

Cabinet

2 June 2026

One Medway Financial Improvement and Transformation Plan 2025/26 Q4 Update

Portfolio Holder: Councillor Vince Maple, Leader of the Council

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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 4, which is also the annual outturn report, and should be read in conjunction with the Revenue Budget monitoring for this period. 2025/26 was the second 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 fourth round of FIT Plan monitoring for 2025/26, which is also the annual outturn report.

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 refreshed plan KPIs 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.
- **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 (6 May 2026)

6.1. The dashboard below shows a summary overview of the performance of the FIT Plan Tracker at the end of Quarter 4.



6.2. This dashboard shows that FIT Plan savings of £8,000,493 and additional income of £22,357,284 have been recorded in the tracker, which is 105.3% 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, maximising our revenues, workforce strategy, corporate property strategy, procurement and commissioning, and corporate governance.

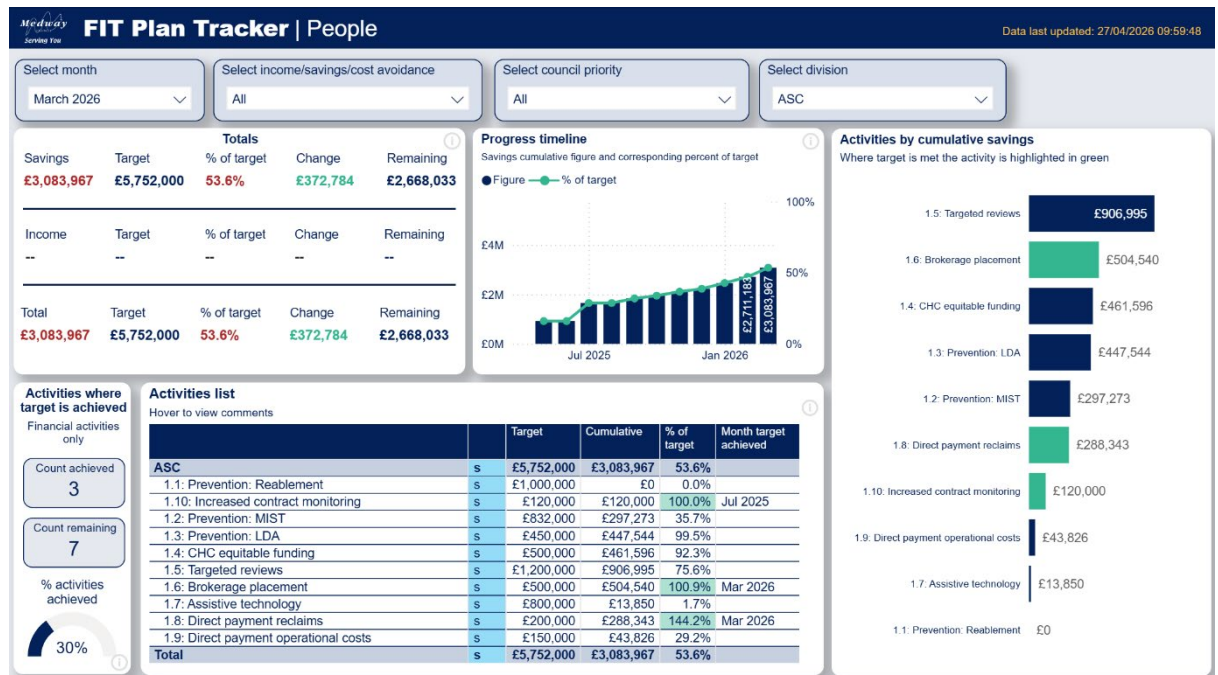
6.4. This dashboard shows that 42% of activities have achieved their targets, with over half achieving 75% of their targets. Delivering the overall financial target demonstrates that focus has been placed on the highest value and most impactful initiatives within the FIT Plan.

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 £3,083,967 at Q4, putting it at 53.6% of target.



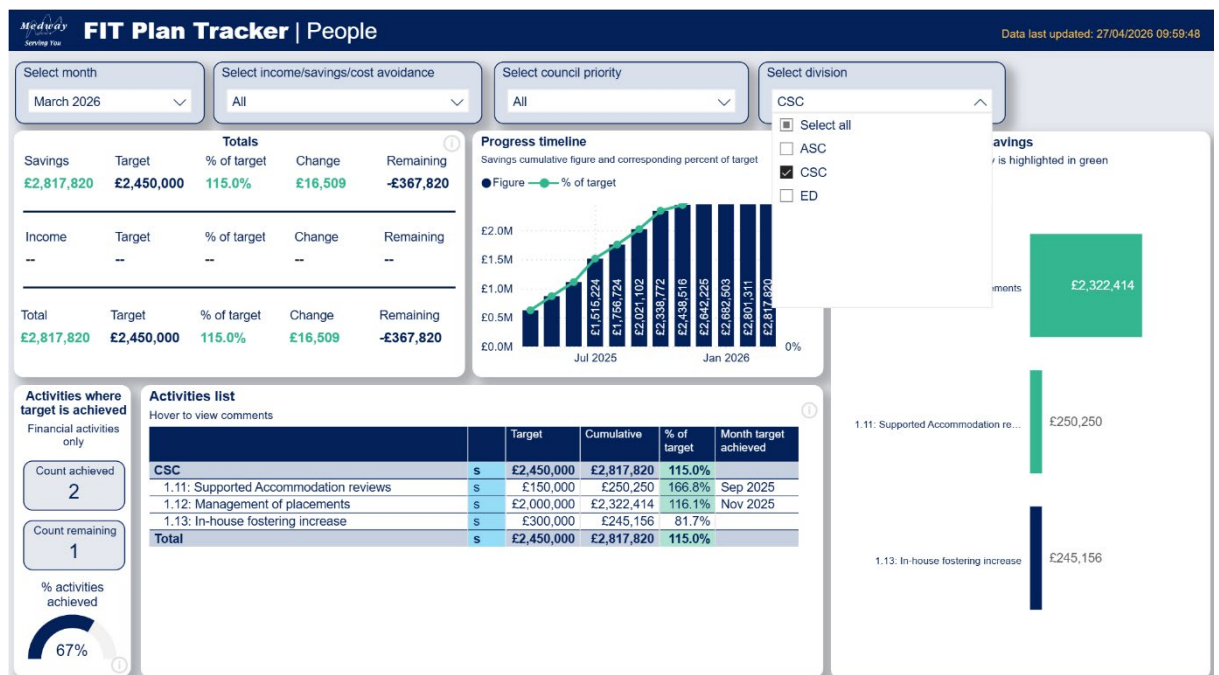
7.2. Highlights include:

- Targeted reviews have achieved savings of £906,995 by ensuring that Medway's residents are receiving the right and least restrictive care at best value.
- £461,596 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. This is a positive outcome in a particularly challenged financial environment faced by the local NHS.
- Savings of £288,343 have been achieved from direct payment reclaims, exceeding the target of £200,000 and the continued work on prevention and strength based review activity has led to a saving of £447,544 against a target of £450,000.
- 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 £3,036,858 in cost avoidance across the following activities, which is in addition to the actual savings shown above.

		Target	Cumulative
ASC	ca	£0	£3,036,858
1.1: Prevention: Reablement	ca	£0	£34,475
1.2: Prevention: MIST	ca	£0	£872,033
1.3: Prevention: LDA	ca	£0	£130,290
1.4: CHC equitable funding	ca	£0	£520,548
1.6: Brokerage placement	ca	£0	£578,145
1.7: Assistive technology	ca	£0	£830,887
1.9: Direct payment operational costs	ca	£0	£70,480
Total	ca	£0	£3,036,858

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 £2,817,820 at Q4, putting it at 115% of target.

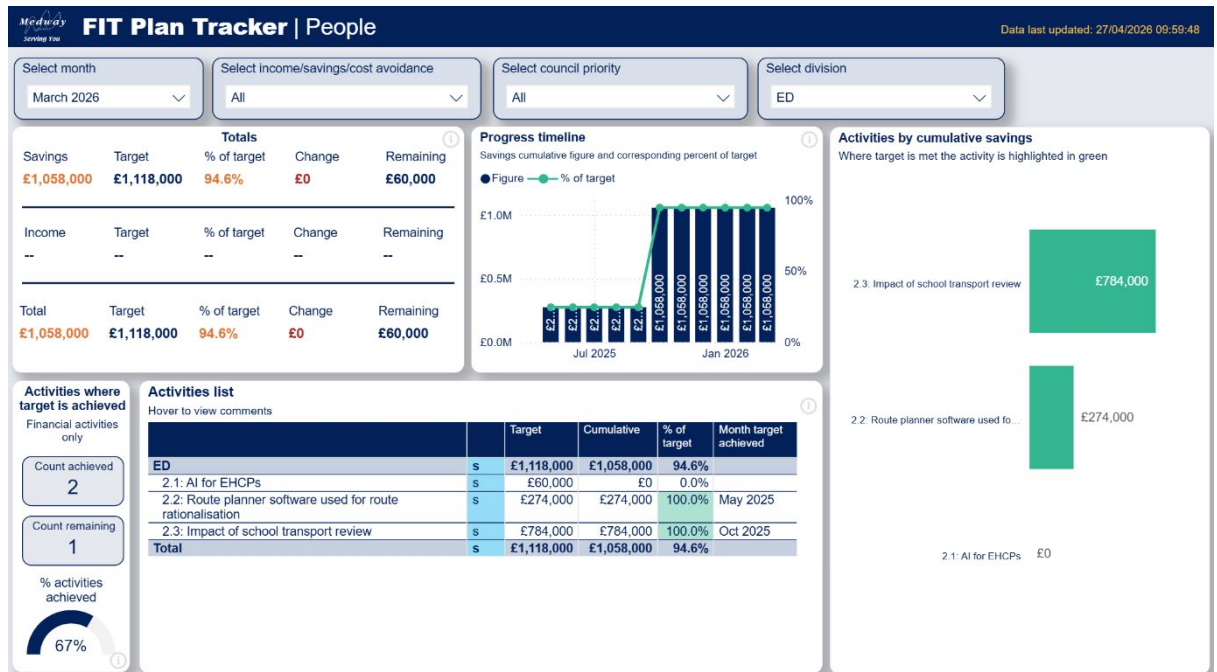


8.2. Highlights include:

- Management of placements to ensure care plans are relevant and continue to meet the needs of children and young people have achieved savings of £2,322,414.
- Recruiting and approving more inhouse foster carer to keep children closer to home and to reduce the use of Independent Fostering Agency placements has achieved savings of £245,156.
- £250,250 savings have been achieved by identifying and providing appropriate housing options for young people.

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 Q4, 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.
- The service has worked with two different suppliers to pilot Artificial Intelligence tools to provide assistance with the production of Education Health and Care Plans (EHCPs). Following the approval of a comprehensive Data Protection Impact Assessment, to ensure that the appropriate data protection and cyber security arrangements are in place, the pilots were launched. The service has found both solutions to be helpful in supporting the teams, with a 50% improvement in processing time noted. The service is currently evaluating the pilots and will make a decision on the most appropriate tool to implement in 2026/27.

10. Public Health

- 10.1. 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; 256 people have completed the programme to date and have been referred onwards to community classes to continue supporting their physical wellbeing. There are currently 365 active participants, with 66 on the waiting list. The

Directorate	Service	Action	Priority	Status	Comment
					service continues to grow with demand, and the Royal Engineers Museum has been sourced as a new venue. Work is underway with organisations supporting Black African and Caribbean communities. A business case has been proposed for ongoing funding.
People	PH	4a: Improve flu vaccination uptake	Priority 4	Underway: On Track	An advanced practitioner in infection prevention and control (IPC) has started with the team and begun a programme of engagement with care settings. This includes vaccination awareness for care staff to support the next winter vaccine campaign. Other aspects have returned to the planning phase for winter 2026/27.
People	PH	4d: Smoking cessation AI tool	Priority 4	Underway: On Track	Quit Coach is now a core part of the service offer; 35 people have signed up to receive support and quits are beginning to be reported. The tool will continue to be monitored and promoted throughout the year as part of the communications plan.
People	PH	4c: 2 prevention-related projects	Priority 4	Underway: On Track	Work and Health: Peer researcher training is complete, supported by HDRC research and involvement staff. Interviews at Forward Trust are close to completion, with data analysis and final reports due to the University of Plymouth by early May. Food for Schools: A final report on barriers and facilitators to uptake of free and paid school meals in Medway has been completed and submitted to Public Health. The findings will inform work to improve childhood nutrition and prevent poor diet-related health outcomes.
People	P&I (Lead)	1k: Develop performance metrics to support SEND	Priority 1	Complete: Achieved	Metrics for the SEND Strategy 2025–2028 have been finalised. A new dashboard has been created and is now live. Indicators will be reported regularly and reviewed at the SEND Partnership Board.

Place Directorate

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 £1,728,137 at Q4, putting it at 92.4% of target.



11.2. Highlights include:

- Additional income of £1,132,097 has been achieved for leisure, which has significantly exceeded the target of £278,000. This has more than covered the shortfall in increased Corn Exchange income, which achieved £30,334 additional income against a target of £49,000.
- Housing has achieved savings of £521,706 by moving residents across the housing waiting list and increased ownership of Temporary Accommodation.
- Housing has also achieved a total cost avoidance of £1,755,267 across temporary accommodation acquisition, the usage of the HRA for temporary accommodation, and the One Medway Lettings work:

		Target	Cumulative	% of target
HOUSING	ca	£584,000	£1,755,267	300.6%
5.1: TA acquisition	ca	£127,750	£270,450	211.7%
5.2: Move on team	ca		£796,925	
5.3: One Medway Lettings	ca	£0	£90,297	
5.4: HRA TA Usage	ca	£456,250	£597,595	131.0%
Total	ca	£584,000	£1,755,267	300.6%

12. Frontline Services

12.1. The dashboard below shows that Frontline Services have achieved savings of £100,000 and additional income of £3,143,585, which has put it at 169% of target at the end of Q4.

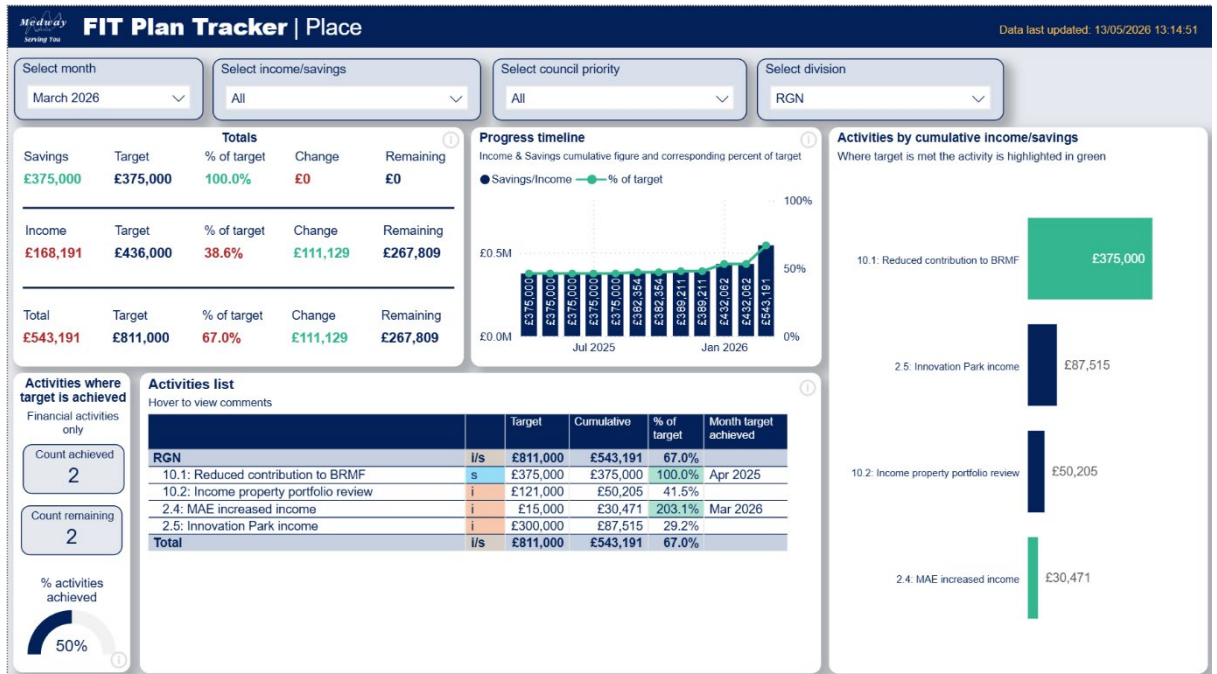


12.2. Highlights include:

- £1,911,042 increased revenue from Penalty Charge Notices and £852,047 from the Safer Healthier Streets programme, which aligns with the budget monitoring figures.
- The 2024/25 outturn exceeded target by £161k (117%), largely driven by schemes maturing beyond their initial six-month warning period and therefore delivering a full year's income. However, there was a natural lag effect carrying into 2025/26, as not all sites were operating at full yield from the start of the year in 2024/25. In addition, further sites were brought on stream during 2025/26, meaning income ramped up progressively rather than being realised evenly across the year, which impacted overall delivery against the increased target.
- Additional income of £312,003 was 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 £543,191 of savings at the end of Q4, putting it at 67% 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.
- £50,205 additional income has been achieved from the outcome of rent reviews and renewal negotiations.
- There have been funding cuts of £177,000 from the Council's Department for Education contract, which is causing budget pressures for the Medway Adult Education (MAE) additional income target of £15,000. Despite these challenges, the target was exceeded by £15,471 due to successful marketing and reduced competition across Kent and Medway.
- Innovation Park Medway is showing income of £87,515 as the lease has now been signed.

Business Support Department

14. Finance and Business Improvement

14.1. The dashboard below shows that Finance and Business Improvement have a savings and income target of £14,899,000 in the FIT Plan and have achieved additional income of £17,883,077 at the end of Q4, putting it at 120% of target.



14.2. Highlights include:

- Council tax income growth was £10,719,232 at the end of Q4 compared to the same period last year, which fell short of the target of £12,054,000.
- Business rates' income growth is £7,163,845 compared to the same period last year. The annual target of £2,814,000 has therefore been significantly exceeded.

It is important to note that these measures are comparisons with the same period in the previous year and do not form part of the revenue budget monitoring figures.

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	Colleagues in RCE have agreed the form of a JV agreement and the AD Legal and Governance is informed that the contract is in the process of being signed by both parties.
Business Support	LGL	12g: Assurance statements for senior leaders	Priority 12	Underway: On Track	AGS assurance questionnaires were circulated to all senior managers at the end of April 2026, requiring completed return no later than 11 May 2026.

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

16. Conclusions

16.1. The fourth and final round of FIT Plan monitoring for 2025/26 shows that the overall FIT Plan target of £28,817,000 has been exceeded by £1,540,777.

16.2. 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 also identified areas where services need to provide a new level of focus in 2026/27.

16.3. 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

For risk rating, please refer to the following table

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 fourth 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