

Cabinet

18 November 2025

One Medway Financial Improvement and Transformation Plan 2025-26 Q2 Update

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 a review of the Council's One Medway Financial Improvement and Transformation Plan (FIT Plan) monitoring for Round 2 and should be read in conjunction with the Revenue Budget monitoring for this period. This is the second year of the Council's journey to financial sustainability by producing and monitoring a FIT Plan.

1. Recommendations

- 1.1. The Cabinet is asked to note the results of the second round of the Council's One Medway Financial Improvement and Transformation Plan monitoring for 2025/26.
- 1.2. The Cabinet is asked to instruct the Corporate Management Team to expedite any of the actions within the Council's One Medway Financial Improvement and Transformation Plan, where failure to do so may adversely affect the budget position.

2. Suggested reasons for decision

- 2.1. Full Council is responsible for agreeing a balanced budget in advance of each financial year. Cabinet is responsible for ensuring that income and expenditure remain within the approved budget, including instructing transformation activities or corrective action to prevent any forecast overspend from materialising.
- 2.2. The FIT Plan, which is reviewed regularly at CMT, is one of the key tools for ensuring delivery of savings in the current financial year and implementing a range of key actions to ensure the long-term financial sustainability of Medway Council.

3. Budget and policy framework

- 3.1. Cabinet is responsible for ensuring that income and expenditure remain within the budget approved by Council.

4. Background

- 4.1. In April 2024 Council agreed the One Medway Council Plan, setting out the Council's vision, ambition and priorities for the period 2024-2028 and Council agreed the refreshed plan for 2025/26 in February 2025. The plan sets out our ambition to make Medway a great place to live, work, learn and visit. The plan sets out our five key priorities:

- delivering quality social care and community services,
- benefiting from good education, quality jobs and a growing economy,
- enjoying clean, green, safe, and connected communities,
- improving health and wellbeing services for all,
- living in good quality, affordable homes.

5. The One Medway Financial Improvement and Transformation Plan Refresh 2025-26

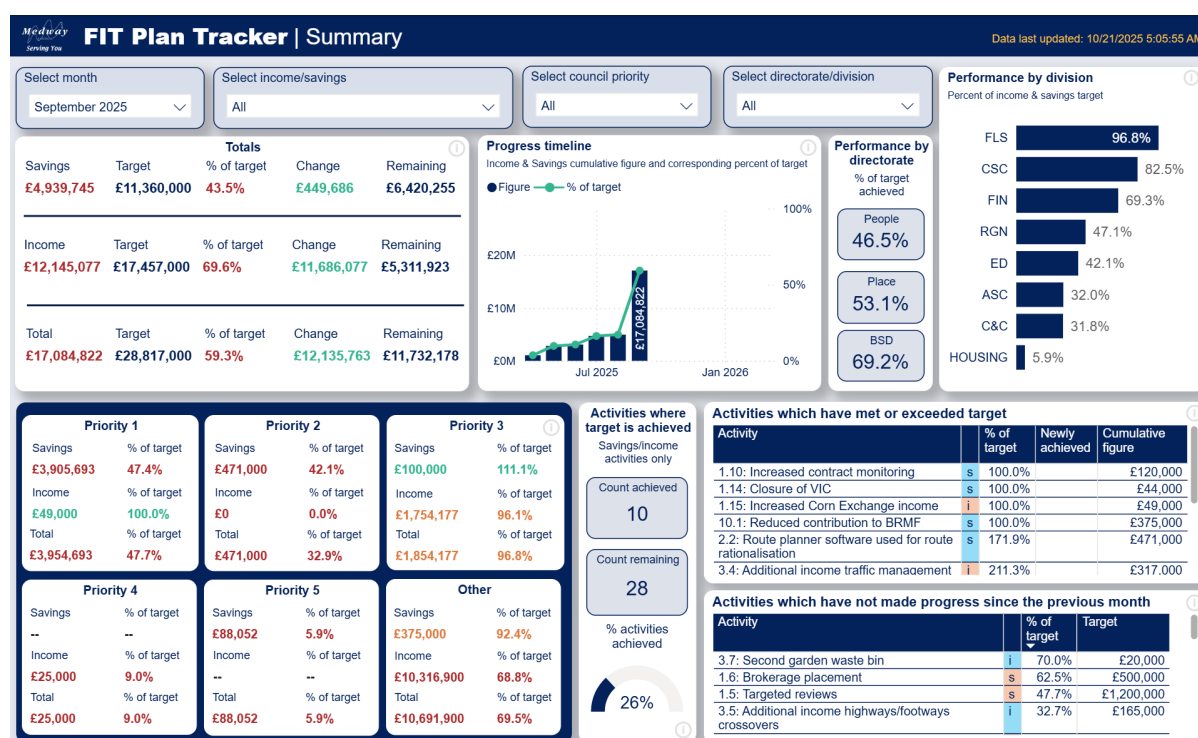
- 5.1. The second iteration of the FIT Plan was approved at Cabinet on 6 May 2025. It is underpinned by a commitment to the following:

- **Transformational change:** ensuring we continuously improve the way we operate, are proactively harnessing leading-edge technologies and approaches so we can deliver better, more streamlined services at lower cost, with improved experiences for our residents.
- **Ensuring value for money:** maximising the economy, efficiency, and effectiveness with which we spend our £662m gross revenue expenditure budget and £230m capital programme.
- **Financial Sustainability:** we are committed to using EFS to invest in activity that will set us on the path to balancing budgets without external support over the medium-term including actions recommended by CIPFA through the Resilience and Assurance Reviews and those of the Council's external auditors through their Value for Money reporting. We welcome the Government's promise to deliver funding reforms and multi-year settlements to support this.
- **Partnership and collaboration:** recognising the importance of our partners, we are committed to effective co-production, communication, and collaboration with all stakeholders.

- **Workforce development:** recognising that our people are our most important asset, at the forefront of delivering the services our communities need we are committed to ensuring our workforce is skilled, qualified and appropriately recognised and remunerated for the work they do as set out in our People Promise.

6. Summary of FIT Plan Tracker Position (21 October 2025)

- 6.1. The dashboard below shows a summary overview of the performance of the FIT Plan Tracker at the end of Quarter 2.



- 6.2. This dashboard shows that FIT Plan savings of £4,939,745 and additional income of £12,145,077 have been recorded in the tracker, which is 59.3% of the overall annual target of £28,817,000.
- 6.3. Performance is shown by directorate, division, and against each of the Council Priorities. The “Other” section within the priority section of the dashboard refers to the other chapters of the FIT Plan, which are: sustainable finance, improving the customer experience, maximizing our revenues, workforce strategy, corporate property strategy, procurement and commissioning, and corporate governance.
- 6.4. This dashboard shows that 26% of activities have achieved their targets. It also highlights the areas that have met or exceeded targets and activities that have not made progress since the previous month.
- 6.5. This report includes screenshots of the Power BI dashboards. The dashboards have been shared with CMT and Cabinet to allow independent analysis to be carried out within specific areas.

People Directorate

7. Adult Social Care

- 7.1. The dashboard below shows that Adult Social Care has a savings target of £5,752,000 in the FIT Plan and has achieved savings of £1,840,591 at Q2, putting it at 32% of target.



7.2. Highlights include:

- Targeted reviews have achieved savings of £572,329 by ensuring that Medway's residents are receiving the right and least restrictive care at best value.
- £390,224 of savings have been achieved by carrying out a deep dive of current NHS Continuing Healthcare (CHC) packages. This has identified areas of focus and challenge to ensure Medway's residents are receiving appropriately funded care and support and that the Council is only funding Care Act eligible needs.
- £312,676 of savings and cost avoidance have been achieved from brokerage placements by ensuring that costs of care are appropriate for the type of care being received.
- Further savings have been identified and are currently being verified by Finance before being added to the FIT Plan.
- To avoid confusion, and increase transparency, figures relating to cost avoidance are now shown separately in the FIT Plan Tracker. Adult Social Care are currently showing £1,190,6210 in cost avoidance across the following activities, which is above and beyond the actual savings shown above.

		Target	Cumulative
ASC	ca	£0	£1,190,610
1.2: Prevention: MIST	ca	£0	£457,542
1.3: Prevention: LDA	ca	£0	£99,319
1.5: Targeted reviews	ca	£0	£364,452
1.6: Brokerage placement	ca	£0	£269,297
Total	ca	£0	£1,190,610

8. Children's Services

- 8.1. The dashboard below shows that Children's Services has a savings target of £2,450,000 in the FIT Plan and has achieved savings of £2,021,102 at Q2, putting it at just over 82% of target.

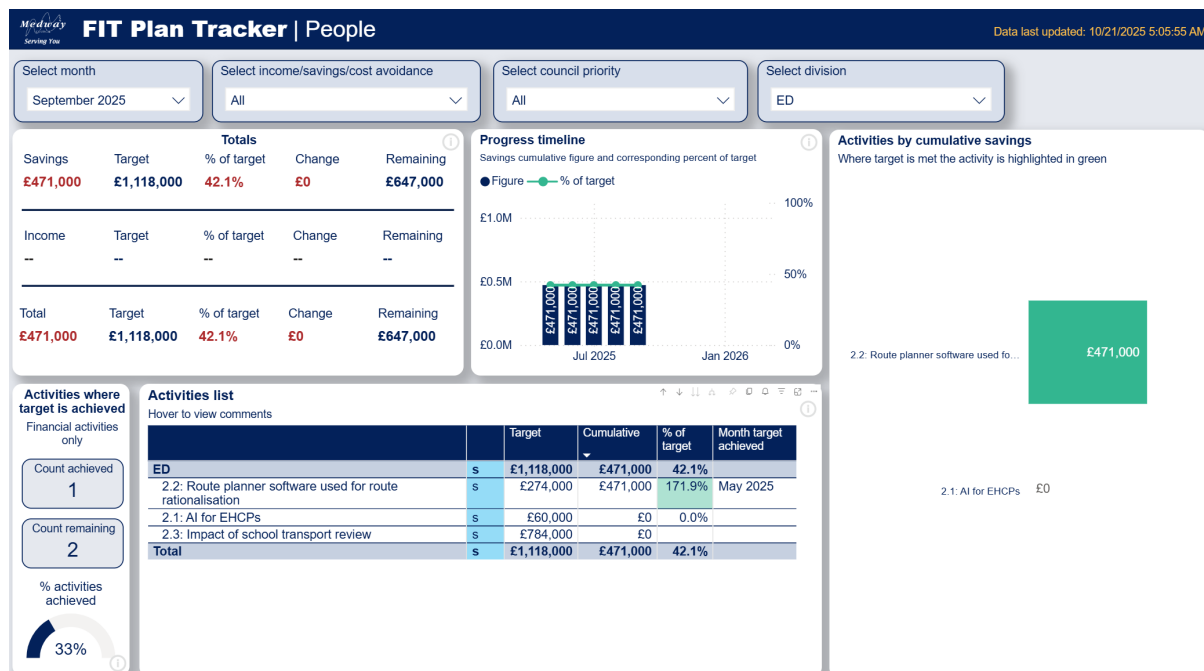


8.2. Highlights include:

- Recruiting and Management of placements to ensure care plans are relevant and continue to meet the needs of children and young people have achieved savings of £1,650,702.
- Recruiting and approving more inhouse foster carer to keep children closer to home and to reduce the use of IFA placements has achieved savings of £196,954.
- £173,446 of savings have been achieved by identifying and providing appropriate housing options for young people, with one young person moving to their own accommodation, which achieved a saving of £63,486.

9. Education

- 9.1. The dashboard below shows that Education has a savings target of £1,118,000 in the FIT Plan and has achieved savings of £471,000 at Q1, putting it at just over 42% of target.



9.2. Highlights include:

- Route planner software used for route rationalisation has achieved savings of £471,000. Although these savings ceased in July 2025, this activity is already beyond the annual target of £274,000.
- We are working with a number of suppliers to pilot Artificial Intelligence tools to provide assistance with the production of Education Health and Care Plans (EHCPs). A Data Protection Impact Assessment has been completed to ensure that the appropriate data protection and cyber security arrangements are in place. This assessment was approved by the Information Governance team in mid-October, so mobilization work is now underway to commence the pilots.

10. Public Health

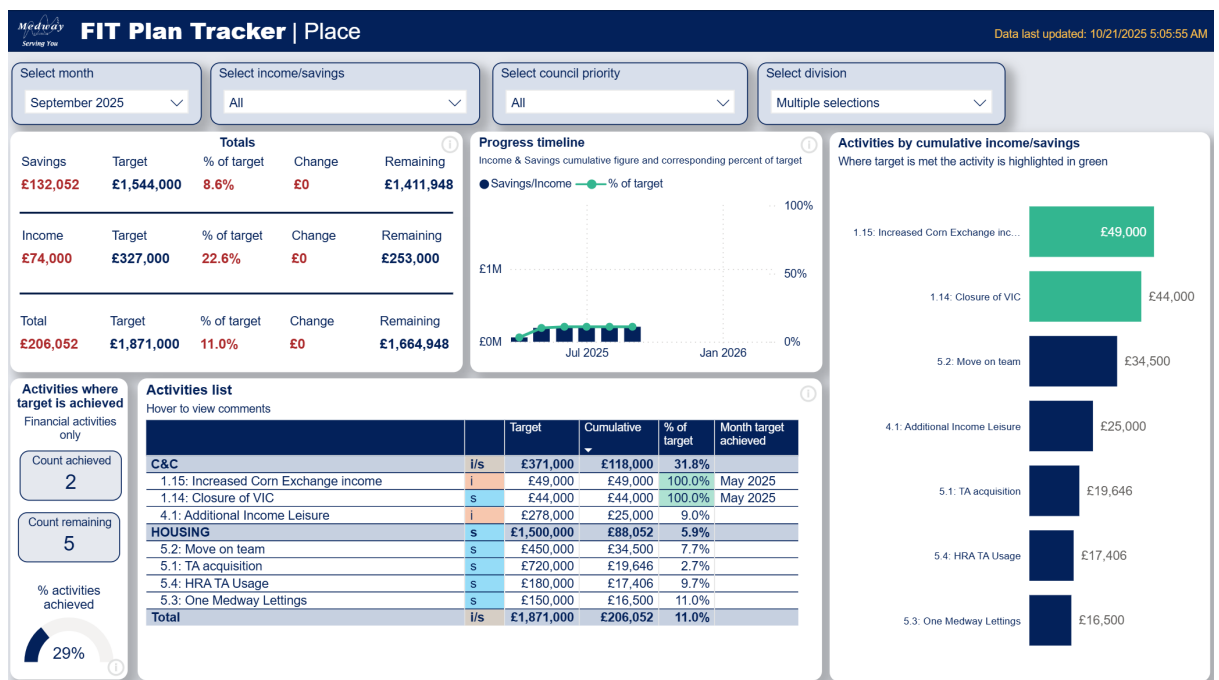
- 10.1. Public Health does not have any savings targets in the FIT Plan, but there are 5 key actions included:

Directorate	Service	Action	Priority	Status	Comment
People	PH	4c: 2 prevention-related projects	Priority 4	No status	(This comment has been carried forward) Discussions on-going with staff from several teams across the council to explore research ideas and determine which have the highest probability of being funded if developed.
People	PH	4a: Improve flu vaccination uptake	Priority 4	Underway: On Track	(This comment has been carried forward) Qualitative insight work with frontline health workers completed, results and recommendations are in the process of being shared. Internal flu vaccine promotion campaign has begun. Work is also underway to support increased uptake of flu vaccine by the public, including engaging with general practice, promotion through public health channels, and the wider system.
People	PH	4d: Smoking cessation AI tool	Priority 4	No status	(This comment has been carried forward) The AI Quit Coach is finishing its final round of testing and accessibility checks. The marketing and communications messages in place for the product launch. The team are aiming for a soft launch in quarter 3 to get active service users engaged, then bigger publicity in time for new years resolution smoking quitters
People	PH	4b: primary falls prevention service	Priority 4	No status	(This comment has been carried forward) The Falls Prevention Service is live with the first cohort of service users coming to the end of their 20 week strength and conditioning programme. There are 230 people on the programme with 50 on the waiting list ready to start the next block of programmes. The current clients were either referred by a health or care professional, self referred or identified via a GP system audit of frail residents
People	P&I (Lead)	1k: Develop performance metrics to support from SEND	Priority 1	Underway: On Track	(This comment has been carried forward) The Education & SEND Intelligence Team has drafted a comprehensive and wide-ranging set of indicators for the SEND Strategy log frame. Focus groups are now underway with key stakeholders, including Education and SEND, Social Care, and Health & Commissioning, to review, refine, and streamline the proposed metrics.

Place

11. Culture and Community

11.1. The dashboard below shows that Culture and Community has a savings and income target of £1,871,000 in the FIT Plan and has achieved £206,052 at Q2, putting it at 11% of target.



11.2. Highlights include:

- £49,000 showing as achieved from bookings at the Corn Exchange and the achievement of £44,000 savings on the final elements of full withdrawal from 95 High Street.
- Additional income of £25,000 has been achieved for leisure, however the narrative indicates that the service will achieve the target saving of £278,000 by year end.
- Housing have achieved savings of £88,052 by moving residents across the

housing waiting list and increased ownership of Temporary Accommodation.

- Housing have also achieved a total cost avoidance of £48,665 across temporary accommodation acquisition and the usage of the HRA for temporary accommodation:

		Target	Cumulative
HOUSING	ca	£584,000	£48,665
5.1: TA acquisition	ca	£127,750	£10,645
5.4: HRA TA Usage	ca	£456,250	£38,020
Total	ca	£584,000	£48,665

12. Frontline Services

- 12.1. The dashboard below shows that Frontline Services have achieved savings of £100,000 and additional income of £1,754,177, which has put it at nearly 97% of target at the end of Q2.



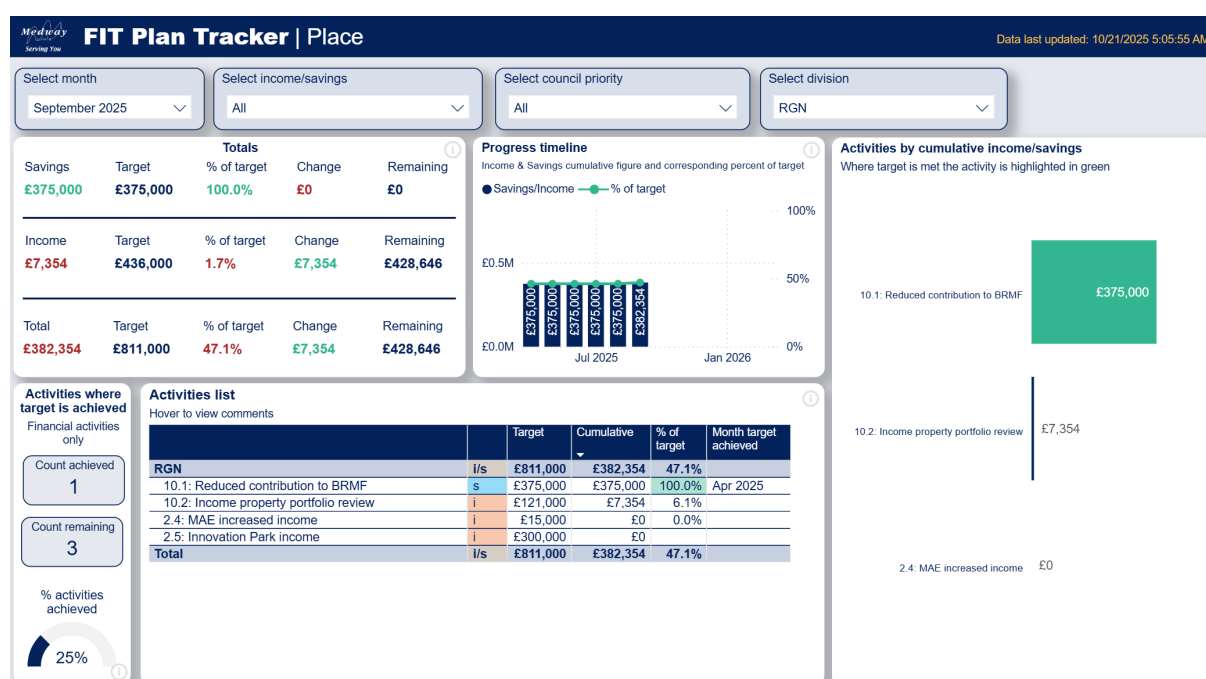
12.2. Highlights include:

- £1,369,177 increased revenue from Penalty Charge Notices, which aligns with the budget monitoring figures.
- Additional income of £317,000 has been achieved from traffic management street closures, against an income target of £150,000.

13. Regeneration

- 13.1. The dashboard below shows that Regeneration has a savings and income target of £811,000 in the FIT Plan and has achieved £382,354 of savings at

the end of Q2, putting it at just over 47% of target.



13.2. Highlights include:

- Savings of £375,000 have been achieved as the Building Repairs & Maintenance Fund (BRMF) will be allocated exclusively to compliance, building safety, and income-critical works.
- £7,354 additional income has been achieved from the outcome of rent reviews and renewal negotiations.
- There have been funding cuts of £177,000 from our Department for Education contract which is causing budget pressures for the Medway Adult Education (MAE) additional income target of £15,000. Work is being undertaken to ensure income still grows by the planned 10%. Enrolments opened at the start of the month and are looking positive. A clearer picture is forming and the FIT Plan tracker will be updated for Q3.

Business Support Department

14. Finance and Business Improvement

- 14.1. The dashboard below shows that Finance and Business Improvement has a savings and income target of £14,899,000 in the FIT Plan and has achieved additional income of £10,309,546 at the end of Q2, putting it at nearly 70% of target.



14.2. Highlights include:

- Council tax income growth has been £5,942,812 at the end of Q2 compared to the same period last year, which is on track to achieve the full target by year end.
- Business rates income growth is £4,366,734 compared to the same period last year. The annual target of £2,814,000 has therefore already been exceeded.

15. Legal and Governance

15.1. Legal and Governance does not have any savings targets in the FIT Plan, but there are 2 key actions included:

Directorate	Service	Action	Priority	Status	Comment
Business Support	LGL	11a: Ensure contract for Norse JV	Priority 11	Underway: On Track	Discussions with colleagues at Norse Group and Medway Norse have been ongoing about the contact extension for the Norse Joint Venture. Agreement has been reached with Norse about the potential removal of some services from the Joint Venture and the continuation of other services under the existing arrangements have been agreed via letter of intent. A Joint Venture Strategic Review Programme has been established to ensure a smooth transition of any services from Medway Norse back to the Council.
Business Support	LGL	12g: Assurance statements for senior leaders	Priority 12	Underway: On Track	The Assistant Director, Legal and Governance has started the process to produce a statement, reported to the Audit Committee, prior to approval by the Leader and the Chief Executive, setting out how the Council met its responsibilities under the CIPFA code of corporate governance. A draft questionnaire was circulated to CMT and all Heads of Service in September to assist with this process.

15.2. Both actions are showing as underway and on track.

16. Conclusions

16.1. The second round of FIT Plan monitoring for 2025/26 shows that significant progress has been made across all directorates, highlighting the areas of success, which may have otherwise been lost in the normal budget monitoring process, and has identified areas where services need to provide a new level of focus.

16.2. This was the overall objective of the One Medway Financial Improvement and Transformation Plan, which has also addressed CIPFA recommendations.

17. 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
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 statutory services above those assumed in the budget.	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	

18. Financial implications

18.1. The second round of FIT Plan monitoring gives detailed updates on specific actions related to savings and increases in income across the Council, as well as opportunities for longer-term savings that can be achieved via the key actions identified.

18.2. This FIT Plan update report should be read alongside the Round 2 Revenue Budget Monitoring 2025/26 report to understand the full financial implications.

19. Legal implications

19.1. 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.

19.2. The One Medway Financial Improvement and Transformation Plan and the FIT Plan tracker are key tools to achieving this.

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Appendices

None

Background papers

None