

## **Cabinet**

**29 July 2025**

### **Capital Budget Monitoring – Round 1 2025/26**

Portfolio Holder: Councillor Vince Maple, Leader of the Council

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

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#### **Summary**

This report presents the results of the first round of the Council's capital budget monitoring process for 2025/26.

#### **1. Recommendations**

- 1.1. The Cabinet is asked to note the results of the first round of capital budget monitoring for 2025/26.

#### **2. Suggested reasons for decisions**

- 2.1. Full Council is responsible for agreeing the capital programme. Cabinet is responsible for ensuring that expenditure remains within the approved programme, including instructing corrective action to prevent any forecast overspend from materialising.

#### **3. Budget and policy framework**

- 3.1. The 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). 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.
- 3.2. The Chief Operating Officer has delegated authority to approve in year additions to the capital programme, in consultation with the Finance Portfolio Holder, subject to the following criteria:
  - funding coming from external sources, to be used for a specific purpose on a specific asset,

- no financial contribution coming from the Council,
- funding being ringfenced for specific purposes.
- Any additions made under delegated authority are reported through the next budget monitoring report

#### 4. Summary Capital Budget Position 2025/26

- 4.1. The approved capital programme for 2025/26 as at Round 1 is £229.606million. Table 1 below summarises the capital programme and Round 1 forecast position showing a projected underspend of £0.846million. Table 2 details how the approved programme will be funded.

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

Directorate	Total Approved Cost £000	Total Expenditure to 31/03/25 £000	Remaining Budget £000	Forecast Spend 2025/26 £000	Forecast Spend in Future Years £000	Forecast (Under)/overspend £000
Children and Adults (including Public Health)	42,651	23,116	19,534	15,541	3,786	(207)
Regeneration, Culture and Environment	343,597	190,458	152,500	87,162	64,698	(639)
Housing Revenue Account	101,201	43,768	57,433	31,081	26,352	0
Business Support Department	2,750	2,320	138	138	0	0
<b>Total</b>	<b>490,199</b>	<b>259,662</b>	<b>229,606</b>	<b>133,922</b>	<b>94,837</b>	<b>(846)</b>

**Table 2: Funding the Capital Budget**

Funding Source	Total £000	C&A £000	RCE £000	HRA £000	BSD £000
Capital Grants	51,954	18,035	33,919	0	0
Developer Contributions	5,473	481	4,992	0	0
Capital Receipts	2,223	0	2,088	0	135
RTB Receipts	1,000	0	0	1,000	0
Revenue / Reserves	21,832	0	304	21,528	0
Borrowing	147,124	1,018	111,197	34,905	3
<b>Total</b>	<b>229,606</b>	<b>19,534</b>	<b>152,500</b>	<b>57,433</b>	<b>138</b>

## 5. Children and Adults

5.1. The Children and Adults programme is forecast to underspend by £0.207million against the approved budget of £19.534million as set out below.

	Total Approved Cost	Total Exp to 31/03/25	Remaining Budget	Forecast Spend 2025/26	Forecast Spend in Future Years	Total Scheme Variance
Basic Needs - Primary	1,102	645	458	458	0	0
Basic Needs - Secondary	14,040	5,154	8,886	6,185	2,701	0
School Condition Programme	7,242	6,574	668	668	0	0
Schools Devolved Capital	117	0	117	117	0	0
Basic Needs - SEND	18,528	10,432	8,096	6,803	1,085	(207)
Children's Social Care	1,432	175	1,257	1,257	0	0
Adult Social Care	190	136	54	54	0	0
<b>Children and Adult Services Total</b>	<b>42,651</b>	<b>23,116</b>	<b>19,534</b>	<b>15,541</b>	<b>3,786</b>	<b>(207)</b>

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Primary	1,102	645	458	458	0	0

The purpose of the schemes within this area are to provide and support additional primary school places at Greenvale Infants, Luton Primary, and Pilgrim Primary Schools. It also includes a series of grants to early years providers funded from the Childcare Expansion grant.

- Greenvale Infant to Primary (Remaining Budget £7,000), this scheme will refurbish and make alterations to convert the school from an Infant to a Primary school. The project is largely complete, with some final expenditure on fixtures and fittings expected this financial year.
- Luton Primary (Remaining Budget £245,000), project to provide a new standalone nursery building to replace the current one which is no longer fit for purpose. Contractors are now on site and expected to complete the works this financial year.
- Childcare Expansion Grant (Remaining Budget £193,000), a scheme to provide, expand and improve wraparound childcare provision in primary schools and to expand Early Years childcare provision. Schools and settings have been asked to bid for funding and once agreed, they will invoice for completed works. Some of the projects were delayed into this financial year due to delays in work on site commencing at some of the settings. All works are expected to be completed this financial year.
- Pilgrim School Play Equipment (Remaining Budget £13,000), to replace play equipment at the school that was removed for the installation of temporary accommodation. This scheme is now complete, and the final invoice paid.

**Funding** - the above schemes are funded by way of a mixture of Section 106 Developer Contributions and Capital Grants.

**Budgetary Forecast** – schemes within this area are anticipated to spend within the allocated budget.

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Secondary	14,040	5,154	8,886	6,185	2,701	0

The purpose of the schemes within this area are to provide additional secondary school places at Robert Napier School, Hoo Academy, Greenacre, Leigh Academy, and Chatham, Holcombe and Fort Pitt Grammar Schools:

- Hoo Academy 6th Form (Remaining Budget £2.780million), project to provide additional classrooms, specialist rooms and changing facilities to enable the 1 Form Entry (FE) expansion at the school. This scheme is being delivered by the school via a Legal Agreement with Medway Council. Contractors are on site and completion is still expected this financial year.
- Greenacre Academy Science Block (Remaining Budget £407,000), project to provide a new science block at the school, which will enable a 1FE expansion at by reconfiguration and refurb of the current science areas which are no longer fit for purpose. Contractors are on site and the build reached practical completion this summer. Some final works are still ongoing, with all expenditure expected this financial year.
- Chatham Grammar Co-Education (Co-Ed) (Remaining Budget £900,000), a project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. The service anticipates that works will commence over the summer with completion expected by September 2026.
- Holcombe Grammar Co-Ed (Remaining Budget £900,000), project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. The service anticipates that works will commence over the summer with completion expected by September 2026.
- Fort Pitt Grammar Co-Ed (Remaining Budget £832,000), project to adapt current facilities at the school to accommodate co-ed. This scheme has been delayed due to delays in a decision from DfE. The service anticipates that works will commence over the summer with completion expected by September 2026.
- Robert Napier Extension (Remaining Budget £2.919million), project to expand Robert Napier secondary school by 1 FE to Published Admissions Number (PAN) 210 - currently 180. This project has been slightly delayed due to complications with the Legal Agreement and due to the demolition of the science block being undertaken by the school. This scheme is still at design and planning phase. The service expects contractors to commence on site over the summer with completion expected by September 2026.
- Leigh Academy Canopy (Remaining Budget £146,000), a project to provide additional dining facilities to cater for higher pupil numbers due to bulge classes. Works are now substantially complete, with some final minor works still ongoing which the service expects will be complete this financial year.

**Funding** - the above schemes are funded by way of a mixture of Section 106 Developer Contributions and Capital Grant.

**Budgetary Forecast** - schemes within this area are anticipated to spend within the allocated budget.

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Condition Programme	7,242	6,574	668	668	0	0

The condition programme is a combination of planned and reactive works within Medway schools funded by an annual capital grant allocation from the Department for Education. Types of works undertaken include those for Boilers/Heating, Roofing, Electrical, Water Management, Fire Risk and Security.

- Condition Programme Unallocated (Remaining Budget £0), this is a holding code for the condition programme until projects are identified and funding re-allocated.
- Condition Programme – Boilers (Remaining Budget £23,000), the budget will be fully utilised with planned boiler and heating works. Any additional spend on school heating will be funded from elsewhere within the suite of condition programme projects. There are not currently any agreed works, however there are usually some boilers and heating works unexpectedly required over the year and this budget will be used to carry these out.
- Condition Programme – Roofing (Remaining Budget £400,000), works scheduled for this financial year include roofing works at Swingate, which is currently out to tender with works expected to take place over the summer.
- Condition Programme – Electrical (Remaining Budget £0), this is for projects within the condition programme to ensure electrical safety and compliance. There are no planned works for this financial year.
- Condition Programme – Water Management (Remaining Budget £0), this project within the condition programme relates to safe water management and drainage issues. There are no planned works this financial year.
- Condition Programme – Fire Risk (Remaining Budget £40,000), projects at various schools within the condition programme to ensure compliance with fire regulations. Fire risk assessments are being conducted at several schools this financial year. The cost of these surveys, and any works identified by them will be met from this budget.
- Condition Programme – Other (Remaining Budget £154,000), projects at various schools within the condition programme which fall outside of the general elements of the condition programme. This includes windows and doors, groundworks, flooring, etc. Projects planned for this financial year include drainage work and water ingress works at Crest.
- Condition Programme – Security (Remaining Budget £50,000), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms and Closed Circuit Television (CCTV) etc. Scheduled works for this financial year include fencing works at Crest Infants School and works to the gates and external lighting at the Rowans.

**Funding** - the above schemes are funded by way of an annual DfE Government Grant.

**Budgetary Forecast** - it is estimated that the schemes will be completed within the allocated budget.



**Budgetary Forecast** – There is a forecast underspend in this area of -£207,000 which is due to a saving on the Rivermead at Stoke scheme. All other schemes are forecasting to spend within the allocated budget.

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Children's Social Care	1,432	175	1,257	1,257	0	0

The purpose of this scheme is to facilitate the creation of an assessment centre to reduce placement costs and provide support for children returning home.

- Children's Assessment Unit (Remaining Budget £165,000), this scheme is for the creation of an assessment centre to reduce placement costs and provide support for children returning home. The capital works on the main Eden House building are complete and it is fully operational. The remaining budget will be spent on the development of the Cabin, a one-bed unit in the Eden House grounds. The proposal will be considered by Procurement Board over the summer and, if agreed, the service will proceed to tender for the works.
- Aut Even Redevelopment (Remaining Budget £1.092million), this scheme is to redevelop the Aut Even site as a specialist state of the art 5 bedroom home for young people with learning disabilities, autism and neurodiversity. This scheme will be considered by Procurement Board over the summer and, subject to approval, the service expects completion by March 2026.

**Funding** - the above schemes are funded by prudential borrowing (Children's Assessment Unit and Aut Even Redevelopment [part]) and DfE grant (Aut Even Redevelopment [part]).

**Budgetary Forecast** - it is estimated that the above scheme will fully expend the allocated budget.

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Adult Social Care	190	136	54	54	0	0

The scheme in this area is to implement accessibility improvements and internal works to several existing family hubs to support the Start for Life Programme.

- Family Hubs and Start for Life (Remaining Budget £54,000), a project to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme. Works to the four key hubs at Strood, Wayfield, Chatham and Gillingham are now largely complete. Further works forecast for this year includes works on the wider eight wellbeing hubs, including improvements to access and development of clinical spaces. Quotes are currently being sought with a view to work commencing in the autumn.

**Funding:** the above schemes are funded by government grant.

**Budgetary Forecast:** it is estimated that the above scheme will fully expend the allocated budget.

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

- 6.1. The Regeneration, Culture and Environment general fund programme is forecast to underspend by £0.639 million against the current approved budget of £152.5million as set out below.

SERVICE	Total Approved Cost	Total Exp to 31/03/25	Remaining Budget	Forecast Spend 2025/26	Forecast Spend in Future Years	Total Scheme Variance
	£000s	£000s	£'000	£'000	£'000	£'000
FLS - Environmental Services	12,504	4,149	8,356	8,356	0	0
FLS - Highways	100,576	89,447	11,130	8,067	3,063	0
FLS - Integrated Transport	23,689	19,780	3,909	1,695	2,213	0
FLS - Other Front Line Services	5,299	3,905	1,395	601	794	0
<b>Front Line Services</b>	<b>142,069</b>	<b>117,280</b>	<b>24,789</b>	<b>18,719</b>	<b>6,070</b>	<b>0</b>
<b>Culture &amp; Community</b>	<b>48,158</b>	<b>24,136</b>	<b>23,383</b>	<b>7,152</b>	<b>15,591</b>	<b>(639)</b>
Regeneration - Corporate Property	25,698	1,514	24,184	5,343	18,842	0
Regeneration - Green Spaces	5,252	1,707	3,545	1,217	2,327	0
Regeneration - Innovation Park Medway	2,268	0	2,268	1,096	1,172	0
Regeneration - Medway Development Company	3,299	2,913	386	386	0	0
Regeneration - Other	116,854	42,908	73,946	53,249	20,697	0
<b>Regeneration</b>	<b>153,370</b>	<b>49,042</b>	<b>104,329</b>	<b>61,291</b>	<b>43,037</b>	<b>0</b>
<b>GENERAL FUND TOTAL</b>	<b>343,597</b>	<b>190,458</b>	<b>152,500</b>	<b>87,162</b>	<b>64,698</b>	<b>(639)</b>





planned for this financial year, and replacements of ventilation fans will be programed on a phased replacement.

- 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 service is currently forecasting that the work on this scheme will now not progress until 2026/27.
- Design & Resurfacing (Remaining Budget £10,000), this scheme is now complete, and the service is considering whether a budget virement to another scheme may be appropriate.
- Street Furniture (Remaining Budget £0), renewal of street furniture across the network. There has been an increase in the number of highways signs being damaged or stolen. The service will consider whether a budget virement from another scheme may be appropriate to enable funds to be spent on replacing highways signs.
- Structures & Tunnels (Remaining Budget £35,000), this scheme is for statutory inspections of highways structures. Works planned for this year consist of investigation and repair of 2 retaining walls that have low inspection value. The works will be priced once a sufficient subcontractor is found to undertake the work. These works were originally planned to be delivered by December 2024 and February 2025, however these have been delayed due to difficulty identifying a suitable subcontractor.
- Highways Maintenance Local Transport Plan 3 (LTP3) (Remaining Budget £2.057million), this scheme includes maintenance of Highways structures, Drainage Improvements, Street Lighting Replacements, cyclical crash barrier replacements and skid policy sites. The service is liaising with Volker regarding feasibility studies for the drainage improvements. The cyclical crash barrier replacement programme has already commenced, and the work on skid policy sites is due to start over the summer.

**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, 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's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
FLS - Integrated Transport	23,689	19,780	3,909	1,695	2,213	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 are now delayed.
- Integrated Transport LTP3 (Remaining Budget £2.699million), 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). This budget is also used to support infrastructure requirements associated with the Safer, Healthier Streets programme. The service anticipates spending approximately half of the budget in this financial year, with the remainder forecast in 2026/27. This is due to the availability of other grant funding for delivery of the Council's Bus Service Improvement Plan (BSIP) and Local Cycling and Walking Infrastructure Plan (LCWIP).
- Mierscourt Road Junction with A2 (Remaining Budget £181,000), this project seeks to improve junction capacity and traffic flow at the junction through physical alterations and traffic signal amendments. This scheme is now under consultation, and it is hoped that construction will commence over the summer.

- 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, with delivery now anticipated in 2026/27.
  - Integrated Transport S106 minor schemes (Remaining Budget £653,000), 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). Active Travel schemes have recently been completed at Street End Road, Chatham and in High Halstow. Enhancements to the Chatham Waterfront bus station have also been completed. The remaining schemes are currently in development.
- 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's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
FLS - Other Front Line Services	5,299	3,905	1,395	601	794	0

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

- CCTV (Remaining Budget £43,000), work is underway to improve and upgrade Medway's CCTV infrastructure. The service has procured a Lift van to assist with the upgrade of street CCTV cameras. The remaining budget will be utilised to procure upgraded cameras to support the circuit reduction programme.
- Active Travel (Remaining Budget £670,000), 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 LCWIP, combined with potential S106 contributions where these align. Medway Council received a capital grant from Active Travel England (ATF4) of £464,425, intended for the delivery of the School Streets programme. Phase 1 of this programme is now operational, with remaining ATF4 grant to be used in conjunction with phase 2. It has been agreed with Active Travel England for the ATF5 allocation to be used in 2025/26 to develop our 6 higher priority LCWIP concepts into detailed scheme designs, which will then be subject to further public consultation. Once complete, any residual and subsequent ATF funding will be used to support scheme construction costs, likely in 2026/27.
- Medway City Est Connectivity (Remaining Budget £89,000), 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. A small spend on scheme development is proposed for this financial year. This will review traffic management and accessibility issues on the Medway City Estate and identify future measures that could be implemented.
- Traffic Signal System Upgrades (Remaining Budget £478,000), a scheme to deliver upgraded traffic signal systems across Medway, replacing unreliable and obsolete equipment. The service now anticipates that works will continue into 2026/27.
- Country Parks Car Park Charges (Remaining Budget £114,000), 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 was completed last financial year and all sites except Deangate are now live. The Deangate site now

cannot go live until at least 2026. The service anticipates that the scheme may deliver an underspend and will consider whether requesting a budget virement to another scheme may be appropriate.

**Funding** – The schemes above are funded from a mixture of Capital Grants ( Active Travel, Medway City Est Connectivity and Traffic Signal System Upgrades); Capital Receipts (CCTV) and prudential borrowing (Country Parks Car Park Charges)

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

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Culture & Community	48,158	24,136	23,383	7,152	15,591	(639)

The schemes within this service area are as follows:

- Library Improvement Fund (Remaining Budget £448,000), this is a scheme to deliver technology and building infrastructure improvements across Medway's libraries, funded by capital grant. 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 £123,000), conservation works to all three sites (Rochester Castle, Temple Manor and Upnor Castle) are ongoing. No further expenditure is planned for this financial year while a new LMA is discussed and agreed with English Heritage.
- Splashes Replacement Scheme (Remaining Budget £639,000), substantive building works are now complete, and Cozenton Park Sports Centre officially opened to the public in July 2024. This scheme has delivered an underspend of £639,000 and the Director of Place has agreed to a budget virement of £289,000 to Hoo Sports Centre and £350,000 to the Sports Centre Improvement scheme which will be in effect for Round Two monitoring.
- Hoo Sports Centre Works (Remaining Budget £286,000), this scheme is for works to be carried out at the Hoo Sports Centre, funded by the Swimming Pool Sport Fund. Works are nearing completion following a delay of approximately 8 weeks due to the discovery of asbestos.
- Splashpad at the Strand (Remaining Budget £165,000), this scheme will deliver a new splashpad water feature at the Strand to replace the defunct paddling pool. This scheme is now complete and all invoices paid.
- 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. Bids for funding will take place throughout this financial year.
- Sports Centre Improvements (Remaining Budget £1.297million), this scheme will deliver improvements to Medway Park and Strood Sports Centres with the aim of improving income generation. All projects at the final design stage of being procured. Works are scheduled to be carried out this financial year.
- Brook Theatre Refurbishment (Remaining Budget £20.243million), this Capital Project is to fund a major refurbishment programme for the Brook Theatre. The principal contractor commenced on site in May. The main build programme is due to commence in 2026/27 with completion expected in Spring 2027.

**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]); with the remainder by way of prudential borrowing (Splashes Replacement Scheme, Dickens Chalet Restoration, and Brook Theatre Refurbishment [part]).

**Budgetary Forecast** – schemes in this area are anticipated to deliver an underspend of -£639,000 due to savings delivered on the Splashes Replacement Scheme. The Director of Place has agreed a virement of £289,000 to the Hoo Sports Centre scheme and £350,000 to the Sports Centre Improvements scheme which will take effect in Round Two.

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Regeneration - Corporate Property	25,698	1,514	24,184	5,343	18,842	0

The schemes within this service area are as follows:

- Pentagon: Future Capital Works (Remaining Budget £2.400million), scheme to deliver future capital works on the Pentagon shopping centre as determined. This budget will be used to replace a section of roof, complete the refurbishment of 205 High Street, upgrade the fire exits and windows to the bus lane, repair and resurface the service road and repair and resurface the car park.
- Gun Wharf Building Works (Remaining Budget £385,000), budget approved to fund lift replacements and transformers. The lift replacement has been successfully completed. Work is about to commence on the high voltage switchgear replacement.
- Gun Wharf Improvement Works (Remaining Budget £21.399million, scheme to fund a replacement roof to Gun Wharf due to the presence of Reinforced Autoclaved Aerated Concrete (RAAC), and other works to improve occupation levels and deliver a Monitoring Hub. The main works contract was delayed due to taking a more scientific approach in dealing with the RAAC investigation, which has resulted in not needing to remove the roof. This has saved the council significant expenditure, creating a bigger budget for the refurbishment and what can be achieved. The works are currently at Royal Institute of British Architects (RIBA) stage 2, going into detailed design with the aim of tendering late in the Autumn. RAAC safety works will start this year, with the refurbishment starting in the new year.

**Funding** - the above schemes are funded from Capital Receipts (Gun Wharf Improvement Works [part]); revenue contribution (Gun Wharf Improvement Works [part]) and the remainder by way of Prudential Borrowing (Pentagon: Future Capital Works, Gun Wharf Building works, and Gun Wharf Improvement Works [part]).

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



[illegible]

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 beginning procurement for a design team, which the service anticipates will take place shortly.

- Town Hall Gardens (Remaining Budget £278,000), a 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 returns were higher than anticipated so officers are identifying additional funding from appropriate s106 developer contributions and will propose a capital addition later in the year via the appropriate governance route. This will delay the ground works.
- Deangate Community Parkland (Remaining Budget £951,000); a scheme to develop and improve Deangate Community Parkland. The scheme is currently at RIBA Sage 4 which involves the discharge of the Deangate Community Parkland planning conditions. The first phase of capital works will begin this financial year post RIBA Stage 4 completion. The beginning of RIBA Stage 5 will depend on the time taken for the winning contractor to mobilise, but works are proposed to commence by Spring 2026. There have been some delays due to the time taken to complete a contract variation with consultants on the project which was necessary due to changes in the scope of the scheme.
- Riverside Country Park (Remaining Budget £186,000); a scheme to provide overflow car park improvements, a new viewing platform at Sharps Green Pond and mound steps. The mound steps were completed last financial year. A tender package is being prepared for the new viewing platform at Sharps Green pond. The overflow car park requires planning permissions and is subject to Biodiversity Net Gain and various surveys are currently underway before applying for planning permission later this financial year.
- Esplanade & Jacksons Field (Remaining Budget £494,000), 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 S.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 Play Parks Refurbishment [part], which is funded from prudential borrowing, and Temple Marsh Open Space [part] which is funded by Commuted sums.

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

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Regeneration - Innovation Park Medway (IPM)	2,268	0	2,268	1,096	1,172	0

This scheme has been substantially restructured following a review of the future of the project.

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

- IPM Sustainable Development Options (Remaining Budget £253,000), project to undertake a review of the sustainable development options for the site. Consultants were appointed and the outcome of their work was reported to Cabinet in March 2025.
- IPM North (Remaining Budget £1.376million), scheme to support the new delivery approach on the northern site.
- IPM South (Remaining Budget £639,000), scheme to support the new delivery approach on the southern site.

**Funding** - the above schemes are funded by way of Borrowing In Lieu of Future Business Rates.

**Budgetary Forecast** – the above schemes are forecasting to deliver within the allocated budget

[illegible]

The schemes within this area relate to works projects carried out by Medway Development Company(MDC) 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 schemes are as follows:

- Mountbatten House Purchase (Remaining Budget £386,000), 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. The service expects that the building will be handed over to MDC this financial year. Utility bills and non-domestic rates are currently in dispute so this scheme may deliver saving if the dispute is successful.

[illegible]

- 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 £34,000), scheme to invest in digital equipment for MAE tutors. The enrolment and Management Information System (MIS) system and associated Information Technology (IT) has been installed successfully. The remaining budget has been committed to pay for new windows in Room 2.
- Healthy Living Centre Pentagon (Remaining Budget £6.823million), scheme to deliver a Healthy Living Centre in the heart of Chatham Town Centre to increase access to healthcare provision for residents. Completion is still anticipated in Autumn 2025.
- Chatham Town Centre S106 Works (Remaining Budget £52,000), 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 that most of the work will take place this financial year.
- Rochester Riverside Growing Places (Remaining Budget £289,000), 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 £2.918million), 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. MDC have been appointed as Project Manager and Contractor, for the One Public Estate (OPE) works, they are on site delivering further enabling works on the civic centre site. Other building works to be delivered this financial year, include the flood gate connection at Strood Civic site. 26/27 forecast will be reprofiled once decisions have been made on the Strood Riverside site. Works scheduled for this financial year include the Flood gate installation, and Flood maintenance strategy and works.
- Housing Renovation Grants (Remaining Budget £89,000), 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 5 cases that have been approved for works to be completed this financial year.

- Disabled Facilities Grant Mandatory (Remaining Budget £4.864million), 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. 33 cases have been approved this financial year, and it is estimated that a further 136 cases will be completed by the end of the financial year.
- Temporary Accommodation Pilot (Remaining Budget £40.226million), 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. 15 properties have been acquired and are in use. A further 21 properties have been acquired but are undergoing works before they can be occupied. There are another 154 properties that have been approved, and the purchase process is ongoing with Legal, with the service expecting to complete two large acquisitions in the autumn.
- Debenham's Redevelopment (Remaining Budget £18.347million), scheme to redevelop the former Debenhams building to provide an active frontage and residential development in Chatham High Street. Options to deliver the site are being reviewed along with high level designs. The completion date will be determined by the option progressed. Meetings with Councillors and the NHS are ongoing regarding development options.
- Rural England Prosperity (Remaining Budget £304,000), scheme to deliver a series of initiatives for rural businesses including improvements to rural access infrastructure and provision of a rural hub. A priority was creating a community hub and the old Greenkeepers yard was identified as a key location. However, the site required structural, conditional, and asbestos surveys prior to any physical works taking place, as well as ecological surveys as the area is within a SSSI designated area.

**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], and Rural England Prosperity); 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); Borrowing in Lieu of Capital Receipts (Rochester Riverside Growing Places, Strood Riverside Phase 1&2 [part], and Debenhams Redevelopment [part]); and NHS Grant (Healthy Living Centre Pentagon).

**Budgetary Forecast** – schemes in this area are forecasting to spend within the allocated budgets.

## 7. Housing Revenue Account

7.1. The Housing Revenue Account programme is forecast to spend within the current approved budget of £57.433million as set out below.

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Housing Revenue Account (HRA)	101,201	43,768	57,433	31,081	26,352	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 £24.098million), planned capital works improvement programme to maintain the 'decent homes' standards HRA properties. This is a rolling programme, and the budget is approved every 3 years for a 3 year programme. 2025/26 is Year Two of the current three year programme.
- Disabled Adaptations (Remaining Budget £534,000), 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. New contractors are now in place and the service expects more adaptations to take place this financial year as a result.

- HRA House Purchase Or Buyback (Remaining Budget £282,000), budget is used as and when an opportunity arises to acquire buy back or open market property.
- HRA Purchase Of Housing Units (Remaining Budget £3.658million), 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. Further acquisitions are currently being progressed.
- HRA Future Projects (Remaining Budget £8.850million), this is for future HRA projects where some external funding may be announced, such as homes for Ukraine/Afghan families. A new build acquisition of 12 2-bed houses is due to complete over the summer and a new build s106 acquisition of 30 homes is starting on site this financial year with an expected completion in 2026/27.
- HRA New Build Phase 5 (Remaining Budget £9.281million), 41 units (19 x 2,3,4,6 bed affordable rent & 21 x 1&2 bed apartments). Lennox Wood is anticipated to complete in May 2026, Aburound House in July 2026. An application for Affordable Homes Programme (AHP) grant has been made, with a decision expected over the Summer.
- HRA Britton Farm (Remaining Budget £3.729million), 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. Truro Manor, 44 units, is anticipated for completion by autumn.
- HRA Hook Meadow (Remaining Budget £4.600million), scheme to purchase and develop Hook Meadow. This residential element consists of 18 flats. Works scheduled for 2025/26 include planning, architects and consultation.
- 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. Options are still being explored. Works scheduled for 2025/26 include planning and architects.

**Funding** - the above schemes are funded primarily via prudential borrowing, with some funding via Reserves (Improve to Housing Stock [part] and Disabled Adaptations) and RTB receipts (HRA Future Projects [part]).

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

## 8. Business Support

- 8.1. The projected outturn for Business Support is expected to be contained within the existing budget of £138,000 as detailed below.

	Total Approved Cost	Total Exp to 31/03/25	Remaining Budget	Forecast Spend 2025/26	Forecast Spend in Future Years	Total Scheme Variance
	£000s	£000s	£'000	£'000	£'000	£'000
<b>Business Support Department Total</b>	2750	2320	138	138	0	0

	Total Approved Cost £000's	Total Exp to 31/03/25 £000's	Remaining Budget £000's	Forecast Spend 2025/26 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
ICT Investment	2750	2320	138	138	0	0

The purpose of these schemes is to invest in the Council's ICT infrastructure to assist in its digital transformation and includes the following schemes:

- ICT Infrastructure Works (Remaining Budget £3,000), scheme to replace the Windows 2008 server and all databases running on Windows 2008 SQL servers and file servers. This scheme is now substantially complete, with only a small remaining budget for some final additional hardware purchases. The remaining budget will be expended on hardware over the next few months.
- Data Centre Refurbishment (Remaining Budget £135,000), scheme to repair flooring and other spaces within the Medway Council Gun Wharf Data Centre. Work is currently underway on the section of flooring that was delayed by the work to the CCTV control hub.

**Funding** - the above schemes are funded by capital receipts (Data Centre Refurbishment and ICT Infrastructure works [part]) and prudential borrowing (ICT Infrastructure works [part]).

**Budgetary Forecast** - it is anticipated that the ICT Infrastructure Works and Data Refurbishment schemes will deliver within the allocated budget.

## 9. Section 106 Developer Contributions

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

	Current Budget £000s	Forecast Spend 2026/25 £000s	Forecast Spend in Future Years £000s	Forecast Under/(over) spend £000s
<b>Capital Reserve Developer Contributions</b>				
S106 Highways & Transport Capital	1,264	345	918	30
S106 Education Capital	481	481	0	0
S106 Leisure/Heritage Capital	1,639	1,017	622	0
<b>Developer Contributions from Capital Reserves</b>	<b>3,384</b>	<b>1,843</b>	<b>1,571</b>	<b>30</b>
<b>Revenue Reserve Developer Contributions</b>				
Developer Commuted Sums	908	120	788	0
S.106 Highways & Transport Revenue	9	0	(21)	(30)
S106 Leisure/Heritage Revenue	1,119	241	878	0
S106 Public Realm Revenue	52	16	36	0
<b>Developer Contributions from Revenue Reserves</b>	<b>2,089</b>	<b>377</b>	<b>1,682</b>	<b>(30)</b>

## 10. Changes Since 2025/26 Budget Approval

10.1. The following additions have been made since the 2025/26 budget was approved by Council at its meeting of 27 February 2025 and have formed part of the Round 1 monitoring:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Children & Adults	Schools Condition Programme	668	Capital Grant	Clarification of Government Grant unknown at time of budget approval.
Children & Adults	Devolved Schools Maintenance and Condition	117	Capital Grant	Clarification of Government Grant unknown at time of budget approval.

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Children & Adults	Luton Primary Nursery	81	S.106 Developer Contributions and Capital Grant	Chief Operating Officer/Finance Portfolio Holder 30/04/25
Regeneration, Culture and Environment	Highways Maintenance	6,626	Capital Grant	Clarification of Government Grant unknown at time of budget approval.
Regeneration, Culture and Environment	Disabled Facilities Grant	3,065	Capital Grant	Clarification of Government Grant unknown at time of budget approval.
Regeneration, Culture and Environment	Mierscourt Road Junction with the A2	75	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 29/05/25
Regeneration, Culture and Environment	Integrated Transport S.106 Minor schemes	90	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 04/04/25
Regeneration, Culture and Environment	Town Hall Gardens	54	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder
Regeneration, Culture and Environment	Play Parks Refurbishment	46	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 30/04/25

## 11. Conclusion

11.1. The first round of Capital Budget Monitoring for 2025/26 forecasts a projected underspend of £846,000 against the approved budget, with £207,000 in Children and Adults directorate and £639,000 within the Regeneration, Culture and Environment directorate. All other Services/Directorates are forecast to complete their capital schemes within the total approved budget of £229.606million.

## 12. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Capital receipts	A 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	<b>BIII</b>

Risk	Description	Action to avoid or mitigate risk	Risk rating
		action to mitigate the risk of overspending against the agreed budget.	
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>
<b>Likelihood</b>		<b>Impact:</b>	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

### 13. Financial implications

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

### 14. Legal implications

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

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#### Appendices

None

#### Background papers

None