

COUNCIL

25 JANUARY 2018

STROOD WATERFRONT – ADDITION TO THE CAPITAL PROGRAMME

Portfolio Holder: Councillor Alan Jarrett, Leader
Councillor Rodney Chambers OBE, Inward Investment, Strategic Regeneration and Partnerships
Councillor Jane Chitty, Planning, Economic Growth and Regulation

Report from: Richard Hicks, Director Regeneration, Culture, Environment and Transformation and Deputy Chief Executive
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Summary

This report provides details of the Strood Flood Management Works scheme which requires Full Council approval to be added to the Capital Programme, following consideration by the Cabinet on 16 January 2018.

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.

2. Strood Flood Management Works

2.1 The Strood Waterfront site represents a significant brownfield redevelopment opportunity and has long been on the regeneration agenda for Medway Council. The site is owned by Medway Council.

2.2 In 2008, planning permission was secured for the construction of a river wall around the site. Changing market conditions at the time that the planning permission was granted for the river wall resulted in the site not coming forward for development.

- 2.3 Subsequent Environment Agency requirements for the river wall meant that costs would be in excess of the budget. Therefore a flood mitigation optioneering study was undertaken in August 2015, to determine the most appropriate and cost effective flood mitigation solution for Strood Riverside, taking into account the nature of the proposed development.
- 2.4 Council approved the proposal to complete the flood defences for Strood in two phases, which would allow for the development and regeneration of Strood Waterfront to now include the former Civic Centre site.
- 2.5 The works involve installation of a sheet pile wall around the perimeter of the site and then filling the ground by approximately two metres to protect the site from tidal flooding.
- 2.6 The works will change the alignment of Canal Road to provide more developable land each side of the road and to allow for more residential units on the riverside; it is also proposed to move the station approach road slightly to provide a direct link and views from Strood Station down to the river and pier, giving passengers a sense of arrival and orientation.
- 2.7 The proposed solution will allow for maximum use of waterfront land to deliver circa 1166 quality homes with stunning views across to Rochester Cathedral and Castle; 602 on Riverside and 564 on the Civic site. Delivering these housing units will help meet the council target of 29,500 new homes by 2035.
- 2.8 As a result of the works and the subsequent development, approximately 2,500 jobs will be created.
- 2.9 The flood mitigation works will enable a feasible, flood resilient, mixed use regeneration site, and remove the isolation of the surrounding developments. The proposed new developments will complement the nearby Innovation Studios Strood, as a satellite of the Innovation Centre Medway.
- 2.10 Regeneration will thus provide employment land, targeted at SMEs, encouraging local cafes and restaurants, enabling job creation and innovation, as well as encouraging a vibrant environment where people will enjoy living and socialising and grow the local economy. In particular, it will enable the development of the former Civic Centre site as the most prestigious development site in Medway.
- 2.11 The planning applications for the flood risk management works for both sites were submitted in May 2017 and approval was given at Planning Committee on 22 November 2017.
- 2.12 The total cost of the project is £13.85m and this covers the works contract, professional fees, utilities and salaries for the duration of the project. Contracts work can begin as soon as January 2018. Cabinet and Council approval are sought so that the works can begin without delay. Any delays will incur additional costs, as the price is fixed provided the contract is signed by February 2018.
- 2.13 The scheme is funded by £4m of Council approved borrowing (in lieu of future capital receipts), investment of £3.5m which has been secured from the Local

Growth Fund for the flood risk management works at the Civic Centre site; dependent on approval of the final business case, which was submitted to the South East Local Enterprise Partnership (LEP) at the end of December 2017. This will be presented at the LEP Accountability Board on 23 February 2018. Additional Council approved borrowing against future capital receipts of £550,000 for the demolition of the Civic site and a further bid for £5.8m was submitted on 3 November 2017 for the Land Release Fund, as part of the One Public Estate (OPE), to provide capital funding to contribute to the cost of the works on the Riverside site on Canal Road. We are waiting for the outcome from Central Government, which was due on 8 December 2017, but has been delayed. Cabinet and Council are asked to approve further borrowing against future capital receipts if part or all of the OPE bid is unsuccessful as set out in table 1.

Table 1: Funding

Strood waterfront	£000s
Borrowing against future receipts	4,000
SELEP	3,500
Borrowing against future receipts (demolition costs)	550
OPE and/or Borrowing against future capital receipts	5,800
Total Funding	13,850

3. Risk Analysis

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	D2
Cost of the works are higher than agreed funding	If the cost of the works are higher than the anticipated costs the scheme may be unaffordable	The works contract is a fixed fee contract, which holds, as long as the contract is signed by the end of February 2018	D2
Slump in the housing market	The works are completed but the development is delayed or does not proceed because of a housing slump	This could be part mitigated by a sale of the site, the involvement of the Medway Development Company Ltd, or a joint venture with an alternative funder	D2

4. Cabinet – 16 January 2018

4.1 The Cabinet considered this report on 16 January 2018 and agreed:

4.1.1 To insert the word “and/or” in replacement of “/” in line 5 of Table 1 of paragraph 2.13 in the report (decision 9/2018 refers) and this is reflected in paragraph 2.13 above.

4.1.2 To recommended to Full Council to add the supplementary project costs in respect of the Strood Flood Management Works scheme, as set out in section 2 of the report to the Capital Programme (decision no. 10/2018 refers).

5. Financial and Legal Implications

5.1. The financial implications are fully analysed in the report.

6. Recommendation

6.1 The Council is asked to add the supplementary project costs in respect of the Strood Flood Management Works scheme, as set out in section 2 of the report, to the Capital Programme.

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Appendices:

None

Background papers:

None