

REGENERATION, CULTURE AND ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

21 MARCH 2023

ATTENDANCE OF THE PORTFOLIO HOLDER FOR INWARD INVESTMENT, STRATEGIC REGENERATION AND PARTNERSHIPS

Portfolio Holder: Councillor Rodney Chambers (OBE), Portfolio Holder for Inward Investment, Strategic Regeneration and Partnerships

Summary

This report sets out progress made within the areas covered by the Portfolio Holder for Inward Investment, Strategic Regeneration and Partnerships, Councillor Rodney Chambers OBE, which fall within the remit of this Committee.

1. Background

1.1. The areas within the terms of reference of this Overview and Scrutiny Committee covered by the Portfolio Holder for Inward Investment, Strategic Regeneration and Partnerships, Councillor Rodney Chambers, OBE are:

- External Funding including Local Growth Fund
- Inward investment
- Strategic Partnerships
- Strategic Regeneration and Planning.

1.2. Achievements are detailed by Service area below.

2. External Funding including Local Growth Fund

2.1. Local Growth Fund (LGF)

2.2. Rochester Airport LGF – Innovation Park Medway: Northern Site

2.2.1. Rochester Airport was awarded £4.4m of LGF finance to improve infrastructure and enable the delivery of Innovation Park Medway (IPM). In order to deliver the IPM site the second airport runway was closed and the land required for the creation of IPM was released. Airport improvement works included:

- Refurbishment of hangers 3 & 4
- New hanger 5
- New MAPS hanger
- New control tower, café hub, helipads (x2)
- Landscaping and carpark

2.2.2. In addition, IPM was awarded £3.7m LGF3 and £1.5m LGF3b finance to deliver the enabling infrastructure on the northern site of IPM. Works are due to complete in March 2023, including drainage, lighting, utilities, and the public realm Runway Park, ahead of the development of 28 office and light industrial plots.

3. Growing Places Fund (GPF)

3.1. Innovation Park Medway: Southern Site

3.1.1. SELEP awarded £650,000 towards the IPM southern site enabling infrastructure work, including drainage, lighting, and utilities. Work is complete and design work for an office building and carpark has begun. The first anchor tenant for the site has been secured and Heads of Terms are being agreed. It is anticipated that construction of the first office building will complete in Autumn 2024 ready for occupation.

4. Getting Building Fund (GBF)

4.1. Innovation Park Medway: Smart Sustainable City of Business

4.1.1. In July 2021, the Council's Innovation Park Medway Smart Sustainable City of Business project was awarded £778,000 Get Building Fund (GBF). This funding has enabled the delivery of a catalytic section of the Runway Park, which will create a sustainable 'City of Business' and deliver 310 new GVA gross operational jobs as well as additional health benefits. The works include:

- Footpath and pavement;
- Landscape and public realm;
- Planting;
- Street furniture; and
- Preparatory ground works.

4.1.2. A further £0.4m GBF was awarded in December 2022 to offset the direct impacts of Covid-19 and the increased costs caused by inflation.

5. Strood Waterfront

5.1. In February 2018, £3.5m LGF funding was awarded for flood risk management works to enable the regeneration of the former Civic Centre site.

The flood defences enable the development of the brownfield Civic and Riverside sites. Works on both sites are now complete, with the exception of;

- the installation of the floodgate on the Civic site, Rochester Bridge Trust have been consulted on the updated design and are content with the detail, the design is in the process of being signed off by Planning, prior to commencement of work.
- the finalising of the Station Approach road on the Strood Riverside Site, the agreement is sitting within Network Rail's governance process, Medway's lawyers are pursuing completion of the contract.

5.2. Discussions are underway to re-instate an entrance to the Strood Community trail, the design is underway, with input from the Tree officer, costs estimates are being obtained, the next steps will be to identify the funding and apply for an Environment Agency permit to undertake the works.

5.3. Medway Development Company (MDC) have appointed design architects, PBTW, who worked on Rochester Riverside) to commence design on the former Strood Civic site. It is envisaged that a detailed Planning application will be submitted circa Winter 2023, with the site to be transferred to MDC for delivery.

5.4. The Council in partnership with MDC will be resubmitting a grant funding bid to One Public Estates, whilst a bid was unsuccessful in the first round, officers have been recommended to update their bid and resubmit in round 2.

6. Rochester Riverside

6.1. In March 2017, a Development Agreement was signed between Medway Council, the Homes and Communities Agency (HCA) and Countryside Properties, (working with The Hyde Group) to progress the development of Rochester Riverside. Planning permission was granted in October 2017 and the related S106 agreement was signed in January 2018.

6.2. Up to 1,500 homes will be built, as well as a new school, nursery, hotel, restaurants, gym, office space and retail units. Construction began in November 2017, Phase 1 and 2 are complete and all 331 homes are occupied. Phase 3 is under construction with 85 in build, 85 occupied and 1 to be sold. Phase 7 now has planning permission for 154 residential units together with the provision of associated landscaping, refuse storage, cycle parking, car parking, road infrastructure and associated works.

6.3. Land payments have been re-phased which improves Medway Council's position. Negotiations are ongoing in respect of overage. The Phase 7 land transfer is to be undertaken shortly. The outfall agreement for Phase 7 is to be made with Peel Ports. The Phase 4(a) sale has been finalised and payment has been completed. A planning application for the site was submitted in May 2021 for a 101 mixed tenure, extra care scheme for the over 55's from the Anchor Hanover Group, which was approved.

6.4. Construction for the new permanent school commenced on site in July 2021 and the permanent school is due to be completed on 22 August 2023. A temporary school is at the Pilgrim site delivered by Portakabin.

7. Future High Streets Fund (FHSF)

7.1. In April 2021 it was confirmed that Medway Council had secured £9.49m Future High Streets Fund from DLUHC (Department of Levelling Up, Housing and Communities), to deliver multiple projects in the heart of Chatham that will transform and re-shape the Town Centre by March 2024. The projects include:

- Transforming the Pentagon Centre
 - Funding has been committed to facilitate the delivery of a Healthy Living Centre (HLC) in the heart of Chatham town Centre.
 - A HLC will provide multiple regeneration, health and town centre benefits, localising the health offer in the high street and increasing footfall.
 - Designs have progressed to RIBA 4, with a contractor appointed during the design phase to provide accurate costings and ensure deliverability.
- Mountbatten Enabler: City Square and Public Realm.
 - The designs for the Paddock public realm have undergone two rounds of public engagement.
 - Due to the costs received in the initial tender exercise affected by the national issue of rising inflation, details within the design have been amended to enable a second tender process. The key principles consulted upon have remained within the design, e.g. accessibility and biodiversity planting.
 - The current programme is for a contractor to be appointed in April 2023 and for works to be undertaken by February 2024.
- Transforming Debenhams
 - The former Debenhams building was acquired by the Council in June 2022.
 - The building is currently on the market, with the aim that the ground floor provides an active frontage and adds vibrancy to the high street; with a residential development envisaged for the above floors.
- Innovation Hub Medway, situated on the first floor of the Pentagon Centre
 - An operator has been appointed and a design team is being procured to progress a feasibility study for the Hub.
- St John's Church
 - The Diocese is leading the work to bring this historic asset back into use as a place of worship, events space and community hub.

- Design is underway and the Diocese are applying for a further £1.3m match funding from the National Heritage Lottery Fund.
- The Brook Theatre
 - The Brook Theatre has also secured £6.5m from the Levelling Up Fund. A design team has been appointed, ensuring a holistic approach with both funding streams.
 - In November 22 the council approved additional spend to undertake structural surveys, these surveys are ongoing and will be completed once the theatre closes in April.

8. Levelling Up Fund (LUF)

- 8.1. The Council was awarded £14.4m LUF Round 1 from Department of Levelling Up Housing and Communities (DLUHC) in October 2021 for the Chatham package. The cultural projects aim to address the income, productivity and skills challenges Medway faces through investment in the cultural and creative industries, strengthening an existing cluster within Medway.
- 8.2. Delivery of the £6.5m Brook Theatre, £2.2m Fitted Rigging House and £5.7m Docking Station projects are underway. The mirror funding agreement with delivery partner Chatham Historic Dockyard Trust is complete, and grant payments continue to be made to the Trust to deliver the Fitted Rigging House South project. Due to rising costs, the Trust is now delivering the project using a Management Contracting procurement route using existing staff for day-to-day site management. The project programme is on track for delivery by August 2023.
- 8.3. The mirror funding agreement with delivery partner the University of Kent for the Docking Station is complete, and the Council awaits the University's evidence and first claim for funding. RIBA stage 2 design is complete, and stage 3 is being appointed, work continues with completion expected by March 2025. External funding applications for the University's match requirements have also been submitted.
- 8.4. The Brook Theatre LUF Round 1 project is being delivered by the Council, alongside delivery of the Council's Future High Street's Fund £300,000 project allocation. The tender for the principal contractor will go live in June 2023, with project completion expected by March 2025.
- 8.5. Medway submitted two circa £20 million bids for investment to LUF round 2 and was unfortunately unsuccessful in both. Government published an explanatory note on the assessment and decision-making process for LUF round 2, which states that ministers took account of which local authorities had received funding in the first round to help maximise the geographical spread of investment.
- 8.6. Officers await written feedback from Department for Transport on the Gillingham Open Lines bid and from DLUHC on the Innovation Park Medway

bid. Government have alluded to a Round 3 of LUF, officers await further detail on the process and criteria, formal announcement, and launch of the fund.

9. Inward Investment

- 9.1. Medway Council continues to maintain its financial support for inward investment at £70k p.a. Medway Council and Kent County Council (KCC) jointly oversee an inward investment contract with Locate in Kent (LiK), which was rendered in 2021 and have extended the contract to run to 31st March 2024.
- 9.2. The main aim of the contract is to develop innovative and creative solutions to secure inward investment in Medway and Kent. Key features are securing external investment into Medway to create jobs, promoting Medway to overseas markets and maintaining close contact with investing businesses through an aftercare programme.
- 9.3. Match funding had been provided by the European Regional Development Fund (ERDF) for business support to be provided by Locate in Kent which expires 31st March 2023.
- 9.4. The contract extension will commit Medway Council to £70k spending in 2023-24 and KCC will provide £428k, bringing the total contract extension value to £498K. This represents a reduction of £428k per annum without funding from the European Regional Development Fund.
- 9.5. A significant focus on LiK's inward investment campaigns for Medway are the key employment and development sites of Innovation Park Medway, where the Council will retain 100% of the business rates uplift until 2042 with up to 3,000 jobs being created on the site, as well as Medway One, formerly Kingsnorth power station, which has secured planning permission to host up to 2,000 jobs.
- 9.6. After the market stagnation caused by Covid-19 there has been a healthy increase in new and retained jobs with multiple planning applications supported by LiK and approved by Medway Council such as BAE Systems and Veetee Rice both expanding their Medway operations and businesses new to Medway such as Oscar Engineering.

10. Strategic Regeneration and Planning

- 10.1. The Council has undertaken an intensive programme of strategy refresh. Medway 2037 addresses development work which spans regeneration, economic development, employability and skills. This was funded through the Additional Restrictions Grant Fund (ARG) and overseen by the Assistant Director Regeneration and Strategy and Investment Programme Manager, with stakeholder consultancy led by SQW, who were successful via tendering process in Autumn 2021.

- 10.2. Medway 2035, Skills and Employability Plan 2035 and the accompanying action plans were previously noted by Medway Council Cabinet, and these strategies have been refreshed as opposed to rewritten. The Innovation Strategy, which was adopted by the Council in 2014, has been substantively rewritten. There has never been a finalised Town Centres Strategy before, only a draft prepared in 2018, and the use of town centres has also evolved considerably during the pandemic, so this has also involved a considerable rewrite. The River Strategy is an entirely new workstream.
- 10.3. The strategy refresh responded to key societal, socio-economic, and political agendas which are now highly material to Medway's growth agenda including Climate Change, Levelling Up and technological challenges and opportunities, whilst also ensuring the Council is positioned to capitalise on both existing and emerging funding opportunities for the economic regeneration of Medway and delivering growth for all.
- 10.4. The strategy refresh work programme commenced in October 2021, SQW undertook extensive stakeholder engagement, with both external and internal stakeholders throughout the development of each of the Strategies. Final drafts of Medway 2037, Town Centre Strategy, Innovation Strategy and Skills and Employment Plan were approved by Cabinet in October 2022, except for the River Strategy which work is ongoing and will go to Cabinet separately. Design work on the Strategies is being completed to ensure the documents are fully accessible and publicly available online by April 2023.
- 10.5. The refreshed strategy documentation heavily influenced the Council's Investment Plan, written in-house, to access Medway's £1.8m Shared Prosperity Fund (SPF) allocation. Delivery of Year 1 of the SPF programme is underway. The Council must uphold the governance, legal, procurement and audit requirements as stated in the Memorandum of Understanding with DLUHC. Due to the delay in central government sign off of the Investment Plan and the release of funds, the Council has taken the decision to fund internal projects for Year 1 to ensure deliverability and to retain this year's £225,000 SPF investment in Medway.
- 10.6. Recruitment is currently underway to ensure that for future years of SPF delivery, external partners are supported as part of the SPF programme. An officer SPF delivery group and SPF Board are currently in place and meet regularly to ensure the delivery of Year 1 projects and to prepare for Medway's Year 2 SPF programme, which will be launched in Q1 2023/24. The Council is currently working on a prospectus to publish which will include all details for the application process, and a simplified online application form. The focus on Year 2 delivery will be on partnership working with stakeholders, under the communities and place and supporting local business priority themes.

11. Skills

- 11.1. The Medway Skills Partnership Boards continue to drive forward the skills programme. Consisting of an Officers' Board, a Members' Board and a Skills

Stakeholder Board, the structure is in place to ensure the delivery of the Skills & Employability Plan for Medway and to ensure that stakeholders are proactively consulted with when addressing barriers to employment. The Board is chaired by Chris Hare, Executive Director for MidKent College and its membership comprises of local businesses, Department for Work and Pensions, Further Education, Higher Education, schools, and the voluntary sector.

- 11.2. Central to ongoing work is bringing schools, college, and businesses together through our Enterprise Coordinators to improve careers outcomes. The Kent & Medway Careers Hub has developed now supporting 28 educational institutions in Medway, 31 business people support those schools as Enterprise Advisers. In September 2022 the model moved to a Careers Hub, recruiting a second 0.5 FTE Enterprise Coordinator to help enhance the careers support for all education institutions.
- 11.3. The Medway Apprenticeship Advice Service commissioned service finished in August 2022, in 2021/22 it supported 19 apprentices into work and engaged with over 90 businesses. This service is now provided in house, responding to apprenticeship enquiries. Medway Council has also supported the fourth Kent & Medway Apprenticeship Graduation which was returned to Rochester Cathedral, with a record number of attendees.
- 11.4. The £100,000 Employment commission ended on the 31st January 2023. It supported people with learning disabilities or autism with 11 entering employment, 10 starting voluntary work, 4 starting work experience and 6 entering education and training. A joint bid with Kent County Council for funding to the DWP was successful, ensuring funding for a further 40 Supported Employment placements in Medway continuing support from February 2023. The DWP fund is a pilot scheme and there may be potential for further funding.
- 11.5. £100,000 was secured from the Modern Medway Fund to create bespoke provision for 16-18 year old NEETs (Not in Education, Employment or Training). The first project is underway in partnership with MidKent College who have created a programme which includes intensive re-engagement, a carousel of vocational areas and preparation for employment. The first course supported 15 young people, 7 moved into college courses and 4 moved into employment. The second course is taking place currently with 16 young people attending. The remainder of the Modern Medway fund is being utilised to focus the Be Yourself youth project to a NEET focused project after the ending of DWP funding. To date 15 NEET young people have moved into positive destinations.
- 11.6. The Aspirations Officer, who supports Care Leavers into Education, Employment & Training outcomes has been in post for over a year, directly working with 91 young people and supporting work to reduce the NEET figure for Care Leavers from 63% to 39%.

- 11.7. Medway Council is contributing to a Kent and Medway Employment Taskforce, designed to respond to a growing employment crisis in a post-COVID-19 world. Councillor Rodney Chambers OBE is the Deputy Chairman.
- 11.8. The Skills & Employability Plan for Medway has been refreshed and approved, with partners widely consulted and new national policy and COVID-19 impact factored in. The refreshed plan will be published shortly.
- 11.9. In 2020, £1.99m was secured from GBF, with £1m being spent on the development of the first floor of Britton Farm Mall, to be redeveloped into a new Learning, Skills and Employment Hub. The hub opened to learners on the 4th September 2022 and the official launch with the funders and stakeholders was on the 18th January 2023. The hub has a new domestic training kitchen, IT suite and digital equipment and flexible classroom spaces.

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Appendices

None

Background papers

None