

Our Capital Strategy 2024/25



Contents

Contents	2
Introduction.....	4
Our long-term ambitions for Medway	5
Identifying and prioritising capital investment	5
Existing investment: our current capital programme	7
Investment priority: Regeneration and Placemaking.....	9
Housing.....	9
Homes for All	9
Medway Development Company Ltd. (MDC).....	9
Social Housing and the Housing Revenue Account (HRA).....	11
No Use Empty.....	12
Highways.....	13
Maintaining our highways	13
Street Lighting	14
Transport	14
Town Centres and High Streets	15
Innovation Park Medway.....	16
Investment priority: Investing in our service delivery.....	17
Children and Young People	17
Delivering school places	17
Special Educational Needs and Disabilities (SEND) provision	18
Health and Social Care.....	19
Disabled Facilities Grants	20
New Chatham Healthy Living Centre and Innovation Hub in the Pentagon	20
Our Front Line Services.....	22
Environmental Services	22
Greenspaces and Play Areas.....	22
River Walls and Piers	23
CCTV.....	24
Bereavement Services	24
Our Culture and Community Services	24
Heritage	24
Culture	25
Sport and Leisure.....	26
Libraries and Community Hubs	26
Investment priority: Technology and digital solutions.....	28
Our Digital, Data and Technology Strategy	28

Digital, Data and Technology Infrastructure	28
Medway 2.0	29
Untangling and Combining Processes	29
Service Improvements and Savings from Medway 2.0	30
Accessibility Programme Team	30
Smart Cities.....	31
Investment priority: Maintaining our assets	32
The Corporate Property Strategy	32
Maintaining our operational buildings	32
Commercial Property Investments.....	33
Funding	34
External Grant Funding.....	34
Developer Contributions	34
Capital Receipts	35
Revenue Funding	36
Prudential Borrowing	36
Leasing.....	37
Risk Management.....	37

Introduction

This year's Capital Strategy has been written during a period of change for the Council.

We have a new administration, and I am proud to be working with our new Chief Executive. We are currently working on a new Council Plan which will determine how we direct future budgets and capital programmes using the resources we have available to us. We're hoping to present the new plan to Full Council in the early part of the 2024/2025 financial year.

The strategy has also had to take into account the extremely challenging financial situation councils across the country are currently facing.

We are experiencing pressures on our statutory services including social care, temporary accommodation and homelessness duties, and inflation is also having an impact on our budgets.

Financial planning is exceptionally difficult at the moment so this new Capital Strategy presents our corporate priorities which can be matched to available funding in due course.

We will not let finances dampen our vision for the future of Medway and we will continue to provide high-quality statutory services for our residents.

We have a strong track record of securing external funding for a wide range of projects which will benefit our local communities.

We have secured nearly £4million from the government's Brownfield Land Release Fund which will be used to unlock unused land to create new homes, including two affordable developments.

The National Lottery Heritage Fund has also announced that Medway has been selected as one of just nine places in the UK to benefit from a share of £200million over the next 10 years.

We have also allocated more than £230,000 to 26 organisations across Medway, through the second year of government's UK Shared Prosperity Funding, to help them make a real difference in their local communities.

This strategy is a key element of our ongoing work to support all residents, particularly those most in need, and to raise the ambitions across our community to make everyone truly proud to be Medway.

Cllr Vince Maple, Leader of Medway Council

Our long-term ambitions for Medway

This strategy has been prepared in the context of the most challenging financial position local government as a whole has ever faced. Pressures on statutory services, including social care and homelessness and inflationary increases, impacting revenue budgets across the Country are well reported. While the Council's focus is inevitably on addressing these financial difficulties in the medium term, this does not dampen its longer term ambition for Medway and this strategy should be viewed in that context.

Inflation and rising pay are also having a significant impact on the deliverability of capital schemes, while the highest interest rates since before the 2007 financial crisis are severely limiting the affordability of any new investment and mean some existing schemes no longer make financial sense. The deeply disappointing decision of Homes England and the Department for Levelling Up, Homes and Communities to decision to stop the £170million programme of Housing Infrastructure Fund support for Medway is a significant loss of investment in Medway but we continue to work to secure external investment to support our regeneration aims wherever possible. Medway Council is one of the lowest funded unitary authorities in the country per head of population, meaning that we are facing extreme challenges in setting our budgets for the coming years. Together with other councils, we will be pressuring central government to increase their funding for us and give us a fairer deal.

More locally, this strategy has been prepared during a period of significant change for Medway Council, representing the first of a new Administration working with a new Chief Executive. The organisation is working to develop its overarching Council Plan that will ultimately determine how future budgets and capital programmes direct the resources available to the Council. Our new Council Plan will be presented to Full Council during the early part of the new financial year.

In the meantime we continue to work to provide high quality statutory services that deliver value for money, complemented by all the services we deliver through our powers and discretions to improve the lives of Medway's residents. This capital strategy represents the continuation of the investment programme set out in the previous strategy, and 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.

As at 31 March 2022, Medway Council has assets worth £774.550million on its balance sheet, and a current capital programme of investment worth more than £267million.

Financial planning in the current environment is exceptionally difficult and as such it 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

Capital investment requirements and opportunities are identified through the budget setting process, which begins each year in the Summer to produce the Medium Term 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, both 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	174,675,600	0	174,675,600
- Offices	5	11,363,360	(298,056)	11,065,304
- Depots	5	6,044,900	(54,735)	5,990,165
- Libraries/Community Hubs	8	8,257,886	(332,340)	7,925,546
- School Related Assets	82	72,504,598	(4,015,466)	68,489,132
- Parks & Open Spaces	31	14,911,214	(675,910)	14,235,304
- 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	43,488,500	(255,380)	43,233,120
- Service Provision	57	31,959,516	(743,675)	31,215,841
- Memorials/Religious	12	6,475,436	(151,023)	6,324,413
- Infrastructure/Highwa	1	18,000	0	18,000
- Car Parks	58	54,318,400	(1,407,605)	52,910,795
- Public Conveniences	16	1,927,600	(44,281)	1,883,319
- Sports/Leisure	43	64,786,473	(7,321,453)	57,465,020
- Theatres	2	9,332,479	(236,497)	9,095,982
- HRA Garages	881	3,969,361	0	3,969,361
Vehicles, Plant and Equipment	150	18,803,175	(12,247,334)	6,555,841
Community Assets				
- Parks and Open Spaces	116	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	153	371,014,549	(223,422,855)	147,591,694
Heritage Assets	34	18,722,819	0	18,722,819
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	3	15,205,500	0	15,205,500
Surplus Assets	46	20,746,857	(21,993)	20,724,864
Assets Under Construction	1	41,269,578	0	41,269,578
Total Assets	5,176	1,029,039,820	(254,490,306)	774,549,515

The Council's capital programme for the 2023/24 year was approved by Full Council in February 2023. 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 2023/24

Directorate	Total Approved Cost	Total Exp to 31/03/23	Remaining Budget	Forecast Spend 2023/24	Forecast Spend in Future Years	Forecast (Under)/overspend
	£000s	£000s	£000s	£000s	£000s	£000s
Children and Adults (including Public Health)	74,296	30,991	42,984	16,217	26,762	(6)
Regeneration, Culture and Environment	600,821	214,609	186,946	65,119	122,227	400
Housing Revenue Account	65,537	28,921	36,615	20,257	16,358	0
Business Support Department	3,116	2,645	471	421	50	0
Members Priorities	98	12	86	46	40	0
Total	743,868	277,178	267,103	102,060	165,437	394

Table 3: – Funding the current Capital Programme

Funding Source	Total	C&A	RCE	HRA	BSD	Members Priorities
	£000	£000	£000	£000	£000	£000
Capital Grants	79,387	36,040	39,947	3,399	1	0
Developer Contributions	4,371	3,524	847	0	0	0
Capital Receipts	1,649	0	1,267	0	296	86
Revenue / Reserves	11,187	0	156	11,031	0	0
Prudential Borrowing	100,757	3,420	81,948	15,213	175	0
Borrowing in lieu of Capital Receipts	20,679	0	20,679	0	0	0
Borrowing in lieu of Future Business Rates	19,993	0	19,993	0	0	0
Borrowing in lieu of Future Rent	11,760	0	11,760	0	0	0
Borrowing in lieu of Future Section 106 Contributions	0	0	0	0	0	0
Borrowing in lieu of Future NHS Grant	10,348	0	10,348	0	0	0
Total	267,103	42,984	186,946	36,615	471	86

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. In July 2023 Homes England and the Department for Levelling Up, Housing and Communities took the deeply disappointing decision to stop the £170million programme of Housing Infrastructure Fund support for Medway. Despite this, our ambition for Medway remains undiminished and more than a third 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.

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. 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 in our long-term regeneration plans.

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 463 units occupied with a further 29 to be completed. Progress continues to be strong, with phase 4 having planning permission for 154 residential units together with the provision so landscaping, refuse storage, cycle parking, car parking, road infrastructure and associated works. The new School at the site officially opened to pupils on 5 September 2023.



Medway Development Company Ltd. (MDC)

The Council established MDC in 2017 to support the Council's wider regeneration initiatives, unlock development (particularly brownfield) sites and deliver residential schemes and placemaking. Chatham has been the focus of a multi-million-pound regeneration programme to further improve the area for visitors, locals, businesses and developers. To date, MDC has secured planning permission for 570 homes, delivered

135 new homes with a further 226 in construction scheduled to complete in 2023. The company has also delivered new commercial spaces alongside the homes developed.

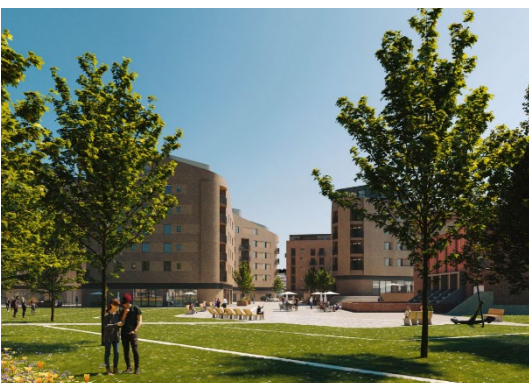
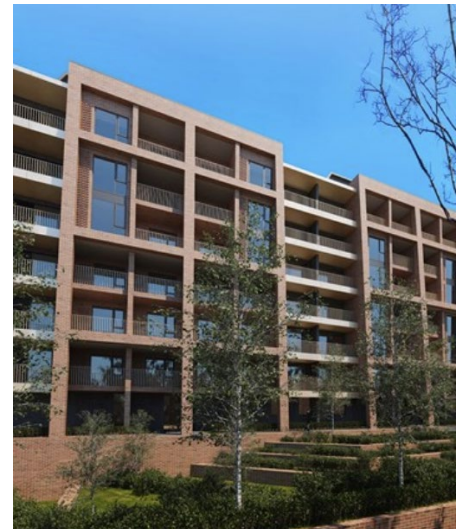
Mountbatten House: This iconic building has dominated the Chatham skyline for nearly 50 years. As part of our ambitious Chatham regeneration programme, the building will be totally transformed into a high-quality residential development. The progression of the Mountbatten House scheme is a key part of our placemaking activity in making the centre of Chatham a place where people want to live. The scheme has a number of exciting proposals, such as food and beverage offers, taxi rank enhancements, new ground floor commercial spaces and refurbished entrances for the Pentagon.



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. MDC has now completed the asbestos removal works and early phase enabling works continue to prepare the building for residential conversion. Plans are in development to up to 20 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. MDC has also levered in further grant through the Brownfield Land Release Fund; this will be focused on the former bus station access to facilitate construction access but also to improve the overall appearance of this area.

Garrison Point: A tranquil development of 115 one and two bedroom apartments, offering 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 is now almost complete with phased occupations underway and the shared ownership affordable homes are fully occupied. This scheme will also provide high quality private rented accommodation which will be operational in 2024, providing long term revenue streams for the Council. MDC was successful in obtaining substantial grant under the First Homes pilot scheme and this has enabled first time buyers to acquire a home with a 30% discount. The scheme has a distinctive design which has been carefully considered to ensure it integrates with Fort Amherst that sits directly behind the site.



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 buildings are taking shape and the early phase apartment blocks are now occupied. As with Garrison Point, this project was also awarded substantial grant under the First Homes pilot scheme. 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 working in partnership with other housing providers to allocate homes, enabling those eligible to secure social housing in Medway, we are the landlord for 3,024 homes and 543 garages / 78 car port spaces and 233 car spaces (as at October 2023), 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 2,055 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.

Phases 1-3 of our development programme delivered 62 homes, with Phase 4 completed in January 2023 and consisting of 28 homes (including 9 bungalows for older persons). On 16 July 2020, the Council approved the addition of £10million budget to the HRA Capital Programme, 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. In December 2022 we purchased 2 new build houses providing 7 units of accommodation for use by the Adult Social Services Flight Team and in early 2023 we acquired 6 properties under the Rough Sleepers Accommodation Programme. We are also participating in the Local Authority Housing Fund Round 2, which will provide part funding towards 8 units of accommodation as additional HRA housing stock (to be delivered by April 2024). Phase 5 of our development programme has a budget of £8.2million and will deliver a total of 19 units (2, 3, 4, and 6 bed houses) for affordable/social rent and 18 two and three bed apartments, with planning permission approved for sites at Lennox Wood and Aburound House. Works will begin on site in April/May 2024.



As part of the redevelopment of Britton Farm, Medway Development Company are developing 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 third 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 (with an average of EPC SAP score 71), 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 (SHDF) that will support some of this work. The HRA was successful in bidding for the SHDF Wave 2 funding and was awarded £1.024million. Works will be undertaken to 191 of the HRA's worst energy performing properties with a project deadline of March 2025.

Temporary Accommodation provision

The demand for temporary accommodation has increased consistently since 2012, even with a strong focus on preventative activity. Footfall through the homeless service has increased by 32% since this period in 2022/23 and this is causing increased demand on services, including an increase of approximately an additional 90 households in temporary accommodation compared to this period last year. It is estimated that this figure will not decrease and with increased mortgage rates along with other pressures, landlords are exiting the market and rents are becoming unaffordable; all causing a rise in homelessness and a prediction that we could see an additional 140 households by year end, based on the increase over the last three months. 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, due to the current climate with the cost of living, increase in mortgage rates, materials and labour, this has impacted landlords and prices of nightly units have increased. This cannot be sustained in the longer term and alternative options will need to be explored. It is projected that costs will increase by £2.6million in 2024/25 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 2022 the Cabinet agreed a pilot to purchase 20 properties for the provision of temporary accommodation from the open market, 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 cost less than nightly provision over the same timescale. Around £80million of capital investment would be needed to purchase the level of accommodation required 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 £188million on private units of temporary accommodation 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 Council. 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 826km of roads and includes 1,177km footways and cycleways, 407 structures including bridges, retaining walls and tunnels, 26,510 streetlights as well as 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: Reduced investment in recent years has seen the condition of Medway's 827km of roads decline in all categories of roads, and we continue to be behind national averages. We would require investment of £3.113million a year over the next decade to achieve national averages.

Footways: Previous years investment into Medway's Footway Network of 1,177km has maintained a good condition, although we have seen this decline in the latest years figures. It will be necessary to make annual investment of £447,000 over the next nine years to maintain this good condition.



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 2023/24 with £1.412million for pothole fund, £1.765million through the Highways Maintenance Block for Highways Maintenance. In addition, early in 2023 we received a one-off allocation of £564,800 towards the pothole fund.

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) ongoing with few manufacturing setbacks which affected completion date. Components required for around 977 lanterns has pushed completion back to late November 2023. 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. The scheme has achieved significant energy savings, though the financial savings have not reflected this due to the rises in the cost of energy. Comparing the last three energy bills for April from 2021 to 2023, shows an energy saving of 61%, and a financial saving of 21%. However, during this same period from April 2021 to April 2023 the Unit Rate increased by 112% from 0.15p per KW/H to 0.319p per KW/H.

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 implemented through our Local Transport Plan Integrated Transport block funding from the government. Successful bids for Active Travel capital funding between 2021 and 2023 have enabled the delivery of walking and cycling improvements on Four Elms Hill, and the on-going development of a walking and cycling route between Cuxton and Strood. Local Transport Plan funding has delivered a series of accessibility improvement schemes that promote safe walking and cycling across Medway, supporting the use of external revenue funding to deliver activities and initiatives that promote Active Travel. This work will continue in 2024/25, and opportunities to use Local Transport Plan funding to support and improve Medway's Public Rights of Way network will also be explored.

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. Local Transport Plan funding has been used to update the totem information displays with modern technology that significantly improves their legibility in all lighting conditions, and further enhancements across the bus station will be considered in collaboration with our local bus operators. This funding will also be used to progress schemes that improve traffic flow and congestion, benefitting all road users but also seeking to prioritise bus movement where possible. Through the Council's Bus Service Improvement Plan and Enhanced Partnership with local operators, we will seek capital funding opportunities for enhancing the bus fleet in Medway, to help meet our air quality and Climate Change objectives.

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. We anticipate that external funding via an allocation of LEVI capital funding from the Department for



Transport will be available in 2024/25. This would support the installation of charging infrastructure in Medway, facilitated by the Council and delivered alongside commercial partners.

Safer, Healthier Streets

In the Summer of 2023, the Council was granted powers to enforce moving traffic contraventions under Part 6 of the Traffic Management Act 2004. These powers enable the use of video analytics and automatic number plate recognition (ANPR) cameras to identify and issue Penalty Charge Notices to drivers committing moving traffic contraventions, including driving in cycle lanes, banned turns, restricted access and stopping in yellow box junctions. This will help manage the road network and improve safety and traffic flow at specific locations and along key corridors.

These enforcement powers also enable the introduction of School Streets. A School Street is a timed restriction on roads outside schools, which prevents vehicular traffic passing through during school drop-off and pick-up times. School Streets aim to improve air quality in the vicinity of our schools and support the wider community to choose more sustainable ways to travel. In addition, proposals for the introduction of Red Routes were progressed. These are identified by double red lines painted along the kerb, along with clear road signage, which indicate motorists cannot stop, load or park along these roads. In September 2023, the Council carried out a statutory consultation process for the implementation of eight School Streets and five Red Routes across Medway and confirmed eight locations for the enforcement of other moving traffic offences.

The investment required for the enforcement of moving traffic offences and Red Routes was included in the Council's Capital Programme for 2023/24 of over £2million, with a successful bid for DfT funding of over £400,000 through its Active Travel Fund meeting the implementation costs for the School Streets programme. Work is underway to identify additional locations for the enforcement of moving traffic offences and the implementation of School Streets, which may require the Council to consider further capital investment in 2024/25.

Town Centres and High Streets

Chatham is fast emerging as Medway's 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. Using funding from DLUHC, we are developing the Chatham Town Centre Pathfinder Design Code that will provide a set of guiding design code principles for the local communities and developers and we are beginning to identify and prioritise key enabling capital projects that will be essential to the success of the design code. Our work to help high streets thrive has already 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 is being 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 is being restored as a place of worship and to 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.

In October 2021 we were also awarded £14.4million from the government's Levelling Up Fund which is being 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.

We are in the second of a three year investment plan funded from the Council's allocation of £1.8million through the UK Shared Prosperity Fund (UKSPF); the government's domestic replacement for the European Structural and Investment Programme. We are working with external partners to deliver projects that boost pride in place through supporting town centres, communities and local businesses. Through the UKSPF, we'll channel our resources into 3 key investment priorities:

- Communities and Place;
- Supporting Local Business; and
- People and Skills.

Innovation Park Medway

The North Kent Enterprise Zone was designated by Government in Autumn 2015 and came into operation on 1 April 2017, with six sites in Ebbsfleet Garden City, Maidstone and the Innovation Park Medway (IPM). The IPM project set out to remodel the operational Rochester Airport to enable up to 60,000m² of innovative new office and industrial space to the north-west and south of the airport. The site offers outstanding transport and digital connectivity, access to world-class research and development facilities and highly skilled talent through the cluster of Kent and Medway-based Universities.

The IPM project has been awarded significant external funding, with £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). Based on a business case which demonstrated that the cost of borrowing to fund the Council's direct development of a landmark six story building on the northern site could be met from the rental income, the Council has previously agreed to add £14.5million to the scheme. The Council was awarded £400,000 towards the Runway Park through the Getting Building Fund, however the bid through the second round of Levelling Up Funding to contribute c50% to the cost of the building, in light of changing market conditions around the demand for serviced accommodation, rising costs and rising interest rates, was not successful.

Progress has been made to date on realising the plans for the site, with planning achieved for elements of the Southern Site, enabling works nearing completion on the Northern Site and interest from potential occupiers. We are now reviewing the development approach for the various sites which make up Innovation Park Medway-in partnership with key stakeholders.

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 2022-27, 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 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.

Though yet to be formally approved, Medway's emerging Local Plan highlights the need for approximately 27,000 additional homes across Medway by 2040. A number of these are already under construction, and the future publication of the Local Plan is expected to increase the rate of housebuilding. It is expected that the total population will increase from 279,000 to 330,000 in that time. We are working to ensure the plan identifies where and when new schools and expansions would be required across Medway. According to research by MORI, 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 September 2023 sets out the investment required totalling £19.470million to deliver 830 permanent and 210 temporary/bulge mainstream places as set out in table 4 below:

Table 4: Summary of mainstream school places required

School	Sector	Increase in places	Estimated cost £m
St Nicholas Infants	Primary	70	2.100
Hundred of Hoo Primary	Primary	210	0.800
Luton Primary	Primary	0	0.400
Grammar co-education	Secondary	0	2.700
Maritime Academy Temporary site	Secondary	180 (temporary)	0.300
Victory Academy	Secondary	150	3.450
Greenacre Academy	Secondary	100	3.500
Hundred of Hoo Secondary	Secondary	150	3.250
Robert Napier	Secondary	150	2.940
St John Fisher	Secondary	30	0.030
Total		830 (1,040 including temporary)	19.470

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. The Department for Education have announced Basic Need capital grant allocations to support the creation of places over the next three years; Medway's allocation for the current financial year is £17.050million, no funding will be received next year and £94,000 will be received in 2025/26. Grant funding is added to the capital programme as required to deliver places in line with the School Place Planning Strategy. Appropriate S106 contributions have been identified towards the works at Hoo Primary and Hundred of Hoo Secondary meaning the funding is in place to deliver these places as required.



Special Educational Needs and Disabilities (SEND) provision

The Annual Review of the School Place Planning Strategy 2022-27 approved by Cabinet in September 2023 sets out that due to escalating construction costs, insufficient funding is available to complete all the previously approved SEND projects and proposed that the resourced provision at the Howard School is removed from the programme until further funding is available, which Cabinet agreed to recommend to Full Council in due course. Table 4 sets out the revised programme subject Full Council approval.

Table 5: Summary of SEND school places required

School	Need	Sector	Increase in places	Estimated cost £m
Victory Academy Resourced Provision	SEMH	Secondary	25-32	£2.5m
Strood Academy Resourced Provision	ASD	Secondary	25-32	£2.3m
Leigh Academy Resourced Provision	MLD	Secondary	25-30	£2.3m
Delce Academy Resourced Provision	SEMH	Primary	25	£0.25m
SJW Math School Resourced Provision (Selective school)	ASD	Secondary	25-30	£2.3m
Inspire Special School interim increase	SEMH	Secondary	40	£1.3m
Rivermead Expansion	ASD	Secondary	40-50	£2.9m
Danecourt Expansion	ASD/SLD	Primary	40	£1.4m
Pre Beeches @Rowans	SEMH	Primary	20	£0.55m
Total			299 (max)	£15.8m

In addition to the Basic Need capital grant allocation to deliver new places set out above, the Council has been allocated £7.962million to fund places and improve existing provision for children with SEND or who require Alternative Provision. In November 2022 the Department for Education agreed Medway's inclusion

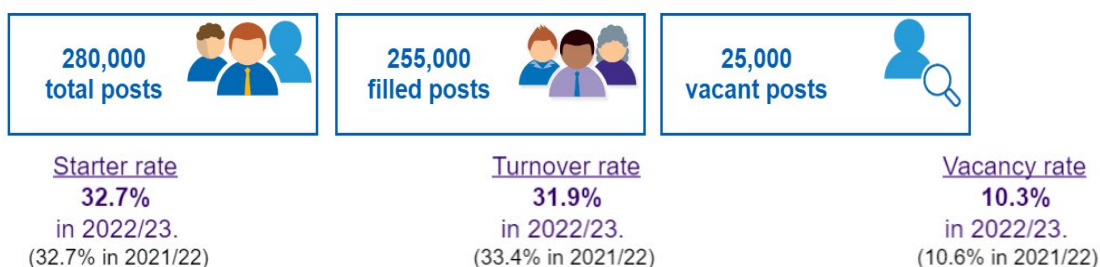
in the Safety Valve Intervention Programme to support the delivery of the Council’s plan to both recover the deficit and bring the High Needs Block of the Dedicated School Grant revenue budget to a balanced position. Alongside the revenue funding granted, the Department for Education approved additional capital funding for the Council totalling £7.188million. We aim to fund the works required to deliver the required mainstream and SEND places using the most suitable combination of basic need, SEND grant funding and available section 106 receipts and therefore remove the need to fill any funding gaps through borrowing.

Health and Social Care

Social care is a fundamental part of all our communities, it supports people to live their lives every day. Adult social care is also a significant economic contributor and was estimated to contribute £55.7 billion gross value added (GVA) per annum to the economy in England (up 8.5% from 2021/22)¹. The total wage bill of the sector, calculated using Adult Social Care Workforce Data Set (ASC-WDS) information, accounted for around half of this amount at £26.6 billion in 2022/23 (up 8.2% from 2021/22). In comparison, this was more than the ‘Accommodation and Food Service Activities’ industry (£41.8 billion in 2021).

Many people are unaware that social care has a bigger workforce than the NHS, construction, transport, or food and drink service industries. With such a large workforce there are so many exciting career opportunities for people with the right skills and values who might want to support people directly, specialise or progress into management roles.

Since 2012/13, Skills for Care have published The State of the Adult Social Care Sector and Workforce report annually, which helps to understand the trends in the workforce, identify challenges and target solutions. The data employers provide to Skills for Care have allowed them to identify the ongoing recruitment and retention challenges employers face. The following statistics relate to filled posts in the Local Authority and Independent Sector in the South East¹:



In 2022/23 the adult social care sector was comprised of around 18,000 organisations across 39,000 care providing locations with 1.635 million filled posts and 152,000 vacant posts. The combined number of total posts (filled posts and vacant posts) in adult social care in England was 1.79m as at 2022/23 (this was 0.5% higher than in 2021/22).

On average, 9.9% of posts in adult social care were vacant in 2022/23, which is equivalent to 152,000 vacant posts being advertised on an average day. This represents a decrease from a peak of 164,000 vacant posts in 2021/22. Adding care workers to the Shortage Occupation List in February 2022 has played a part in this change. An extra 480,000 people working in social care is needed by 2035 to keep pace with demand. In addition, we may lose a further 430,000 people in the next 10-years if those aged 55 and over decide to retire.

We cannot forget that behind every statistic are people’s lives, people who might not be getting the support that they need.

¹ Source – Skills for Care ‘The State of the adult social care workforce in England 2023’

Section 5 of the Care Act 2014 states that local authorities must promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market: -

- has a variety of providers to choose from who (taken together) provide a variety of services.
- has a variety of high-quality services to choose from.
- has sufficient information to make an informed decision about how to meet the needs in question.

Local authorities must have regard to the importance of ensuring the sustainability of the market (in circumstances where it is operating effectively as well as in circumstances where it is not) and must also have regard to the need to ensure that sufficient services are available for meeting the needs for care and support of adults in its area and the needs for support of carers in its area.

There are significant capacity issues in the residential/nursing care provision in Medway that leads to challenges in finding care for our residents and has an impact on Medway Foundation Trust's ability to discharge people from hospital into care homes.

It is well known that discharging people once they no longer need acute care improves their outcomes and reduces the risk of medical complications such as deep-vein thrombosis, hospital acquired infections, and loss of independence. Evidence suggests that even 10 days of bedrest is associated with significant muscle loss in older adults.

Medway Council continues to stimulate the market and seek the best financial value for money, however the pandemic, workforce crisis and the current cost-of-living crisis has had a profound impact on the care sector and our need to develop sustainable care provision for Medway must be explored.

With the opportunities that Medway Council has to influence planning development, economic development, and estate management, it is in a good position to explore the feasibility of delivering care to our residents in a cost-efficient manner and in doing so, stabilise the market, meet our statutory responsibilities and support Medway Foundation Trust by providing appropriate care services that enable people to be discharged from hospital.

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 157 referrals for adaptations to date in 2023/24, with 96 adaptations approved at an average cost of £10,000. The grant forms part of the Better Care Fund and for 2023/24 is worth around £2.5million. The service has recently had approval for the new Disabled Facilities Grant and Financial Assistance Policy to help with the funding of adaptations to the homes of people with disabilities. This works alongside the Disabled Facilities Grant system, providing additional funds for larger more complex adaptations and discretionary grants to allow for more disabled households to be supported to maintain their independence.

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 37% 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.

In July 2023 Council approved the addition of £17million (funded from borrowing) to the capital programme to fund the replacement of the Council's existing ageing fleet of waste collection and street cleansing vehicles, many of which date from 2013. There will 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.

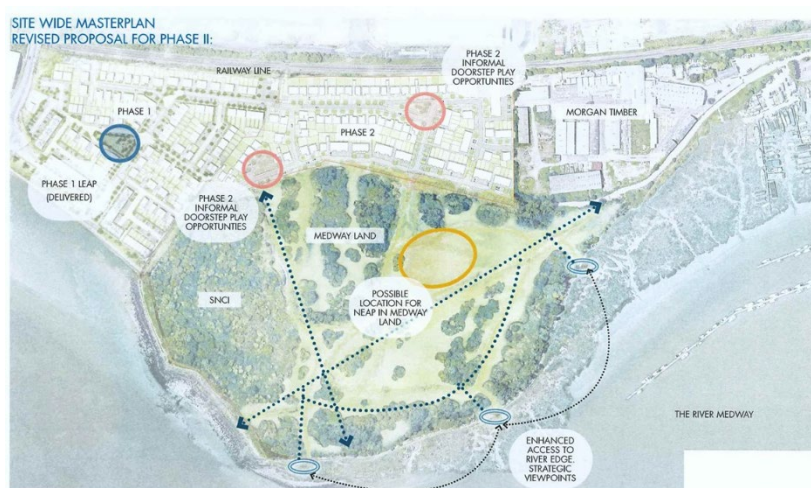
Greenspaces and Play Areas

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 meet the administration's pledge to establish new parks and improve access to green spaces to support Medway's growth and provide for guests and residents. Our current capital programme includes investment for outdoor sports improvements the Horsted Valley (from Luton Millenium Green to Horsted Park), ecological improvements at Berengrave Local Nature Reserve, improvements to the footpath network at the Great Lines Heritage Park and improvements to visitor facilities at the Capstone Park Country Park.

Our latest estimates indicate that we will need to invest up to £2million over the medium to longer term, including landscaping to address a range of issues across our greenspaces; 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.

In 2011, Medway Council granted outline approval to the development in three phases of Temple Waterfront. Phase 1 has now been delivered by Redrow and Phase 2 is under construction. Linked to that permission was a land equalization



agreement between the 3 landowners; Blue Circle, Medway Council and Morgans. This was set up due to the majority of the residential development being secured on Blue Circle and Morgans Land while the Council land (being predominantly land fill) would become the open space. The Council has since, through reserved matters, been working with Redrow and their agents have submitted revised and up to date proposals for green space on the site. S106 contributions relating to the management of public open space on site, including Temple Marsh, will also be received in excess of £351,000. A final phase on the Morgan Timber Site has entered pre-application and more s106 may be made available in the future, subject to consent, and this forms part of the masterplan approach being developed by Planning for the area that will include links to Temple Manor to enhance promotion of and access to this important local heritage site.

Our Priority Play project continues 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. 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. This programme has seen investment of £275,000 in 2021/22 and £250,000 in 2022/23 funded from capital receipts, however in setting the budget for 2023/24 we did not project any availability of capital receipts beyond those already committed to fund the existing capital programme. As such additions to this programme during 2023/24 are made as and when suitable Section 106 contributions become available. The current capital programme includes schemes to improve play areas Cherry Tree, Princes Park, Balmoral Gardens, Darnley Road, Maidstone Road Sports Ground and Heritage Drive.

New play areas at Perry Street in Chatham, Balmoral Gardens in Gillingham and Ballens Road in Lordswood delivered in 2022/23



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.

The current capital programme includes £137,000 to remove the collapsed sections of Rochester Pier to provide a significantly improved starting point for future restoration works and sustaining navigational safety, thereby increasing the opportunities for a volunteer led Trust to take on the management and maintenance of Rochester Pier. The works are expected to complete by the end of 2023. Should funding become available the Council would seek to fully restore the pier and create a volunteer led Pier Trust to manage and maintain the structure.

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

The Community Safety Partnership (CSP) CCTV cameras in Medway are maintained and operated by Kyndi Ltd, on behalf of the CCTV Partnership with Gravesham Borough Council. Kyndi also monitor CCTV cameras under bespoke service level agreements with Council services such as Parking, Waste or Highways (Medway Tunnel). Not all cameras are monitored by Kyndi though, with the remainder of CCTV covering Council buildings and country parks maintained under contract through Medway Norse; and traffic cameras via Telent.

Whilst the CCTV hardware remains in the ownership of Medway Council, the repair and maintenance responsibility rests with the respective providers under existing contractual arrangements. With respect to Kyndi maintained cameras, an ongoing programme of replacement is in place to ensure the service continues to operate as planned, replacing legacy analogue systems with digital IP cameras since the spring of 2022 and will continue into 2024. Additionally, the Council are turning off legacy BT circuits to existing camera locations in a proportionate and phased approach; and has begun the transition over to the Council fibre network and leveraging wireless connectivity options where appropriate. This will be more cost effective for the Council over the longer term.

The Council and Kyndi are exploring options to transfer the CCTV monitoring service from the separate Strood site into the main Council office building at Gun Wharf, with capacity for additional traffic monitoring and enforcement opportunities to create a Smart City hub. A decision will be made whether to proceed with the move, subject to a business case, prior to Council budget setting in February 2024. Additional future capital investment will be required to cover the ongoing maintenance and replacement of camera and to facilitate the transition to new fibre connections, which will minimise ongoing revenue costs.

Bereavement Services

We have four cemeteries in Medway which are all suitable for burials, cremated remains and memorials. The cremators at our crematorium have been replaced in recent years and the current capital programme includes £250,000 to repair roads and pathways to ensure the site continues to provide a safe and aesthetically pleasing environment. Following some temporary repairs, a more substantial repair / replacement of the crematorium roof is being funded in the current year from a revenue budget provision. It will be necessary to fund some refurbishment works in the customer facing areas of the facilities over the medium term and to replace the cremators in the longer term.

Our Culture and Community Services

Heritage

Medway Council owns a significant number of heritage assets including Rochester Castle, Upnor Castle, Temple Manor in Strood, Eastgate House in Rochester and the Old Brook Pumping Station in Chatham. The Council has a Local Management Agreement with English Heritage in place for the operation and delivery of three of these; Rochester Castle, Upnor Castle and Temple Manor. The current agreement runs until March 2025.



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. The current capital programme includes investment of £100,000 towards the restoration of the chalet, which will cost circa £400,000, and we continue to work to identify a

sources for additional funds required. Once funded, the restoration of the chalet will create a nationally important 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, with funding through the Council's feasibility fund 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. A brand new sound system in has been installed 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 Grade II Listed Brook Theatre temporarily closed in April 2023 for a programme of major improvement works to take place. The Brook Theatre had been awarded £300,000 from the Future High Street Fund and

£6.5million from the Levelling Up Fund to deliver improvements, however structural surveys identified the need for structural works which go beyond the scope of the external funding. In July 2023 Council approved a further the addition of a further £14.7million of investment, funded from borrowing if it is not possible to source further external funding. The works will ensure the longevity of the building, enable it to be fully accessible, have the full specification of digital and audio-visual enhancements and have all parts of the building configured in the best possible way for its day to day users and visitors.

One the works are complete, the Brook will be an inclusive and accessible city centre destination offering an amazing public programme of performances and workshops inside and out, that brings together new residential riverside living, animated public space filled with markets, events and public art and exciting food and social experiences. The Brook theatre can fuel the renaissance of Chatham's daytime and evening economy with its clubs, classes and professional programme, encouraging residents and visitors to spend more time in the city centre, supporting business and jobs across the hospitality sector and positively impacting on the retail sector.

Sport and Leisure



Following the demolition of the previous Splashes facility in Rainham, the £23.650million scheme to deliver a new sports centre on the site is progressing well, with the outer structure largely complete and extensive internal works being undertaken. The construction works remain on time and within budget. Once open, the centre will provide modern, family- friendly sports and physical activity facilities in the east of Medway, complementing

other Council sports facilities. The investment in this new sports centre, scheduled to open in summer 2024, supports our aspiration to become a Child-Friendly City, putting Medway's young people at the centre of everything we do.

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 13 years ago, while the refurbishment of Strood Sports Centre was carried out nine 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. The swimming pool at Medway Park was built 50 years ago and, while it has aged well, there is a need for investment in the pool and surrounds to provide a modern, welcoming environment befitting of the 21st Century. This includes new tiling, upgraded changing rooms, replacement poolside windows, and a new air handling unit and instal new pool filter beds. Similar works will be required over the same timeframe at Strood Sports Centre, to meet customer requirements. Along with this, the dry-side changing rooms need upgrading and the 3G football pitch surface is now overdue for replacement. Hoo Sports Centre is also becoming increasingly popular, and there is a need to improve both wet-side and dry-side facilities including new changing rooms and exercise areas. Developer contributions have been identified which could be used to bring significant benefits to this important community facility.

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 identified which will enable a new water feature for young children to be added to the park.

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

In June 2023 the Lordswood Community Hub opened, following a programme of works to turn the existing Library into our seventh Community Hub, alongside Strood, Twydall, Wigmore, Gillingham, Chatham, and Rochester. Improvements at Lordswood include a full refurbishment, extension of child-friendly facilities, enhanced security and updated furniture and fittings. All of our hubs provide 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 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 a new mixed-use development for the area. New build residential accommodation would be included to provide around 18 affordable homes. High level estimated cost plans indicate that the new Community Hub would cost in the region of just under £3.2million with the proposed residential units estimated at just under £4.5million. During 2023 several design proposals have been produced by the appointed architects and a pre-application submitted to Planning, and an internal project board has been meeting regularly to progress the scheme.

The current capital programme includes £150,000 investment to purchase a modern, environmentally friendly vehicle to replace the previous mobile community hub vehicle that was proving costly to maintain and operate. This facility will be deployed on a temporary basis at a range of indoor and outdoor sites across Medway, 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 focus on supporting literacy improvement amongst young people and 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.

Alongside this we are expanding the current Home Library Service with a dedicated electric home library delivery vehicle to enable a larger number of residents who cannot access a physical library location to enjoy the full range of Medway library stock, specifically targeting customers in remote/rural locations not well served by public transport. Looking forward we are working on plans to meet the administration's pledge to provide a community hub in every town.

Investment priority: Technology and digital solutions

Our Digital, Data and Technology Strategy

A Digital, Data and Technology (DDaT) Strategy has been adopted by Medway 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.

The objective of the DDaT strategy is to support the development of online services that have been designed from the resident'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. The Council's [DDaT Strategy](#) can be found on the Council's website.

Digital, Data and Technology Infrastructure

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. However, the Council continues to maintain a "cloud appropriate" approach whereby cost or technological benefits are considered in the decision making on where to host a service or platform.

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 in a compliant state. The initial programme budget was £2.200million. This budget has allowed us to replace our server hardware, install an improved Storage Area Network (SAN) storage solution, upgrade our security firewalls, and implement the new corporate telephony infrastructure. These projects have addressed some legacy security issues around our servers, delivered improved performance across our server and networking estate, and supports the objectives of the DDaT strategy. 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 £3.200million due to inflationary costs seen over the last two years. This investment would further improve the on-premises platform, upgrade our network infrastructure, implement an additional "read only" immutable backup solution to mitigate the risk from ransomware/cyber security attacks, and allow for the continuation of the server hosting replacement programme. The following indicative programme has been developed (overleaf):

Description of area/ capital Scheme requiring Investment	Will this investment result in an ongoing annual revenue saving?	Capital required 2024/25	Capital Required 2025/25	Capital required 2026/27	Capital required 2027/28	Capital required 2028/29	Estimated Capital Program request
		£	£	£	£	£	£
Networking and Firewalling							
Main Core Firewall replacement with 5Y support and maintenance	Will negotiate savings by procuring a 5 year maintenance agreement			300,000			300,000
Fortimail Mail Gateway	Will negotiate savings by procuring a 5 year maintenance agreement				75,000		75,000
Fortigate 140E replacement	Will negotiate savings by procuring a 5 year maintenance agreement	25,000					25,000
KPSN Cisco CPE replacement	No	150,000					150,000
Brocade Network refresh	No				650,000		650,000
KPSN Circuit Migration	Yes, upfront cost to cover migration costs, but will reduce revenue costs to KPSN	200,000					200,000
Forti Sandbox Server	No			25,000			25,000
Cisco IE3000 replacement	No			65,000			65,000
Wifi refresh	No					150,000	150,000
EMS	Yes – procuring 5 year deal will see savings to revenue costs		105,000				105,000
Core corporate site UPS replacement switch cabinets	No	60,000					60,000
Subtotal		435,000	105,000	390,000	725,000	150,000	1,805,000
Server and Storage hardware							
Voice Hosting Servers	No					60,000	60,000
Compute Hosting Servers – Currently 28 Hosting servers	No	28,000	220,000	134,000	10,000		392,000
UPS Cluster 1	No	10,000					10,000
UPS Cluster 2	No		10,000				10,000
Immutable Backup Solution	No	145,000					145,000
Backup Solution On-Premise	No	178,000					178,000
Cloud Backup	No		180,000				180,000
SAN replacement (support extension may be an option)						450,000	450,000
Subtotal		361,000	410,000	134,000	10,000	510,000	1,425,000
Total		796,000	515,000	524,000	735,000	660,000	3,230,000

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 redesigned 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?

Untangling and Combining Processes

Designing a process, or whole service, around the resident with a new system and fresh approach would ensure that we consistently capture the information we need from customers in a structured way, which would feed into a central Customer Relationship Management (CRM) system, allowing us to have visibility of all resident interactions with the Council. Although the Council delivers around 140 services, most processes can be distilled down to 10 common functions: View it – (website / case management), Report it and Sort it, Apply for it, Book it, Pay for it, Receive it, Check it, Appeal it, Change/Amend it, Tell us about it (compliments and complaints). By adopting a corporate platform these common, 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 e-forms packages,
- Provide an end-to-end, simplified, and digitalised process design, and
- Keep Council staff and customers updated on progress at each stage of the process.

Technology is clearly a key enabler for the Medway 2.0 concept, but the real benefits, and potential revenue budget savings, come from the re-design of services following the untangling of systems and processes. However, we do not underestimate the cultural change required to achieve the Medway 2.0 vision, underpinned by robust governance, regular communication, and strong engagement with stakeholders.

Service Improvements and Savings from Medway 2.0

Redesigning services with the resident at the centre of everything we do, is a truly transformative step. This would involve redesigning the Council from the outside in, around our residents' needs and in support of their wider goals, rather than from the inside out around Council structures, systems, and requirements. This approach has the potential to deliver huge improvements and achieve savings by ensuring the Council only does what it needs to do, but ensuring that it does this extremely effectively and efficiently. Simple, straight forward, processes that take advantage of cutting-edge technology would remove waste from our services, which would not only speed up the delivery of services to residents, but it would also achieve efficiency savings. Potential areas for savings are:

- Efficiencies from simple process,
- Reduce the gap between reporting and direct service delivery,
- Automate processes and harness the opportunities Artificial Intelligence provides,
- Build in automatic feedback to residents at every opportunity to prevent chaser calls, and
- Rationalise the number of software systems used within the Council.

A Transformation Roadmap is currently being developed, which will identify the potential service improvements and savings that could be made. It is currently estimated that investment of circa £4million would be required to fully implement and embed the Medway 2.0 concept in Medway Council over a three year period. This investment would cover the three year costs of working with specialist Microsoft and technology partners (£500,000), additional software licences during the programme to allow us to transition from different software systems (£300,000), training for internal staff to allow the Council to maintain the new systems and drive future improvements (£200,000) and an additional temporary staffing resource to accelerate the benefits realisation, embed the new ways of working, and achieve revenue savings from the ambitious transformation programme (£3.00million). It is important to note that the Medway 2.0 principles are universal, and whilst the roadmap may initially target resident facing services such as reporting issues to the Council, this could be changed at any time and applied to areas such as Children and Adult's social care.

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 is 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. Investment will be required to deliver the Smart City Roadmap, 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. The Council are currently working 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.
- Climate change actions/monitoring using smart sensors.

Capital funding for Smart City projects will be considered on the production of a business case for each project to demonstrate a return on the investment or significant service improvement for the residents of Medway.

Investment priority: Maintaining our assets

The Corporate Property Strategy

The Council maintains and operates a wide range of operational assets including 452 parks, open and greenspaces, 68 car and coach parks, 32 shops and business centres, four major regeneration sites, six cemeteries and a crematorium, 51 sports and leisure assets and two theatres. 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.

We 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 revenue income for the Council. We are reviewing our leased properties and 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.

The Council is committed to ensuring its corporate property portfolio meets the needs of Medway's residents and businesses. We are currently working to review and establish the appropriate scale and mix of property assets that we need to enable the delivery of efficient and effective services into the medium term. This work could lead to consideration of further co-location across Council services or with other partners and rationalisation and reduction of our estate where opportunities allow.

Maintaining our operational buildings



The Council's annual revenue budget includes c£6million for the Facilities Maintenance Services delivered by our Joint Venture partner, Medway Norse and £750,000 as an annual contribution to the Building Repairs and Maintenance Fund (BRMF). In recent years the BRMF has funded both planned and responsive works as directed by condition surveys or as issues arise in the normal course of business.

During 2023 a series of full condition surveys have been completed across our entire operational property estate, setting out the repair and improvement works required in order to ensure our properties continue to be operational and efficient. Initial estimates indicate it would be necessary to invest c£24million over the next four years to complete the works identified, should all assets currently held be retained into the longer term.

The Council has committed £12million to deliver a programme of retrofit energy improvement measures in our corporate buildings which will reduce the carbon footprint of our estate and is a key action in the council's climate change action plan. It will also reduce energy costs, improves the condition of our estate and reduces future maintenance costs. Phase one of the programme has been completed on 11 buildings, including Gun Wharf and Medway park leisure centre, where in the latter measures installed have enabled the site to be completely off the grid during very sunny days. Phase two is underway, which is being assisted by an award of £4.2million grant funding from the Public Sector Decarbonisation Fund to enable heat decarbonisation across 17 buildings including Strood leisure centre.

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, however they 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 £15.969million, and together with the Pentagon Centre, which cost £37million, they are budgeted to generate around £3.140million 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.

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 £80million (30%) of the current capital programme is funded from Government grant. While government grant support for revenue expenditure has been reducing dramatically over many years, 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. 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 or 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

and Infrastructure Funding Statement, both of which are published each December for the preceding financial year. Table 6 outlines the current position of our 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 must 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. Across the country, some developers are seeking to renegotiate agreements with their Local Authorities to reduce the level of developer contributions. Though this is generally limited to development agreed on brownfield sites where developers may face additional costs relating to demolition, decontamination and land raising, this represents a risk to this income moving forward.

Table 6: Summary of Capital Section 106 Developer Contributions

Category of Section 106 Contributions	Balance at 31/03/23	Received to Date 2023/24	*Agreed S106s Not Yet Received	Projected Balance	Current Committed	Projected Funds Available
	£000	£000	£000	£000	£000	£000
Community Facilities	151.4	86.2	852.6	1,090.2	0.0	1,090.2
Highways, Footways and Street Furniture	1,346.7	6.0	5,018.4	6,371.1	92.8	6,278.3
Environmental Services	3.1	0.0	192.8	195.8	0.0	195.8
Education / Schools	5,020.2	2,687.6	19,730.9	27,438.7	4,484.3	22,954.4
Early Help, Youth and Inclusion	13.9	0.0	91.6	105.5	0.0	105.5
Adult Social Care	5.8	0.0	35.5	41.3	0.0	41.3
Strategic Property and Energy	42.5	0.0	0.0	42.5	0.0	42.5
Open Spaces, Play Parks and Public Realm	2,630.9	22.7	5,971.6	8,625.2	629.2	7,996.0
Safer Communities Operations	0.0	0.0	404.8	404.8	20.0	384.8
Sport, Leisure Tourism & Heritage	249.5	8.2	581.3	838.9	0.0	838.9
Totals	9,464.0	2,810.7	32,879.4	45,154.1	5,226.2	39,927.9

* This includes sums in respect of agreements made for future developments, some of which have yet to commence. There is therefore a risk that these projections may not be realised if developments do not go ahead or S106 agreements are renegotiated.

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. Each year we publish a Flexible Use of Capital Receipts Strategy, setting out how we intend to use this flexibility in the coming year, for Council approval alongside the Budget in February.

Under Chapter 3, Part 4, Section 6.14 of the Council's Constitution, the Assistant Director, Legal and Governance 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."

The current capital programme assumes the use of £1.649million of capital receipts. We are not currently projecting to have any more capital receipts available to fund additional capital investment, however as part of our programme to address the potential revenue budget funding gap projected, we are exploring all opportunities to generate additional capital receipts from the disposal of any assets no longer required to deliver the Council's services.

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.

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.

In principle, the Council aims to only borrow to fund capital investment where it can be demonstrated that the repayments and interest incurred on the loan are affordable to the 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 Accountancy 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 8.

Table 8: 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.	CII
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	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	CII

	cost effective or make it inadvisable or even illegal.	capital bidding and monitoring processes.	
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.	BIII
Capital receipts	A significant proportion of the Capital Programme is funded 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.	Close monitoring of the programmes anticipated to deliver capital receipts, and careful management of the delivery of those schemes funded from receipts.	CIII
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.	CIII
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 could result in unplanned and uncontrolled development across Medway.	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.	CII
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	Close monitoring of the programme and where possible, value engineering to contain costs within agreed budgets.	All

	overspends across construction delivery schemes in the capital programme.		
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.	BIII
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 assessment 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.	BII

Likelihood	Impact:
A Very likely	I Catastrophic
B Likely	II Major
C Unlikely	III Moderate
Rare	IV Minor