

Cabinet

4 August 2026

Capital Budget Monitoring – Round 1 2026/27

Portfolio Holder: Councillor Vince Maple, Leader of the Council

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Summary

This report presents the results of the first round of the Council's capital budget monitoring process for 2026/27.

1. Recommendations

- 1.1. The Cabinet is asked to note the results of the first round of capital budget monitoring for 2026/27.
- 1.2. The Cabinet is asked to note the budgetary changes since Council approved the 2026/27 Capital Budget on 25 February 2026 as set out in sections 10.1 to 10.2 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. 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.

3.3. Any additions made under delegated authority are reported through the next budget monitoring report.

4. Summary Capital Budget Position 2026/27

4.1. The approved capital programme for 2026/27 as at Round 1 is £308.222million. Table 1 below summarises the capital programme and Round 1 forecast position showing a projected underspend of £586,000. Table 2 details how the approved programme will be funded.

Table 1: Round Three Capital Monitoring Summary

Directorate	Total Approved Cost £000	Total Expenditure to 31/03/26 £000	Remaining Budget £000	Forecast Spend 2026/27 £000	Forecast Spend in Future Years £000	Forecast (Under)/overspend £000
Children and Adults (including Public Health)	116,190	10,730	105,460	14,964	89,910	(586)
Regeneration, Culture and Environment	336,330	219,990	116,339	78,732	37,607	0
Housing Revenue Account	149,617	63,222	86,395	26,049	60,346	0
Business Support Department	150	123	27	27	0	0
Total	602,287	294,065	308,222	119,772	187,864	(586)

Table 2: Funding the Capital Budget

Funding Source	Total £000	C&A £000	RCE £000	HRA £000	BSD £000
Capital Grants	70,986	44,721	26,151	114	0
Developer Contributions	4,249	2	4,247	0	0
Capital Receipts	613	0	585	0	27
RTB Receipts	600	0	0	600	0
Revenue / Reserves	12,962	0	300	12,662	0
Borrowing	218,812	60,737	85,056	73,019	3
Total	308,222	105,460	116,339	86,395	27

5. Children and Adults

- 5.1. The Children and Adults programme is forecast to underspend by £0.586million against the approved budget of £116.190million as set out below.

	Total Approved Cost £000	Total Exp to 31/03/26 £000	Remaining Budget £000	Forecast Spend 2026/27 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Basic Needs - Primary	19,600	583	19,017	1,946	17,071	0
Basic Needs - Secondary	12,140	3,362	8,778	2,158	6,621	0
School Condition Programme	1,056	0	1,056	1,056	0	0
Schools Devolved Capital	117	0	117	117	0	0
Basic Needs - SEND	37,566	5,601	31,966	4,668	27,298	0
Children's Social Care	1,432	653	779	194	0	(586)
Adult Social Care	44,278	531	43,747	4,826	38,921	0
Children and Adult Services Total	116,190	10,730	105,460	14,964	89,910	(586)

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Primary	19,600	583	19,017	1,946	17,071	0

The purpose of the schemes within this area are to provide and support additional primary school places at various school sites across Medway. It also includes a series of grants to early years providers funded from the Childcare Expansion grant.

- Greenvale Infant to Primary (Remaining Budget £2,000), this scheme will refurbish and make alterations to convert the school from an Infant to a Primary school. The project is largely complete, however the service plans to request additional funding for some additional works via the School Place Planning Strategy.
- Childcare Expansion Grant (Remaining Budget £32,000), scheme to provide, expand and improve wraparound childcare provision in primary schools and to expand Early Years childcare provision. Some of the projects were delayed into this financial year due to delays in work on site commencing at some of the settings. All remaining works are on track to complete this financial year.
- Hoo St Werburgh (Remaining Budget £2.696million), this scheme will expand the Hoo St Werburgh school for additional mainstream pupils. Works are expected to commence on site over the summer of 2027 with completion anticipated by September 2028.
- Marlborough Centre Relocation (Remaining Budget £3.287million), 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. The design work is being carried out this financial year, after which the service will undertake a procurement process to secure a contractor. The scheme is anticipated to be completed by September 2028.
- 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. The service now anticipates that this project will not commence until late 2027, with contractors not on site until 2028 and a completion date in 2030.
- New Road Primary 2FE Expansion (Remaining Budget £3.000million), this scheme will expand New Road Primary school from a 1.5 form of entry (FE) school to a 2 form of entry school. Feasibility has now commenced. The service anticipates contractors starting on site in 2027/28 with completion expected in 2028/29.

Funding - the above schemes are funded predominantly by the Basic Need Capital grant, with a small contribution from s106 Developer Contributions funding the Greenvale Infant to Primary scheme.

Budgetary Forecast – schemes within this area are anticipated to spend within the allocated budget.

- 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 £90,000), 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 work identified by them will be met from this budget. The surveys are expected to take place over the summer of 2026, and the require remedial works will be determined based on the outcomes.
- Condition Programme – Other (Remaining Budget £234,000), 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 wall works at Burnt Oak and Crest, condition surveys, and works to a structural pillar at Swingate.
- Condition Programme – Security (Remaining Budget £50,000), projects at maintained schools to ensure they are safe and secure. Projects include fencing, alarms, CCTV etc. There are no scheduled works at the current time, but projects are expected throughout the year.

Funding - the above schemes are funded by way of an annual DfE Government Grant.

Budgetary Forecast - it is estimated that the schemes will be completed within the allocated budget.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Schools Devolved Capital	117	0	117	117	0	0

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.

- Schools set and retain their own capital budgets and report and monitor their expenditure against their approved budget three times a year.

Funding: the above schemes are funded by way of Government Grants.

Budgetary Forecast: it is estimated that the schemes within the individual schools will be completed within the allocated funding.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Basic Needs - Special Educational Needs and Disabilities (SEND)	37,566	5,601	31,966	4,668	27,298	0

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.

- 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 scheme was expected to take place in 2026/27, however work onsite has yet to start and the service now anticipates that this scheme will complete in 2028.
- Rivermead at Stoke Refurb (Remaining Budget £614,000), project to refurb and adapt the former Stoke primary site, to be suitable for secondary aged Autism Spectrum Disorder (ASD) pupils. This is an expansion onto a satellite site for Rivermead. This scheme is complete and has delivered an underspend of £613,000. The service will request that this be vired, under the Director of People's delegation, to the Dane Court SEND scheme to address the forecast overspend.
- Leigh Academy (Remaining Budget £2.359million), 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). This scheme is still in the design stage, with contractors expected on site later in 2026 and completion expected in 2027/28.
- Pre-Beeches at the Rowans SEND (Remaining Budget £294,000), project to install temporary accommodation at the Rowans in advance of the Beeches project which is led by the Department for Education (DfE) and delayed due to escalating costs. The main project is now complete, but some ongoing costs are expected in relation to the temporary accommodation.

- Danecourt Secondary Expansion (Remaining Budget £24.967million), this scheme will expand Danecourt Special School to add a secondary phase, providing 200 places. The project is at the early design stage but there are already indications that the scheme may cost more than initially expected. The scheme is currently forecasting an overspend of £613,000 and the service proposes to request a virement, via the Director of People's delegation, from the underspend at Rivermead. Contractors are likely to commence on site later in 2026, with completion in 2030. The service will monitor the costs of the scheme closely and request additional funding should this be required.
- Napier Primary SEN Provision (Remaining Budget £148,000), this scheme will add a resourced provision to Napier Primary School for pupils with ASD and Speech, Language and Communication needs. The project is due to commence on site shortly and is due to be completed by 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 scheme has been slightly delayed due to legal matters. The service expects to be able to commence works later this financial year with completion expected in 2027/28.
- St Margaret's Primary SEN Provision (Remaining Budget £149,000), this scheme will deliver a resourced provision for ASD at the school. The project is due to commence on site shortly and is due to be completed by September 2026
- All Saints Primary SEN Provision (Remaining Budget £150,000), this scheme will deliver a resourced provision for ASD at the school. This scheme has been delayed due to issues with the restricted nature of the school site. The service anticipates requiring additional funding to deliver this project and will request further budget as part of the School Place Planning Strategy.

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], and Danecourt Secondary Expansion

Budgetary Forecast – overall the schemes within this area are currently forecasting to spend within the allocated budget, however the service will request a virement via the Director of People's delegation between the Rivermead and Danecourt schemes. There are some concerns about additional budget being required to deliver some of these schemes, and the service will request any additional funds required via the School Place Planning Strategy.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Children's Social Care	1,432	653	779	194	0	(586)

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 £79,000), 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 and the Cabin are now complete. The service awaits the final account from the contractor. The scheme has delivered an underspend of £74,000, funded by prudential borrowing, which the service will request be vired to another scheme to facilitate further capital improvements to children's social care infrastructure.
- Aut Even Redevelopment (Remaining Budget £700,000), 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. The structural work is anticipated to complete over the summer of 2026. Fixtures, fittings and any snagging works will then be completed. The service is reporting an underspend of £512,000 on the scheme which they intend to request be vired via the Director of People's delegation to another scheme to facilitate further capital improvements across children's social care. As some of the remaining budget is funded by grant, the service will need to ensure that any alternative scheme remains compliant with the terms and conditions of the grant.

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 schemes will deliver an underspend of -£586,000 which the service intends to request be vired via the Director of People's delegation to another scheme to facilitate further capital improvements across children's social care

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Adult Social Care	44,278	531	43,747	4,826	38,921	0
The scheme in this area is to implement accessibility improvements and internal works to several 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 £66,000), project to implement accessibility improvements and internal works to several existing family hubs to support the Start for Life Programme. Works for this year include improving access and versatility of the Hubs and Wellbeing Centres. There will also be work carried out to adapt some community spaces for Best Start activities. Further grant has recently been announced, and this will shortly be added to the budget and a new scheme of works planned. - Care For Medway (Remaining Budget £43.681million), this scheme will deliver a new Care Home on the IPM Southern site, as well as older persons residential units on the site. The planning application in respect of the site has now been submitted and a decision is awaited. Forecast works for this financial year include further design work, and subject to planning permission construction work to commence early in 2027. 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 schemes 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 £116.339million as set out below.

SERVICE	Total Approved Cost £000s	Total Exp to 31/03/26 £000s	Remaining Budget £'000	Forecast Spend 2026/27 £'000	Forecast Spend in Future Years £'000	Total Scheme Variance £'000
Front Line Services (FLS) - Environmental Services	504	83	421	150	271	0
FLS - Highways	108,629	98,017	10,613	9,613	1,000	0
FLS - Integrated Transport	24,938	21,332	3,606	2,440	1,166	0
FLS - Other Front Line Services	10,864	5,417	5,448	4,256	1,192	0
Front Line Services	144,936	124,849	20,087	16,458	3,629	0
Culture & Community	26,606	7,259	19,348	13,384	5,964	0
Regeneration - Corporate Property	25,051	3,917	21,134	13,931	7,203	0
Regeneration - Green Spaces	5,024	2,205	2,819	2,315	504	0
Regeneration - Innovation Park Medway	2,268	190	2,078	449	1,629	0
Regeneration - Medway Development Company	3,299	3,045	253	253	0	0
Regeneration - Other	129,145	78,525	50,620	31,941	18,679	0
Regeneration	164,788	87,883	76,905	48,890	28,015	0
GENERAL FUND TOTAL	336,330	219,990	116,339	78,732	37,607	0

- Structures & Tunnels (Remaining Budget £34,000), this scheme is for the Statutory inspections of highways structures. There is currently a delay to outstanding work due to design issues and constraints found on site. Work is expected to be completed by March 2027.
- Highways Maintenance LTP3 (Remaining Budget £1.916million), this scheme includes maintenance of Highways structures, Drainage Improvements, Street Lighting Replacements, cyclical crash barrier replacements and skid policy sites. The cyclical crash barrier replacement programme is due to commence over the summer, as is the work on the skid policy sites. This scheme is forecasting an underspend of - £225,000 which the service will request be vired to address the overspend on Street Furniture.

Funding - the above schemes are funded by a mixture of capital grants (Potholes, Medway Tunnel [part] and Highways Maintenance LTP3); section 106 contributions (Horsted Gyratory & Ped Imps); and prudential borrowing (LED Lantern Replacement Scheme, Medway Tunnel [part], Structures & Tunnels, Design & Resurfacing, and Enforcement Cameras).

Budgetary Forecast – overall schemes in this area are forecasting to spend within the allocated budget, although there is a forecast overspend on Street Furniture which the service plans to address by requesting a virement under the Director of Place's delegation from the Highways Maintenance LTP3 budget.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
FLS - Integrated Transport	24,938	21,332	3,606	2,440	1,166	0

The purpose of the schemes within this area is to facilitate Medway's Integrated Transport Strategy and includes the following schemes:

- Controlled Parking Zones (Remaining Budget £28,000), this budget is used for the controlled parking design and implementation on Rochester Riverside with spend being aligned to the delivery of housing on the site. Rochester Riverside Phase 7 is now commencing and a quote for the first design has been obtained.
- Integrated Transport LTP3 (Remaining Budget £2.561million), 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.
- Mierscourt Road Junction with A2 (Remaining Budget £127,000), this project seeks to improve junction capacity and traffic flow at the junction through physical alterations and traffic signal amendments. Construction of this scheme is still anticipated to take place in the summer of 2026.
- 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 and will be aligned to infrastructure improvements on the Peninsula identified by the Council's new Local Plan. Works are now anticipated to be completed in 2027/28.
- Integrated Transport S106 minor schemes (Remaining Budget £543,000), 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). Most schemes are in the development stage, with some schemes scheduled for completion this financial year.

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

Budgetary Forecast – it is anticipated at the current time that the schemes will complete within the approved.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
FLS - Other Front Line Services	10,864	5,417	5,448	4,256	1,192	0

The purpose of the schemes within this area are as follows:

- CCTV (Remaining Budget £15,000), work is underway to improve and upgrade Medway's CCTV infrastructure. The remaining works involve replacing the cameras in Chatham and Strood and are expected to be completed over the summer of 2026.
- Active Travel (Remaining Budget £992,000), 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 Local Cycling and Walking Infrastructure Plan (LCWIP), combined with potential S106 contributions where these align. This financial year priority walking and cycling routes in Gillingham and Chatham will be progressed through a detailed design stage, subject to the outcomes of a consultation exercise over the summer.
- Medway City Est Connectivity (Remaining Budget £85,000), 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. Consideration will be given to undertaking improvements to carriageway and footway surfacing and road markings on Anthony's Way during the current financial year.
- Traffic Signal System Upgrades (Remaining Budget £358,000), scheme to deliver upgraded traffic signal systems across Medway, replacing unreliable and obsolete equipment. A key workstream this financial year includes coordination with the Council's Bus Service Improvement Plan (BSIP). This scheme and the BSIP programmes have jointly progressed a single procurement exercise for the design of modernized traffic signal sites on the A2 corridor. Other workstreams relate to the wider upgrade and optimization of Medway's traffic controls, and these are underway with completion anticipated this financial year.
- Bus Service Improvement Plans (Remaining Budget £3.884million), 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 Range Time Indicator (RTI) screens. RTI screens will be installed over the summer of 2026. The Mierscourt Road A2 scheme is due to be completed over the summer of 2026, with Hoath Way works due in Autumn 2026 subject to funding. AV tech installations with ASD, New Venture, and Chalkwell are due to be completed in Autumn 2026.
- 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. This project is now almost complete. The only remaining car park is Deangate, where there is a lot of work needed to be able to implement the pay and display machines and there are lighting issues. It is anticipated that these will be resolved over the summer 2026.

Funding – The schemes above are funded from a mixture of Capital Grants (Active Travel, Medway City Est Connectivity, Bus Service Improvement Plans and Traffic Signal System Upgrades); Capital Receipts (CCTV) and prudential borrowing (Country Parks Car Park Charges)

Budgetary Forecast – it is anticipated at the current time that the schemes will complete within the approved budget.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Culture & Community	26,606	7,259	19,348	13,384	5,964	0

The schemes within this service area are as follows:

- Library Improvement Fund (Remaining Budget £360,000), this is a scheme to deliver technology and building infrastructure improvements across Medway's libraries, funded by capital grant. Purchasing kiosks and an electric van are due by the autumn of 2026.

- EH LMA - Environmental Mon (Remaining Budget £86,000), conservation works to sites (Rochester Castle and Temple Manor. Upnor Castle has been returned to English Heritage. Temple Manor is due to be sold this financial year, leaving only Rochester Castle to be funded from this budget. No urgent work has been identified at Rochester Castle now that repairs have been completed on the external staircase and railings in the Castle Garden. Some works to the flood lights will be required ahead of 2027.
- Hoo Sports Centre Works (Remaining Budget £271,000), this scheme is for works to be carried out at the Hoo Sports Centre, funded by the Swimming Pool Sport Fund. The gym extension is nearing completion. Works on the wetside are due to commence over the summer 2026. The service is awaiting tender issue for a new air handling unit.
- Deangate Ridge Playzone (Remaining Budget £328,000), a scheme to build a multi-sport playzone at Deangate Ridge. Work is due to commence imminently with completion anticipated at the end of summer 2026.
- Maidstone Road Playzone (Remaining Budget £391,000), a scheme to build a multi-sport playzone on Maidstone Road at Chatham Town F.C. Works are now complete onsite as planned. There is a small, reported underspend of £3,000 and the service will request that this be vired under the Director of Place's delegation to the Strand Playzone scheme.
- The Strand Playzone (Remaining Budget £16,000), a scheme to build a multi-sport playzone at The Strand. The main works are now complete, with some additional work for lighting to be carried out. There is a small reported overspend of £3,000 which the service proposes will be addressed by a virement from the Maidstone Road playzone budget, subject to the Director of Place's agreement under delegation.
- 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 needs to be delivered in one season once full funding is achieved. The Council's Stage 1 Heritage Fund bid for £250,000 was successful but has not yet been added to the budget. A Stage 2 bid for a further £1.5million is due to be submitted in April 2027.
- Sports Centre Improvements (Remaining Budget £1.093million), this scheme will deliver improvements to Medway Park and Strood Sports Centres with the aim of improving income generation. The gym refurbishment at Medway Park is due to be completed over the summer with formal opening due in September. The wetside improvements at Strood Sports Centre are due to begin in the summer.
- Brook Theatre Refurbishment (Remaining Budget £16.703million), this Capital Project is to fund a major refurbishment programme for the Brook Theatre. The programme will now be extending into spring 2028 due to the serious structural issues discovered earlier this year. The cost of refurbishments remains within the allocated budget. The spend deadline for the grant has been extended by the Ministry of Housing, Communities and Local Government (MHCLG) in following the discovery of structural issues and the additional time required to address these.

Funding - the above schemes are funded by way of Government Grants (Library Improvement Fund [part], Brook Theatre Refurbishment [part], Deangate Ridge Playzone [part], Maidstone Road Playzone [part] and The Strand Playzone); Capital Receipts (EH LMA - Environmental Mon); s106 developer contributions (Library Improvement Fund [part], Deangate Ridge Playzone [part], and Maidstone Road Playzone [part]); with the remainder by way of prudential borrowing (Hoo Sports Centre Works SPSF, Library Improvement Fund [part], Dickens Chalet Restoration, Sports Centre Improvements and Brook Theatre Refurbishment [part]).

Budgetary Forecast – schemes in this area are anticipated to deliver within the allocated budget, although there are small over and spends reported on Maidstone Road and the Strand Playzone which the service proposes to address by virement, subject to the Director of Place's agreement under their delegation.

close at the end of June 2026. The service anticipates both workstreams commencing late in the summer or early autumn.

- Town Hall Gardens (Remaining Budget £28,000), new scheme to improve Town Hall Gardens, including footpath, access and play area improvements. Works for this financial year include additional handrails as part of access works, which are now complete. The remaining budget will be spent on planting improvements later this financial year.
- Deangate Community Parkland (Remaining Budget £655,000), scheme to develop and improve Deangate Community Parkland. Phase 1 works are due to be completed over the summer of 2026. Phase 2 works and future management contribution are to be determined.
- Riverside Country Park (Remaining Budget £185,000); scheme to provide overflow car park improvements, a new viewing platform at Sharps Green Pond and mound steps. There were no tender returns for the boardwalk improvements, so the service is currently reviewing options to take forward this element of the works.
- Esplanade & Jacksons Field (Remaining Budget £463,000), 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 £2million). The planning permission decision on the Esplanade play area is due in July 2026. The tender for the works will be issued shortly with works expected to commence in late 2026. Public engagement is live for Jacksons skatepark improvements. The service will review the feedback from this process prior to progressing this workstream.
- Watts Meadow (Remaining Budget £32,000), this scheme will deliver improvements to the Watts Meadow Open space, including footpath improvements and drainage in the woodland. Access works completed on site in May 2026. The remaining spend is earmarked for signage and the scheme is expected to complete this financial year.

Funding - the above schemes are funded by way of Section 106 Developer Contributions except Horsted Valley – Env Enhancement and Play Parks Refurbishment [part], which are funded from prudential borrowing, Cozenton Park & Chalk Pit Allotments [part] which is funded by 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 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Regeneration - Innovation Park Medway (IPM)	2,268	190	2,078	449	1,629	0

This scheme has been substantially restructured following a review of the future of the project.

The purpose of the schemes within this area is to create the infrastructure at the Innovation Park. The schemes are as follows:

- IPM Sustainable Development Options (Remaining Budget £224,000), 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 £1.347million), scheme to support the new delivery approach on the northern site. The procurement of consultants is expected over the next quarter.
- IPM South (Remaining Budget £507,000), 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 work 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

[illegible]

- Rochester Riverside Growing Places (Remaining Budget £272,000), 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.
- Strood Riverside Phase 1&2 (Remaining Budget £1.715million), project to deliver the redevelopment of Strood Riverside. The installation of the flood gate is due to start over the summer. This represents the final element of the flood defence works to be delivered at Strood Civic. Design development is progressing for the Riverside site. These designs are being advanced to planning application stage to support further bids for funding.
- Brook Car Park Re-Development (Remaining Budget £1.978million), a scheme to deliver enabling works required to unlock the Brook multi-storey car park site for future residential development. Medway Council has successfully secured £1,578,150 to fund this scheme through the One Public Estate Brownfield Land Release Fund. The funding has been awarded to support essential enabling works, specifically the demolition of the existing Brook Multi Storey Car Park to unlock the site for re-development. The demolition programme is anticipated to be completed by February 2027.
- Debenham's Redevelopment (Remaining Budget £17.715million), scheme to redevelop the former Debenhams building to provide an active frontage and residential development in Chatham High Street. The tender process has been completed for the appointment of a multi-disciplinary team to develop the design for both the Integrated Hib and the residential element of the Debenhams Redevelopment. A report will be presented to cabinet in the autumn seeking approval to proceed with the delivery of the Integrated Hub, once greater certainty on project costs has been established.
- Rural England Prosperity (Remaining Budget £81,000), scheme to deliver a series of initiatives for rural businesses including improvements to rural access infrastructure and provision of a rural hub. Works scheduled for this financial year include the Greenkeepers yard works and green infrastructure improvements. The contractor for the demolition has been appointed but cannot begin work until the planning decision has been received. The delay to the planning decision is due to Highways requesting additional information. The project is expected to complete by the end of September 2026.
- Pride in Place Impact Fund (PIPIF) (Remaining Budget £1.485million), this scheme will deliver visible improvements to high streets and places of community value. There are three strands to the project; the Shopfront Grant Scheme will enhance the visual appeal of key commercial areas across Medway, supporting local businesses and encouraging economic growth. The Public Realm Improvement will deliver public realm improvement across Gillingham and Chatham. The Partners in Investment scheme aims to leverage significant private sector investment to refurbish, convert and bring back into use an empty property in a town centre location. The grant funding would not be able to create this level of impact alone but alongside the private sector, this will enable significant regeneration into our high streets. Feedback from an engagement event on proposed PIPIF interventions in December supported the proposals and the design report options for the public realm interventions. The funding must be spent or contractually committed by 31 March 2027.

Funding - the above schemes are funded by way of a government grant (Disabled Facilities Grant Mandatory, Brook Car park Redevelopment [part], Pride in Place and Rural England Prosperity); Capital Receipts (Digital Equipment Medway Adult Education, Brook Car Park Redevelopment [part] and Housing Renovation grants); Section 106 Developer Contributions (Chatham Town Centre S106 Works); and Prudential Borrowing (Temporary Accommodation Pilot, Kennel Build, Rochester Riverside Growing Places, Strood Riverside Phase 1&2, Debenhams Redevelopment and Healthy Living Centre).

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 £86.395million as set out below.

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
Housing Revenue Account (HRA)	149,617	63,222	86,395	26,049	60,346	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 £20.608million), planned capital works improvement programme to maintain the 'decent homes' standards HRA properties. This is a rolling programme, and the budget is approved every 3 years for a 3-year programme. 2026/27 is the final year of the current three-year programme.
- Disabled Adaptations (Remaining Budget £294,000), 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.
- HRA Purchase Of Housing Units (Remaining Budget £1.251million), 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. The forecast for 2026/27 is based on a delivery target of 13 properties. There are currently 4 acquisitions being progressed.
- HRA Future Projects (Remaining Budget £9.365million), this is for future HRA projects where some external funding may be announced, such as homes for Ukraine/Afghan families. This budget is being used for the acquisition of 30 affordable homes on a s106 site and the acquisition of 21 affordable homes which is being delivered by Medway Development Company (MDC).
- HRA New Build Phase 5 (Remaining Budget £3.098million), 41 units (19 x 2,3,4,6 bed affordable rent & 21 x 1&2 bed apartments). Lennox Wood, comprising 19 homes, has now completed and been handed over. Aburound House, comprising 18 flats, is due for completion in late summer or early autumn. That will complete Phase 5.
- HRA Britton Farm Phase 6 (Remaining Budget £3.430million), 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 over the summer.
- 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. The site is currently owned by the general fund. It is being explored for a potential HRA housing scheme. This financial year, the service plans to engage with an architect with the intention of working up feasibility and for a planning application to be submitted later in the financial year.
- HRA Acquisition (Remaining Budget £45.950million), to acquire stock located in Medway from a registered provider's portfolio. It comprises approximately 791 properties. Due diligence work, including expert analysis and valuations, are forecast for this financial year. If satisfied, acquisition is expected early in 2027/28.

Funding - the above schemes are funded primarily via prudential borrowing, with some funding from Capital Grant (HRA New Build Phase 5 [part]), via Reserves (Improve to Housing Stock [part], HRA Purchase of Housing Units [part], HRA Future Projects [part] and Disabled Adaptations) and RTB receipts (HRA Future Projects [part]).

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

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 31/03/26	Remaining Budget	Forecast Spend 2026/27	Forecast Spend in Future Years	Total Scheme Variance
	£000s	£000s	£'000	£'000	£'000	£'000
Business Support Department Total	150	123	27	27	0	0

	Total Approved Cost £000's	Total Exp to 31/03/26 £000's	Remaining Budget £000's	Forecast Spend 2026/27 £000's	Forecast Spend in Future Years £000's	Forecast Variance £000's
ICT Investment	150	123	27	27	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:

- Data Centre Refurbishment (Remaining Budget £27,000), scheme to repair flooring and other spaces within the Medway Council Gun Wharf Data Centre. This scheme has been slightly delayed due to the refurbishment work at Gun Wharf. The remaining work on servers is expected to be completed this financial year.

Funding - the above scheme is funded by capital receipts

Budgetary Forecast - it is anticipated that this scheme will be delivered 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 £000s	Forecast Spend 2026/27 £000s	Forecast Spend in Future Years £000s	Forecast Under/(over) spend £000s
Capital Reserve Developer Contributions				
S106 Highways & Transport Capital	1,105	451	676	22
S106 Education Capital	2	2	0	0
S106 Leisure/Heritage Capital	1,262	1,262	0	0
Developer Contributions from Capital Reserves	2,369	1,715	676	22
Revenue Reserve Developer Contributions				
Developer Commuted Sums	833	833	0	0
S.106 Highways & Transport Revenue	5	0	5	0
S106 Leisure/Heritage Revenue	1,018	514	504	0
S106 Public Realm Revenue	25	10	15	0
Developer Contributions from Revenue Reserves	1,881	1,357	524	0

10. Changes Since Approved Budget – February 2026

10.1. The following additions have been made since the 2026/27 budget was approved by Council at its meeting of 25 February 2026 and have formed part of the Round One monitoring:

Directorate	Scheme	Approved Budget Addition £000s	Funding	Approval
Regeneration, Culture and Environment (GF)	Maidstone Road Playzone	80	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 22/05/26
Regeneration, Culture and Environment (GF)	Temple March Open Space	70	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 22/04/26
Regeneration, Culture and Environment (GF)	A2 Mierscourt Road Junction	28	S.106 Developer Contributions	Chief Operating Officer/Finance Portfolio Holder 12/06/26
Regeneration, Culture and Environment (HRA)	HRA acquisition of Residential stock	45,950	Borrowing	Council 23/04/26

10.2. The following reductions have been made since the 2026/27 budget was approved by Council at its meeting of 25 February 2026 and have formed part of the Round One monitoring:

Directorate	Scheme	Approved Budget Reduction £000s	Funding	Reason for Reduction	Approval
Regeneration, Culture and Environment	Integrated Transport Minor schemes	(23)	S.106 Developer Contributions	Budget removed to fund Street Ambassadors	Chief Operating Officer/Finance Portfolio Holder 26/05/26

11. Conclusion

11.1. The third round of Capital Budget Monitoring for 2026/27 forecasts projected underspend of £586,000 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 £308.222million.

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.	C3
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.	B2
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 risk of overspending against the agreed budget.	C3
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.	B3

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	1 Critical 2 Major 3 Moderate 4 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.

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Appendices

None

Background papers

None