongoing with MHCLG to obtain an extension of grant drawdown period.

**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 £400,000 which is due to an underspend of £100,000 on the Mobile Library scheme which will be requested to be removed from the Capital Programme, and an estimated £300,000 on the Splashes Replacement scheme which has not yet been finalised but is proposed will either be removed from the Capital programme or transferred to another budget, pending the final account and appropriate approvals.

	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	34,791	9,239	25,552	2,244	24,075	768

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 and the scheme will be removed from the Capital programme.
- Pentagon: Future Capital Works (Remaining Budget £2.056million), 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. Since Round Two, virements from the underspends on the FHSF Pentagon Centre Transformation (£421,000) and Pentagon Wilkinsons (£776,000) have been completed and added back to this scheme as planned. In the current Round of monitoring, this scheme is forecasting an overspend to reflect the underspends being reported on FHSF – Pentagon Centre Transformation of £105,682 and FHSF – Innovation Hub Medway of £669,818. It is proposed that these will be transferred back to this scheme to await allocation to further works at the Pentagon via the Director of Place’s delegation.
- 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. There may be a small potential overspend due to some contract variations on some of the works at Gun Wharf. The service will finalise the accounts and if necessary, will request a virement from the Gun Wharf Building Works budget.
- 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. The service anticipates that this scheme may deliver a small underspend which could be used to fund the small potential overspend on the Climate Change Phase 1 Emergency Refit Scheme.

- Council Meeting Facilities (Remaining Budget £0), 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. Since Round Two, the remaining budget for this scheme has been transferred to the Gun Wharf Improvement Works scheme. This scheme has now been removed from the Capital programme.
- Gun Wharf Improvement Works (Remaining Budget £22.263million, 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. Since Round Two, £263,000 has been added to this budget from the Council Meeting Facilities scheme. The forecast for 2024/25 comprises mainly feasibility costs, with the majority of the spend forecast in 2025/26 when the service estimates 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 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 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, Gun Wharf Improvement Works [part] and Climate Change Emergency Refit Ph1).

**Budgetary Forecast** - all schemes in this area are forecasting an overspend of £768,000, primarily due to the forecast £776,000 overspend on the Pentagon Centre – Future capital works (which is offset by reported underspends on the FHSF – Pentagon Centre Transformation and the FSHF – Innovation Hub Medway schemes that it is proposed be transferred back to this scheme). This is partially offset by 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	4,717	0	(776)

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 £105,682 which is proposed to be transferred via virement to the Pentagon Centre Future Works scheme.
- FHSF - Innovation Hub Medway (Remaining Budget £3.776million), project to deliver 760sqm of workspace within the Pentagon Centre. Practical completion was issued in November as expected. The service is forecasting an underspend on this scheme of £669,818 which is proposed to be transferred via virement to the Pentagon Centre Future Works scheme.
- FHSF - St Johns Church (Remaining Budget £803,000), 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. This budget is now fully expended; however the Diocese is completing some additional works with funding they have received from National Lottery Heritage Fund. The site is expected to open to the public in Autumn 2025.
- FHSF - Property Acquisition & Delivery (Remaining Budget £7,000), Debenhams has been acquired, initial surveys have been undertaken. The remaining budget has been transferred to the Innovation Hub Medway scheme with agreement from the funder. This scheme is now complete.
- FHSF - Paddock & Public Realm (Remaining Budget £673,000), 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 2024.
- FHSF - Project Management (Remaining Budget £93,000), 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 deliver an underspend of £776,000 on the Pentagon Centre Transformation and Innovation Hub Medway schemes. It is proposed that this be requested to be transferred 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	5,480	1,546	3,934	625	3,309	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 and is currently exploring a match funding bid and will be coming forward with a capital additions request early in 2025. The service is forecasting that this scheme will now complete in 2025/26.
- Rainham Play (Remaining Budget £69,000), scheme to complete improvements towards park, play and amenities at Cherry Top, Rainham Rec and Ryetop. Works on Cherry Tree Open Space access works commenced in the November as planned and are anticipated to complete in March 2025.

- 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 2026/27.
- 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 were completed as planned over the Autumn. There have been some additional works including tree work and hedging. 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 in the near future, 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 pond has been drained to enable repair. Works are now expected to complete next 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 later this year.
- 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. Various site surveys have been completed. The service is going out to tender for the demolition and clearance of site for the community tree nursery which is anticipated at the end of March 2025, and the Hub building tender will follow. Improvements to the play area, skatepark and access/entrances will take place next financial year.
- 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. The Contaminated Land Interpretive Report has now been submitted, which incorporates the results of the ground investigation to assess risks to future site users, with recommendations for future actions and further work. Officers are currently considering these recommendations and how these will be addressed in the specification for the design works. The next steps are to develop the specification with a view to begin procurement for a design team, which the service anticipates will take place early in 2025.
- Town Hall Gardens (Remaining Budget £330,000), new scheme to improve Town Hall Gardens, including footpath, access and play area improvements. The play area improvements were completed over the autumn as expected. The tender for the footpath and access improvements is being updated and the service anticipates being able to go out to tender early in 2025. Work on site is still anticipated to commence early in 2025/26. Planting improvements will follow this.
- Deangate Community Parkland (Remaining Budget £951,000), new scheme for 2024/25 to develop and improve Deangate Community Parkland. Consultants have now been appointed to begin costing the discharge of planning conditions and the cost of completing RIBA Stage 4. Works are currently

anticipated to commence in Spring 2025. Since Round Two, £116,385 of Section 106 developer contribution funding has been removed from this budget via the Chief Operating Officer's delegation in consultation with the Finance Portfolio Holder, and this funding will be transferred to Hoo Parish Council for them to use on eligible expenditure within the parish.

- 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. Cost estimates are underway for the new viewing platform at Sharps Green pond. New mound steps have been commissioned and works are due on ground in over the winter. The overflow car park requires planning permission but could be subject to Biodiversity Net Gain, so this is to be confirmed with an ecologist first before applying. The service is finalising tender packages for works to be on ground spring/summer 2025.
- Esplanade & Jacksons Field (Remaining Budget £601,000), this scheme will deliver improvements at the Esplanade and Jacksons Recreation Ground, funded by s106 developer contributions. This is a new scheme added for Round Three, via the Chief Operating Officer's delegation. The service has tendered for the heritage and design consultancy contract through the Council framework. A contractor has been appointed. The service will consult prior to commencing any works, and therefore works are expected to start in 2025/26. Further Section 106 developer contributions are expected over the next 6 years and as these are received the service will request additions to the budget for this scheme via appropriate governance routes.

**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	4,637	35,356	(407)

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. In previous rounds the service reported that interest rate rises in the past 3 years had put pressure on this budget and this resulted in a forecast overspend on this scheme. As further expenditure on the IPM schemes has been paused pending a review of options for the future of the project, officers have taken the decision not to capitalise any further interest costs on the scheme until a decision on a way forward has been reached. This is to ensure compliance with relevant accounting rules around capitalisation of interest. As a result this scheme is now forecasting an underspend of £407,000 and it is proposed the remaining budget is rolled forward until a decision on IPM has been reached.
- 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 to be 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 underspend of £407,000 on IPM Capitalised Interest which is due to a decision to pause further capitalization of interest until a decision on IPM has been made to ensure compliance with accounting rules around capitalization of interest costs.

	<b>Total Approved Cost £000</b>	<b>Total Exp to 31/03/24 £000</b>	<b>Remaining Budget £000</b>	<b>Forecast Spend 2024/25 £000</b>	<b>Forecast Spend in Future Years £000</b>	<b>Total Scheme Variance £000</b>
Regeneration - Medway Development Company	2,913	2,913	0	431	128	559

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, including utilities and business rates as well as the relocation of one of the tenants to another unit. Officers are requesting an addition of £559,000 to the budget for this scheme to cover these additional costs.

	<b>Total Approved Cost £000</b>	<b>Total Exp to 31/03/24 £000</b>	<b>Remaining Budget £000</b>	<b>Forecast Spend 2024/25 £000</b>	<b>Forecast Spend in Future Years £000</b>	<b>Total Scheme Variance £000</b>
Regeneration – Other	113,990	25,544	88,446	25,888	62,558	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 Management Information System (MIS) provider. The refurbishment of Room 2 still requires works to the windows however this will only commence once the service has a contractor in place to bring the windows to good working order.
- Healthy Living Centre Pentagon (Remaining Budget £11.889million), scheme to deliver a Healthy Living Centre in the heart of Chatham Town Centre to increase access to healthcare provision for residents. The contractor started on site over the summer as expected and completion is still anticipated in Autumn 2025. The NHS has agreed to fund these works. Since Round Two, £125,000 has been added to this budget from the Pentagon Centre Future Works scheme, agreed by the Director of Place's delegation, to address water ingress into the Healthy Living Centre and to allow works on the scheme to continue.
- 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. The enabling works are due to be completed in summer 2025. Other building work forecast in 2025/26 include the flood gate connection at Strood Civic site and the station connection at the Strood Riverside site.
- 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 82 cases approved this financial year and the service estimates a further 75 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 anticipates completion of four new build sites by the end of March 2025. 13 further open market/buy back acquisitions of individual properties are also anticipated for completion by the end of March 2025. The total number of units in the pipeline is now 135, with 58 currently forecast this financial year which would bring the total owned to 72.
- 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. MDC has been appointed to Project Manage the One Public Estate (OPE) enabling works to ensure that the funding deadline is met. Options are being reviewed for the redevelopment of the site.
- 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. Since Round Two the underspend of £776,000 on this scheme has been transferred to the Pentagon Centre – Future Capital Works scheme in preparation for allocation to another scheme. This scheme is now complete and will not be reported in further rounds of monitoring.
- 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. A consultant to carry out the feasibility study on the community hub has now been appointed. Surveys for the green infrastructure improvements have been carried out and the service still 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.



## 6. Housing Revenue Account

6.1. The Housing Revenue Account programme is forecast to spend within the current approved budget (to budget in Round 2) 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	11,802	55,834	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 2024. 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
<b>Capital Reserve Developer Contributions</b>				
S106 Highways & Transport Capital	1,182	187	1,010	16
S106 Leisure/Heritage Capital	1,865	653	1,212	0
S106 Public Realm Capital	11	11	0	0
<b>Developer Contributions from Capital Reserves</b>	<b>3,058</b>	<b>851</b>	<b>2,222</b>	<b>16</b>
<b>Revenue Reserve Developer Contributions</b>				
Developer Commuted Sums	961	80	881	0
S.106 Highways & Transport Revenue	10	0	(6)	(16)
S106 Leisure/Heritage Revenue	1,253	133	1,120	0
S106 Public Realm Revenue	46	0	46	0
<b>Developer Contributions from Revenue Reserves</b>	<b>2,270</b>	<b>213</b>	<b>2,041</b>	<b>(16)</b>

## 8. Changes Since Round 2 Budget Monitoring

8.1. The following additions have been made since the Round 2 monitoring 2024/25 was presented to Cabinet on 19 November 2024 and have formed part of the Round 3 monitoring:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Library Improvement Fund	410	Capital Grant	Chief Operating Officer/Finance Portfolio Holder

8.2. The following budgets have been removed from the capital programme since the Round 2 monitoring 2024/25 was presented to Cabinet on 19 November 2024:

Directorate	Scheme	Approved Budget Removal £000s	Funding	Approval
Regeneration, Culture and Environment	Deangate Community Parkland	(116)	Section 106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 20/12/24

8.3. The following virements have taken place since Round 2 monitoring 2024/25 was presented to Cabinet on 19 November 2024 and form part of the Round 3 monitoring reported above:

Directorate	Scheme Providing Budget Virement	Scheme Receiving Budget Virement	Virement Amount £000s	Approval
Regeneration, Culture and Environment	Mobile Library Purchase	Library Improvement Fund	50	Director of Place
Regeneration, Culture and Environment	Council Meeting Facilities	Gun Wharf Improvement Works	263	Director of Place 12/11/24
Regeneration, Culture and Environment	FHSF Property Acquisition and Delivery	FHSF St Johns Church	112	Director of Place 08/11/24
Regeneration, Culture and Environment	FHSF Property Acquisition and Delivery	FHSF Innovation Hub Medway	34	Director of Place 18/12/24
Regeneration, Culture and Environment	FHSF Paddock and Public Realm	FHSF Innovation Hub Medway	388	Director of Place 18/12/24
Regeneration, Culture and Environment	FHSF Project Management	FHSF Innovation Hub Medway	377	Director of Place 18/12/24
Regeneration, Culture and Environment	Innovation Park Medway	IPM Sustainable Development Options	250	Director of Place 12/11/24
Regeneration, Culture and Environment	Pentagon Future Capital Works	Healthy Living Centre Pentagon	125	Director of Place 01/11/24

## 9. Conclusion

9.1. The third round of Capital Budget Monitoring for 2024/25 forecasts a projected underspend of £5.256million (£6.199million as at Round 2) 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 2).

## 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 31 March 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		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		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