

(Relating to Agenda Item No.15, Proposed Capital and Revenue Budgets 2026 / 2027)

Question C – Councillor Perfect had submitted the following question to the Leader of the Council, Councillor Maple:

“The Leader of the Council has repeatedly claimed that he intends 2026/7 to be the final year of using exceptional financial support. How does he square this with the latest Medium Term Financial Projections (Appendix 8) showing an ever-increasing gap until Local Government Reorganisation?”

Response:

Firstly, I think it's important to recognise that almost all local authorities include some, as yet, unidentified savings targets in their medium term financial plans. The difference is the degree of transparency in the presentation. Some will purport to have formulated a medium term financial plan which balances the revenue budget year on year, however when one unpacks the detail, some of the savings assumed in balancing these annual budgets are fairly speculative and represent targets for officers to achieve rather than actual plans. This administration has chosen to be open regarding the extent to which it has not yet formulated savings plans to close the remaining gap over the medium term, however in the context of a half a billion pound gross spend and relative to the position that has been reported in previous years, this gap is fairly small.

I am confident that the work that has been undertaken over the past two years, to focus on prevention and demand management, through right-sizing our services, investing in our staff and investing in transformation programmes such as Medway 2.0, will put us on a path to achieve long term sustainability. This investment would not have been possible without exceptional financial support and instead the Council would have been compelled to make cuts to staffing and other short-term savings.

Question D – Councillor Hackwell, had submitted the following question to the Leader of the Council, Councillor Maple:

“Regarding the FIT plan, it should be noted that the Council has delivered 81% of the savings targeted in its Financial Improvement and Transformation plan but the dashboard (One Medway Financial Improvement and Transformation Plan 2025-26 Q3 Update) indicates only 32% of activities have achieved their targets. Can the Leader of the Council outline how the programmes and activities that are behind are being managed to recover and what the non-delivery risks to the 2026/27 draft position are?”

Response:

The One Medway Financial Improvement and Transformation Plan (FIT Plan) provides full transparency on how the Council is delivering savings, generating income, and avoiding costs.

The FIT Plan records *actuals*, not forecasts. An activity is only marked as complete once the full-year target has been achieved or exceeded. This is why 32% of

activities are showing as fully achieved at Q3, which is good progress at this point in the year. Overall performance is strong and many other activities are on track. In fact, almost half of all activities are already above 75% of their annual target.

Progress is monitored closely. The Corporate Management Team reviews the FIT Plan regularly, and Cabinet receives quarterly reports alongside the revenue budget monitoring to give a complete and transparent picture of performance.

Where activities are behind, we are using the FIT Plan to identify issues early and act. Some of the challenges are outside the Council's control, but the process allows timely intervention. For example, although a number of Adult Social Care activities are not yet delivering their FIT Plan savings, they have still generated nearly £3 million in cost avoidance, which will support the budget for 2026/27 and beyond.

As with any ambitious plan, there may be some activities that do not achieve their full target, and there will be areas that over-achieve the target. This does not create a direct risk to the 2026/27 draft budget because that budget was built using detailed service-level insight, informed by the FIT Plan performance and budget monitoring.

We are now refreshing the FIT Plan for 2026/27. Services will review all targets, carry forward where appropriate, and set new ones to support delivery of next year's budget.

Question E – Councillor Tejan had submitted the following question to the Leader of the Council, Councillor Maple:

“Can the Leader of the Council please update the Council on what discussions he has had since the publication of the draft local government settlement with the Local Government Secretary, Ministers, or Members of Parliament, regarding the £8m worth of money which Medway was shortchanged by?”

Response:

Whilst I understand the need for a politician to do politics, I do hope that Councillor Tejan in his role as Chairperson of perhaps the most important Overview and Scrutiny Committee on the Council, understands council processes. We haven't been short changed by any amount. It would be irresponsible to wait until the provisional local government settlement is in place to start trying to model what that might look like and plan a budget around it accordingly. It just so happens that in our modelling the tapering of the fair funding formula, which is undoing the damage caused by his party, isn't as weighted in the first year of a multi-year settlement as we had tried to predict.

Question G – Councillor Joy had submitted the following question to the Leader of the Council, Councillor Maple:

“With the £3.515 million increase in the Interest and Financing budget because of extra borrowing, has the Council prepared a budget that can withstand higher interests’ rates with their excessive borrowing and ensure services can be properly funded and managed for our residents?”

Response:

The Interest and Financing Budget is calculated using a set of assumptions for the following financial year which includes, the projected borrowing requirements for the capital programme, EFS and loans to our subsidiaries. We will then project borrowing costs such as interest and Minimum Revenue Provision (MRP) based upon expected average interest rates in line with those provided by our Treasury Management advisors MUFG. Other elements included within the overall budget will be interest income from investments and this will also include interest from loans made to our subsidiaries. Again, we will base our projections upon likely interest rate levels for cash and money market fund investments. Property fund investments will also be calculated but these are not linked to interest rates, but the performance of those funds. Whilst we cannot be sure as to how the economy and therefore interest rates will perform during the next financial year, our budget projections are based upon specific data provided to us projecting interest rates, both Bank of England Base Rates and PWLB rates and believe that the budget set, has been calculated using the most robust data available at the present time. Capital schemes requiring borrowing have been costed to ensure they provide the best value for money for the residents of Medway but due to the nature of schemes such as invest to save, the investment invariably has to come first with savings to follow in future years.

The ratio between our interest and financing costs and the Council’s budget requirement is circa 4.7%.

Question H – Councillor Filmer had submitted the following question to the Leader of the Council, Councillor Maple:

“The fairer funding review was around £8m less than Medway Council officers anticipated in the draft budget presented on 18th November, this has ramped up the overspend which is already relying on high levels of borrowing to keep the Council afloat. How does the Cabinet intend to mitigate the results of the fairer funding review within the 2026/27 budget?”

Response:

In forecasting the impact of the Fair Funding Review 2.0 on Medway Council’s finances over the three years of the settlement, our advisors (Pixel) were pretty much spot on. Unfortunately, the eventual phasing of the settlement over the three year period was slower than we had anticipated and I suspect that tapering was ultimately influenced by fierce lobbying from those local authorities who were destined to lose out as a result of the Fair Funding Review, for example inner London boroughs. That means that in the first year, Medway does not receive the increase in resources originally predicted and has mitigated this with a further request for exceptional financial support, however in years two and three, as the

redistribution of funding resulting from the review unwinds, it will become easier for Medway Council to set balanced budgets without further recourse to EFS. Furthermore, I am confident that the work that has been undertaken over the past two years, to focus on prevention and demand management, through right-sizing our services, investing in our staff and investing in transformation programmes such as Medway 2.0, will put us on a path to achieve long term sustainability. This investment would not have been possible without exceptional financial support and instead the Council would have been compelled to make cuts to staffing and other short-term savings.

Member Questions

Question M – Councillor Spalding will ask the Deputy Leader of the Council, Councillor Murray, the following:

“Following reports the elective care centre planned for the former Debenhams site in Chatham designed to relieve pressure on Medway Hospital is not going ahead, can the Portfolio Holder please update the Council as to why this has occurred? In answering, the Portfolio Holder should state how much Medway Council money has gone into this project and why this possibility was not foreseen when Council involvement in this project was considered.”

Response:

The Council explored opportunities to deliver additional healthcare facilities in partnership with the Medway NHS Foundation Trust on the former Debenhams site, this was formally concluded in October 2025. The NHS determined that, due to funding constraints, the proposal was not financially viable and therefore could not proceed.

Although the Council was supportive of the Medway NHS Foundation Trust’s proposal, it also explored alternative options during negotiations to ensure progress could continue at pace. This approach was taken to maintain momentum and ensure the site could still play a key role in our wider regeneration ambitions for Chatham.

Following the NHS’s withdrawal, the Council is now moving forward with plans for a mixed-use scheme, potentially incorporating both commercial and residential development. We are currently assessing the most effective delivery route to maximise the site’s economic, social, and placemaking benefits.

In terms of financial commitments, the Council secured £730,000 of One Public Estate (OPE) funding to undertake enabling works that support future residential development on the site; these works are now close to completion. In addition, £39,000 of capital funding has been spent on professional fees, including project management and design work required to oversee the enabling phase. These enabling works were necessary regardless of which development option was pursued and were not specific to the Hospital Trust’s proposal.

The Council’s involvement in the earlier NHS proposal was based on the information available at the time. The subsequent change in NHS funding availability was outside the Council’s control. Our focus now is on ensuring the site is brought forward in a way that delivers long-term value for Medway’s residents and supports the continued regeneration of Chatham town centre.

Question N – Councillor Finch will ask the Portfolio Holder of Housing and Homelessness, Councillor Louwella Prenter, the following:

“Following the update from the Portfolio Holder at the last Cabinet meeting, could the Council provide a detailed breakdown of how the additional £533,000 received from central government to support homelessness and rough sleeping has been allocated?”

In the questioner’s absence, Councillor Louwella Prenter advised that a written response would be sent, however she took the opportunity to thank Councillor Finch for highlighting the additional funds received from the Labour government.

Response:

The funding received for homelessness is split into £425,534 for homelessness and rough sleeping and £107,964 for improving the experience of living in temporary accommodation for children. This has covered the last two quarters of the current financial year, and several projects will continue into 2026/27.

In terms of the breakdown of the use of rough sleeping and homelessness funding, this breaks down as follows:

- £262,834 on emergency off the street accommodation, including the winter night shelter, assessment centre and B&B for people who have been barred from the shelter;
- £80,700 for longer term supported housing, including specialist drug and alcohol treatment accommodation; £18,000 on additional staffing hours and on call; £39,000 for additional day engagement, including breakfast clubs and day centre hours to increase engagement with services; £25,000 earmarked for the development of a one stop shop once suitable venue sourced. (Combined total £425,534)
- Over £100,000 of the above total has been allocated to local Charity and Voluntary and Community organisations.

The funding for children in temporary accommodation is allocated to:

- £50,964 moving and furnishing new properties;
- £20,000 improving communal spaces;
- £20,000 travel and transport with focus on school attendance.
- £7,000 education and welfare; £10,000 physical activity, sports and leisure. (combined total £107,964).

Question O – Councillor Lawrence, will ask the Portfolio Holder for Climate Change and Strategic Regeneration, Councillor Curry, the following:

“At the Cabinet meeting on the 13th of January 2026, the Cabinet took the decision to award the FM Contract to 10 separate businesses. This change involves transferring 51 staff from Medway Norse to Medway Council. At the aforementioned Cabinet Meeting the Deputy Leader of the Council, Councillor Teresa Murray, stated that Medway Norse Staff had been consulted on the changes and she further stated that Medway Norse had failed to provide regular updates on performance across the various contracts managed by Medway Norse. This is clearly untrue.

Can the Portfolio Holder please advise the difference in costs, salary, pension annual leave entitlements to Medway Council taxpayers for the 51 staff being transferred from Medway Norse on the assumption that these staff will be given Medway Council Staff Contracts of Employment? In giving his answer will he please advise when the consultation with Medway Norse staff began.”

Response:

The 51 staff transferring from Medway Norse - this is now 47 from the last updated list from Medway Norse - will do so under TUPE regulations. This means that their existing terms and conditions will remain the same when they move across to Medway Council.

Salaries, annual leave entitlements and other contractual terms will transfer as they are, so there will be no additional salary costs arising from the transfer. However, should any staff member be on alternative pension arrangements, they can automatically transfer into Local Government Pension Scheme (LGPS), should they wish to do so, and this may result in additional employer contributions. We cannot provide an estimate at this time, as we are still working through this process. Furthermore, this detail will require input from our Medway Norse colleagues, therefore we will provide this information as soon as practical.