

COUNCIL

20 JULY 2017

ADDITIONS TO THE CAPITAL PROGRAMME

Portfolio Holder: Councillor Alan Jarrett, Leader
Report from: Phil Watts, Chief Finance Officer
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Summary

This report presents a number of schemes which require Full Council approval to be added to the Capital Programme.

Cabinet considered this report on 11 July 2017 and recommended these additions to Full Council.

1. Budget and Policy Framework

- 1.1. It is the responsibility of Cabinet to ensure that expenditure for each capital scheme remains within the budget approved by the Council but it remains the responsibility of Council to approve schemes for inclusion in the capital programme.
- 1.2 The Cabinet is asked to accept this report as urgent owing to the need to seek Cabinet's views and recommendations on the proposals to enable consideration and final approval at Full Council on 20 July 2017.

2. Background

- 2.1. Council approved the Capital Programme 2017/2018 and beyond on 23 February 2017. Since then, proposed additions to the programme have arisen which require approval by Council.
- 2.2. These schemes are:
 - Local Growth Fund (LGF) Round 3;
 - Civic Centre Demolition and Decant;
 - Chatham Fire Station.
- 2.3. Each of these schemes is considered in more detail below.

3. Local Growth Fund Round 3 (LGF3)

3.1. Rochester Airport Technology Park

In 2015, Medway successfully bid for South East Local Enterprise Partnership (SELEP) LGF 2 grant for the creation of additional innovation and R&D workspace at Rochester Airport. This investment was specifically required for the first phase of the scheme, involving enabling infrastructure at Rochester airfield to release employment land to the south of the site.

- 3.2. In July 2016, a subsequent bid was submitted to SELEP for LGF 3 grant to enable the second phase of Rochester Airport development. In February 2017, SELEP awarded Medway a further £3.7m for infrastructure and enabling works at Rochester Airport (Technology Park). This second round of funding will include works such as the installation of vital infrastructure on the site for future business, such as access roads and a water and electricity supply. This will make the site more attractive to potential investors and help to unlock the land for commercial use. Business occupiers of the site will benefit from Enterprise Zone tax discounts for a five year period to a maximum value of £275,000.

3.3. Strood Flood Management Works

In July 2016, a bid was also submitted to SELEP for the flood risk management works in Strood at the former Civic Centre site. This bid was also successful and in February 2017 Medway was awarded £3.5m of LGF 3 grant.

- 3.4. These Improvements to flood defences at Strood will enable the bringing forward of a prime development site on the River Medway.

- 3.5. The brownfield Civic Centre site has been identified as an area for regeneration and an ideal location for around 325 waterfront homes, but at present the site is at considerable risk of flooding and requires protection works before it can be redeveloped. The council has won £3.5million to invest in flood defences and the bid was given a high priority by the SELEP.

- 3.6. Once protected, the site will be an area of prime, high quality residential land with potential for premium housing, offering un-interrupted views of Rochester Castle and cathedral. Development of the site will also create up to 500 new jobs and provide employment land targeted at small and medium businesses, encouraging local cafes and restaurants to open there.

3.7. Next Steps for LGF3 Schemes

Officers will now submit full business cases to the SELEP for both schemes. It is intended for the Strood project to be presented for consideration at the November SELEP Accountability Board. Rochester Airport phase 2 works will be presented for consideration at the Accountability Board later in 2017/18 or 2018/19 as this is dependent on phase 1 of the project progressing first.

- 3.8. Officers will update on this process through Officer Project Board (monthly), Member Project Board (quarterly), Strood Regeneration Board (quarterly) and LGF Steering Group (monthly).

- 3.9. Cabinet are requested to recommend approval to Council the LGF 3 additions for Rochester Airport Technology Park and Strood Flood Management works subject to approval of the full business cases by the SELEP Accountability Board.

4. Civic Centre Decant and Demolition

- 4.1. Cabinet are requested to approve the decant of staff, equipment, racking and stored files from the Civic Centre site prior to demolition and current estimates for completion of the decant are £198,100. Cabinet are asked to recommend that Council agree to fund this from the underspend against the decant and demolition of the Riverside 1 building.
- 4.2. Demolition of the redundant buildings at the Civic Centre site in Strood is required before the land can be developed and will significantly enhance the site value, enabling Medway to realise a greater capital receipt upon disposal. The work will include the redirection of utilities and services that feed the CCTV bunker, as they all currently pass through the Civic building.
- 4.3. The cost is estimated at circa £550,000 to carry out the full scope of works and Cabinet are requested to recommend that Council agree to fund this from borrowing, pending capital receipts from the future development of the site.
- 4.4. If the Civic building is not demolished, then Business Rates will still be payable.

5. Chatham Fire Station Arches

- 5.1. In February 2017 Council approved the purchase of the former Fire Station arches at New Cut. A budget of £100,000 was originally allocated to this project for the acquisition and internal works. It is estimated that a further £90,000 would be required to bring the site forward for occupation, including energy performance works. This figure is an estimate at this stage prior to detailed survey work being undertaken. Cabinet are requested to recommend to Council to approve the additional funding for this scheme; to be funded from capital receipts.

6. Risk Analysis

6.1 Local Growth Fund Round 3 (LGF3)

Risk	Description	Action to avoid or mitigate risk	Risk rating
Funding might not be received.	If the Business Plans are not robust, the grant could be withdrawn	Robust Business Plans developed.	Medium

6.2 Civic Centre Decant and Demolition

Risk	Description	Action to avoid or mitigate risk	Risk rating
Following decant of the Civic Centre site, there will be security risks associated with the vacant site.	Unless the site is demolished following decant, there is a risk of unauthorised occupation and vandalism.	The addition of this scheme to the programme will mitigate this risk.	Medium

6.3 Chatham Station Fire Arches

Risk	Description	Action to avoid or mitigate risk	Risk rating
Risk of overspend.	There are a number of areas where costs could be higher than estimated.	Robust monitoring to ensure that the scheme delivered to schedule and on budget.	Medium

7. Cabinet

- 7.1 The Cabinet considered this report on 11 July and recommended to Full Council to add the schemes set out in section 2 of the report to the Capital Programme (decision no. 76/2017).

8. Financial and Legal Implications

- 8.1. The financial implications are fully analysed in the report.
- 8.2 There are no direct legal implications arising from this report.

9. Recommendation

- 9.1. Council is asked to add the schemes set out in section 2 of the report to the Capital Programme.

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Appendices

None

Background papers

None