

Regeneration Culture and Environment Overview and Scrutiny Committee

11 December 2025

Capital Budget Monitoring – Round 2 2025/26

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

Author: Andy McNally-Johnson, Head of Corporate Accounts

Summary

This report presents the results of the second round of the Council's capital budget monitoring process for 2025/26. 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 Committee is asked to note the results of the second round of capital budget monitoring for 2025/26.
- 1.2. The Committee is asked to note the changes to the approved budget since Round 1 as set out in sections 8.1 to 8.3 below.

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). 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 2025/26 and beyond is £229.722million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £489.562million. This report consolidates the second round of capital budget forecasts for 2025/26, based on returns submitted by individual budget managers in September 2025. 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 2025/26

- 4.1. The approved capital programme for 2025/26 as at Round 2 is £229.722million. Table 1 below summarises the capital programme and Round 2 forecast position showing a projected overspend of £58,000 (£0.846 million underspend as at Round 1). Table 2 details how the approved programme will be funded.

Table 1: Round Two 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)	42,918	23,295	19,622	17,298	2,382	57
Regeneration, Culture and Environment	342,985	190,458	152,528	86,938	65,591	1
Housing Revenue Account	101,201	43,768	57,433	27,222	30,211	0
Business Support Department	2,458	2,320	138	138	0	0
Total	489,562	259,842	229,722	131,596	98,182	58

Table 2: Funding the Capital Budget

Funding Source	Total £000	C&A £000	RCE £000	HRA £000	BSD £000
Capital Grants	52,008	18,123	33,885	0	0
Developer Contributions	5,536	481	5,055	0	0
Capital Receipts	2,223	0	2,088	0	135
RTB Receipts	1,000	0	0	1,000	0
Revenue / Reserves	26,832	0	304	26,528	0
Borrowing	142,124	1,018	111,197	29,905	3
Total	229,722	19,622	152,529	57,433	138

5. Regeneration, Culture and Environment – General Fund

- 5.1. The Regeneration, Culture and Environment general fund programme is forecast to overspend by £1,000 against the current approved budget of £152.528million 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	8,071	3,059	0
FLS - Integrated Transport	23,716	19,780	3,935	2,115	1,820	0
FLS - Other Front Line Services	5,448	3,905	1,543	522	1,021	0
Front Line Services	142,244	117,280	24,963	19,063	5,900	0
Culture & Community	47,518	24,136	23,383	9,784	13,598	1
Regeneration - Corporate Property	25,698	1,514	24,184	3,036	21,148	0
Regeneration - Green Spaces	5,300	1,707	3,593	1,206	2,387	0
Regeneration - Innovation Park Medway	2,268	0	2,268	1,073	1,195	0
Regeneration - Medway Development Company	3,299	2,913	386	386	0	0
Regeneration - Other	116,658	42,908	73,752	52,390	21,362	0
Regeneration	153,223	49,042	104,182	58,091	46,092	0
GENERAL FUND TOTAL	342,985	190,458	152,528	86,938	65,591	1

	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 - Environmental Services	12,504	4,149	8,356	8,356	0	0

The schemes within this area is to replace the Council's bespoke waste fleet and to deliver the capital elements for new food waste collections to flats.

- Waste Fleet Replacement Scheme (Remaining Budget £7.851million), this scheme is to replace the Council's bespoke waste vehicle fleet by procuring 46 vehicles in "like for like" configurations. All vehicles have now been delivered. The scheme is now complete, with final invoices being reviewed and paid.
- Food Waste Collection (Remaining Budget £504,000), this is a new scheme for this financial year, to deliver the capital elements for a new food waste collection service for flats, to be funded by government grant. Containers, including bins of various sizes and caddies, have now been procured. The service is now planning and coordinating the delivery and remains on track for completion this financial year in accordance with the grant conditions.

Funding - the above schemes are funded by prudential borrowing (Waste Fleet Replacement Scheme) and government grant (Food Waste Collection).

Budgetary Forecast – it is anticipated that this scheme will deliver 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
FLS - Highways	100,576	89,447	11,130	8,071	3,059	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 £622,000), this scheme is for a programme of installation of a Central Management System (CMS), replacement of approximately 4,600 columns and 21,500 lanterns to LED resulting in reduced energy costs and carbon emissions. All the remaining High Street columns being converted to LED are on order and awaiting delivery and installation. The remaining budget will be utilised on replacing illuminated signs and bollards with LED units following the discontinuation of fluorescent tubes. The service anticipates that this scheme will complete this financial year.
- Enforcement Cameras (Remaining Budget £38,000), 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 in order to enforce traffic offences at agreed locations. This will also cover any physical infrastructure improvements as required. Seventeen enforcement sites went live in January 2025 and the School Streets phase is also now complete. This scheme is now substantially complete with the final invoices being accounted for.
- Potholes (Remaining Budget £3.273million), This cost centre is for Carriageway resurfacing schemes and for the additional pothole funding allocated by Department for Transport (DfT). 100% of Carriageway schemes are now complete as anticipated. The first phase of patching schemes are now complete, with the second phase having commenced in September.
- Medway Tunnel (Remaining Budget £5.031million), scheme to maintain and repair the Medway Tunnel and facilities. The vital system refresh of the tunnel Supervisory Control and Data Acquisition (SCADA) system was completed in June 2025. This financial year works include replacement scopes for the tunnel CCTV and Variable Message Signs which was carried out during the planned closure in September. Sump pump and valve replacements are commenced during the planned closure in September and are expected to be completed before the end of the financial year. Quotes have been requested for the replacements of ventilation fans with the aim to commence this work during the planned December closure.
- 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 still

forecasting that works on this scheme will now not progress until 2026/27. 2025/26 spend will be on finalizing the design.

- Design & Resurfacing (Remaining Budget £10,000), the budget will be used to pay for highway road marking and signage.
- 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 (LTP)3 (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 finalizing costs with Volker regarding drainage improvements. The cyclical crash barrier replacement programme is now complete, and the work on skid policy sites is has commenced with only one site now remaining to be programmed and completed.

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	23,716	19,780	3,935	2,115	1,820	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. The service is awaiting an update from the developer.
- 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 70% 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. Construction of this scheme will now take place in the summer of 2026, with design work taking place this financial year, this is mainly due to resources within the team.
- 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 still anticipated in 2026/27.
- Integrated Transport S106 minor schemes (Remaining Budget £679,000), 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). Schemes forecast for this financial year include; traffic and accessibility improvements on A228 Halling, Station Road accessibility improvements, walking and cycling accessibility between Chatham Waters and Gillingham Town Centre and Safer Routes to school at temple Waterfront.

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	5,448	3,905	1,543	522	1,021	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 £818,000), This comprises of residual Active Travel Fund (ATF)2 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 Plan (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. Since Round One, £148,115 of further Active Travel grant funding has been added to the budget for this scheme. 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), scheme to deliver upgraded traffic signal systems across Medway, replacing unreliable and obsolete equipment. Traffic signal detector upgrades have now been completed. Remaining workstreams will focus on signal optimisation, remote site monitoring, Vehicle Activated Signal (VAS) replacement, and obsolete site replacements. The service still 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 are considering whether this could be used to fund new pay and display machines across the borough.

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	47,518	24,136	23,383	9,784	13,598	1

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. A project manager was appointed and commenced in July, which was slightly later than anticipated, which has pushed more of the forecast into 2026/27. Expenditure this financial year will include the purchase of self-service kiosks, which will go out to tender over the autumn. Pop-up libraries and home delivery vehicles are expected to be procured and supplied before the end of the financial year. The forecast for 2026/.27 includes play tables, display equipment and makerspace.
- 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. Works this financial year to date have been on the tower at Rochester Castle. Works on the external staircase are due to start over the winter.
- Splashes Replacement Scheme (Remaining Budget £0), substantive building works are now complete, and Cozenton Park Sports Centre officially opened to the public in July 2024. Since Round One, a budget virement of £289,000 to Hoo Sports Centre and £350,000 to the Sports Centre Improvement scheme have been implemented as agreed by the Director of Place. This scheme will not be reported on in future monitoring rounds.
- Hoo Sports Centre Works (Remaining Budget £575,000), this scheme is for works to be carried out at the Hoo Sports Centre, funded by the Swimming Pool Sport Fund. Since Round One, a budget virement of £289,000 from the Splashes Replacement scheme has been added to this budget. The works are now complete, and the service is awaiting final invoices.
- 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 are paid. The scheme has overspent by £770, and the service is identifying if there is a suitable s106 developer contribution and will request a capital addition via the appropriate governance route shortly.
- LTA Strand & Maidstone Sports (Remaining budget £82,000), scheme to renovate park tennis courts and provide gate access system across the two sites, funded by capital grant from the Lawn Tennis Association (LTA). Both schemes are now complete, and the final grant will be drawn down from.
- Dickens Chalet Restoration (Remaining Budget £100,000), fundraising for the Chalet is ongoing with the total figure required estimated at approximately £350,000 and work cannot be phased so it 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 £1.647million), this scheme will deliver improvements to Medway Park and Strood Sports Centres with the aim of improving income generation. Since Round One, a budget virement of £350,000 from the Splashes Replacement scheme has been added to the budget for this scheme. Works are programmed to be carried out this financial year and will include extension to gym, new class studio, wetside changing improvements, new table tennis centre, new junior gym and new meeting rooms at Medway Park, and renovated wetside changing facilities, installation of new air handling unit, new class studio and a new reception at Strood Sports Centre.
- 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. £6.5million of LUF grant must be spent by March 2026.

Funding - the above schemes are funded by way of Government Grants (EH LMA - Environmental Mon [part]) and Brook Theatre Refurbishment [part]; Capital Receipts (EH LMA - Environmental Mon [part]); 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 within the allocated budget, except for the Strand splashpad which was overspent by £770. Officers are identifying a suitable s106 contribution as a source of funding and will request this be added to the Capital Programme via the appropriate governance route.

	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	3,036	21,148	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. The service is awaiting final invoices for 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. External works contracts are being tendered which will address the roof and RAAC remediations. Contractors are now likely to be on site early in the new calendar year as separate smaller works packages. The main refurbishment works are now at RIBA stage 3, and the service is aiming to tender in late Autumn. Significant value engineering will be required in order to meet the budget, however the service is currently forecasting to spend within the allocated budget.

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, although the budget for the Gun Wharf Improvement works is being monitored closely and value engineering required to keep costs within 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 - Green Spaces	5,300	1,707	3,593	1,206	2,387	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. Sports Development has successfully secured Football Foundation funding for grass pitch improvements. The service will request permission for this to be added to the Capital Programme via the appropriate governance route. The remainder of this s106 project is being ring fenced for match funding for the outdoor sport sites within Horsted Valley (Barnfield & Snodhurst Bottom).
- Rainham Play (Remaining Budget £18,000), scheme to complete improvements towards park, play and amenities at Cherry Top, Rainham Rec and Ryetop. The play area works have been completed, as have access improvements at Cherry Trees. Works planned for this financial year include play area improvements and improved signage. These works are now out to tender, with work expected on site in Spring 2026.
- 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. The HRA team has now confirmed that there will be a delay in the delivery of the Community hub, and that this scheme will now proceed to improve the play area. The works are currently out to tender, with contractors expected to start on site in Spring 2026.
- Berengrave Nature Reserve Ecological Improvements (Remaining Budget £39,000), project to implement ecological improvements at Berengrave Local Nature Reserve including replacement, more accessible, boardwalk, tree work and various surveys. The management plan has been reviewed with the ranger team, and some small works and signage will be carried out this financial year. The remainder of the works will take place in 2026/27.
- Jackson's Field & Victoria Gardens Green Spaces Project (Remaining Budget £64,000), scheme to make significant improvements to this key open space with a first phase focusing on community led improvements to the skate park. Since Round One, £15,000 has been added to this budget via the Chief Operating Officer's delegation, funded by s106 developer contributions. Works forecast for this financial year include play area improvements at Victoria Gardens. These works are now out to tender as part of a larger multi site play package.
- 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 interior has been coated in microfibre resin, refilled and populated with fish and newts. Water levels and algae are being monitored. The scheme is now complete.
- Play Parks Refurbishment (Remaining Budget £52,000), 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. Additional funding has been added to this budget from s106 developer contributions for works to Gillingham Park and Hillyfields play improvements. These works are currently out to tender as part of a larger multi-site play tender. The service anticipates contractors starting on site in Spring 2026.
- Cozenton Park & Chalk Pit Allotments (Remaining Budget £220,000), scheme to bring the disused nursery back into use as a community garden and allotments. Work on setting up the allotments will commence shortly. Works to the Hub building are currently being reviewed and are out to tender for skatepark improvements with works expected on the ground next year. Improvements to the play area and access/entrances will be made in the next financial year.
- Temple Marsh Open Space (Remaining Budget £1.180million), the development of an open space provision for the adjacent development of Temple Waterfront. The design consultant was appointed over the summer as expected. RIBA stages 1-2 works are underway with initial site analysis and landscape reports are being developed. A developed design is due to be achieved before the end of 2025 along with a formal cost plan for RIBA Stage 3.

- Town Hall Gardens (Remaining Budget £278,000), new scheme to improve Town Hall Gardens, including footpath, access and play area improvements. The footpath and access improvement works have begun and are due to complete over the autumn. Planting improvements will follow.
- Deangate Community Parkland (Remaining Budget £951,000); scheme to develop and improve Deangate Community Parkland. The scheme is nearing end of RIBA stage 4 which involves the discharge of the Deangate Community Parkland planning conditions. A decision from the Local Planning Authority is expected in the autumn. RIBA stage 5 is expected to begin with contract award due in autumn 2025 for the Phase 1 capital works. The likely mobilisation time of the winning contractor is still to be determined but works are anticipated to begin in 2026.
- Riverside Country Park (Remaining Budget £186,000); 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 to be issued over the autumn. 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 going to be a long-term project over approximately 6 years due to the s106 trigger payments (total of £2m). HTA Design has been working on heritage and design details, meeting with internal officers, the Environment Agency, and Historic England. The Council will need to go out to consultation and seek various consents before works can commence. Esplanade play area to be the priority in spring 2026. Further s106 trigger payment due early 2026 which will mean further works at Jacksons can take place. All further S106 payments will be added to the Capital Programme when received via the appropriate governance route.
- Watts Meadow (Remaining Budget £33,000), this scheme will deliver improvements to the Watts Meadow Open space, including footpath improvements and drainage in the woodland. This is a new scheme added for Round Two. The service is discussing the plan of works with the Friends group.

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	1,073	1,195	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 create the infrastructure at the Innovation. 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. Initial development appraisals have been undertaken and were presented at cabinet in March 2025. Further work and master planning has been profiled over the next two years, including project management costs.
- IPM North (Remaining Budget £1.376million), scheme to support the new delivery approach on the northern site. The service anticipates procuring consultants in the next quarter.
- IPM South (Remaining Budget £639,000), scheme to support the new delivery approach on the southern site. It was decided by cabinet in July 2025 that Medway Council will deliver the care home and older persons units. Further decisions on the capital budgets required to deliver this will be considered by Council over the autumn.

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

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 still in dispute so this scheme may deliver saving if the dispute is successful, however the service is forecasting to budget until this is resolved.

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 (Remaining Budget £34,000), scheme to invest in digital equipment for MAE tutors. The enrolment and Management Information System (MIS) and associated IT has been installed successfully. Quotes for replacing the windows were overly expensive, due to the building having listed status, so the service is installing a new heating and air conditioning system which will solve the issues caused by the windows. The revenue implications on utility costs have been considered. The remaining budget will be used to replace flooring.
- 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 now expected in Spring 2026.
- Chatham Town Centre S106 Works (Remaining Budget £40,000), the COVID Pandemic affected the delivery of this project. Since Round One, £12,000 of the budget has been removed to fund Street Ambassadors. 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. Phases 4 and 5 now have planning permission and a price test in underway. A decision around re-profiling of receipts is under discussion.
- Strood Riverside Phase 1&2 (Remaining Budget £2.918million), project to deliver the redevelopment of Strood Riverside. 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. They have also been appointed as Project Manager and Contractor, for the One Public Estate (OPE) works, and 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. The 2026/27 forecast will be reprofiled once decisions have been made on the Strood Riverside site. Works scheduled for this financial year include the Flood gate install, 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 is 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.

- 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. 79 cases have been approved this financial year and it is estimated that a further 100 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. 18 properties have been acquired and are in use. A further 25 properties have been acquired but are undergoing works before they can be occupied. There are another 140 properties that have been approved, and the purchase process is ongoing with Legal, with the service exchanging contracts on two large acquisitions by the autumn as planned.
 - 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.
 - Rural England Prosperity (Remaining Budget £120,000), scheme to deliver a series of initiatives for rural businesses including improvements to rural access infrastructure and provision of a rural hub. Since Round One, £206,000 has been removed from this budget by the Chief Operating Officer's delegation as Medway Council will no longer be receiving this grant from Rural England. The community hub works at Greenkeepers Yard are progressing. Procurement of the demolition works have been delayed due to the new procurement system installation. The existing building will be demolished and replaced with fit for purpose shipping containers for use by community and volunteer groups to enhance Deangate and the surrounding areas. A planning application meeting is scheduled over the autumn.
- 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.

6. Housing Revenue Account

6.1. 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	27,222	30,211	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 three years for a three 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 that was due over the summer has been delayed but it now anticipated over the autumn. The new build s106 acquisition of 30 homes is still anticipated to start 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 still anticipated to complete in May 2026, and Aburound House in July 2026.
 - 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, was anticipated to complete by autumn but has been delayed and is now expected to complete by the end of Quarter Three.
 - 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.

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 2025/26 £000s	Forecast Spend in Future Years £000s	Forecast Under/(over) spend £000s
Capital Reserve Developer Contributions				
S106 Highways & Transport Capital	1,290	281	1,039	30
S106 Leisure/Heritage Capital	1,673	979	694	0
Developer Contributions from Capital Reserves	2,963	1,260	1,733	30
Revenue Reserve Developer Contributions				
Developer Commuted Sums	908	51	857	0
S.106 Highways & Transport Revenue	9	0	(21)	(30)
S106 Leisure/Heritage Revenue	1,134	306	828	0
S106 Public Realm Revenue	40	8	32	0
Developer Contributions from Revenue Reserves	2,092	365	1,697	(30)

8. Changes Since Round One 2025/26

8.1. The following additions have been made since the 2025/26 Round One budget monitoring was received by Cabinet at its meeting of 15 July 2025 and have formed part of the Round Two monitoring:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment	Integrated Transport S.106 Minor schemes	26	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 04/07/25
Regeneration, Culture and Environment	Rural England Prosperity	120	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 25/07/25
Regeneration, Culture and Environment	Jackson Field and Victoria Gardens Improvements	15	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 03/09/25
Regeneration, Culture and Environment	Watts Meadow	33	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 03/09/25
Regeneration, Culture and Environment	Active Travel	148	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 22/09/25

8.2. The following reductions have been made since the 2025/26 Round One budget monitoring was received by Cabinet at its meeting of 15 July 2025 and have formed part of the Round Two monitoring:

Directorate	Scheme	Approved Budget Reduction £000s	Funding	Reason for Reduction	Approval
Regeneration, Culture and Environment	Chatham Town Centre S.106 Works	(12)	S.106 Developer Contributions	Budget removed to fund Street Ambassadors	Chief Operating Officer/Finance Portfolio Holder 14/07/25
Regeneration, Culture and Environment	Rural England Prosperity	(65)	Capital Grant	Prosperity Fund clawback.	Chief Operating Officer/Finance Portfolio Holder 25/07/25
Regeneration, Culture and Environment	Rural England Prosperity	(260)	Capital Grant	Original allocation now not being received	Chief Operating Officer/Finance Portfolio Holder 25/07/25

8.3. The following budget virements have been approved since 1 budget monitoring was received by Cabinet at its meeting of 15 July 2025 and have formed part of the Round 2 monitoring:

Directorate	Scheme Providing Budget Virement	Scheme Receiving Budget Virement	Virement Amount £000s	Approval
Regeneration, Culture and Environment	Cozenton Park	Hoo Sports Centre Works	289	Director of Place July 25
Regeneration, Culture and Environment	Cozenton Park	Sports Centre Improvement	350	Director of Place July 25

9. Conclusion

- 9.1. The second round of Capital Budget Monitoring for 2025/26 relating to Capital schemes within the remit of this Committee forecasts projected overspend of £1,000 (£639,000 underspend as at Round 1) against the approved budget £152.528million for the general fund whilst the Housing Revenue Account is forecast to complete their capital schemes within the total approved budget of £57.433million (to budget as at Round 1).

10. 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.	CIII
Borrowing	A large proportion of the capital budget is funded from borrowing. If interest rates are in excess of that budgeted for, this may have a negative impact upon the Council's Interest and financing budget.	The Council obtains professional advice which it uses to assist in both the budget build and treasury strategy processes.	CIII
The Council overspends 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.	CIII
Deliverability of the Capital Programme	Macro-economic conditions, largely but not wholly resulting from the external factors, have affected the cost and availability of both materials and labour.	Close monitoring of the programme and careful management of the delivery are supported by scrutiny from senior officers and Members.	BIII
Likelihood		Impact:	
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

Andy McNally-Johnson, Head of Corporate Accounts, Gun Wharf, 01634 333552,
andy.mcnallyjohnson@medway.gov.uk

Appendices

None

Background papers

None