

## **Cabinet**

**10 February 2026**

### **Capital Budget Monitoring – Round 3 2025/26**

Portfolio Holder: Councillor Vince Maple, Leader of the Council

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 third 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 third round of capital budget monitoring for 2025/26.
- 1.2. The Cabinet is asked to note the changes to the approved budget since Round 2 as set out in sections 10.1 to 10.2 of the report below.

#### **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 3 is £333.326million (£229.722million at Round 2). Table 1 below summarises the capital programme and Round 3 forecast position showing a projected overspend of £177,000 (£58,000 overspend as at Round 2). Table 2 details how the approved programme will be funded.

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

Directorate	Total Approved Cost	Total Expenditure to 31/03/25	Remaining Budget	Forecast Spend 2025/26	Forecast Spend in Future Years	Forecast (Under)/overspend
	£000	£000	£000	£000	£000	£000
Children and Adults (including Public Health)	140,738	23,116	117,622	14,898	102,901	177
Regeneration, Culture and Environment	346,311	190,663	155,853	88,115	67,739	0
Housing Revenue Account	103,481	43,768	59,713	27,580	32,133	0
Business Support Department	2,458	2,320	138	138	0	0
<b>Total</b>	<b>592,989</b>	<b>259,867</b>	<b>333,326</b>	<b>130,731</b>	<b>202,772</b>	<b>177</b>

**Table 2: Funding the Capital Budget**

Funding Source	Total	C&A	RCE	HRA	BSD
	£000	£000	£000	£000	£000
Capital Grants	95,689	55,920	36,989	2,780	0
Developer Contributions	5,757	481	5,276	0	0
Capital Receipts	2,223	0	2,088	0	135
RTB Receipts	1,000	0	0	1,000	0
Revenue / Reserves	19,919	0	304	19,615	0
Borrowing	208,738	61,222	111,195	36,319	3
<b>Total</b>	<b>333,326</b>	<b>117,622</b>	<b>155,853</b>	<b>59,713</b>	<b>138</b>

## 5. Children and Adults

5.1. The Children and Adults programme is forecast to overspend by £0.177million against the approved budget of £117.622million 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	20,102	645	19,458	508	18,950	0
Basic Needs - Secondary	20,540	5,154	15,386	6,504	8,844	(38)
School Condition Programme	7,242	6,574	668	887	0	220
Schools Devolved Capital	117	0	117	117	0	0
Basic Needs - SEND	47,028	10,432	36,596	5,261	31,330	(5)
Children's Social Care	1,432	175	1,257	980	277	0
Adult Social Care	44,278	136	44,141	641	43,500	0
<b>Children and Adult Services Total</b>	<b>140,738</b>	<b>23,116</b>	<b>117,622</b>	<b>14,898</b>	<b>102,901</b>	<b>177</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	20,102	645	19,458	508	18,950	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), is a project to provide a new standalone nursery building to replace the current one which is no longer fit for purpose. The project has been completed on site. This scheme has delivered a small underspend of £33,000, which was part of the contribution from the Rivermead Inclusive Trust and so will be returned to the Trust.
- Childcare Expansion Grant (Remaining Budget £193,000), 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 still on track to complete 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.
- Hoo St Werburgh (Remaining Budget £2.700million), this scheme will expand the Hoo St Werburgh school for additional mainstream pupils. This is a new scheme for Round Three and was added to the Capital Programme by Council as part of the School Place Planning Strategy. This project is reliant on the relocation of the Marlborough Centre. The service currently anticipates design work commencing in 2026/27, with construction works taking place in 2027/28 and 2028/29.
- Marlborough Centre Relocation (Remaining Budget £3.300million), this project is to relocate the Marlborough Centre from Hoo St Werburgh Primary School to the currently vacant and available building at Twydall Primary School. This is a new scheme for Round Three and was added to the Capital Programme by Council as part of the School Place Planning Strategy. The service anticipates small expenditure this financial year, but with most of the design and build work taking place in 2026/27. The scheme may extend into 2027/28.

- East Hill New Primary School (Remaining Budget £10.000million), this scheme will deliver a new primary school at East Hill, which will include a resource provision with places for 20 pupils. This is a new scheme for Round Three and was added to the Capital Programme by Council as part of the School Place Planning Strategy. The service anticipates commencing the tender and design during 2026/27, with contractors expected to start on site in 2027/28, extending into 2028/29.
- New Road Primary 2 Form of Entry (FE) Expansion (Remaining Budget £3.000million), this scheme will expand New Road Primary school from a 1.5 FE to a 2 FE school. This is a new scheme for Round Three and was added to the Capital Programme by Council as part of the School Place Planning Strategy. The project is expected to start commence in 2026/27 and extend into 2027/28.

**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	20,540	5,154	15,386	6,504	8,844	(38)

The purpose of the schemes within this area are to provide additional secondary school places at various school sites across Medway.

- Hoo Academy 6th Form (Remaining Budget £2.780million), project to provide additional classrooms, specialist rooms and changing facilities to enable the 1FE expansion at the school. This scheme is being delivered by the school via a Legal Agreement with Medway Council. The project is ongoing with main building complete and in use, but external works continue full completion expected by end April 2026. There have been some increased costs due to delays in installing the substation on site. The service will review project expenditure and will request further funding if it is deemed necessary.
- 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. The scheme is expected to deliver a small underspend of £38,000. As this is funded by Basic Need grant, the unspent grant will be available to be applied to future schemes after securing authorisation via the appropriate governance route.
- Chatham Grammar Co-Education (Co-Ed) (Remaining Budget £1.065million), project to adapt current facilities at the school to accommodate co-ed. Since Round Two £162,000 has been added to this budget as agreed by Council as part of the School Place Planning Strategy. This scheme has been delayed due to delays in a decision from Department for Education (DfE). Works commenced over the summer as expected, with completion still expected by September 2026.
- Holcombe Grammar Co-Ed (Remaining Budget £900,000), project to adapt current facilities at the school to accommodate co-ed. Since Round Two £165,000 has been added to this budget as agreed by Council as part of the School Place Planning Strategy. This scheme has been delayed due to delays in a decision from DfE. Works commenced over the summer as expected, with completion still 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. Since Round Two £173,000 has been added to this budget as agreed by Council as part of the School Place Planning Strategy. This scheme has been delayed due to delays in a decision from DfE. Works commenced over the summer as expected, with completion still expected by September 2026.
- Robert Napier Extension (Remaining Budget £2.919million), project to expand Robert Napier secondary school by 1 FE to 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. Works commenced on site over the summer as expected with completion still expected by September 2026.

- Leigh Academy Canopy (Remaining Budget £146,000), 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.
- Strood Academy Expansion (Remaining Budget £6.000million), this project will provide an additional classroom block at Strood Academy, allowing the school to permanently increase capacity by 2 forms of entry. This is a new scheme for Round Three as agreed by Council as part of the School Place Planning Strategy. This project is expected to commence in 2026/27, extending into 2027/28.

**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 deliver an underspend of £38,000 of grant funded budget, which will remain available to be applied to future schemes following appropriate authorisation.

	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	887	0	220

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. Works at New Road following a gas pipe leak are now complete. There are likely to be further works over the winter period.
- Condition Programme – Roofing (Remaining Budget £400,000), works scheduled for this financial year include roofing works at Swingate. The contract has been awarded and contractors started on site in January 2026. The cost of the works are higher than expected and will generate an overspend of £220,000 due to deterioration escalating and the need to include glazing replacements. However this represents better value than completing the work in two phases over two years. The overspend will be repaid from future Condition Programme grant, which will reduce the size of the 2026/27 programme.
- 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 which are now complete.
- Condition Programme – Security (Remaining Budget £50,000), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms, 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 roofing programme will overspend by £220,000 which will be repaid from future Condition Programme grant, which will reduce the size of the 2026/27 programme.

	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
Schools Devolved Capital	117	0	117	117	0	0
<p>This scheme accounts for Schools own capital funds provided by the Department for Education, via the Education and Skills Funding Agency, which are used to address their own priorities to improve educational standards and enhance the environment for teaching and learning.</p> <ul style="list-style-type: none"> <li>Schools set and retain their own capital budgets and report and monitor their expenditure against their approved budget three times a year.</li> </ul> <p><b>Funding:</b> the above schemes are funded by way of Government Grants.</p> <p><b>Budgetary Forecast:</b> it is estimated that the schemes within the individual schools will be completed within the allocated funding.</p>						

	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 - Special Educational Needs and Disabilities (SEND)	47,028	10,432	36,596	5,261	31,330	(5)
<p>The purpose of the schemes within this area is to provide additional SEND school places within Medway including Strood, Leigh, and Victory Academies, Rivermead, Dane Court and Pre-Beeches at the Rowan.</p> <ul style="list-style-type: none"> <li>High Needs Special Places Provision (Remaining Budget £535,000), scheme to provide additional special school places within Medway. The remainder of the budget relates to our contribution to the free school on the former Cornwallis site. This is still expected in 2026/27.</li> <li>Strood Academy SEND Block (Remaining Budget £12,000), project to provide resourced provision for 25-30 secondary aged Autism Spectrum Disorder (ASD) pupils. Since Round Two, £107,344 has been vired from this budget to the Pre-Beeches at the Rowan, via the Director of People's delegation. Works are now complete; however snagging is ongoing.</li> <li>Victory Academy SEND Block (Remaining Budget £631,000), project to provide resourced provision for 25-30 secondary aged Social, Emotional and Mental Health Needs (SEMH) pupils. The project completed on site over the summer as expected, final invoices are now paid. The scheme has delivered a small underspend of £5,000. As this is funded by SEN government grant, the funding will remain available to be allocated to a future scheme following appropriate authorisation.</li> <li>Rivermead at Stoke Refurb (Remaining Budget £3.121million), project to refurb and adapt the former Stoke primary site, to be suitable for secondary aged ASD pupils. This is an expansion onto a satellite site for Rivermead. Since Round Two, £206,805 has been vired from this budget to the Pre-Beeches at the Rowan, via the Director of People's delegation. This project is now complete with the school open and in occupation.</li> <li>Leigh Academy (Remaining Budget £2.300million), project to provide additional capacity for 25-30 pupils at the school within a resourced provision for secondary aged pupils with Moderate Learning Difficulties (MLD). Since Round Two, £300,000 has been added to this budget as agreed by Council as part of the School Place Planning Strategy. This scheme is at the planning stage. The start has been delayed due to planning and funding requirements. The scheme is now expected to start on site early in 2026.</li> <li>Dane Court SEND (Remaining Budget £756,000), project to make a small expansion to Danecourt Special school to provide capacity for an additional 20 pupils. The project is complete on site, with final invoices awaited.</li> <li>Pre-Beeches at the Rowans SEND (Remaining Budget £740,000), project to install temporary accommodation at the Rowans in advance of the Beeches project which is led by the DFE and delayed due to escalating costs. Since Round Two, £314,149 has been added to this budget from underspends identified at Rivermead and Strood Academy, via the Director of People's delegation. The main project is complete but there is ongoing costs associated with the hire of temporary buildings.</li> <li>Danecourt Secondary Expansion (Remaining Budget £25.000million), this scheme will expand Danecourt Special School to add a secondary phase, providing 200 places. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. Project design is expected to commence</li> </ul>						

this financial year with small expenditure, with commencement on site expected late in 2026/27, extending into 2027/28.

- Napier Primary SEN Provision (Remaining Budget £150,000), this scheme will add a resourced provision to Napier Primary School for pupils with ASD and Speech, Language and Communication needs. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. This project is expected to take place in 2026/27, with the provision ready for September 2026.
- Chatham Grammar SEN Provision (Remaining Budget £2.750million), this scheme will add a resourced provision to Chatham Grammar School, to open in September 2026, adding up to 30 places for pupils with ASD at a selective school. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. A small amount of expenditure is expected this financial year as design works and tenders commence, but the majority is expected to fall within 2026/27.
- St Margaret's Primary SEN Provision (Remaining Budget £150,000), this scheme will deliver a resourced provision for ASD at the school. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. This project is expected to commence in 2026/27.
- All Saints Primary SEN Provision (Remaining Budget £150,000), this scheme will deliver a resourced provision for ASD at the school. This is a new scheme for Round Three, added by Council as part of the School Place Planning Strategy. This project is expected to commence in 2026/27.

**Funding** - the above schemes are primarily funded by Government grant, with the following exceptions being funded by prudential borrowing (HN Special Places Provision [part], Pre-Beeches at the Rowans[part], Danecourt Secondary Expansion and Strood Academy SEND Block).

**Budgetary Forecast** – There is a forecast underspend in this area of £5,000 which is due to a saving at the Victory Academy. 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	980	277	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. A contractor has now been appointed, and work is expected to start on site early in 2026.
- 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. Contractors have now been appointed and work started on site in October as planned. The main works are expected to complete by the end of this financial year, with some minor works extending into 2026/27.

**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	44,278	136	44,141	641	43,500	0

The schemes in this area are to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme, and the creation of a new Care Home on the IPM Southern site.

- Family Hubs and Start for Life (Remaining Budget £141,000), 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 include works on the wider eight wellbeing hubs, including improvements to access and development of clinical spaces.

- Care For Medway (Remaining Budget £44.000million), this scheme will deliver a new Care Home on the IPM Southern site, as well as older persons residential units on the site. This is a new scheme for Round Three as agreed by Council in November 2025. Consultants have been appointed, however most of the spend on this scheme is expected to fall within 2026/27 and extend into 2027/28.

**Funding** - the above schemes are funded by government grant (Family Hubs and Start for Life) and prudential borrowing (Care For Medway).

**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 spend within the current approved budget of £155.853million 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	8,085	271	0
FLS - Highways	100,371	89,652	10,925	9,950	1,477	502
FLS - Integrated Transport	23,716	19,780	3,935	1,587	1,846	(502)
FLS - Other Front Line Services	8,059	3,905	4,154	2,001	2,153	0
<b>Front Line Services</b>	<b>144,650</b>	<b>117,485</b>	<b>27,370</b>	<b>21,623</b>	<b>5,747</b>	<b>0</b>
<b>Culture &amp; Community</b>	<b>48,447</b>	<b>24,136</b>	<b>24,311</b>	<b>9,339</b>	<b>14,973</b>	<b>0</b>
Regeneration - Corporate Property	25,698	1,514	24,184	1,310	22,875	0
Regeneration - Green Spaces	5,305	1,707	3,598	1,437	2,161	0
Regeneration - Innovation Park Medway	2,268	0	2,268	90	2,178	0
Regeneration - Medway Development Company	3,299	2,913	386	386	0	0
Regeneration - Other	116,645	42,908	73,737	53,931	19,806	0
<b>Regeneration</b>	<b>153,214</b>	<b>49,042</b>	<b>104,172</b>	<b>57,153</b>	<b>47,019</b>	<b>0</b>
<b>GENERAL FUND TOTAL</b>	<b>346,311</b>	<b>190,663</b>	<b>155,853</b>	<b>88,115</b>	<b>67,739</b>	<b>0</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
FLS - Environmental Services	12,504	4,149	8,356	8,085	271	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. Work is underway to purchase a collection vehicle and to appoint a contractor to deliver the bins, liners and information leaflets to residents.

**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	100,371	89,652	10,925	9,950	1,477	502

The purpose of the schemes within this area are to ensure highways within Medway are in 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. Installation in Gillingham is complete, with installation at Chatham commencing early in 2026. 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 to enforce traffic offences at agreed locations. This will also cover any physical infrastructure improvements as required. This phase of the project is now complete. The service anticipate an overspend of £502,000 and will request a virement from the Integrated Transport budget.
- 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 commencing early in 2026.
- 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 commenced during the planned closure in September and are expected to be completed before the end of the financial year. The tunnel lighting replacement works are expected to go out to tender early in 2026, with contract award expected early in 2026/27.
- Horsted Gyrotory & 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 will be spent on finalising 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.
- 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. A new design contractor has been identified and is currently in discussions to move the project forward. A build contractor will be approved when the full design is approved.
- 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 replacements and skid policy sites programmes have been 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 Gyrotory & Ped Imps); and prudential borrowing (LED Lantern Replacement Scheme, Medway Tunnel [part], Design & Resurfacing, and Enforcement Cameras).

**Budgetary Forecast** - there is a forecast overspend of £502,000 for schemes within this area, attributable to the Enforcement Cameras Capital scheme. The service will request a virement from the Integrated Transport scheme where there is a forecast underspend.

	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	1,587	1,846	(502)

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. Key projects currently underway include ANPR camera installation for Rochester High Street, improvements at the Gas House Road junction with the A2, and river infrastructure improvements at Sun Pier, Rochester Pier, Gillingham Pier and Limehouse Wharf at Rochester Riverside. This scheme has a forecast underspend of £502,000 which the service will request be transferred via virement to the Enforcement Cameras Capital scheme.
- 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. The Integrated Transport LTP3 scheme is forecasting an underspend of £502,000 and the service will request this be transferred to the Enforcement Cameras Capital scheme budget to address the forecast overspend.

	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	8,059	3,905	4,154	2,001	2,153	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 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. 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.
- Bus Service Improvement Plans (Remaining Budget £2.611million), this scheme aims to deliver a more modern and integrated bus network. This is a new scheme added for Round Three, added via the Chief Operating Officer's delegation. The scheme will include bus shelter upgrades, works to Chatham Waterfront Bus Station, improvements to Darnley Road and A2 Rainham Mierscourt, works to the A278 Hoath Way roundabout, A2 traffic lights and 132 laybys, and upgrading RTI screens. The service anticipates that £1.5million will be spent this financial year, with the remaining spent in 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 still anticipates that the scheme may deliver an underspend and has submitted a business case to request the funding be used to purchase new pay and display machines to replace obsolete ones across the borough.

**Funding** – The schemes above are funded from a mixture of Capital Grants (Active Travel, Medway City Est Connectivity, Traffic Signal System Upgrades and Bus Service Improvement Plans); 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	48,447	24,136	24,311	9,339	14,973	0

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. Expenditure this financial year will include the purchase of self-service kiosks, pop-up libraries and home delivery vehicles. 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 now complete. Further works are expected to repair the railings on Rochester Castle and the Esplanade steps.
- 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. The wetside changing facilities works will go out to tender shortly, with works scheduled to commence in Spring 2026.
- 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. The scheme has overspent by £770, and this will be transferred to revenue.
- LTA Strand & Maidstone Sports (Remaining budget £82,000), scheme to renovate park tennis courts and provide a gate access system across the two sites, funded by capital grant from the Lawn Tennis Association (LTA). Both schemes are now complete.
- Deangate Ridge Playzone (Remaining Budget £336,000), a scheme to build a multi-sport playzone at Deangate Ridge. This is a new scheme added for Round Three via the Chief Operating Officer's delegation. The scheme is waiting for planning approval, which is expected early in 2026. If approval is granted, works would commence in Spring 2026 with completion early in 2026/27.
- Maidstone Road Playzone (Remaining Budget £319,000), a scheme to build a multi-sport playzone on Maidstone Road at Chatham Town F.C. This is a new scheme added for Round Three via the Chief Operating Officer's delegation. The scheme is waiting for planning approval, which is expected early in 2026. If approval is granted, works would commence in Spring 2026 with completion early in 2026/27.
- The Strand Playzone (Remaining Budget £274,000), a scheme to build a multi-sport playzone at The Strand. This is a new scheme added for Round Three via the Chief Operating Officer's delegation. Planning approval has been secured for this scheme. The service is awaiting the outcome of planning applications for the Maidstone Road and Deangate Ridge sites before proceeding.
- 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 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 currently pending development of Heritage Place initiative. The National Lottery Heritage Fund has granted permission for the service to develop a Stage 1 applications for funding for this scheme, which was submitted in November. The outcome is expected in March 2026.
- 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. All design works have now been completed, and tenders are now being finalised. Works are expected to commence early in 2026 with as much completed as possible to facilitate revenue savings throughout 2026/27.
- Brook Theatre Refurbishment (Remaining Budget £20.243million), this Capital Project is to fund a major refurbishment programme for the Brook Theatre. The initial phase of the restoration is approaching completion, with works expected to commence shortly.

**Funding** - the above schemes are funded by Government Grants (EH LMA - Environmental Mon [part]), Deangate Ridge Playzone, Maidstone Road Playzone, The Strand Playzone 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.

	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	1,310	22,875	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 monitoring hub has now been completed. External works contracts which will address the roof and RAAC remediations have been agreed. Contractors are expected to commence on site early in 2026 as separate smaller works packages. The main refurbishment is currently at RIBA stage 4a, and out to tender. Value engineering will be required to deliver the scheme 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 forecasted 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	5,305	1,707	3,598	1,437	2,161	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. A contractor for the grounds maintenance has now been appointed. 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. A contractor has now been appointed with works expected to commence in spring 2026 as part of a multi-play site contract.
- 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. A contractor has now been appointed with works expected to commence in spring 2026 as part of a multi-play site contract.
- 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. Works forecast for this financial year include play area improvements at Victoria Gardens. A contractor has now been appointed with works expected to commence in spring 2026 as part of a multi-play site contract.
- 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 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. The service still anticipates contractors starting on site at Hillyfields and Gillingham Park in Spring 2026 as part of the multi-site play contract.
- 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 and community garden started on site as expected. Works to the Hub building are currently being reviewed. A contractor has now been appointed for the skatepark improvements with works expected on the ground later in 2026. Improvements to the play area and access/entrances will take place in the next financial year.
- Luton Millennium Green Improvements (Remaining Budget £5,000), scheme to deliver improvements to Luton Millennium Green. This scheme was complete, however a grant of £5,000 has been received for chess tables.
- Temple Marsh Open Space (Remaining Budget £1.180million), the development of an open space provision for the adjacent development of Temple Waterfront. RIBA stages 1-2 works are now complete with initial site analysis and landscape reports now developed. A consultations phase was held in November and December 2025 on the plan to develop the site into a nature reserve with RIBA stage 3 due for completion in early 2026. RIBA stage 4 is expected to run into 2026/27 with tendering and construction following shortly after.

- 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. A decision from the Local Planning Authority was received in October 2025 and all but one of the pre-commencement conditions were officially discharged. The final pre-commencement condition is due to be discharged in early 2026 by the appointed contractor, RIBA stage 5 begun as expected with the contract award in October 2025 for the Phase 1 capital works. Mobilisation has begun with Ground Control due to start on site in early 2026. Completion is expected in 2026/27.
- 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. A tender package is being prepared for the new viewing platform at Sharps Green pond to be issued in early 2026. 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. The service now anticipates this will be in 2026/27.
- 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 has gone out to consultation on the Esplanade play area and will now seek planning permission. Works to the play area are anticipated to commence in summer 2026. The service is awaiting an update from Historic England on whether any Scheduled Monument consents are required for Jacksons Field improvements before progressing with those works. 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. The service has discussed and agreed the plan of works with the Friends group. Plans and specifications are now being drawn up for improvements and works are anticipated to commence in Spring 2026.

**Funding** - the above schemes are funded by way of Section 106 Developer Contributions except Play Parks Refurbishment [part], which is funded from prudential borrowing, Luton Millennium Green Improvements funded from a Capital Grant and Temple Marsh Open Space [part] which is funded by Commuted sums.

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

	Total Approved Cost £000'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	90	2,178	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 Park. 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 as planned in quarter four, with work being delivered throughout quarter four and all of 2026/27.
- 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. A capital addition for Care for Medway was agreed in November 2025 under a separate scheme. Expenditure on this scheme will cover the remaining enabling works and staff salaries associated with this.

**Funding** - the above schemes are funded by way of Borrowing.

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

	<b>Total Approved Cost £000's</b>	<b>Total Exp to 31/03/25 £000's</b>	<b>Remaining Budget £000's</b>	<b>Forecast Spend 2025/26 £000's</b>	<b>Forecast Spend in Future Years £000's</b>	<b>Forecast Variance £000's</b>
Regeneration - Medway Development Company	3,299	2,913	386	386	0	0
<p>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:</p> <ul style="list-style-type: none"> <li>• 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 (MDC), including utilities and business rates as well as the relocation of one of the tenants to another unit. The expected handover to MDC has been delayed until the end of the current financial year due to legal complications.</li> </ul>						

	<b>Total Approved Cost £000's</b>	<b>Total Exp to 31/03/25 £000's</b>	<b>Remaining Budget £000's</b>	<b>Forecast Spend 2025/26 £000's</b>	<b>Forecast Spend in Future Years £000's</b>	<b>Forecast Variance £000's</b>
Regeneration – Other	116,645	42,908	73,737	53,931	19,806	0
<p>The schemes within this area relate to regeneration not included within the specific areas above. The schemes are as follows:</p> <ul style="list-style-type: none"> <li>• 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. Installation of the new system has been undertaken in Room 2, rooms 3 and 16 will commence early in 2026.</li> <li>• 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. The service is monitoring costs closely and will request additional funding if required.</li> <li>• Chatham Town Centre S106 Works (Remaining Budget £25,000), the COVID Pandemic affected the delivery of this project. Since Round Two £15,000 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 this work taking place in 2026/26.</li> <li>• 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 was undertaken in December 2025 following a decision by Council on the reprofiling of receipts. The Deed of Variation is due to be signed shortly.</li> <li>• Strood Riverside Phase 1&amp;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 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.</li> <li>• 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.</li> </ul>						

- 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. 116 cases have been approved this financial year, and it is estimated that a further 50 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. 118 properties have now been acquired. The Council has exchanged contracts on a further 64, with a further 6 still being reviewed by the Legal Team. The total anticipated by 31st March is 188 properties.
  - 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. The community hub works at Greenkeepers Yard are progressing. The demolition contract for the existing building has been awarded, however works cannot proceed until a planning decision is received.
- 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)	103,481	43,768	59,713	27,580	32,133	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 in place, and more adaptations are due to be completed in this financial year than in 2024/25.
- 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 now complete and approval is in place for the acquisition of 30 homes which the Legal Team will now review.
- HRA New Build Phase 5 (Remaining Budget £11.561million), 41 units (19 x 2,3,4,6 bed affordable rent & 21 x 1&2 bed apartments). Since Round Two, £2.280million has been added to this budget via the Chief Operating Officer's delegation, to be funded by the Affordable Homes grant. 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, has been delayed again and is now expected to complete early in 2026.
- 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, such as planning and architects, are now forecast to take place in 2026/27.

**Funding** - the above schemes are funded primarily via prudential borrowing, with some funding via Reserves (Improve to Housing Stock [part] and Disabled Adaptations), capital grants (HRA New Build Phase 5 [part] 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>	2,458	2,320	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	2,458	2,320	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, with the orders being raised currently.
- Data Centre Refurbishment (Remaining Budget £135,000), scheme to repair flooring and other spaces within the Medway Council Gun Wharf Data Centre. Work is still 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	Forecast Spend 2025/26	Forecast Spend in Future Years	Forecast Under/(over) spend
	£000s	£000s	£000s	£000s
<b>Capital Reserve Developer Contributions</b>				
S106 Highways & Transport Capital	1,290	342	978	30
S106 Education Capital	481	481	0	0
S106 Leisure/Heritage Capital	1,908	1,326	582	0
<b>Developer Contributions from Capital Reserves</b>	<b>3,679</b>	<b>2,149</b>	<b>1,560</b>	<b>30</b>
<b>Revenue Reserve Developer Contributions</b>				
Developer Commuted Sums	908	103	806	0
S.106 Highways & Transport Revenue	9	0	(21)	(30)
S106 Leisure/Heritage Revenue	1,134	344	790	0
S106 Public Realm Revenue	25	0	25	0
<b>Developer Contributions from Revenue Reserves</b>	<b>2,077</b>	<b>446</b>	<b>1,601</b>	<b>(30)</b>

## 10. Changes Since Round Two 2025/26

10.1. The following additions have been made since the 2025/26 Round Two budget monitoring was received by Cabinet at its meeting of 18 November 2025 and have formed part of the Round Three monitoring:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Children & Adults	Care For Medway	44,000	Borrowing	Council 13/11/25
Regeneration, Culture and Environment (GF)	Deangate Ridge Playzone	336	S.106 Developer Contributions/ Capital Grant	Chief Operating Officer/Finance Portfolio Holder 11/11/25
Regeneration, Culture and Environment (GF)	Maidstone Road Playzone	319	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 11/11/25
Regeneration, Culture and Environment (GF)	The Strand Playzone	274	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 11/11/25
Regeneration, Culture and Environment (GF)	Luton Millennium Green Improvements	5	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 27/11/25
Regeneration, Culture and	HRA New Build Phase 5	2,280	Capital Grant	Chief Operating Officer/Finance Portfolio Holder 11/11/25

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Environment (HRA)				

10.2. The following reductions have been made since the 2025/26 Round Two budget monitoring was received by Cabinet at its meeting of 18 November 2025 and have formed part of the Round Three monitoring:

Directorate	Scheme	Approved Budget Reduction £000s	Funding	Reason for Reduction	Approval
Regeneration, Culture and Environment	Chatham Town Centre S.106 Works	(15)	S.106 Developer Contributions	Budget removed to fund Street Ambassadors	Chief Operating Officer/Finance Portfolio Holder 08/10/25

## 11. Conclusion

11.1. The third round of Capital Budget Monitoring for 2025/26 forecasts projected overspend of £177,000 against the approved budget, with that in the Children and Adults directorate. All other Services/Directorates are forecast to complete their capital schemes within the total approved budget of £333.326million.

## 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>CIII</b>
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.	<b>CIII</b>
The Council overspends the agreed budget.	Overspends would need to be funded from other sources, the Council's limited reserves or borrowing, at further revenue cost.	The capital monitoring process is designed to identify and facilitate management action to mitigate the	<b>CIII</b>

Risk	Description	Action to avoid or mitigate risk	Risk rating
		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.

#### Lead officer contact

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#### Appendices

None

#### Background papers

None