

Regeneration, Culture and Environment

Overview and Scrutiny Committee

14 August 2025

Revenue Budget Monitoring – Round 1 2025/26

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Summary

This report presents the results of the first round of the Council's revenue budget monitoring process for 2025/26. The Council's summary position is presented in section 4, with sections 5-7 providing the detail for each service area.

1. Recommendations

- 1.1. The Committee notes the results of the first round of revenue budget monitoring for 2025/26.
- 1.2. The committee notes that Cabinet instructed the Corporate Management Team to implement urgent actions to bring expenditure back within the budget agreed by Full Council.

2. Budget and policy framework

- 2.1. Cabinet is responsible for ensuring that income and expenditure remain within the budget approved by Council. Budget virements are subject to the financial limits contained in part 5 of chapter 3 of the Council's Constitution.

3. Background

- 3.1. At its meeting on 27 February 2025, the Council set a total budget requirement of £496.441million for 2025/26. Since then additional grant funding has been confirmed, primarily the Household Support Fund. The net impact of these amendments takes the Round 1 budget requirement to a total of £500.659million.
- 3.2. This report presents the results of the first round of revenue budget monitoring based on returns submitted by individual budget managers. In preparing these forecasts, budget managers have taken account of last year's outturn, items of growth or savings agreed as part of the budget build, actual income and expenditure for the year to date, and most importantly, their knowledge of

commitments and service requirements anticipated for the remainder of the financial year.

4. Summary Revenue Budget Forecast Position 2025/26

4.1. The forecast outturn for 2025/26 represents a pressure of £10.948million.

Directorate	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
<i>Budget requirement:</i>				
Children and Adult Services	347,954	380,946	391,528	10,582
Regeneration, Culture and Environment	68,601	83,836	84,559	723
Business Support Department	8,687	8,942	8,569	(373)
Business Support Centralised Services:				
Interest & Financing	16,583	18,107	18,107	0
Corporate Management	4,217	4,841	4,857	16
Additional Government Support Grant Expenditure	5,264	3,988	3,988	0
Budget Requirement	451,307	500,659	511,607	10,948
<i>Funded by:</i>				
Council Tax	(158,462)	(170,516)	(170,516)	0
Retained Business Rates & Baseline Need Funding	(74,904)	(76,806)	(76,806)	0
Government Grants - Non Ringfenced	(8,129)	(13,192)	(13,192)	0
New Homes Bonus	(1,573)	(1,311)	(1,311)	0
Dedicated Schools Grant	(123,841)	(139,614)	(139,614)	0
Other School Grants	(4,662)	(5,260)	(5,260)	0
Adult Social Care Grants	(32,151)	(35,251)	(35,251)	0
CSC Grants	(503)	(3,828)	(3,828)	0
Public Health Grant	(19,186)	(20,347)	(20,347)	0
Extended Producer Responsibility	0	(4,873)	(4,873)	0
Housing Related Grants	0	(4,862)	(4,862)	0
Use of Reserves	0	(50)	(50)	0
Additional Government Support Ringfenced Grant Income	(7,658)	(6,563)	(6,563)	0
Exceptional Financial support	(14,742)	(18,184)	(18,184)	0
Total Available Funding	(445,810)	(500,659)	(500,659)	0
Net Forecast Variance	5,497	0	10,948	10,948

5. Regeneration, Culture and Environment

5.1. The Directorate forecast is an overspend of £723,000. Details of the forecasts in each service area are set out in the tables below.

Culture & Community	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Sport and Leisure	2,554	3,859	3,773	(86)
Culture	3,151	3,813	3,796	(17)
Greenspaces	6,048	6,096	6,130	34
Planning	1,717	2,929	2,316	(613)
South Thames Gateway Partnership	142	281	310	29
Strategic Housing	7,854	12,559	12,728	169
Libraries & Community Hubs	4,768	5,574	5,535	(39)
Culture & Community Support	88	90	150	60
Total	26,321	35,201	34,738	(463)

The Culture & Community division forecast is a net underspend of £463,000.

There is a projected underspend of £86,000 on Sport and Leisure largely due to additional income and underspends on staffing.

There is a £613,000 forecast underspend on the Planning service due to additional planning fee income, vacancies across the service and due to the receipt of central government funding to help Councils deliver the Local Plan. However, as we move from Reg 19 to submission stage, we will need to appoint various staff (Local Plan Officer/Council and specialist consultants) to guide us through the Examination in Public (EIP).

There is a £169,000 pressure projected on Temporary Accommodation. The creation of a move-on team (within existing resources) has had a positive impact on move-on, however there has still been significant numbers approaching for housing advice, which result in a homelessness application and interim/temporary accommodation placements. Kingsley House has now opened to allow for face-to-face housing advice. Work is taking place to implement a temporary accommodation procurement framework to ensure value for money on all ongoing nightly paid placements. Two large scale Temporary Accommodation acquisitions are expected to exchange before the end of June, with occupation expected during the second quarter of the financial year and this will support the on-going reduction in nightly paid accommodation.

Director's Office	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Director's Office	325	811	803	(9)
Total	325	811	803	(9)

The Director's Office is forecast to underspend by £9,000 due to vacancy savings.

Front Line Services	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Front Line Services Support	832	925	803	(122)
Highways	5,917	6,977	7,009	31
Parking Services	(6,470)	(7,781)	(6,156)	1,626
Environmental Services	31,105	33,102	33,180	78
Integrated Transport	7,487	7,890	8,058	167
Regulatory Services	2,310	3,442	3,408	(34)
Total	41,181	44,556	46,302	1,746

The Front Line Services division is forecast to overspend by £1.746million.

Front Line Services Support is forecast to underspend by £122,000 due to a number of vacant posts across the service.

Parking Services is forecasting a net overspend of £1.626million. There is lower than anticipated income from Penalty Charge Notices (PCNs) issued in respect of the Safer, Healthier Streets programme for Red Routes although income from Moving Traffic offences and School Streets are in line with projected levels. The schemes have a 6 month warning period and delays associated with increased levels of challenge have also delayed implementation. There are additional costs associated with the operation of enforcement relating to legal fees, postage, DVLA costs, camera maintenance and support, and clip reviews to identify offences that progress to the PCN stage.

The Environmental Services forecast is an overspend of £78,000, due to disposal costs, with an anticipated overspend in respect of the residual waste contract budget lines (Energy from Waste & Landfill). However, this is partially offset by underspends across other waste disposal budget lines.

The integrated Transport forecast is an overspend of £167,000, there is a pressure on the salaries/consultancy budgets due to unsuccessful attempts to recruit to the Principal Transport Planner post resulting in the use of a transport consultant to carry out this statutory function. There are also pressures on the Concessionary Fares budget and the Subsidised Bus Services budget.

Regeneration	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Medway Norse	250	0	0	0
Property & Capital Projects	1,439	1,932	1,836	(96)
Regeneration Delivery	1,022	1,255	1,244	(12)
Valuation & Asset Management	(1,763)	(1,448)	(2,017)	(569)
Economic Development	466	1,074	1,065	(9)
Skills & Employability	327	724	858	135
Total	1,741	3,537	2,986	(551)

The Regeneration division forecast is an underspend of £551,000.

The Property & Capital Projects forecast is an underspend of £96,000 due to some small underspends on the cost of maintain corporate assets and some underspends on staff budgets.

There is a pressure on the Asset & Property Management budget. Though current projections for the operation of the Pentagon show a £664,000 underspend against budget, this has been slightly offset by a £44,000 maintenance pressure to the areas outside the fabric of the building. Elsewhere across the service there are some historical income targets which are not projected to be achievable.

There is a forecast pressure of £136,000 in Skill & Employability which relates to a reduction in income from the Department for Education, alongside the completion of the Multiply programme. Activity is underway to assess options for the reduction in budget.

Medway Norse Profit Share	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Medway Norse Profit Share	(967)	(269)	(269)	0
Total	(967)	(269)	(269)	0
The Medway Norse profit share is currently forecast to budget.				

6. Housing Revenue Account

Housing Revenue Account	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Housing Revenue Account	317	(0)	(7)	(7)
Total	317	(0)	(7)	(7)
The forecast outturn for the Housing Revenue Account (HRA) is a small underspend of £7,000. Pressures forecast against communal cleaning and play area maintenance have been balanced by forecasted utilities savings on homes for independent living.				

7. Additional Government Support

Additional Government Support Expenditure	2024/25 Outturn £000's	2025/26 R1 Budget £000's	2025/26 R1 Forecast £000's	2025/26 R1 Variance £000's
Household Support Grant	4,525	3,988	3,988	0
Afghan Relocation Support	0	0	0	0
Homes for Ukraine	739	0	0	0
Total	5,264	3,988	3,988	0
All additional government support grants are currently forecast to be fully spent.				

8. Conclusions

- 8.1. The first round of revenue budget monitoring for 2025/26 projects an overspend of £10.948million.

9. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The Council overspends against the agreed budget	Overspends on budget would need to be met from the Council's limited reserves.	The revenue monitoring process is designed to identify and facilitate management action to mitigate the risk of overspending against the agreed budget.	AI

Risk	Description	Action to avoid or mitigate risk	Risk rating
Impact on service delivery	An overspend that cannot be funded from reserves could result in a diminution of the scale and quality of services that the Council is able to deliver.	Ensuring investment is prioritised to statutory services and key priorities, reviewing and reducing non-essential spend and maximising income.	All
Reputational damage	The challenging financial position of the Council, driven by increased demand for statutory services beyond available funding, could be misconstrued or reported as poor management or leadership, reducing the trust and confidence of residents, partners and regulators.	Clear communications with all interested parties on the cause of the financial position, lobbying the government for an improved funding settlement for local government, including implementation of the fair funding review.	BII
Demographic Growth	Further demographic pressures may surface across our social care services above those assumed in the budget.	Close monitoring of demand for service to identify pressures early, robust budget monitoring.	All
Special Educational Needs and Disabilities	Further increases in the number of children requiring support, and in the complexity of needs may surface. Failure to deliver the recovery plan would risk the Council needing to use the £3million reserve created to fund any shortfall.	Close monitoring of demand for service to identify pressures early, robust budget monitoring.	All
Likelihood		Impact:	
A Very likely B Likely C Unlikely D Rare		I Catastrophic II Major III Moderate IV Minor	

10. Financial implications

- 10.1. The first round of revenue budget monitoring for 2025/26 projects an overspend of £10.948million. As reported to the Cabinet in June in the Capital and Revenue Budget Outturn for 2024/25, the Council's general reserves currently stand at £10.012million. The Council would not therefore be in a position to fund an overspend on the scale of that currently projected.

- 10.2. It will now be necessary for the Council's senior managers and elected Members to implement urgent actions to bring expenditure back within the budget agreed by Full Council or as a minimum to within that which can be funded from general reserves.

11. Legal implications

- 11.1. The Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by Council. It is unlawful to set a budget that is not balanced or incur expenditure which results in the budget no longer being balanced.
- 11.2. Under section 114 of the Local Government Finance Act 1988, the Council's statutory Section 151 Officer, is required to produce a report, commonly known as a S114 report, "if it appears to him that the expenditure of the authority is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure."
- 11.3. The Council's Financial Procedure Rules state at Chapter 4, Part 6, the following paragraph references:
- 4.1 Approval by the Council of the overall revenue budget authorises the Cabinet and Chief Executive and directors to incur the expenditure in accordance with the scheme of delegation, the budget and policy framework rules and these rules.
- 4.4 The Chief Operating Officer shall be responsible for monitoring the Council's overall expenditure and income and for reporting to the Cabinet and Council significant variations between the approved estimates and actual expenditure.
- 4.6 There may be occasion in exceptional circumstances where additional expenditure is essential and therefore unavoidable. Requests for supplementary revenue estimates must be referred to Council for approval. Such referrals would only occur where proposals are incapable of being financed from within approved budgets and where it is not possible to defer the expenditure to a later year.
- 11.4. The Cabinet and officers may only spend within allocated budgets. If the budget is likely to be exceeded, the Council is required to consider if it wishes revise to the revenue budget or require mitigating action to be taken.
- 11.5. Article 7 of the Council's constitution states:
- 7.2 The Cabinet (meaning the Leader and such other Members of the Council as the Leader may appoint) will carry out all the authority's functions which are not the responsibility of any other part of the Council, whether by law or under this Constitution

- 11.6. Officers are mandated to deliver services within agreed performance standards and agreed policies. Subject to the scheme delegation officers do not have authority to vary policies or performance standards.
- 11.7. If the council is not minded to agree a supplementary revenue estimate, then the Cabinet is required to operate with the approved estimate. If that necessitates revisions of policies or service standards, then unless those matters are delegated to officers, it is matter for Cabinet to determine those matters.

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Appendices

None

Background papers

None