

Our Capital Strategy 2023/24



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Introduction



In last year's Capital Strategy, we demonstrated how resilient the council is and how the Coronavirus pandemic encouraged us to further think more innovatively. This new strategy will build on our successes and look to Medway's future.

At a time of financial uncertainty for many, we will continue to push forward with our strong track record of securing external investment to benefit and support the residents and businesses of Medway.

We are continuing with improvement projects across Medway, using external funding, to support the economy's growth and provide job opportunities for our residents.

We have been awarded almost £9.5million from the government's Future High Streets Fund. We used the funding to purchase the vacant former Debenhams building in Chatham high street. We are reviewing options for the future of the building but we aim to provide a location which drives growth, improves the visitor experience and ensures future sustainability whilst supporting the needs of our residents. The remaining funding will be invested in a number of exciting projects in our city centre all of which aim to further economic growth, create more jobs and provide a vibrant town centre experience.

We have also been awarded £14.4million from the government's Levelling Up Fund which will be invested in three projects to further support the establishment of Chatham as Medway's city centre - The Docking Station, The Brook Theatre and The Fitted Rigging House which will support the area's flourishing creative sector and provide further opportunities for economic growth.

Our own housing company, Medway Development Company (MDC), is continuing to build high-quality housing developments at Garrison Point and Waterfront in Chatham and with plans to build affordable homes in the loading bay of the former Britton Farm Mall supermarket in Gillingham.

We are continuing to bid for external funding for exciting projects in Gillingham and Innovation Park Medway in Rochester. We also recently agreed to borrow additional funds to make our plans for a new leisure centre on the former Splashes site a reality.

Our new Capital Strategy demonstrates our commitment to investing in Medway's bright future and provide high-quality facilities for our residents.

Cllr Alan Jarrett, Leader of Medway Council

Our long-term ambitions for Medway

Our Council Strategy sets out our vision for Medway: a waterfront university city, connecting innovation, people and place; driving growth for all. We believe concentrating our resources on our three corporate priorities will lead to a better quality of life across Medway:

- People – supporting residents to realise their potential
- Place – Medway: a place to be proud of
- Growth – maximising regeneration and economic growth – growth for all.

This vision and priorities are delivered through a comprehensive framework of strategies and policies, including the Council Plan, the Joint Health and Wellbeing Strategy, Local Plan and Medway 2035. These are in turn supported by our financial planning framework, this capital strategy, our treasury management strategy and our medium term financial planning arrangements. The Council does not enable or deliver capital investment in Medway in isolation, but works with a range of key partners including government bodies Homes England, the Local Enterprise Partnership, the Health, Further Education and Not for Profit sectors, private companies and the Council's alternative delivery vehicles; Medway Norse, Kyndi and Medway Development Company.

As at 31 March 2022, Medway Council has assets worth £762.563million on its balance sheet, and a current capital programme of investment worth more than £470million.

The high degree of volatility in local government finances since the pandemic meant that for 2021/22 and 2022/23 budget planning, we adopted a more short-term budget planning timeframe than previous years. Recent capital strategies have been prepared against a backdrop of short-term funding settlements for local government, overall reductions in funding available and a shift towards competitive bidding processes to access what funding has been available making it difficult to plan a meaningful investment strategy.

It is right now that we begin again to look beyond the budgets immediately ahead and return to planning out to the medium term and beyond. To that end, we will be publishing five-year revenue projections alongside the Capital and Revenue Budgets for 2023/24 that will be considered by the Cabinet and Council in February 2022. Similarly, this Capital Strategy aims to articulate the investment required to deliver those priorities and our core statutory responsibilities, across a much longer planning timeframe than we have published to date. Financial planning in the current environment remains exceptionally difficult and as such we have sought to identify requirements within the next 10 years but will strive to extend the planning horizon in successive iterations of this strategy.

This strategy therefore articulates our best estimate of the capital investment we will need to make over the next decade to deliver our corporate priorities, across the following four themes:

- Regeneration and placemaking,
- Investing in our services to meet growth in demand including Education, Social Care and Environmental Services,
- Technology and digital solutions driving more efficient and effective service delivery, and
- Maintaining our assets.

This strategy does not attempt to project the availability of capital resources over the next decade; instead it seeks to present a set of corporate priorities that can be matched to available funding in due course and to support decisions to bid for or borrow funds for specific schemes moving forward. However we recognise that our investment aspirations must be balanced by the availability of resources, current and future so this strategy also attempts to articulate risk both in terms of anticipated funding and our organisational capacity to deliver. Though this strategy inevitably articulates underlying investment needs which far outstrip the known available resources, we hope it becomes a catalyst for exploring new opportunities and acts as a tool for lobbying.

Identifying and prioritising capital investment

The formulation of the capital programme is driven by our corporate and service planning process. In practice, capital investment requirements and opportunities are identified through the budget setting process, which begins each year in the Summer to produce the Financial Outlook and refresh of this strategy in the Autumn, and culminates in the presentation of the capital and revenue budgets to Cabinet and Full Council in February. The formal process for approval of the final revenue budget and capital programme is set out in the Council's Constitution, chapter 4.03, the budget and policy framework rules.

While the Cabinet is responsible for ensuring the delivery of the capital programme within budgets set, additions to the programme are subject to approval from Full Council. Our approved capital programme reflects investment commitments over a multi-year period, and unlike the revenue budget which rarely changes once approved in February, the capital programme is regularly amended with additions and virements routinely progressed in-year as external funding is announced, or as business cases are considered by Members.

Whether through the annual budget setting process or throughout the year, before formal decisions are sought from Members, officers develop capital proposals for consideration by the relevant internal groups for instance the Corporate Management Team, Corporate Property Board and Officer Project Board. These are responsible for ensuring that proposals align with the Council Strategy, are affordable, demonstrate good value for money and that there is capacity and capability in the Council to manage and deliver the schemes.

The scale of the capital programme proposed to Members is determined by the following:

- The level of aspiration and risk appetite of the organisation to shape Medway the place,
- The level of investment required to maintain our operational assets to ensure the continued delivery of services,
- The funding available, and
- The revenue implications of the capital expenditure, positive and negative.

The availability of capital grant funding, increasing cost of borrowing and limited availability of capital receipts means that there is a significant gap between our capital aspirations as articulated in this strategy and the scale of the capital programme that will be deliverable in the near future. The prioritisation of the available resources is a matter for Members on the advice of officers, and this strategy represents a key tool in that decision making process.

Existing investment: our current capital programme

Capital expenditure is incurred on the acquisition or creation of assets that yield benefits to the Council for a period of more than one year, or expenditure that enhances or adds to the life or value of an existing asset. It includes the purchase of land and buildings, the construction of new buildings and infrastructure, project management and design fees and the acquisition of vehicles and major items of equipment. This expenditure can be incurred on operational assets or for regeneration purposes and perhaps more recently on schemes specifically to generate investment returns. This is in contrast to revenue expenditure, which represents spending on day to day running costs, such as staff salaries and supplies and services. The value of assets funded from the capital programme is reflected in the Council's balance sheet under long term assets. The asset register and its value at 31 March 2022 (unaudited) is summarised in Table 1 below.

Table 1: Summary of Long Term Capital Assets as at 31 March 2022

Asset Category	No. of Assets	Cost / Valuation £	Depreciation / Disposal £	Net Book Value £
Council Dwellings (HRA)	2,993	175,025,400	0	175,025,400
Other Land and Buildings				
- Offices	5	11,956,241	(298,056)	11,658,185
- Depots	5	6,044,900	(54,735)	5,990,165
- Libraries / Community Hubs	8	8,137,200	(332,340)	7,804,860
- Schools Related Assets	83	72,504,598	(4,015,466)	68,489,132
- Parks and Open Spaces	31	14,160,399	(650,640)	13,509,759
- Community Centres	10	6,055,000	(92,311)	5,962,689
- Land / Allotments	27	3,443,368	(73,129)	3,370,239
- Shops/Commercial	32	43,716,095	(255,380)	43,460,714
- Service Provision	56	32,455,527	(906,652)	31,548,875
- Memorials / Religious	12	5,131,436	(39,023)	5,092,413
- Infrastructure / Highways	1	18,000	0	18,000
- Car Parks	58	54,318,400	(1,407,605)	52,910,795
- Public Conveniences	14	1,927,600	(44,281)	1,883,319
- Sports / Leisure	43	64,836,802	(7,293,618)	57,543,184
- Theatres	2	9,311,500	(236,497)	9,075,003
- HRA Garages	881	3,969,360	(2,556)	3,966,804
Vehicles, Plant and Equipment	146	17,239,044	(12,051,474)	5,187,570
Community Assets				
- Parks and Open Spaces	115	5,903,891	(3)	5,903,888
- Land / Allotments	374	2,971,546	(9,479)	2,962,067
- Sports / Leisure	1	66,498	(1,570)	64,927
- Memorials / Religious	8	17,311	0	17,311
Infrastructure and Highways	151	369,850,007	(229,217,122)	140,632,884
Heritage Assets	34	18,223,213	0	18,223,213
Investment Properties	14	17,628,600	0	17,628,600
Intangible Assets	13	3,157,806	(3,085,209)	72,597
Assets Held For Sale	1	15,205,500	0	15,205,500
Surplus Assets	46	20,746,857	(21,993)	20,724,864
Assets Under Construction	1	38,629,547	0	38,629,547
Total Assets	5,165	1,022,651,645	(260,089,140)	762,562,505

The Council's capital programme for the 2022/23 year was approved by Full Council in February 2022. Full Council have also approved capital additions, removals and virements during the year, resulting in the agreed capital programme set out in Table 2 and 3 below.

Table 2: Approved Capital Programme 2022/23

Directorate	Total Approved Cost £000s	Total Exp to 31/03/22 £000s	Remaining Budget £000s	Forecast Spend 2022/23 £000s	Forecast Spend in Future Years £000s	Forecast (Under)/overspend £000s
Children and Adults (including Public Health)	37,449	16,564	20,885	15,316	6,223	654
Regeneration, Culture and Environment	627,432	204,260	423,172	146,428	276,744	0
Housing Revenue Account	47,408	19,739	27,669	13,206	14,463	0
Business Support Department	3,677	2,952	724	637	87	0
Members Priorities	363	0	363	25	338	0
Total	716,329	243,515	472,814	175,612	297,855	654

Table 3: – Funding the current Capital Programme

Funding Source	Total £000	C&A £000	RCE £000	HRA £000	BSD £000	Members Priorities £000
Capital Grants	200,490	2,329	198,159	0	1	0
Developer Contributions	3,708	2,490	1,218	0	0	0
Capital Receipts	5,535	1	4,623	0	548	363
Revenue / Reserves	11,514	0	992	10,522	0	0
Prudential Borrowing	83,085	14,891	56,091	11,928	175	0
Borrowing in lieu of Capital Receipts	121,437	0	121,437	0	0	0
Borrowing in lieu of Future Business Rates	30,304	0	30,304	0	0	0
Borrowing in lieu of Future Section 106 Contributions	1,174	1,174	0	0	0	0
Borrowing in lieu of Future NHS Grant	10,348	0	10,348	0	0	0
Total	472,814	20,885	423,172	27,669	724	363

Investment priority: Regeneration and Placemaking

We recognise that continuing to invest in regeneration is fundamental to the long-term economic sustainability of the area and of the Council. Almost two thirds of the investment in the current capital programme relates to this priority, with a significant proportion externally funded. Continued investment over the next decade will be necessary to support the delivery of the Council's vision for Medway.

Future Hoo and the Housing Infrastructure Fund (HIF)

Like other areas across the country, Medway is under immense pressure from central government to provide new housing over the coming years. The council is looking at options for how Medway can grow sustainably over this time in its new Local Plan. These options include major growth on the Hoo Peninsula, focused around the villages of Hoo, High Halstow and Chattenden. In November 2019, we secured £170million from the HIF to invest in improving transport and environmental infrastructure on the Hoo Peninsula in the next few years.

Our vision for Hoo St Werburgh is built on the main objective of creating a new sustainable rural town on the Hoo Peninsula, which is guided by the qualities of Garden Village principles and founded on the character and attributes of the remarkable landscape and heritage of the Hoo Peninsula. Looking forward to 2055, Hoo is anticipated to be a vibrant town, that has successfully integrated new development with its historic villages and rural setting, and is an exemplar for sustainable growth, known as Medway's green town.

We are proposing to deliver infrastructure to support the development in three key areas by 2025:

- A £14million Strategic Environmental Management Scheme (SEMS) to deliver largescale new publicly accessible (where appropriate) open spaces, covering 300 hectares (740 acres) of community parkland, woodland and nature reserves, managed for both wildlife and for public access.
- A £63million investment in a new train station and reinstated passenger service on the Grain branch line.
- An £86million upgrade of the existing road network with the provision of new infrastructure including slip roads, junctions and interchanges on the A228 and A289 and wider highway improvements, as well as a new relief road to access the peninsula via Woodfield Way.

Significant progress has been made to date. Work to deliver the Strategic Environmental Management Scheme (SEMS) is underway, with Phase 1 obtaining planning permission to deliver a new community parkland at Cockham Farm, while we have completed consultation on Phase 2a (Hoo Wetland Reserve) and Phase 2b (Lodge Hill Countryside Site). Consultation activity includes a 9-week public consultation by Planning on the Hoo Development Framework (which sets the context of the HIF work) and two major public consultations have been completed to inform the highways and rail programmes. The road and rail interventions have now reached 'design freeze' and negotiations have been opened with every freeholder and relevant interested party affected by the Future Hoo programme. Alongside this work we have formed and implemented a revised planning strategy to address the development of the Local Plan.



Inflation and interest rates are rising, and the economy is under significant pressure. As a result, the cost of Government borrowing is increasing, and the public finances will inevitably come under greater pressure. In line with other HIF projects across the country, we are reviewing the timeline and capital budgets. As a result, we are in discussions with Homes England, our project partner, to ensure that the scheme remains affordable.

Housing

Our Council Strategy sets out how we will work to deliver new homes to meet the needs of Medway residents, through a council-wide approach. Progressing Medway's local plan and working with developers will enable housing development on appropriate sites to meet our Medway's growth targets. Our plans for providing new homes also consider the necessary infrastructure to best meet residents' needs, with Future Hoo a prime example. The Council's own housing company - Medway Development Company - is also helping to provide high-quality housing as well as retail and business opportunities.

Homes for All

Our ambitious programme of regeneration and housing delivery focusses on two key sites; Rochester Riverside and Chatham Waterfront. There has been significant investment in Strood over recent years, and while market conditions are not conducive to taking forward the Strood Civic Centre site at this time, it features very strongly in MDC's long-term pipeline of regeneration projects.



Rochester Riverside is managed in partnership by Medway Council and Homes England. Both organisations have invested substantial funds in site assembly, flood defences, remediation and engineering works to enable the site's detailed redevelopment and it is a flagship project in our regeneration programme. As well as meeting our objective of providing new homes and jobs for Medway, the Rochester Riverside development will bring other benefits including a range of publicly accessible open spaces, retail facilities, leisure facilities, and improvements to the 'gateways' between the River Medway and Rochester High Street. The site is being delivered in 7 phases, with phases 1-3 partially complete and commercial units occupied, the affordable units handed to the provider and 414 housing units now occupied. Progress continues to be strong, with phase 4 delivering a mixed tenure extra care scheme for the over 55s and planning permission having been granted for phase 7. The school at the site will open in Summer 2023.

Medway Development Company Ltd. (MDC)

The Council established MDC to deliver high-quality residential developments that are integrated into the wider regeneration initiatives being implemented by the council. Chatham has been the focus of a multi-million-pound regeneration programme to further improve the area for visitors, locals, businesses and developers.

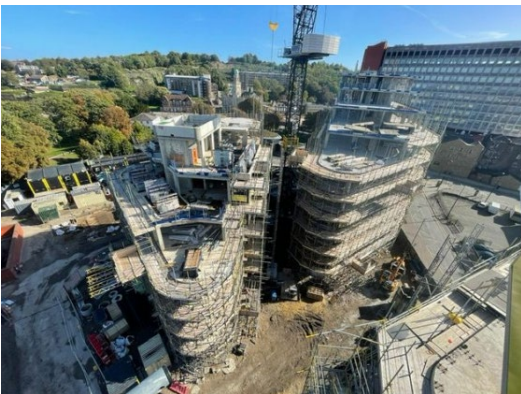
Mountbatten House: This iconic building has dominated the Chatham skyline for nearly 50 years. As part of our ambitious Chatham regeneration programme, the building will be totally transformed into a high-quality residential development, with a contemporary rooftop restaurant. Full planning permission was granted on the 29 April 2021 for the conversion of Mountbatten House to provide 108 apartments and an



extension with a further 56 apartments, together with flexible commercial floorspace at ground floor level and a rooftop restaurant. MDC is currently managing the early phase asbestos removal and mechanical and electrical strip out works to prepare the building for residential conversion. Plans are in development to deliver 24 units of affordable housing in respect of this scheme on the site of the Upper Mount car park in Chatham. Funding received

through the Future High Street Fund will also be used to deliver an enhanced public realm to the Paddock, an exciting scheme that will complete the newly enhanced military road connection from the Brook Theatre to the train station. Work will also be carried out to clean the former bus station area before further enhancements are undertaken which will include new banners and planters, as well as a new and upgraded lighting scheme.

Garrison Point: A tranquil development of 115 one and two bedroom apartments, offering you both modern convenience and breath-taking views of the surrounding historic parks and woodland. This fantastic location in the heart of Chatham town centre (situated at the top of Whiffens Avenue) is just a short walk away from the high street, theatres and bus station. The construction of these apartments continues to progress, with the reinforced concrete frame now built and internal fit out underway. Brickwork facades are also under construction which will start to transform the external appearance of the building. Marketing was launched in early 2021 and 75% of the units have now been sold.



Chatham Waterfront: The works continue to progress on site at the Chatham Waterfront Development, which will see the construction of 182 new homes, new commercial spaces for cafes, restaurants and offices alongside a new public realm, creating a vibrant centre for Chatham. The concrete frame structures are largely in place with the podium car park under construction. Marketing for the development was launched and the show flat opened in October 2022. Following the successful delivery of a new NHS health facility at the former Britton Farm supermarket, 44 residential apartments are

currently in construction on the former loading bay area of the previous Britton Farm supermarket site to deliver affordable housing in respect of this scheme.

Social Housing and the Housing Revenue Account (HRA)

Delivering new homes

In addition to managing the choice-based lettings service, enabling those eligible to secure social housing in Medway, we are the landlord for 2,993 homes and 881 garages, with a total combined value of £178.992million as at 31 March 2022. We are proud to be a local landlord and take our responsibility as a local provider of affordable homes seriously. With a waiting list of more than 1,400 families in need of an affordable home, and with the sale on average of 15 properties through the Right to Buy programme each year, we recognise that demand far outstrips supply in Medway. We therefore remain committed to delivering our successful new build programme, that began in 2013 and continues to provide homes that contribute to local community and the environment. Currently officers are in the process of completing the Phase 4 development programme consisting of 28 properties, as well as the purchase of 16 new build properties, three properties under the Rough Sleepers Accommodation Programme and one former housing association property for just over £4.25million from the approved phase 4 budget. The

approximate completion dates for completion/purchasing of these properties are between November 2022 and April 2023.

On 16 July 2020, the Council approved the addition of £10million budget to the HRA Capital Programme, in order to increase the stock of HRA affordable housing, funded from the borrowing against HRA rents, HRA reserves and Right to Buy 1-4-1 capital receipts or grant funding, where available. 17 units were purchased during 2020/21 at a cost of £3.786million and the remainder will be used to explore further opportunities.

Phase 5 of the programme has a budget of £9.394million and will deliver a total of 19 units (2, 3, 4, and 6 bed) for affordable rent and 21 one and two bed apartments, with planning permission being sought for sites at Lennoxwood and Aburound House. Subject to planning permission, works will begin on site in August/September 2023.



As part of the redevelopment of Britton Farm, Medway Development Company have delivered 44 housing units (a mix of one and two bedroom apartments) which are due for delivery in Summer 2024. The development is being purchased by the HRA as a full affordable rent scheme and will be the HRA's largest purchase of affordable housing units to date.

Maintaining our existing housing stock

The HRA is managed to an agreed 30-year business plan and the capital maintenance requirements of the housing stock have been mapped over that timeframe, with funding primarily coming from a dedicated major repairs reserve, with contributions from HRA reserves. The stock is currently in the second of a three-year maintenance programme (2021/22 to 2023/24) delivered in partnership with our contractor Mears, that is designed to ensure all properties meet decent homes standards.

Whilst the existing stock performs comparatively well from an energy perspective, further investment and government funding is needed to improve it to:

- Energy Performance Certificate (EPC) banding C by 2030, and
- Net zero by 2050.

Reaching net zero carbon is likely to require substantial funding and modelling predicts this cost to be in the region of £60million. The Council is working with the Department for Business, Energy, Investment and Skills to access funding from the Social Housing Decarbonisation Fund that will support some of this work.

Temporary Accommodation provision

The demand for temporary accommodation has increased consistently since 2012 and even with a strong focus on preventative activity, it is estimated that we will need to provide between 280 and 320 units of accommodation each year. Temporary Accommodation is currently secured on a nightly basis from the private sector and while we currently do so comparatively cheaply compared to other Councils (with prices held for approximately seven years) this cannot be sustained in the longer term. It is projected that costs will increase by c20% and as the Council already recovers the maximum subsidy possible from the government, any increases in cost would fall wholly to the general fund.

In December the Cabinet is being asked to consider purchasing properties for the provision of Temporary Accommodation from the open market, beginning with a pilot to purchase 20 two-bedroom properties at

an estimated cost of £5.590million. Modelling suggests that if considered over the longer-term, within a 30-year period the purchase of properties would incur less spend than nightly provision over the same timescale. Around £80million of capital investment would be needed to purchase the level of accommodation needed to reduce the Council's reliance on the private sector. It is, however, important to note, taking property costs alone and if there is no change to the existing operating model, rates or demand, the council will spend more than £45million over a 30-year period with zero return on this investment.

No Use Empty

There are around 1,500 long-term vacant properties in Medway and, with a huge demand for housing in the area, we are doing all we can to encourage homeowners to turn their empty properties into future-proofed homes. In 2021 Medway joined the Kent County Council's award winning No Use Empty scheme on a trial basis. The scheme has been successful in bringing back over 7,000 units across Kent since 2005, by providing interest free loans to owners of vacant properties with the loan secured against the property value, enabling the owner to carry out any works required to bring the properties back into use. Until the loan is repaid the Council will have full nomination rights to the property. Providing additional funding past our trial scheme would give the Council options in tackling the number of vacant properties, alongside the work undertaken by the Councils Derelict and Empty Properties Team. Investment of up to £1million per year for a 3-5 year period would bring the scheme up to a level where it is expected the funds could be recycled in perpetuity providing a long term scheme.

Highways

Our Highway Network is one of our largest and most valuable publicly owned assets with a current replacement value estimated at c£2 billion. The network consists of over 830km of roads and includes 1,083km footways and cycleways, 198 structures including bridges, retaining walls and tunnels, 26,325 streetlights and illuminated signs, street furniture, traffic signals, signs and road marking and drainage systems across the area. The network connects our homes to our businesses, our children to our schools and it connects our visitors to the many wonderful places of interest in Medway. Our roads play a vital part of the social, environmental and economic well-being of Medway. Through infrastructure and investment, it plays a key role in both supporting our regeneration programmes and our vision of Medway becoming a leading Waterfront University City.



Maintaining our highways

We recognise that by adopting and proactively implementing an asset management-based approach to its local highway maintenance, investment can be targeted on a long-term planned basis. Our aim is to use an Asset Management approach in Medway to provide our local residents and road users with a safe, secure, and accessible network in good condition. Early in 2023 the Cabinet will be asked to approve the Council's new Highway Asset Management Strategy and Policy, which will replace the existing Highways Asset Management Plan and Transport Asset Management Policy. The new Strategy and Policy will define how Highways plan, develop, and continually improve the performance of their assets to deliver value for money and help drive improved service delivery to achieve efficiency gains. It sets out how lifecycle planning is used to determine the resources that will be required to maintain the asset in the condition stated within the Levels of Service set out in the Strategy, and to identify the optimum times for repair and replacement within the assets' lifecycle.

We carry out lifecycle Planning for these assets which focuses on highway asset condition and performance to identify the short-term routine maintenance needs and longer-term capital investment necessary to deliver against specific performance targets, whilst also supporting strategic level planning for future highway investment. This lifecycle planning projects that it will be necessary to invest the following:

Carriageways: Investment in recent years has seen the condition of Medway's 827km of Principal and Non-Principal roads improve in recent years, however they continue to be slightly behind national averages and would require investment of £3.113million a year over the next decade.

Footways: An increased base budget in recent years means Medway's Footway Network of 1,059km is in good condition however it will be necessary to make annual investment of £447,000 over the next nine years.



Each year, we spend around £6.0million of revenue funding on maintaining the Highway Network and £1.5million of capital receipts. In addition, we are awarded capital grants from the Department of Transport for 2022/23 with £1.412million for potholes, £1.765million through the Local Transport Plan (LTP) for Highways Maintenance, and £1.602million split between LTP and Tunnel Maintenance. In addition, in October 2022 we received a one-off allocation of £4.900million to support the maintenance of

the Medway Tunnel Maintenance for 2022/23 and beyond.

Street Lighting

In April 2020 Full Council agreed to invest £11.155million into the conversion of our approximately 26,500 streetlights on highways to energy efficient LEDs. The scheme has been funded from prudential borrowing with reduced energy costs funding the cost of that borrowing. Work to convert the majority of our lanterns is now complete, with the remainder (non-standard and heritage lanterns) due to be complete by the end of the financial year. The works included the replacement of a significant proportion of the columns on which the lights are situated, and it will now be necessary to fund the cyclical repair and replacement programme to ensure their ongoing safe operation.

Transport

A sustainable and effective transport network is intrinsic to how places work well and is a fundamental component of successful growth. Medway benefits from high levels of accessibility to rail and motorway links, but also experiences congestion and a complex highways network, resulting from its geography and historical pattern of development. We are required by government to produce a Local Transport Plan, devised at local level in partnership with the community. Medway's Local Transport Plan was adopted by the Council from 1 April, 2011 and runs to 2026.

We will be publishing our Local Walking and Cycling Infrastructure Plan in 2023, which will identify gaps in our network and prepare the ground for future funding bids or measures to be implemented through the Local Transport Plan Integrated Transport block funding from the government. We are currently awaiting an indicative allocation of Active Travel Funding from the Department for Transport.

Chatham Waterfront Bus Station opened in 2011 and at more than a decade old it has already been necessary to make some patch repairs to the fabric of the buildings including to the roof. It will be necessary to make some investment over the medium term to ensure the station continues to provide a welcoming reception to the town.



We're exploring the demand for electric vehicle charging points across Medway. This will help us to plan charging locations and help us to demonstrate the local need when applying for funding. Some investment may be required to support the roll-out of our emerging Electric Vehicle Strategy, which will be published in 2023 however we anticipate that a mix of external funding and the commercial sector will largely meet the demand, facilitated by the Council.

Moving Traffic Offences

The Department for Transport is working to deliver the powers to allow Local Authorities to enforce moving traffic contraventions under Part 6 of the Traffic Management Act 2004. This would bring the rest of the country in line with London, where local boroughs can use video analytics and automatic number plate recognition (ANPR) cameras to identify and issue Penalty Charge Notices to drivers committing moving traffic contraventions. These include driving in cycle lanes, banned turns, restricted access and stopping in yellow box junctions.

The enforcement of moving traffic contraventions would help the Council to manage the road network and improve safety and traffic flow at specific locations and along key corridors. Eight proposed locations have been selected for the application process. These locations, as well as the principle of enforcing Moving Traffic Offences, were subject to public consultation during July 2022. In total, 239 respondents completed the questionnaire following publication of information on the Council's website, and of the respondents, 82% felt it was important/very important for Medway Council to help improve safety on the roads in Medway, 81% felt it was important/very important for Medway Council to help tackle congestion on the roads in Medway and 56% agrees with plans to apply moving traffic enforcement powers on the roads in Medway. It is anticipated that implementation would require significant capital investment, however this cost could be funded over the longer term from revenue arising from the schemes implemented.

Town Centres and High Streets

Chatham is fast becoming known as Medway's emerging city centre and is described as a city in all but name. The town has seen heavy investment over recent years, from the Chatham Placemaking project to funding for major improvements at historic landmarks. Our work to help high streets thrive has seen us acquire the Pentagon Centre in 2019, Mountbatten House in 2021 and the former Debenhams site in 2022, all of which will help to regenerate the high street and increase footfall to the town centre.

In January 2021, we received £9.498million from the government's Future High Streets Fund which aims to transform high streets into vibrant hubs for future generations and to protect and create jobs. The remaining funding will be invested in a number of exciting projects in the heart of Chatham including reconfiguring the first floor of the Pentagon Shopping Centre to become a Healthy Living Centre; delivering a creative and collaborative workspace at The Brook Theatre to support the development of the area's creative sector; creating an innovation hub to support business start-ups and refurbishing the vacant St John's Church, which is part of the Church of England Diocese of Rochester. The Grade II* listed church will be restored as a place of worship and provide a multi-functional Community Gateway Hub that will provide conference and event spaces for the creative and digital sectors, as well as activity spaces for businesses, education and the local community. The Future High Streets Fund is also being used to transform The Paddock (the space between Chatham Waterfront Bus Station and the Pentagon Shopping Centre) into a vibrant public space for residents and visitors to enjoy. The improvements will celebrate the area's heritage and make the area more accessible.

Last year we were also awarded £14.4million from the government's Levelling Up Fund which will be invested in three projects to further support the establishment of Chatham as Medway's city centre - The Docking Station, The Brook Theatre and The Fitted Rigging House which will support the area's flourishing creative sector and provide further opportunities for economic growth.

Innovation Park Medway

Innovation Park Medway (IPM), on the site of the Rochester Airport and a part of the wider North Kent Enterprise Zone will offer employment land and Grade A business space, specifically targeting technology, precision engineering, and manufacturing sectors. Investors will have the opportunity to occupy new build flexible office space, which could be purpose built. This is an innovation-focused, regionally-significant commercial accommodation scheme resulting in the creation of 3,000 high-value, high GVA employment opportunities, with over £11million of external funding already invested and tenants being secured.



The Council submitted an expression of interest for the IPM to be considered as one of the new Investment Zones announced by a previous Chancellor in the Plan for Growth. However, in the Autumn Statement 2022 the government confirmed that existing expressions of interest would not be taken forward and the programme will instead be 'refocused'.

In February 2021 Full Council approved borrowing to supplement the £9.619million of Local Growth Fund (LGF) grant allocated via the South East Local Enterprise Partnership (SELEP) and the £650,000 loan from the Growing Places Fund (GPF). The Council has also previously agreed to borrow £14.5million to build a landmark six storey building on the northern site, with repayment of the loan being met from the rental income generated. There has subsequently been a re-evaluation of market conditions around the demand for serviced office accommodation and this project had been put in abeyance, pending the outcome of our second round Levelling Up Fund (LUF) bid, for grant funding to cover c50% of the cost of this scheme. The outcome of this is expected in December 2022.

Strong progress is being made on works to the Northern site; infrastructure works are progressing well with road layouts in place, kerb lines installed and paving being laid. The work to design one of the multistorey car parks has been completed and the design of the gateway building has been agreed. We have also been successful in our bid to the South East Local Enterprise Partnership for £400,000 towards the Runway Park through the Getting Building Fund.

Investment priority: Investing in our service delivery

Children and Young People

Medway's People Strategy 2021-2025 sets out our vision that People in Medway will have the best start in life, have access to a high-quality education so that they can achieve their potential, will go on to have a fulfilling and productive adulthood, and will be able to manage their health and independence well into their older age.

Our current capital programme supports the delivery of that vision, with investment of more than £21million over the next three years, primarily delivering additional school places, works to maintain the condition of the fabric of our existing schools and on the delivery of a new Children's Social Care Assessment Unit to reduce placement costs and provide support for children returning home.

Delivering school places

In May 2022, as part of the School Place Planning Strategy, Cabinet approved the School Place Planning Strategy Principles. These guidelines ensure that any changes are based upon improving schools and raising standards, so that the Council meets its statutory duty to provide sufficient good school places. The Strategy sets out that how the Council monitors the drivers for increasing need for school places (primarily the birth rate, and families and children moving into or out of the area) and what steps we take if demand for school places is increasing. Short-term increases may be met by working with schools to deliver bulge classes, or for temporary or permanent increase in capacity. The scale of these expansions, whether additional classroom space is sufficient or whether other facilities i.e., dining rooms also need to be expanded, determines the scale and cost of the capital works required.

Medway's Local Plan, though yet to be formally approved, sets out the need for an additional 27,000 homes, housing a population of 330,000 by 2037. On average, every 775 new houses with 2 or more bedrooms brings demand for 210 primary school places, enough to fill a one form entry primary school, increasing demand for school places. The Annual Review of the School Place Planning Strategy 2022-27 approved by Cabinet in October 2022 articulates a requirement to add 1,010 permanent and 180 temporary places at an estimated total cost of £21.283million as set out in table 4 below:

Table 4: Summary of school places required

School	Sector	Increase in places	Estimated cost £m
St Nicholas Infants	Primary	70	1.500
Hundred of Hoo Primary	Primary	210	0.700
Luton Primary	Primary	0	0.250
Gramma co-education	Secondary	0	2.500
Maritime Academy Temporary site	Secondary	180 (temporary)	0.350
Victory Academy	Secondary	150	3.000
Greenacre Academy	Secondary	100	3.700
Hundred of Hoo Secondary	Secondary	150	3.200
Robert Napier	Secondary	150	2.850
St John Fisher	Secondary	30	0.033
A Grammar School	Secondary	150	3.200
Total		1,010 (1,190 including temporary)	21.283

School places are funded primarily from a mixture of government grant and Section 106 developer contributions paid by housing developers to offset the impact of pupils from new developments. In recent

years Medway has received no basic need funding from the government, with all investment funded through developer contributions or borrowing. In March 2022 the Department for Education announced the Basic Need capital grant allocations to support the creation of places needed during 2023/24 and 2024/25. Medway's allocation is £17.050million and this funding will be added to the capital programme to deliver places in line with the Strategy in due course.



Special Educational Needs and Disabilities (SEND) provision

Our SEND strategy 2019 to 2022 has seen us make many improvements to our SEND services across Medway over the last three years, including working with schools to ensure special educational needs are identified early, ensuring more children with SEND have their needs met in mainstream schools and developing more resource provision and special school places in Medway.

In addition to the Basic Need capital grant allocation to deliver new places for 2023/24 and 2024/25 referenced above, the Council has been allocated £7.962million to fund places and improve existing provision for children with SEND or who require Alternative Provision. As with basic need this funding will be added to the programme in due course.

Health and Social Care

Housing Solutions for Social Care

Officers in Housing Services, Children's Services and Adult Social Care are currently working to identify whether there are opportunities to directly deliver or facilitate the delivery of housing solutions for some specific cohorts of service users, for instance those leaving care. This work is in the embryonic stages and business cases will be brought forward for any suitable schemes in due course, however it would be likely that capital investment would be required to deliver facilities with the aim of improving the experience of service users in a more cost-effective way than the present delivery.

Residential Care provision

Analysis is underway to determine whether there is an opportunity for the council to provide residential care provision, alternatively there is an option to look at this being provided by one of our partners. If the outcome of the analysis identifies potential savings, then a business case will be developed.

Disabled Facilities Grants

The Disabled Facilities Grant (DFG) is a means tested grant of up to £30,000 to provide adaptations in people's homes that will make them more accessible. Works can include, but are not limited to, stair lifts, ramps and bathroom adaptations. The Service has received 116 referrals for adaptations to date in 2022/23, with 59 adaptations approved at an average cost of £10,200. The grant forms part of the Better Care Fund and for 2022/23 is worth around £ 2.5million. The service is currently consulting on a new Financial Assistance Policy to help with the funding of adaptations to the homes of people with disabilities. This will work alongside the Disabled Facilities Grant system, providing additional funds for larger more complex adaptations.

New Chatham Healthy Living Centre and Innovation Hub in the Pentagon

Following the acquisition of the head lease of the Pentagon Centre, the Council is working with partners in the NHS to deliver a Healthy Living Centre on the first floor, to integrate key community health services in a visible, highly accessible location while supporting town centre diversification. The scheme of £10.348million has been added to Medway Council's capital programme on the provision that the NHS will reimburse the full amount. The Council has also been awarded £500,000 funding from the Future High Street Fund to assist with the delivery of the Healthy Living Centre and an Innovation Hub on the first floor of the Pentagon with both planned to be opened by 31 March 2024.

Our Front Line Services

Environmental Services

Our service collects on average 100,000 tonnes of waste each year, of which around 41% is currently recycled. In October 2019 Medway's waste collection and street cleansing services were transferred to Medway Norse. Medway Norse have also operated Medway's three Household Waste Recycling Centres since October 2017.

The Council's waste disposal contracts for both residual and recycling waste are delivered by Veolia as their waste transfer station is the only one in Medway able to cope with the volume of materials collected by the organic waste and recycling kerbside services. Since taking on the waste collection and street cleansing services, Medway Norse have operated from temporary depots while the Council works to deliver a permanent depot. Increasing levels of housing development in Medway, changes in legislation and increasing environmental requirements mean it would now be beneficial for Medway to have our own local transfer facility and depot, as these would enable a greater commercialisation of our operations. Investment would be required to purchase land for a site, likely to cost in the region of £4million for a transfer station and £3million for a depot. It would then require c£9million to develop the facility.

The service operates with an ageing fleet of waste collection and street cleansing vehicles, many of which date from 2013 and will soon require replacement. It is estimated that investment of around £22million to replace the entire fleet of refuse collection vehicles will be required by 2025/26 at the latest, and a further £4million for the replacement of the street cleaning vehicles. There will also be a requirement over the medium term to replace some core waste equipment, such as compactors as the existing equipment is reaching the end of its useful life. A single compactor would cost in the region of £500,000.

Greenspaces and Play Areas

We manage 1,900 hectares of open spaces and 148 urban parks across Medway and our aim is to work in partnership to protect and sustain the existing open spaces in Medway. We also want to create new and improved open spaces to support Medway's growth and provide for guests and residents and have a programme of improvement projects including introducing a BMX pump track to Queen Elizabeth Fields in Gillingham, improving access and ecological value of Berengrave Local Nature Reserve, delivery of the HLF Command of the Heights project at Fort Amherst and Chatham Waterfront, retaining Green Flag awards and the development of play areas as set out below.

Our latest estimates indicate that we will need to invest up to £2million over the medium to longer term to address a range of issues, including landscaping to address a range of issues, the replacement of historic retaining walls and hard infrastructure and to redevelop pavilions, changing facilities and assorted houses/bungalows. These works would create more resilience in our greenspace resources, reduce third party claims and allow a greater commercialisation of our operation.

Our Priority Play project has been working to update and renew a number of our play areas to improve the playing experience for Medway's children, with new more engaging and exciting equipment. The current capital programme includes £250,000 to upgrade Ballens Road Play Area, Lordswood, Perry Street Play Area, Chatham, Princes Avenue Play Area, Walderslade and Laburnum Rec Play Area, Strood while also replacing an old unit at Kings Frith Play Area, Wigmore and improving the safety surfacing at Balmoral Gardens Play Area, Gillingham. In July 2020, Cabinet recommended that £250,000 should be added to each year's capital programme (subject to the availability of Section 106 contributions and /or capital receipts) moving forward to ensure that residents and visitors continue to have access to safe play equipment designed to meet the increasingly diverse range of user needs.

New play areas at Low Meadow Halling, Crestway Luton & Wafield and Iona Close Lordswood delivered in 2021/22



River Walls and Piers

Medway Council's river assets include two piers; Rochester Pier and Sun Pier, one draw dock at Gillingham Pier, and multiple access steps. In line with our vision to become a waterfront city we want to improve the connectivity to the river across Medway, and with investment our piers have the potential to support this and to generate income for the council.

With investment in the region of £600,000, the collapsed sections of Rochester Pier could be removed and we could restore public access to the river and potentially reintroduce river tour operators to enhance the experience of visitors to the area while income from mooring fees and landing fees from tour operators would contribute to the ongoing maintenance requirements. Much smaller sums will be required to ensure Sun Pier continues to be operational with improvements to barriers and an electrical refit among the works necessary in the medium term.

To further improve river access, opportunities are being explored to enhance parking and access at Gillingham Pier and the Commodores slipway. A comprehensive survey of the river walls across Medway will be required to identify and prioritise proactive investment required in order to prevent unplanned/reactive maintenance issues from arising.

CCTV

Since April 2016 CCTV in Medway has been operated through the Medway Council Control Centre, now delivered by our Local Authority Trading Company, Kyndi Ltd. Whilst the CCTV hardware remains in the ownership of Medway Council, the repair and maintenance responsibility rests with Kyndi. An ongoing programme of replacement is in place ensure the service continues to operate as planned, with the replacement of a range of cameras including those in our car parks and the bus station due to be completed by March 2024. The Council and Kyndi are currently working to identify investment requirements from 2024/25 onwards based on the age profile of existing stock and any additional requirements arising from developments over the longer term.

Bereavement Services

We have four cemeteries in Medway which are all suitable for burials, cremated remains and memorials. The cremators have been replaced in recent years and the current capital programme includes £250,000 to repair roads and pathways to ensure the sites continue to provide a safe and aesthetically pleasing

environment. However, the roof has been subject to some temporary repairs and it will be necessary to invest in a long term solution, along with refurbishment works in the customer facing areas of the facilities over the medium term.

Our Culture and Community Services

Heritage

Medway Council owns a significant number of heritage assets including Rochester Castle Keep, Temple Manor in Strood, Eastgate House in Rochester and the Old Brook Pumping Station in Chatham.



Dickens Chalet is a hugely significant historic structure, one of only 2.5% of listed buildings in the UK to have achieved the highest Grade 1 listing. Holding it in trust, not only for Medway residents but for the nation, the Chalet represents the most significant single piece of Dickens' life within Medway. Investment of £100,000 is required to restore the chalet to a structurally sound state, in keeping with its Grade I listing and would enable the Council to seek funding from

external organisations to continue the restoration of the chalet, with the ultimate aim of creating a restored, safe attraction for visitors to not only see but to step inside. Restored, the Chalet would play a significant role in the cultural life of Medway.



Rochester Castle is a scheduled ancient monument and we will celebrate the 900th anniversary of the building of its iconic keep in 2027. As part of the preparations for and legacy from this anniversary, we are exploring opportunities to improve access to the Keep, open up areas of the Castle and Keep currently closed to visitors and develop the Castle into a heritage attraction of international repute. Ultimately more visitors and residents would be able to enjoy the Keep which

would in turn increase revenue and ensure the Castle is more financially sustainable in the future.

Culture

Medway Council owns and operates two theatres in Chatham. The Central Theatre is a beautiful 960-seat theatre venue in Chatham High Street which hosts performances from West End greats, tributes to the greatest bands and some of the best on the circuit. A condition survey will be carried out at the Central Theatre in 2023 and this will determine the future investment requirements.



The Grade II Listed Brook Theatre is a hub for new and existing talent in all areas of the arts including contemporary theatre, dance, music and entertainment. The theatre is also focused on children's

theatre and hosts a mixed programme of professional and community theatre productions. The current capital programme includes investment of £95,000 which will deliver a brand new sound system in the Central Theatre by local and international company Bose, improving the quality of experience for visitors, and that BOSE are using and profiling as their European centre of excellence. The Brook Theatre will benefit

from significant capital investment in the coming years having been awarded grant funding from the both the Future High Street Fund (£300,000) and the Levelling Up Fund (£6.5million). The Theatre will be comprehensively repaired, refurbished and upgraded to deliver a state-of-the-art, accessible, inclusive, digitally upgraded, and sustainable modern theatre complemented by the creation of over 400sqm of digitally enhanced creative workspace. Alongside this the Council's Re:Fit programme will also deliver LED lighting upgrades, installation of a heat pump and energy efficient boilers, upgraded controls and new theatrical lighting. The Brook will be a place where creative industries can flourish, catalysed by a programme of support delivered through a partnership with the University of Kent's Institute of Cultural and Creative Industries, connecting with the Docking Station. Initial building surveys undertaken to facilitate these upgrades have however recommended further, intrusive surveys are carried out throughout the building and these may identify further remediation and repair works required to facilitate the refurbishment.

A strategy for community, culture and leisure infrastructure as part of the Hoo Development Framework will be developed in 2023 and will identify opportunities to develop important community infrastructure including community hubs and libraries, creative studio and community space and the potential of co-location with services that have similar customers and audiences.

Building on the significant public investment in Chatham through the Future High Street fund and Levelling-Up fund, the emerging Chatham Creative Quarters cultural placemaking strategy develops new models of investment for creative infrastructure with developers, investors, partners, public funders and the creative sector to drive economic growth for Medway. This new approach aligns with ambitions of Medway's Cultural Strategy, Thames Estuary Growth Board, Creative Estuary, Thames Estuary Production Corridor, Arts Council England, the National Lottery Heritage Fund, Historic England and the Department for Levelling Up, Housing and Communities.

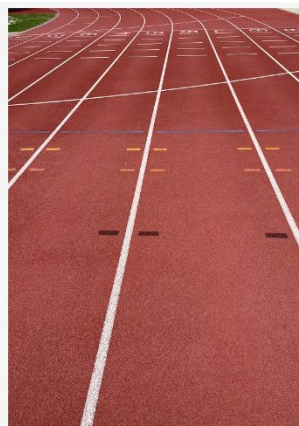
Sport and Leisure

Following the demolition of the previous Splashes facility in Rainham, the Council is progressing with a £23.650million scheme to deliver a new sports centre on the site which will provide modern, family-



friendly sports and physical activity facilities in the east of Medway, complementing other Council sports facilities. The investment in Splashes Sports Centre supports our aspiration to become a Child-Friendly City, putting Medway's young people at the centre of everything we do. The new facility is planned to open in the Summer of 2024.

Within the draft Hoo Development Framework, the Council has set out proposals for a new sports facility. A feasibility study, detailed plans and the business operating model will be progressed in line with the overall planning and development on the peninsula, so a definitive timescale has not been determined. In the



meantime, the Council will continue to operate the existing Hoo sports centre whilst seeking to minimise extensive capital outlay however funding from developer contributions has been secured to fund some improvements to the gym, class spaces and the changing rooms.

Our flagship centre at Medway Park and the Strood Sports Centre have both benefitted from significant investment in recent years in pool plant, improving the quality of the pools for customers while operating more efficiently. The transformation of Medway Park was completed more than 12 years ago, while the refurbishment of Strood Sports Centre was carried out 8 years ago and as such both sites need additional investment to repair and maintain the facilities in order to continue to deliver quality, affordable sports facilities for residents across Medway in the longer term, it will be necessary to fund further plant replacement and refurbishment programmes. Within the next five years, Medway Park will require investment to replace the sports hall flooring and squash courts, upgrade changing rooms, replace the poolside windows, replace the air handling unit and instal new pool filter beds. Similar works will be required over the same timeframe at Strood Sports Centre, however the pool plant is in also in need of upgrading and the 3G pitch surface is now overdue for replacement.

The much-loved Strand features an outdoor Lido using filtered saltwater from the river Medway alongside a cafe serving hot and cold food, ice cream and treats, a mini train ride and crazy golf. The facility now requires some investment to upgrade water features, changing rooms and the reception in the next five years, and some developer contributions have been secured to improve the paddling pool and park areas at the site.

In 2021 the Council worked with the Football Foundation and Anchorians Football Club to deliver a new full size 3G football pitch at Watling Park Football Centre in Darland Avenue. The Council's investment of £400,000 was more than doubled by the contribution from the Football Foundation. The pitch opened in August 2021 and new changing facilities will be opened by the end of 2022. Following the success of this scheme the Council and the Football Foundation are in discussions to deliver further facilities in Medway.

Libraries and Community Hubs

Our programme of investment has now transformed six of our libraries into community hubs (Strood, Twydall, Wigmore, Gillingham, Chatham, and Rochester), providing the public with facilities at which they can access a variety of other services and make direct contact with the Council to make enquiries, report issues and apply and pay for services. The current capital programme includes investment of £365,000 to refurbish the Lordswood Community Hub and extend child-friendly facilities, enhancing security, and updating furniture and fittings.



The continuation of the hub programme is being explored with proposals to transform the current Library and Community Centre at Walderslade Hook Meadow into a single Community Hub during 2024/25. Recent surveys show that the current Library building is in a poor condition so this scheme could reduce maintenance costs and establish a more environmentally friendly facility, building and associated facilities. This project will be delivered in partnership by our Libraries and Housing Teams and the HRA development programme, to deliver new social housing for the area. As part of scheme, which our initial estimates suggest could cost in the region of £2million, we would provide customers with a modern library facility

and community hub, hosting a range of community events and activities and providing a venue for community groups and agencies to meet.

The Library Service currently operates a Children's Mobile Library that visits schools and early years settings that are not currently close to a static Library, supporting our child friendly city aspirations. With investment of £150,000 the existing vehicle could be replaced with a modern, environmentally friendly vehicle to replace the current mobile community hub vehicle that is proving costly to maintain and operate. This facility would also focus on supporting literacy improvement amongst young people, particularly in rural locations where very few other Council services are available on a permanent basis. As with the other community hub developments, this mobile community hub would provide a single point of contact for our residents, particularly those living in more isolated areas, enabling them to regularly access a broad range of Council services, as well as signposting to partner organisations in the community, voluntary and private sectors.

Looking forward we continue to look at rolling out the successful community hub model with options for Luton and Rainham being developed. The Hoo Development Framework offers a significant opportunity to plan for a new, state of the art community hub on the peninsular, with the possibility of co-location with creative workspaces spaces, health and community support providers.

Investment priority: Technology and digital solutions

Our Digital, Data and Technology Strategy

A Digital, Data and Technology (DDaT) Strategy was approved by the Transformation Board in September 2022, to set the direction for how we will deliver better services and organise our technology and data estate more efficiently. The strategy sets out our ambitions and priorities to achieve the following vision: *Medway residents and visitors will find it easy to interact with the Council to access services and get the information they need. All Council staff will have immediate access to the information they need to make decisions and provide an excellent service to customers.*

Advancements in technology and data analysis provide us with the tools to better understand information to enable us to plan and deliver services more effectively. The DDaT Strategy identifies and addresses long-standing issues, such as the complex array of non-integrated systems the Council operates, which are constraining our efforts to digitalise.

The Council is currently transitioning to become digital by design in everything that we do, as our residents and businesses expect the same levels of access, ease of use and customer service that they see online from large private sector organisations such as Microsoft, Apple, Google, and Amazon. They expect to be able to access our services at a time, and in ways, that suit them. However, it is vital that our digital channels provide additional choice to our customers whilst existing channels, such as telephones and face to face support, will continue to be available for the reducing number of residents that are unable to access online services. Our challenge is to provide digital channels and services that have been designed for customer's needs – and are so simple and easy to use; and available 24hours a day, 7 days a week; that a customer would prefer to interact with the Council in this way. This will then enable the Council to focus our telephony and face to face resources on those residents that need additional support.

The Council's Digital, Data and Technology (DDaT) Strategy is central to Medway's transformation efforts, providing a clear vision and direction for our digital, data and technology infrastructure; cyber security arrangement; Smart Cities ambitions; implementation of assistive technology for Adult Social Care; broadband access; climate change actions; and the digitalisation of services.

Medway already has high levels of digital adoption (94.4% of the 2021 Census was completed online by Medway residents). However, there is still more that can be done to improve digital access and inclusion, improve the broadband access and infrastructure in Medway, support residents with accessing digital channels, and provide improved telephony and face to face support where required. To make these improvements, the DDaT strategy has seven guiding principles for change:

- Customer choice
- Customer centric service design
- Technology architecture and system rationalisation
- Single view of the council for customers
- Single view of the customer for council staff
- Develop a culture of informed service improvement
- Leaders have digital, data and technology knowledge and skills to meet future challenges.

There is also an overarching principle running across all of our DDaT work: Security, Privacy and Information Governance is built into everything we do.

The objective of the DDaT strategy is to support the development of online services that have been designed from the customer's point of view, are available to use at all times of the day and night and are so effective that the vast majority of customers would choose not to interact with the Council in any other

way. This will then allow us to design other services and processes around customers that are unable to use digital services, using data and insights to support all decisions. The following areas have been identified as priorities for investment to achieve the ambitious objectives within the DDaT Strategy:

Digital, Data and Technology Infrastructure

The stability of the current ICT infrastructure is robust, with services operational for 99.95% of the time, and with an out-of-hours support service providing cover 24 hours a day for 365 days a year to those who subscribe to it. Medway has adopted a hybrid infrastructure strategy with a mix of on-premises and cloud hosting platforms. The Council has already made a significant investment in the on-premises infrastructure including a secure location, hardware, backup solutions and dedicated support staff. There is also an off-site backup infrastructure to provide a resilient and reliable computing platform. The Council generates an income from other organisations renting space in our data centre, so we effectively work as a cloud solution for others using our infrastructure and staff expertise. An on-premises solution suits the Council's current financial strategies where capital investment can be made to achieve a return on investment to reduce revenue costs.

Our five year hardware replacement program has been a success to date and has enabled the replacement of legacy hardware, which has been fundamental in ensuring that our ICT infrastructure is being maintained at a high quality and compliant state. The initial programme budget was £2.200million, which now has around £300,000 remaining. To continue the replacement programme this budget would need to be renewed for the next five years, with an estimated investment requirement in the region of £2.500million due to inflationary costs seen over the last two years. This investment would further improve the on premises infrastructure to upgrade servers; the Storage Area Network; network infrastructure, telephony and omni-channel infrastructure; and enhance cyber security measures such as next-generation firewalls.

Medway 2.0

To address the issues of so many legacy systems in Medway, there is a school of thought that suggests true transformation could only be achieved effectively if we started again with a blank canvas and completely redesign Medway Council services again from the ground up - The logic being that if Medway Council was created today, would it be designed exactly how it currently is? The Information Section are exploring the possibility of developing a brand new "Medway 2.0" using a single, corporate, enterprise resource planning



(ERP) platform such as Microsoft Dynamics and Power Platform. The advantage of this approach is that development can concentrate on taking advantage of new technology without worrying about integrating with older systems, which is often a blocker to innovative solutions. Development will focus on building a number of simplified core processes, such as reporting issues to the Council, applying to receive something, booking something, and paying for something. By adopting a corporate platform these core building blocks can be reused across a range of services, which will:

- Create consistency across different Council services;
- Ensure all forms have the same functionality;
- Allow forms to be “joined up” – e.g. if applying for disability benefits a blue badge can be provided without customers having to complete another form;
- Rationalise the number of forms packages;
- Provide an end-to-end, simplified and digitalised, process design;
- Keep Council staff and customers updated on progress at each stage of the process.

The Information Section are currently exploring options for a suitable platform that will suit the Council’s requirements. Once this platform has been identified, investment will be required in the system, infrastructure, and staffing to implement “Medway 2.0”, which will lead to revenue savings for the Council and a much-improved service to residents.

Accessibility Programme Team

The scale of the Council’s digital estate means that no one team, or department, are currently resourced to oversee the responsibilities, and mitigate the risks, associated with our legal obligation to meet the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, known more commonly as the ‘Accessibility Regulations’, which came into force on 23 September 2018. The creation of our Accessibility Policy was an important step towards ensuring our compliance with the Accessibility Regulations 2018. The Policy, and associated procedures, also underpin our wider transformation aims by establishing further control over the creation of digital products that align with our transformation agenda.

The Council’s main website (medway.gov.uk) is monitored and overseen by the Digital Team. However, there are also around 40 other known websites that are controlled by individual services. The new Accessibility Policy will provide guidance to staff and place key responsibilities within our Corporate Management Team, and amongst service managers, because our current digital estate is too large for any one team, such as Digital, to oversee it all. Capital investment of c£500,000 would fund the formation of a temporary Accessibility Programme Team for two years, which would provide additional resource to carry out a wide-scale review of the Council’s whole digital estate and address high priority issues before responsibility is transitioned to services as business as usual.

Smart Cities

The concept of Smart Cities perfectly illustrates the power of joining together digital, data and technology – with technology as the enabler to gather data from connected devices, often referred to as the Internet of Things (IoT), to allow better decisions to be made. For example, road temperature sensors embedded in Medway’s roads provide a constant stream of data to inform decisions about whether to send out the winter gritting fleet to prevent ice on the roads.



A Smart City Road Map has been produced for Medway, which lays out the journey to a more resilient, connected, and innovative waterfront city. This road map follows the guiding principles set out within the Digital, Data and Technology strategy and highlights the need for

smarter policies to support new technologies such as electric vehicle charging points and smart parking solutions. Investment will be required to deliver the Smart City Road Map, which will ultimately lead to revenue savings for the Council. Projects under consideration include:

- The rollout of smart, cashless, parking.
- The formation of a “Smart City Control Room” to integrate CCTV monitoring, lifeline and assistive technology monitoring and response, traffic operations, and the LED lighting central management system. There is potential to work in partnership with Kyndi to co-locate this service at Gun Wharf within the ICT Datacentre, which could provide an opportunity to generate a capital receipt from the existing CCTV bunker site in Strood.
- Investment in cutting edge energy technologies, such as a scheme to power the Medway Tunnel from kinetic energy generated from the traffic passing through it.
- Climate change actions/monitoring using smart sensors.

Business Intelligence

A Corporate Business Intelligence Review (CBIR) was carried out in 2021 to provide an overview of Medway’s current level of data maturity, including current deliverables, capacity, capability, (in)efficiencies, and requirements. The current use of data is about meeting statutory requirements, what happened in the past, and verbal accounts of what is happening for decision making. Current reporting in Medway is descriptive in nature and services are demanding more sophisticated insight that will allow users to explore data and answer the business questions they have, while providing insights to support service improvements. Where data is presented for decision making, it is typically in a static summarised format, that must be manually produced. This process can be difficult, time consuming, and subject to error. There is not always the capacity to provide supporting analysis, meaning in some cases busy decision makers in services analyse the data themselves, usually from tables of numbers or simple graphs, which can present contradictory or misleading information. Plans are being developed to provide decision makers with accurate, up to date, dynamic information. To deliver this ambition, investment will be required in developing the appropriate platforms, such as the Azure Data Lake and Analytics Platform to provide services, and decision makers, with the right information at the right time.

Investment priority: Maintaining our assets

The Corporate Property Strategy

The Council maintains and operates a wide range of operational assets including 521 parks, open and greenspaces, 58 car parks, 32 shops and business centres, four major regeneration sites, four cemeteries and a crematorium, 43 sports and leisure assets and two theatres.

The Council is committed to ensuring its corporate property portfolio meets the needs of Medway's residents and businesses and is one of the ways we can deliver good quality services. Action plans arising from the last iterations of our Corporate Property Strategy led to an impressive 35% reduction in maintenance costs for our corporate property portfolio and 36% reduction in our estate running costs over the period 2013-18.

The strategy for the period 2017-2022 sought to focus on new areas for cost reduction and estate rationalisation with an ambitious target to realise £20million of capital receipts over the life of the strategy. However, the onset of Covid-19 dramatically accelerated a shift to new ways of working and necessitated a pause on some areas of activity planned. Significant progress continued nonetheless, with two key successes being the vacation and demolition of the old Civic Centre site at Strood to enable future housing development, and the demolition of Riverside 1 in Chatham to enable the exciting Command of the Heights restoration project to be completed. As we adjust to the reality of service delivery post-pandemic we continue to work to ensure we hold the right balance of operational properties to support Medway moving forward and to shape our strategy over the medium term.

We continue to deliver many of our services in a blended 'hybrid' model with staff both remote working and being present in the office when beneficial to our customers and the effective delivery of our services. This has enabled us to free up a significant space, and in May 2021 we agreed to grant a lease to the Medway County and Family Court who have now relocated to the Medway Council buildings at Gun Wharf, bringing in new revenue income for the Council.

We currently occupy nine leased properties, for both office accommodation and front line service delivery, which together cost c£440,000 per annum to rent. There are no real break clauses for several years yet, however the planning has started to move to a more decentralised operating model going forward, with a view to reducing the Council's requirement for office accommodation over the longer term.

Maintaining our operational buildings



The Council's annual revenue budget includes £750,000 as an annual contribution to the Building Repairs and Maintenance Fund (BRMF) and in recent years this has funded both planned and responsive works as directed by condition surveys or as issues arise in the normal course of business. This year we have commissioned full condition surveys of around 100 properties in our property estate. The work is underway and will be completed by May 2023.

In the meantime, the last surveys undertaken in 2018 identified an annual investment requirement in the region of £4.6million. It is currently estimated that it will be necessary to fund works in the region of £5.58million per year over the next five years to deliver the works identified by the surveys and it could reasonably be assumed that expenditure of a similar value or higher would be required in the remainder of the decade.

Commercial Property Investments

Investment property is defined as property that is used solely to generate revenue from rents or for capital appreciation. Investment properties are not depreciated, but are revalued annually to reflect their fair value based on market conditions. The Council's asset register identifies 14 investment properties, with a market value of £17.629million, and together with the Pentagon Centre, which cost £37million, they are budgeted to generate around £3.200million per annum in rents.

After many years encouraging councils to take on more commercial activities as a means to reduce reliance on central funding, the Government's stance is now that that local authorities should not invest in property for purely commercial gain. As such we are solely focusing on opportunities within Medway's boundary and which are consistent with our regeneration ambitions, as exemplified by the Pentagon Centre investment. To this end, the balance of the Regeneration Investment Fund (£12.957million, funded from borrowing) was removed from the Council's capital programme in November 2022.

Funding

There are a variety of funding sources and financing options available to meet the Council's capital expenditure requirements, most of which feature to a greater or lesser extent in funding the current capital programme. These are explained and the advantages, disadvantages, conditions and opportunities associated with each explored in this strategy.

External Grant Funding

Though government revenue grant funding for local authorities has reduced dramatically since 2010, capital funding has continued to support regeneration, highways and to a lesser extent, school place delivery requirements. Almost £191million (40%) of the current capital programme is funded from Government grant, primarily the Housing Infrastructure Fund.

While government grant support for revenue expenditure has been reducing dramatically, there is still grant funding available for capital expenditure. Some of this comes to local authorities automatically through the financial settlement, however the majority have to be accessed through a bidding process. Some of this funding has conditions attached regarding what it can be spent on, whilst other allocations are not ring-fenced. For example, the funding received via Homes England for the Housing Infrastructure Fund has very stringent conditions attached regarding timescales, milestones and ultimate outcomes and failure to meet these conditions could result in financial loss to the Council.

As Central Government makes future funding announcement and grant determinations are issued, these funds will be added to the programme in accordance with the Council's constitutional governance arrangements.

Developer Contributions

The development of new housing increases the number of people living in an area, and with that the demand on local services, such as schools, health services, parks, and transport. The planning system recognises the need to address the impacts arising from development, and can use legal obligations, agreements and unilateral undertakings to secure acceptable development. Developer contributions therefore are intended to make development acceptable which would otherwise be unacceptable in planning terms. The Council's current policy in respect of developer contributions is set out in the Medway Local Plan 2003, supplemented by the Medway Guide to Developer Contributions 2018. Section 106 of the 1990 Act provides that anyone with an interest in land may enter into a planning obligation, which is enforceable by a local planning authority. An obligation may be created by agreement or by the party with an interest in the land making a unilateral undertaking. Obligations may:

- Restrict the development or use of land;
- Require operations to be carried out in, on, under or over the land;
- Require the land to be used in any specified way; or
- Require payments to be made to the local planning authority, either in a single sum or periodically.

Obligations run with the land and, providing all parties with an interest in the land enter into the agreement, affect everyone with an interest in it, including successors in title and are registered as Local Land Charges. Where an obligation requires payments to the local authority, these can be made in the form of a lump sum, an endowment, or as phased payments related to dates, events or triggers i.e. the delivery of a specific number of proportion of properties making the receipt of this income very difficult to forecast. In addition developer contributions include a clause stating the deadline for expenditure of contributions; the developer can request repayment of the contributions (plus interest) if the council fails

to deliver on the obligations in the agreement by this deadline. From 1 April 2017 new S106 agreements usually specify a five year deadline for spend; prior to this date a 10 year deadline was the norm. The Planning Service reports quarterly to Planning Committee on developer contributions. These reports list information on S106 contributions received, and obligations included in all S106 agreements completed in that quarter. The Council also reports on developer contributions in its annual Authority Monitoring Report, which is published each December for the preceding financial year. Table 5 outlines the current position with regard to capital Section 106 contributions.

Since this sum represents income that is dependent on all development being delivered as planned, a cautious view is generally taken when formulating the capital programme, so that no schemes anticipated to be funded through developer contributions are added before there is reasonable certainty as to the receipt and timing of payments due. The exception to this is in terms of schools, as it is not necessarily possible to wait until a development has been built out before we must deliver the school that serves that community. This means that we have to incur expenditure in advance of the funding being received, and this represents a risk to the Council. This potential future income represents both a challenge for the Council in working to accelerate development in the area, and an opportunity to shape how development in the area is mitigated for the benefit of residents.

In the current economic climate and in the face of rising delivery costs, many developers are reviewing the viability of schemes already agreed through the planning process, and some are seeking to renegotiate agreements and reduce the level of developer contributions which represents a risk to this income moving forward.

Table 5: Summary of Capital Section 106 Developer Contributions

Category of Section 106 Contributions	Balance at 31/03/2022	Agreed S106s	Projected Balance	Current Committed	Funds Available
	£000	£000	£000	£000	£000
Community Facilities	322.9	917.6	1,240.5	0.0	1,240.5
Highways, Footways and Street Furniture	1,246.7	854.9	2,101.5	336.7	1,764.8
Environmental Services	3.1	178.4	181.5	0.0	181.5
Education / Schools	2,592.8	21,313.6	23,906.4	3,918.9	19,987.5
Early Help, Youth and Inclusion	15.1	88.6	103.7	0.0	103.7
Adult Social Care	5.8	0.0	5.8	0.0	5.8
Strategic Property and Energy	42.5	1.1	43.7	0.0	43.7
Open Spaces, Play Parks and Public Realm	2,414.1	5,536.6	7,950.6	466.2	7,484.5
Safer Communities Operations	0.0	404.8	404.8	0.0	404.8
Strategic Housing	0.0	0.0	0.0	0.0	0.0
Sport, Leisure Tourism & Heritage	6.1	131.5	137.6	0.0	137.6
Totals	6,649.0	29,427.1	36,076.1	4,721.8	31,354.3

Capital Receipts

A capital receipt represents the income received from the sale or disposal of an asset. The general principle is that such receipts should not be used to fund revenue expenditure, however from 2016/17 Local authorities were given the power to use capital receipts (excluding 'right to buy' receipts) on the revenue costs of transformational projects with this flexibility now confirmed until the end of the 2024/25 financial year. In determining whether expenditure should be allowable under this new flexibility, the Council would be expected to deliver ongoing savings to the revenue budget as a result of the investment. It would have to demonstrate transformed public services, with reduced demand or reduced unit costs.

Under Chapter 3, Part 4, Section 6.14 of the Council’s Constitution, the Chief Legal Officer has delegated authority to manage the Council’s land and property resources in compliance with current legislation and Council policy. This includes the authority to agree terms for the disposal or purchase of property and accept the highest tender/offer, provided that the relevant assistant director is satisfied it is the best price reasonably obtainable. This power is subject to the financial limits delegated to the director at Chapter 3, Part 5, Section 5.1 (see extract below):

“Limit of authority for the Chief Executive and Directors to act – up to £100,000. Acquisitions and disposals above this value are a matter for the Cabinet unless contrary to the policy framework or contrary to, or not wholly in accordance with, the budget approved by Full Council. This limit does not apply to the acquisition and disposal of non-operational investment properties funded from provision made by the Council for this purpose in the Capital Programme. Cabinet land and property transactions over £500,000 to be reported to the next Council meeting for information.”

Decisions to dispose of assets are taken in consultation with the Corporate Strategic Property Board, chaired by the Portfolio Holder for Resources.

Table 6: Estimate of Capital Receipts

Source of Capital Receipts	Capital Receipts as at 31 March 2022 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 + £m
MDC Ltd	2,602.0	0.0	500.0	6,905.0*	0.0	0.0
Rochester Riverside	4,007.5	0.0	1,550.0	0.0	0.0	9,835.0
Other Capital Receipts	973.3	634.6	776.8*	5,850.0*	3,800.0*	705.0*
Totals	7,582.8	634.6	2,826.8	12,755.0	3,800.0	10,540.0

** includes forecast capital receipts in addition to those already agreed.*

The current capital programme assumes the use of £5.265million of the above capital receipts. Table 5 also includes a £635,000 receipt from the Temple Waterfront site which will need to be used to improve public realm in that area in the future.

Revenue Funding

Services may use their revenue budgets to fund capital expenditure, but the current policy is that this only happens in exceptional circumstances, typically where the conditions and requirements of a particular ring-fenced revenue grant are best service by incurring capital expenditure on the creation or enhancement of fixed assets.

Feasibility funding

In 2022/23 the Council agreed to a one-off £500,000 revenue feasibility fund using the flexibility around capital receipts for transformation purposes. Commitments have been from the fund following agreement by senior officers and Portfolio Holders, funding feasibility studies for schemes that would otherwise not be possible to explore. Where this work results in a viable scheme that is added to the capital programme, the fund can be recycled with reasonable costs allocated to the relevant capital scheme. To date the fund has enabled feasibility works in respect of the proposed Hook Meadow Community Hub and a number of Levelling Up Fund bids to be carried out. Should this programme of work continue beyond 2022/23 it would be necessary to replenish this budget with an addition in the region of £250,000.

Prudential Borrowing

Where local authorities are unable to fund capital expenditure from external sources, such as capital receipts, grants and other external contributions, they can take out borrowing; however this is regulated.

The Local Government Act 2003 refers to affordability and the requirement that local authorities in England and Wales keep under review the amount of money they can borrow for capital investment. Part 1 of the Act requires local authorities to have regard to CIPFA's Prudential Code in the exercise of its duties.

The code requires that: *"The local authority shall ensure that all of its capital and investment plans and borrowing are prudent and sustainable. In doing so, it will take into account its arrangements for the repayment of debt (including through the MRP / repayment of loans fund) and consideration of risk and the impact, and potential impact, on the authority's overall fiscal sustainability. While indicators for sustainability are required to be set over a minimum three year rolling period, indicators should be set in line with a capital strategy and asset management plan that is sustainable over the longer term. Where statutorily ring-fenced resources such as the HRA or Police Fund exist, the indicators should be separately set for these areas."* The Council's prudential indicators can be found in the Council's Treasury Strategy.

The current policy is that any service wishing to avail itself of prudential borrowing in order to fund capital investment must be able to demonstrate that it can afford the repayments and interest incurred on the loan from its revenue budget. This generally means that prudential borrowing is limited to 'invest to save' schemes; i.e. those schemes which are expected to produce savings and/or additional income that will, as a minimum, fund the costs of borrowing. A business case would need to be prepared, with the support of the Corporate Accounts team, to demonstrate the overall prudence, affordability and sustainability of the total borrowing requested. The impact of this borrowing will be measured against the prudential indicators required by CIPFA's Prudential Code. It is delegated to the Chief Operating Officer to determine whether the borrowing should be from internal cash balances or whether to enter into additional external borrowing.

Leasing

The Chief Operating Officer may enter into finance leasing agreements to fund capital expenditure on behalf of services. However, a full option appraisal and comparison of other funding sources should be made first and the Chief Operating Officer must be certain that leasing provides the best value for money method of funding the scheme. Under the Prudential Code, finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

Risk Management

Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully. Through a risk management process, risks should be identified and the potential consequences evaluated, with a view to determining the most effective action to manage them. The aim of such action is to reduce the likelihood of adverse risk events occurring, minimise the severity of their consequences if they do occur and to consider whether risk can be transferred to other parties. The Council's project management methodology requires that each project should have its own risk register to manage operational risk, however this section of the Capital Strategy focusses on strategic risks to the Council, resulting from its capital investment activity. This is presented at Table 7.

Table 7: Strategic capital risks

Risk	Description	Action to avoid or mitigate risk	Risk rating
Financial risks impacting on the capital programme	Credit risk: the risk that the company delivering the capital scheme becomes insolvent. Liquidity risk: the risk that cash flows could be affected by delays, inflation, interest rates or exchange rates. Fraud, error and corruption.	The Council exercises due diligence in the award of contracts. Mitigated by sound budget monitoring and treasury management. The Council has robust controls in place over procurement, project management and financial management.	D2
Legal and regulatory risk affecting delivery of capital schemes	Capital Schemes must comply with legislation, e.g.: DDA, as well as Council policies, contract procedure rules and financial regulations. There is a risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it inadvisable or even illegal.	Before incurring capital expenditure or making capital investments, the Council will understand the powers under which the investment is made. Changes to relevant legislation and regulation will be kept under review and factored into any capital bidding and monitoring processes.	D2
Capacity constraints to deliver an ambitious capital programme	The Council has embarked upon an extensive and ambitious programme of regeneration. It is also a very lean organisation and whilst it employs skilled, professional officers, they do not have the capacity to deliver this programme at pace and on their own	The Capital Strategy relies on working with a broad range of partners, to share risk and reward through a 'mixed economy' of self-delivery, partnerships with the private sector and alternative delivery vehicles such as our joint ventures with Norse and our own Medway Development Company.	C2
Capital receipts	A significant proportion of the Capital Programme is funded	Close monitoring of the programmes anticipated to	D2

Risk	Description	Action to avoid or mitigate risk	Risk rating
	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.	deliver capital receipts, and careful management of the delivery of those schemes funded from receipts.	
Medway Development Company activity	MDC schemes planned may not generate the revenue income or the capital receipts assumed in the Council's budget.	Skilled and experienced staff within the company and at the Council are focused on the production of high-quality businesses cases, leading to the selection and delivery of schemes that will perform well. Close monitoring of the programme and careful management of the delivery are supported by scrutiny from senior officers and Members.	D2
Local Plan adoption	The adoption of a sound local plan is essential to many of the council's regeneration ambitions. If a Local Plan including new housing on the Hoo Peninsula is not adopted, it may not be possible to continue the delivery of the HIF scheme to improve transport and other infrastructure to support housing growth over the next 20 years.	The Council's Planning Service have been working on a new Local Plan, Future Medway, which will cover the period up to 2037. The Plan has been subject to public consultation and will follow a governance process with Member approvals to ensure the plan submitted will be sufficient.	C2
Housing Infrastructure Fund	The delivery of the HIF scheme is funded by Homes England. However if an overspend were to occur, the funder has been clear that the Council will be required to fund the first 1% from its own resources. Any further overspend in practice would be a call on future developer contribution receipts.	A dedicated team of skilled and experienced staff are focussed on the delivery of the HIF programme. Close monitoring of the programme and careful management of the delivery are supported by scrutiny from senior officers and Members.	C2
Overspends due to increasing costs	The cost of delivering capital works is rising, due to increased costs of construction materials, higher staffing costs and increasing energy prices. This risks translating into overspends across construction delivery schemes in the capital programme.	Close monitoring of the programme and where possible, value engineering to contain costs within agreed budgets.	A2

Risk	Description	Action to avoid or mitigate risk	Risk rating
Availability of external income	Significant elements of the Council's capital programme are funded year on year through external income sources, including specific grants and developer contributions. This strategy assumes funding through developer contributions will enable the Council to continue to deliver capital works to meet the needs of Medway's residents, however funding in advance of receipt of developer contributions being received presents a risk should the developments tied to the funding not be completed.	Close monitoring of developer contributions agreed, received, and included within the capital programme including through quarterly budget monitoring reports.	D2
Robustness of business cases	Member decisions to add schemes to the capital programme, especially those funded through borrowing, are made based on business cases developed by Council officers. It is essential therefore that business cases put forward are based on sound understanding of likely costs and where relevant, income and a robust assessments of risk.	All Member decision reports include an assessment of the implications of the decision, including financial, legal and climate impacts and a risk assessment.	D2

Likelihood	Impact:
A Very high	1 Catastrophic (Showstopper)
B High	2 Critical
C Significant	3 Marginal
D Low	4 Negligible
E Very low	
F Almost impossible	