

Cabinet

10 February 2026

One Medway Financial Improvement and Transformation Plan 2025-26 Q3 Update

Portfolio Holder: Councillor Vince Maple, Leader of the Council

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

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Summary

This report presents a review of the Council's One Medway Financial Improvement and Transformation Plan (FIT Plan) monitoring for Round 3 and should be read in conjunction with the Revenue Budget monitoring for this period. This is the second year of the Council's journey to financial sustainability by producing and monitoring a FIT Plan.

1. Recommendations

- 1.1. The Cabinet is asked to note the results of the third round of FIT Plan monitoring for 2025/26.
- 1.2. The Cabinet is asked to instruct the Corporate Management Team to expedite any of the actions within the FIT Plan, where failure to do so may adversely affect the budget position.

2. Suggested reasons for decision

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

3. Budget and policy framework

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

4. Background

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

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

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

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

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

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

6. Summary of FIT Plan Tracker Position (20 January 2026)

6.1. The dashboard below shows a summary overview of the performance of the FIT Plan Tracker at the end of Quarter 3.



6.2. This dashboard shows that FIT Plan savings of £6,971,735 and additional income of £16,412,313 have been recorded in the tracker, which is 81.1% of the overall annual target of £28,817,000.

6.3. Performance is shown by directorate, division, and against each of the Council Priorities. The “Other” section within the priority section of the dashboard refers to the other chapters of the FIT Plan, which are: sustainable finance, improving the customer experience, maximizing our revenues, workforce strategy, corporate property strategy, procurement and commissioning, and corporate governance.

6.4. This dashboard shows that 32% of activities have achieved their targets. It also highlights the areas that have met or exceeded targets and activities that have not made progress since the previous month.

6.5. This report includes screenshots of the Power BI dashboards. The dashboards have been shared with CMT and Cabinet to allow independent analysis to be carried out within specific areas.

People Directorate

7. Adult Social Care

7.1. The dashboard below shows that Adult Social Care has a savings target of £5,752,000 in the FIT Plan and has achieved savings of £2,230,804 at Q3, putting it at 38.8% of target.



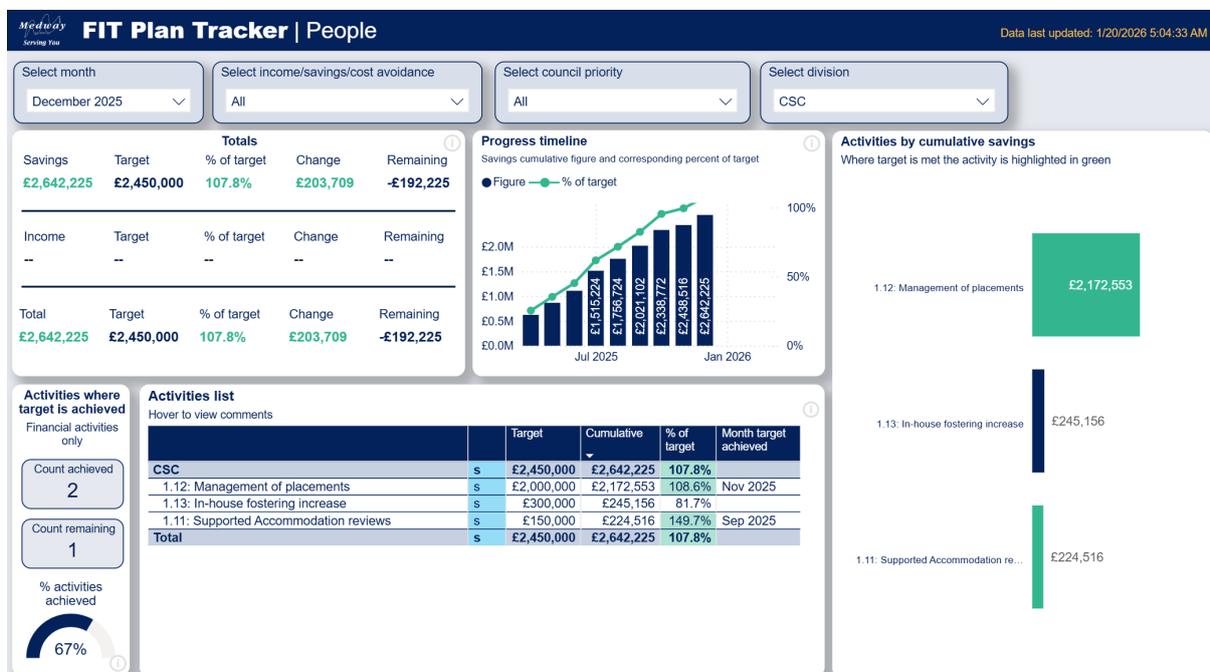
7.2. Highlights include:

- Targeted reviews have achieved savings of £732,453 by ensuring that Medway's residents are receiving the right and least restrictive care at best value.
- £408,138 of savings have been achieved by carrying out a deep dive of current NHS Continuing Healthcare (CHC) packages. This has identified areas of focus and challenge to ensure Medway's residents are receiving appropriately funded care & support and that the council is only funding Care Act eligible needs.
- Further savings have been identified and are currently being verified by Finance before being added to the FIT Plan.
- To avoid confusion, and increase transparency, figures relating to cost avoidance are now shown separately in the FIT Plan Tracker. Adult Social Care are currently showing £2,929,813 in cost avoidance across the following activities, which is in addition to the actual savings shown above.

		Target	Cumulative
ASC	ca	£0	£2,929,813
1.1: Prevention: Reablement	ca	£0	£34,475
1.2: Prevention: MIST	ca	£0	£853,794
1.3: Prevention: LDA	ca	£0	£99,319
1.4: CHC equitable funding	ca	£0	£520,548
1.6: Brokerage placement	ca	£0	£551,276
1.7: Assistive technology	ca	£0	£830,887
1.9: Direct payment operational costs	ca	£0	£39,514
Total	ca	£0	£2,929,813

8. Children's Services

8.1. The dashboard below shows that Children's Services has a savings target of £2,450,000 in the FIT Plan and has achieved savings of £2,642,225 at Q3, putting it at just over 108% of target.



8.2. Highlights include:

- Management of placements to ensure care plans are relevant and continue to meet the needs of children and young people have achieved savings of £2,172,553.
- Recruiting and approving more inhouse foster carer to keep children closer to home and to reduce the use of IFA placements has achieved savings of £245,156.
- £224,516 of savings have been achieved by identifying and providing appropriate housing options for young people, with one young person moving to their own accommodation, which achieved a saving of £17,829.

9. Education

9.1. The dashboard below shows that Education has a savings target of £1,118,000 in the FIT Plan and has achieved savings of £1,058,000 at Q3, putting it at almost 95% of target.



9.2. Highlights include:

- A school transport review and implementation of route planner software used for route rationalisation has achieved savings of £1,058,000.
- We are working with a number of suppliers to pilot Artificial Intelligence tools to provide assistance with the production of Education Health and Care Plans (EHCPs). A Data Protection Impact Assessment has now been approved to ensure that the appropriate data protection and cyber security arrangements are in place. Mobilisation work is now underway to determine report templates and measures of success for the pilots.

10. Public Health

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

Directorate	Service	Action	Priority	Status	Comment
People	PH	4b: primary falls prevention service	Priority 4	Underway: On Track	FAME has been live since April 2025; 192 people have completed programme to date and have been referred onwards to classes in the community to continue to support their physical wellbeing. At present there are 228 active, with 45 on the waiting list. Demand in the service continues to grow and capacity is being reviewed.
People	P&I (Lead)	1k: Develop performance	Priority 1	Underway: On Track	Most indicators for the new SEND Strategy 2025-2028 have now been finalised, and a

Directorate	Service	Action	Priority	Status	Comment
		metrics to support from SEND			new dashboard has been developed to report these indicators to the SEND Partnership Board. This dashboard will also be shared during the DfE and HHSE monitoring visit in January 2026.
People	PH	4d: Smoking cessation AI tool	Priority 4	Underway: On Track	The Quit Coach AI tool is now live and is being promoted via comms. There have been some hiccups and the effectiveness of the tool will be continuously monitored.
People	PH	4a: Improve flu vaccination uptake	Priority 4	Underway: On Track	(This item has been carried forward) filming maternity vaccine video with Medway Foundation Trust, which also included flu vaccine. Continued social media promotion of flu vaccination uptake. Health protection team are working closely with ICB and local pharmacies to use last year's data to suggest strategic locations for flu vaccine outreach bus.
People	PH	4c: 2 prevention-related projects	Priority 4	Underway: On Track	(This comment has been carried forward) Work and Health Project (with The University of Plymouth); Medway Public Health team have commissioned peer researchers to engage with services to find out participants' experiences of returning to work with complex health needs. The final report has been submitted to the Forward Trust. This looks at preventing those with complex needs from being discriminated against in the workforce; sustaining work and patterns to promote healthy behaviours. Food for Schools project: Looking at implementation of recommendations of the 2021 Free School Meals (FSM) project paid meals in primary schools, according to evidence base. Funded and it will review implementation and offer ways to strengthen delivery of FSM and improve how nutritious school food is (to be used as nutrition and health education). It aims to develop consistency between disadvantaged settings. Investing in healthy school meals supports chronic disease prevention, helps reduce future healthcare costs, and promotes overall community wellbeing.

Place

11. Culture and Community

11.1. The dashboard below shows that Culture and Community has a savings and income target of £1,871,000 in the FIT Plan and has achieved £823,206 at Q3, putting it at 44% of target.



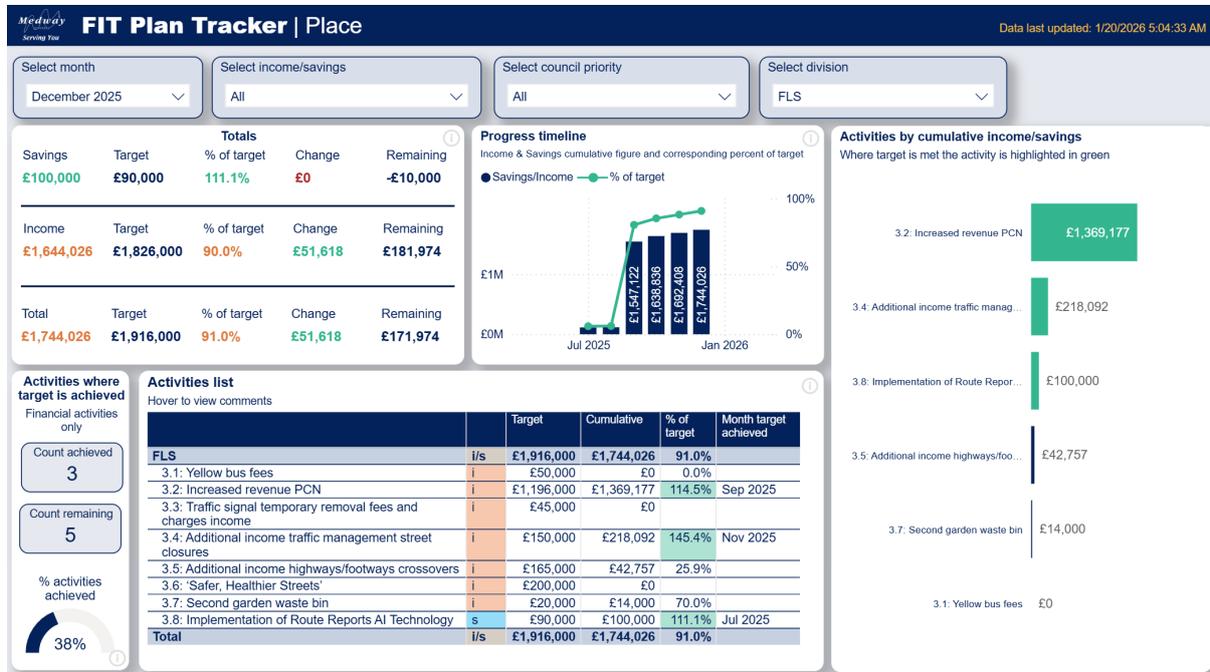
11.2. Highlights include:

- Additional income of £208,500 has been achieved for leisure with confidence that the target will be met, but aware of the potential of bad weather in January/February 2026, which could impact income.
- Housing have achieved savings of £521,706 by moving residents across the housing waiting list and increased ownership of Temporary Accommodation.
- Housing have also achieved a total cost avoidance of £897,776 across temporary accommodation acquisition, the usage of the HRA for temporary accommodation, and the One Medway Lettings work:

		Target	Cumulative
HOUSING	ca	£584,000	£897,776
5.1: TA acquisition	ca	£127,750	£85,467
5.2: Move on team	ca		£471,429
5.3: One Medway Lettings	ca	£0	£36,714
5.4: HRA TA Usage	ca	£456,250	£304,166
Total	ca	£584,000	£897,776

12. Frontline Services

12.1. The dashboard below shows that Frontline Services have achieved savings of £100,000 and additional income of £1,644,026, which has put it at 91% of target at the end of Q3.

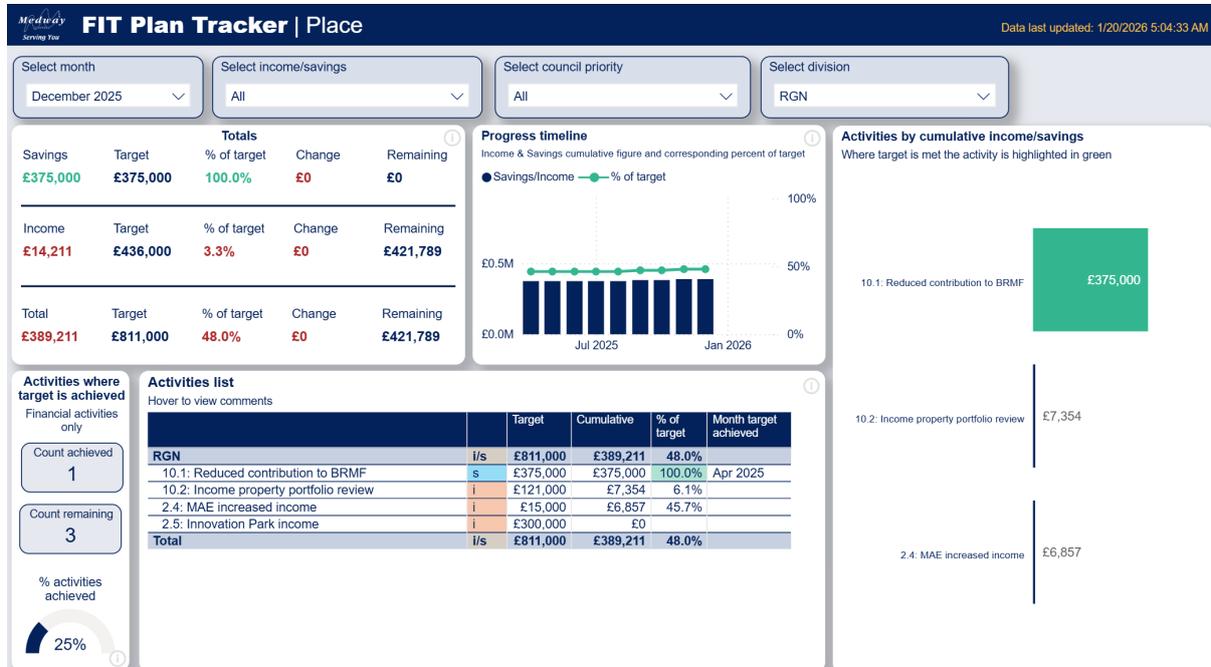


12.2. Highlights include:

- £1,369,177 increased revenue from Penalty Charge Notices, which aligns with the budget monitoring figures.
- Additional income of £218,092 has been achieved from traffic management street closures, against an income target of £150,000.

13. Regeneration

- 13.1. The dashboard below shows that Regeneration has a savings and income target of £811,000 in the FIT Plan and has achieved £389,211 of savings at the end of Q3, putting it at 48% of target.



13.2. Highlights include:

- Savings of £375,000 have been achieved as the Building Repairs & Maintenance Fund (BRMF) will be allocated exclusively to compliance, building safety, and income-critical works.
- £7,354 additional income has been achieved from the outcome of rent reviews and renewal negotiations.
- There have been funding cuts of £177,000 from our Department for Education contract which is causing budget pressures for the Medway Adult Education (MAE) additional income target of £15,000. Work is being undertaken and income has still grown by 5% despite these challenges.
- No income is currently showing against the target for Innovation Park Medway, however leases have now been signed and income is expected within this financial year to achieve a partial year effect.

Business Support Department

14. Finance and Business Improvement

14.1. The dashboard below shows that Finance and Business Improvement has a savings and income target of £14,899,000 in the FIT Plan and has achieved additional income of £14,496,576 at the end of Q3, putting it over 97% of target.



14.2. Highlights include:

- Council tax income growth has been £8,674,319 at the end of Q3 compared to the same period last year, which is on track to achieve the full target by year end.
- Business rates income growth is £5,822,257 compared to the same period last year. The annual target of £2,814,000 has therefore already been exceeded.

It is important to note that these measures are comparisons with the same period in the previous year, so they could fluctuate depending on potentially differing profiles.

15. Legal and Governance

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

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

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

16. Conclusions

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

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

17. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The Council overspends against the agreed budget	Overspends on budget would need to be met from the Council's limited reserves.	The revenue monitoring process is designed to identify and facilitate management action to mitigate the risk of overspending against the agreed budget.	AI
Impact on service delivery	An overspend that cannot be funded from reserves could result in a diminution of the scale and quality of services that the Council is able to deliver.	Ensuring investment is prioritised to statutory services and key priorities, reviewing and reducing non-essential spend and maximising income.	All
Reputational damage	The challenging financial position of the Council, driven by increased demand for statutory services beyond available funding, could be misconstrued or reported as poor management or leadership, reducing the trust and confidence of residents, partners and regulators.	Clear communications with all interested parties on the cause of the financial position, lobbying the government for an improved funding settlement for local government, including implementation of the fair funding review.	BII
Demographic Growth	Further demographic pressures may surface across our statutory services above those assumed in the budget.	Close monitoring of demand for service to identify pressures early, robust budget monitoring.	All
Likelihood	Impact:		
A Very likely	I Catastrophic		
B Likely	II Major		
C Unlikely	III Moderate		
D Rare	IV Minor		

18. Financial implications

- 18.1. The third round of FIT Plan monitoring gives detailed updates on specific actions related to savings and increases in income across the Council, as well as opportunities for longer-term savings that can be achieved via the key actions identified.
- 18.2. This FIT Plan update report should be read alongside the Round 3 Revenue Budget Monitoring 2025/26 report to understand the full financial implications.

19. Legal implications

19.1. The Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by Council. It is unlawful to set a budget that is not balanced or incur expenditure which results in the budget no longer being balanced.

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

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Appendices

None

Background papers

None