Medway Council
Serving You

Cabinet

4 August 2026

One Medway Financial Improvement and Transformation Plan 2026/27 Q1 Update

Portfolio Holder: Councillor Vince Maple, Leader of the Council

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

Author: Paul Boyd, Chief Information Officer

Summary

This report presents a review of the Council's One Medway Financial Improvement and Transformation Plan (FIT Plan) monitoring for Quarter 1, which should be read in conjunction with the Revenue Budget monitoring for this period. 2026/27 is the third iteration of the Council's FIT Plan, as part of its journey to financial sustainability.

1. Recommendation

1.1. The Cabinet is asked to note the results of the first round of FIT Plan monitoring for 2026/27.

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. Council agreed refreshed KPIs for 2026/27 in February 2026. 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.

4.2. The 2024/25 FIT Plan achieved savings/additional income of £24,350,859 and the 2025/26 FIT Plan achieved savings/additional income of £28,817,000. This year's FIT Plan has a target of £16,421,060, giving total savings of £70m over the last 3 years.

5. The One Medway Financial Improvement and Transformation Plan Refresh 2026/27

5.1. The third iteration of the FIT Plan was approved at Cabinet on 7 April 2026. 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 £690m gross revenue expenditure budget and £308m capital programme.

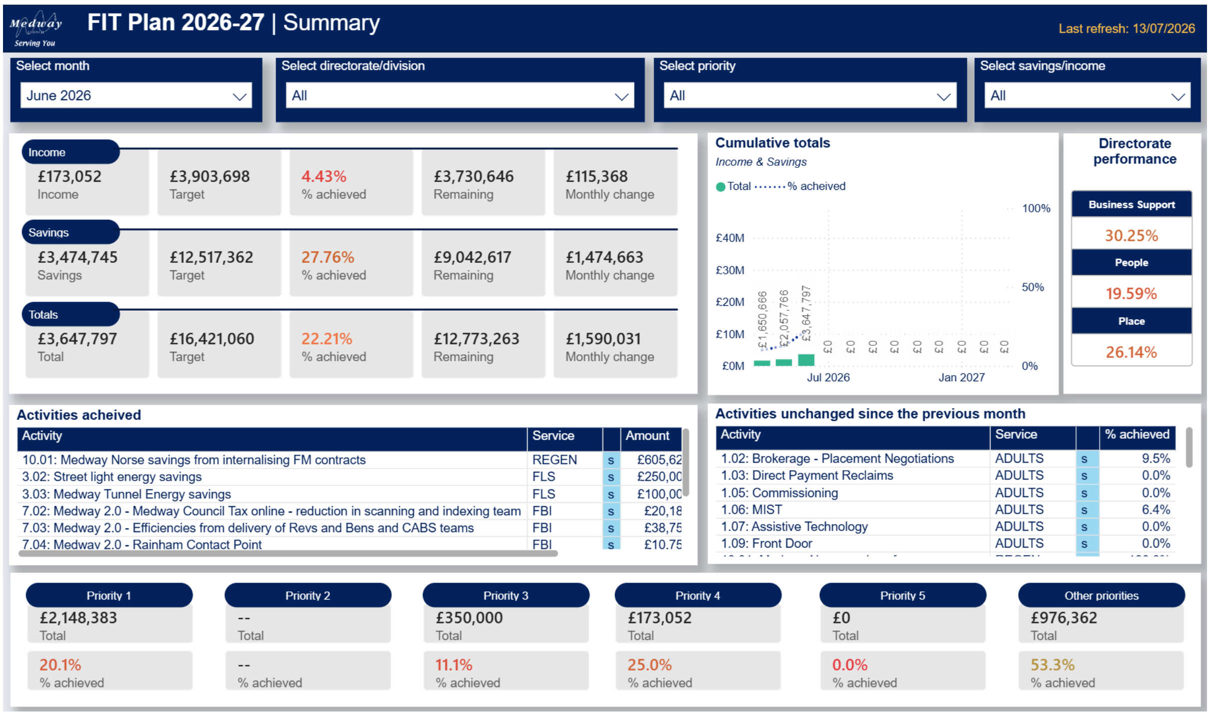
- **Financial Sustainability**: we are committed to using EFS to invest in activity that will set us on the path to balancing budgets without external support over the medium-term including actions recommended by CIPFA through the Resilience and Assurance Reviews and those of the Council's external auditors through their Value for Money reporting.

- **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 Outturn Position (13 July 2026)

6.1. The dashboard below shows a summary overview of the performance of the FIT Plan Tracker at the end of Quarter 1.



6.2. This dashboard shows that FIT Plan savings of £3,474,745 and additional income of £173,052 have already been achieved within Quarter 1, which is 22% of the £16,421,060. It is important to note that only actual savings/income are shown in the FIT Plan when they have been achieved, rather than a forecast of what is anticipated to be achieved.

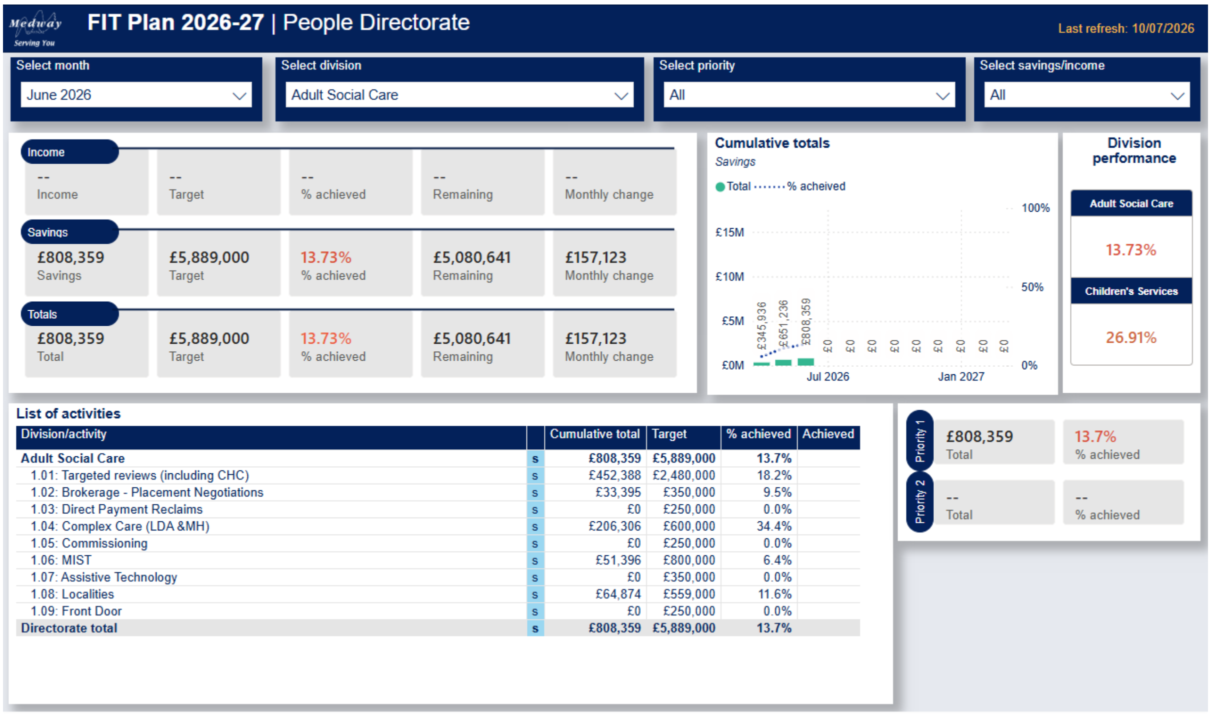
6.3. Performance is shown by directorate, division, and against each of the Council Priorities. The "Other" section within the priority section of the dashboard refers to the other chapters of the FIT Plan, which are: sustainable finance, improving the customer experience, maximising our revenues, workforce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

6.4. 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 £5,889,000 in the FIT Plan and has achieved savings of £808,359 at Q1, putting it at 13.7% of target.



Division/activity		Cumulative total	Target	% achieved	Achieved
Adult Social Care	s	£808,359	£5,889,000	13.7%	
1.01: Targeted reviews (including CHC)	s	£452,388	£2,480,000	18.2%	
1.02: Brokerage - Placement Negotiations	s	£33,395	£350,000	9.5%	
1.03: Direct Payment Reclaims	s	£0	£250,000	0.0%	
1.04: Complex Care (LDA &MH)	s	£206,306	£600,000	34.4%	
1.05: Commissioning	s	£0	£250,000	0.0%	
1.06: MIST	s	£51,396	£800,000	6.4%	
1.07: Assistive Technology	s	£0	£350,000	0.0%	
1.08: Localities	s	£64,874	£559,000	11.6%	
1.09: Front Door	s	£0	£250,000	0.0%	
Directorate total	s	£808,359	£5,889,000	13.7%	

7.2. Highlights include:

- Targeted reviews have achieved savings of £452,388 by ensuring that Medway's residents are receiving the right and least restrictive care at best value.

- £206,306 savings have been achieved by reclaiming monies owed from providers for undelivered care and from reviews.

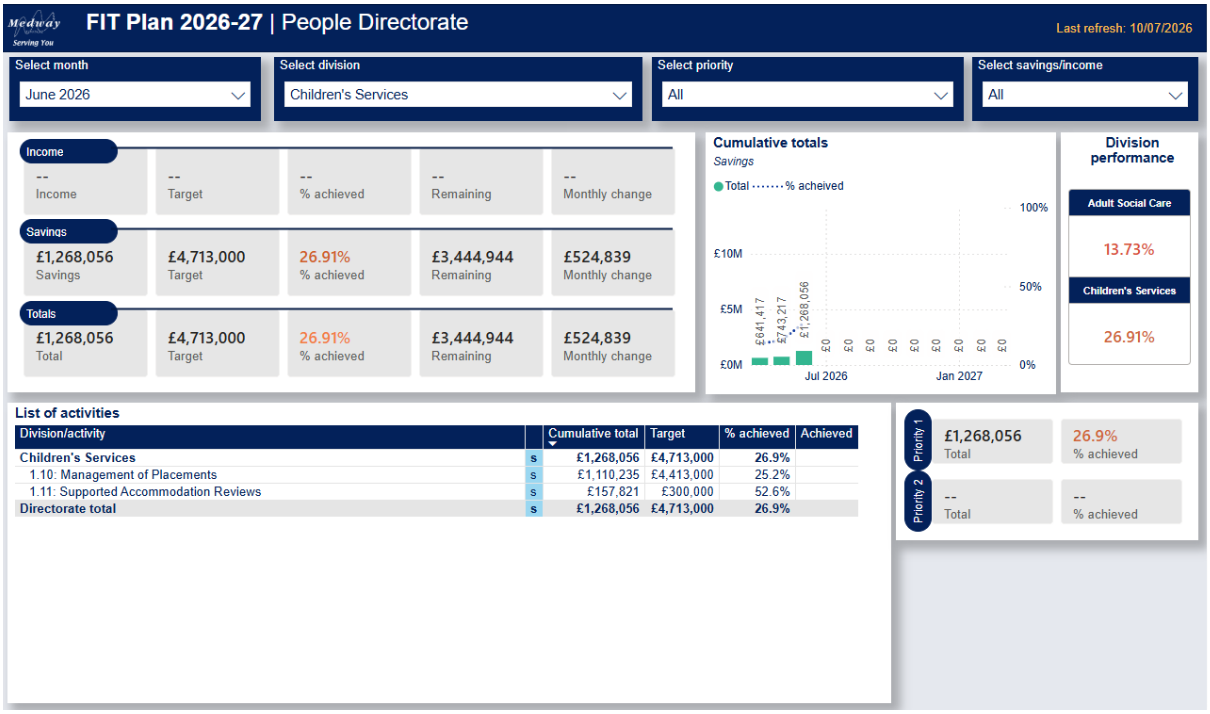
- Savings of £64,874 have been achieved from locality reviews. Carers panel is reducing demand/delaying services and will achieve cost avoidance.

- 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 £724,602 in cost avoidance across the following activities, which is in addition to the actual savings shown above.

Division/activity		Cumulative total
Adult Social Care	**ca**	**£724,602**
1.01: Targeted reviews (including CHC)	ca	£163,958
1.02: Brokerage - Placement Negotiations	ca	£176,864
1.06: MIST	ca	£383,780

8. Children’s Services

8.1. The dashboard below shows that Children’s Services has a savings target of £4,713,000 in the FIT Plan and has achieved savings of £1,268,056 at Q1, putting it at 26.9%% 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 £1,110,235.

- Supported Accommodation Reviews have achieved savings of £157,821. In line with their care plan, one young person was supported to move into supported accommodated achieving a saving of £67,616.

9. Public Health

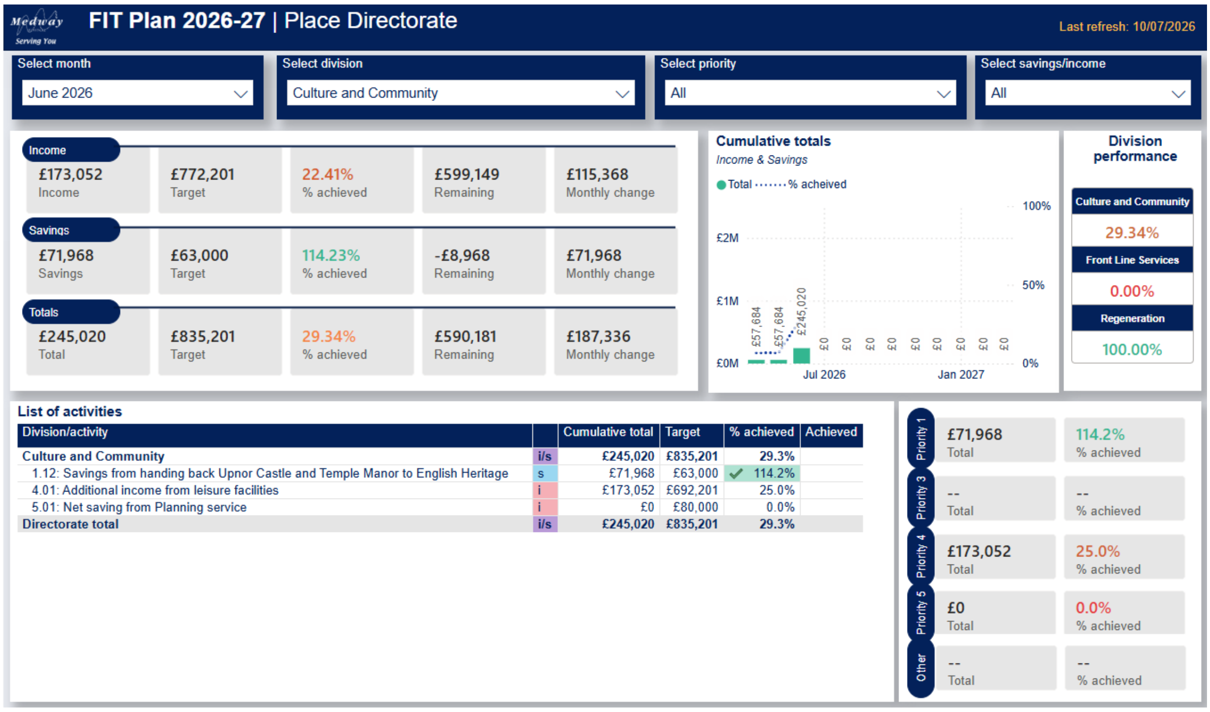
9.1. Public Health does not have any savings targets in the FIT Plan, but there are 6 key actions included:

Title	Directorate	Service	Target / Action Description	June 2026 Comments/Narrative
4c	People	Public Health	Embed Marmot place in Medway to reduce health inequalities	In June, the Marmot team published the Health Inequality asset map following a period of reviewing what interventions exist in the community to reduce health inequalities. The purpose is to generate awareness and partnership working between community partners. IHE also concluded the independent report to Medway that finished with recommendations to all Medway partners on key priorities to reduce health inequalities.
4d	People	Public Health	Develop and implement the Neighbourhood Health Plan for Medway: Neighbourhood health plan developed and approved	A working group has been established with representatives from KCC, the ICB, NHS providers and Medway Council to develop a set of plans. There will be an over-arching K&M plan, a plan for Medway, a plan for Kent, a plan for each of the nine multi-neighbourhood areas and a plan for each of the 45 single-neighbourhood areas (so 57 plans in total). Each will have the same structure and share core content, with local adaptations and focus.
4di	People	Public Health	Develop and implement the Neighbourhood Health Plan for Medway: Complex needs pilot implemented	Theory of change model developed and signed off by steering group. Target cohort identified. Operational protocols being jointly developed and evaluation designed.. ASC are still recruiting to MIST roles. Ambition to go live by Q3
4dii	People	Public Health	Develop and implement the Neighbourhood Health Plan for Medway: PNG groups 10 and 11 approach implemented	Clinical model developed and piloted in Folkestone and Hythe. Roll-out across the rest of Kent and Medway will happen over the year.
4e	People	Public Health	Improve school readiness and provide universal parenting support (Best Start in Life): Best Start in Life local plan published	BSiL strategy has been published as per DFE requirements, local delivery plan currently being collated working collaboratively across a number of key stakeholders.
4ei	People	Public Health	Improve school readiness and provide universal parenting support (Best Start in Life): Robust processes in place to use evidence from Ages and Stages Questionnaire and School Readiness Survey to target interventions to those who may not achieve Good Level of Development in all areas	PH are working closely with Early Years colleagues to understand the opportunities for joining up learning from 2.5 year checks. Recruitment is underway for parenting support and perinatal mental health leads

Place Directorate

10. Culture and Community

10.1. The dashboard below shows that Culture and Community have a savings and income target of £835,201 in the FIT Plan and has achieved £245,020 at Q1, putting it at 29.3% of target.

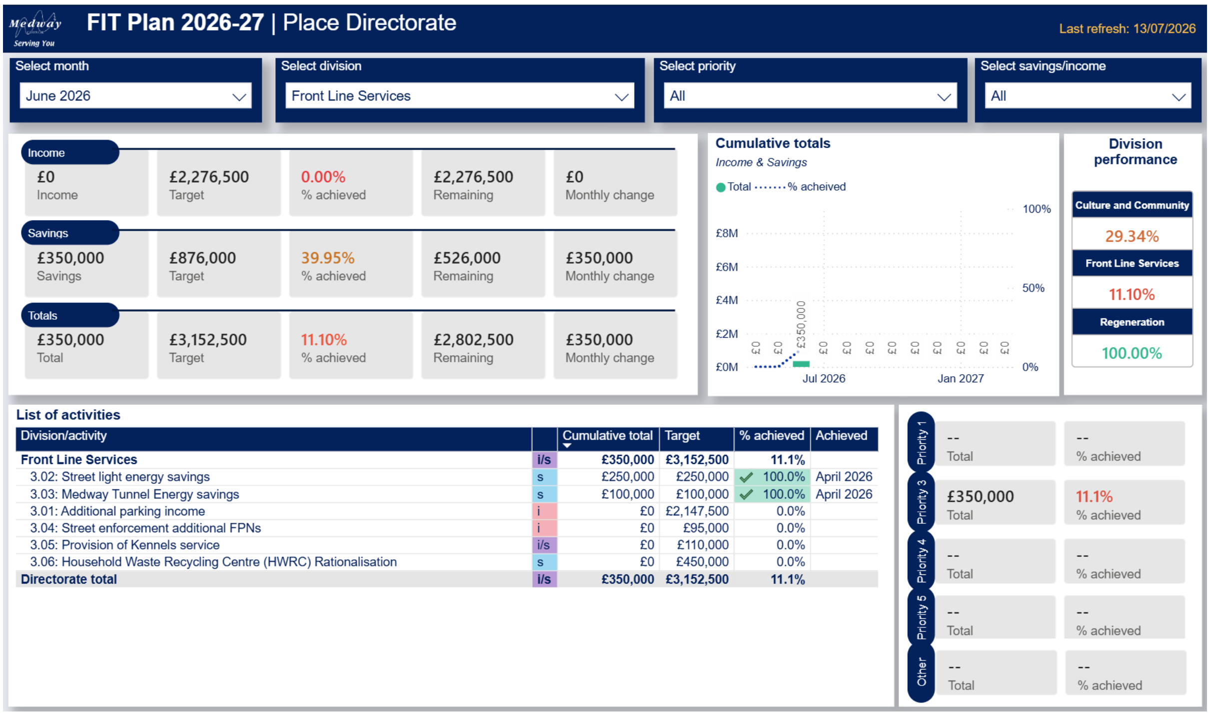


10.2. Highlights include:

- Additional income of £173,052 has been achieved for leisure.
- A saving of £71,698 has been achieved form handing back the operational management of Upnor Castle and Temple Manor to English Heritage. The savings were generated from staff, day to day operations, and maintenance costs.

11. Frontline Services

11.1. The dashboard below shows that Frontline Services have achieved savings of £350,000 against the FIT Plan target of £3,152,500.



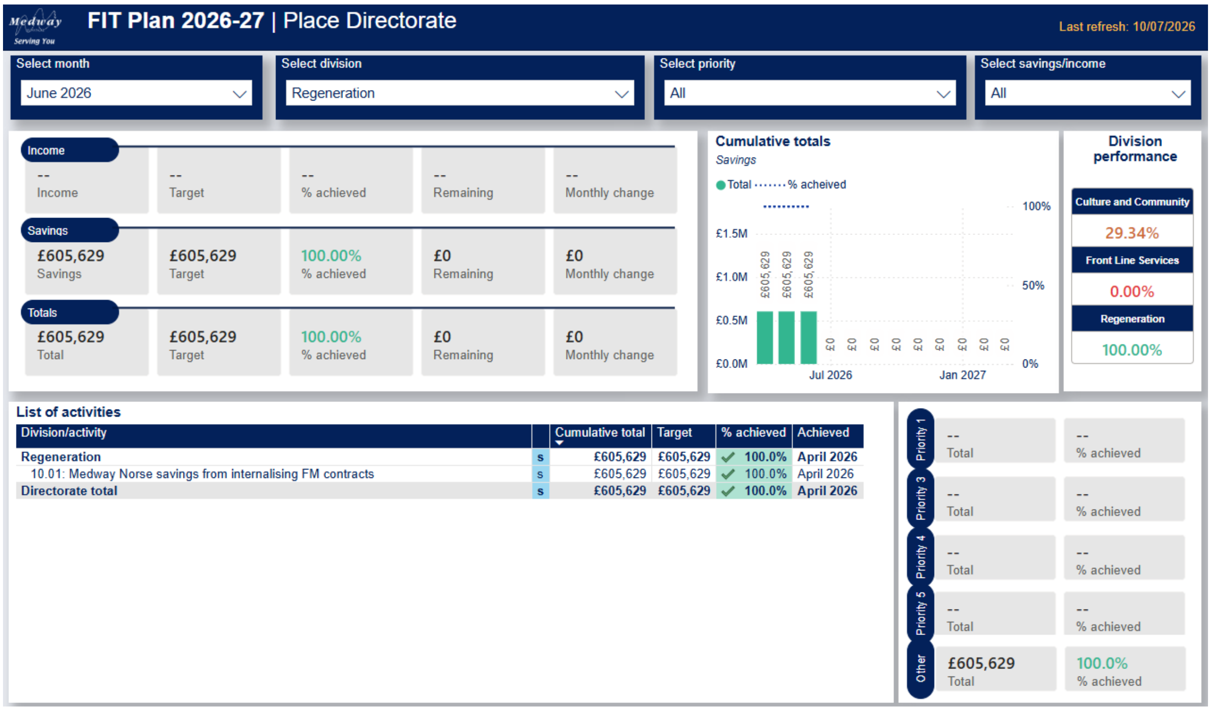
Division/activity		Cumulative total	Target	% achieved	Achieved
Front Line Services	i/s	£350,000	£3,152,500	11.1%	
3.02: Street light energy savings	s	£250,000	£250,000	100.0%	April 2026
3.03: Medway Tunnel Energy savings	s	£100,000	£100,000	100.0%	April 2026
3.01: Additional parking income	i	£0	£2,147,500	0.0%	
3.04: Street enforcement additional FPNs	i	£0	£95,000	0.0%	
3.05: Provision of Kennels service	i/s	£0	£110,000	0.0%	
3.06: Household Waste Recycling Centre (HWRC) Rationalisation	s	£0	£450,000	0.0%	
Directorate total	i/s	£350,000	£3,152,500	11.1%	

11.2. Highlights include:

- Saving of £250k removed from Street Lighting Energy budget, which was previously £1,099,634 and now £849,634.
- £100k saving removed from Medway Tunnel Energy budget, which has been reduced from £541,004 to £441,104.
- Due to an issue with the parking system, no accurate income figures can be provided for Q1. The supplier is working on the issue, and it is anticipated that figures will be available for the next update.

12. Regeneration

12.1. The dashboard below shows that Regeneration has a savings target of £605,629 in the FIT Plan, which has been fully achieved in Q1.



12.2. Highlights include:

- Savings of £605,629 have been achieved from internalising Facilities Management contracts from Medway Norse. The saving has been achieved through a reduction to the budget, so performance of the new contracts will be closely monitored, and any further financial impact will be shown within the Revenue Budget Monitoring.

Business Support Department

13. Finance and Business Improvement

13.1. The dashboard below shows that Finance and Business Improvement have a savings and income target of £1,225,730 in the FIT Plan and have achieved savings of £370,733 at the end of Q1, putting it at 30% of target.

Division/activity		Cumulative total	Target	% achieved	Achieved
Finance & Business Improvement	i/s	£370,733	£1,225,730	30.2%	
10.02: Increase in Medway Norse rebate	i	£0	£11,000	0.0%	
7.02: Medway 2.0 - Medway Council Tax online - reduction in scanning and indexing team	s	£20,189	£20,189	100.0%	April 2026
7.03: Medway 2.0 - Efficiencies from delivery of Revs and Bens and CABS teams	s	£38,753	£38,753	100.0%	April 2026
7.04: Medway 2.0 - Rainham Contact Point	s	£10,757	£10,757	100.0%	April 2026
7.05: Medway 2.0 - Efficiencies through Wellbeing AI agent/HR advice agent	s	£38,753	£38,753	100.0%	April 2026
7.06: Medway 2.0 - Purchase to Pay - AI and automation	s	£33,649	£33,649	100.0%	April 2026
7.07: Medway 2.0 - Implementation of a modern data infrastructure for Medway Council	s	£56,198	£56,198	100.0%	April 2026
7.08: Medway 2.0 - Overall efficiencies from call reduction and administration reduction	s	£172,434	£172,434	100.0%	April 2026
8.03: Investment in two additional posts for the debt collection team to enable us to improve collection of outstanding council tax arrears	i	£0	£750,000	0.0%	
Directorate total	i/s	£370,733	£1,225,730	30.2%	

13.2. Highlights include:

- Medway 2.0 projects have achieved savings from the reduction in telephone calls to the Council as a result of the improved website and e-forms processes. CABS has achieved a saving of £172,434.
- Other back-office efficiencies have been implemented, including the use of automation and Artificial Intelligence, resulting in a range of savings totaling £187,542.
- The services previously delivered from Rainham Contact Point have now been successfully relocated to Rainham Library, achieving a saving of £10,757 in premises costs.
- Recruitment has commenced to the additional posts for the debt collection team to improve the collection of outstanding council tax arrears.
- Detailed monitoring of corporate bad debt provision will be carried out by the end of July 2026.

14. Legal and Governance

14.1. Legal and Governance does not have any savings targets in the FIT Plan, but there are 7 key actions included:

Title	Directorate	Service	Target / Action Description	June 2026 Comments/Narrative
11a	Business Support	Legal and Governance	Consideration of locality criteria to be added to procurement exercises	We are waiting for LGR decision before finalising draft report for CMT ,
11b	Business Support	Legal and Governance	Reports to procurement board to include suite of KPIs to be included for procurement	Report to PB to identify KPIs to be used.
11c	Business Support	Legal and Governance	Improve the timeliness and quality to contract review reports	Attendees at PB are advised each month of reports due from their directorate, BSG is also attend DMT to stress the point.
12a	Business Support	Legal and Governance	Revise code of corporate governance	Draft AGS has shared with officers and members, review of code is underway.
12b	Business Support	Legal and Governance	Launch tool to record and monitor governance assurance requirements	Tool has been developed, final refinements need to be made following lessons learnt from this year’s email version.
12c	Business Support	Legal and Governance	Launch and monitor conflict of interests register	Register was launched earlier this year, a review of compliance need to be undertaken.
12d	Business Support	Legal and Governance	Launch training supporting the governance assurance	Guidance note will be written prior to launch of tool.

15. Conclusions

15.1. The first round of FIT Plan monitoring for 2026/27 shows that the overall FIT Plan progress has started well, with £3,647,797 achieved within the first 3 months, and further savings and additional income expected in quarter 2.

15.2. Significant progress has been made, highlighting the areas of success, which may have otherwise been lost in the normal budget monitoring process, and the process has also started to identify areas where services need to provide a new level of focus when setting budgets for 2027/28.

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

16. 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.	A1
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.	A2
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.	B2
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.	A2

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

17. Financial implications

17.1. The first 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.

17.2. This FIT Plan update report should be read alongside the Quarter 1 Revenue Budget Monitoring 2026/27 report to understand the full financial implications.

18. Legal implications

18.1. 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.

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

Lead officer contact

Paul Boyd, Chief Information Officer, 01634 333938

paul.boyd@medway.gov.uk

Appendices

None

Background papers

None