



MEDWAY COUNCIL

CAPITAL STRATEGY

2025/26



Introduction

This year's Capital Strategy has been written during a challenging financial landscape for local government. Our finances remain stretched due to a growing demand for our services and an increase in cost of providing these services. This puts an overwhelming strain on our current budget and makes financial planning increasingly difficult.

We have a clear ambitious vision and by working towards our priorities we continue to put the best interests of our residents at the heart of everything we do. Our values express our commitment to provide all of our residents with a high-quality service and doing all we can to ensure Medway remains a great place to live, work, learn and visit. However, this is becoming increasingly challenging as we continue to experience pressures on our statutory services including social care, temporary accommodation and homelessness. But what the Capital Strategy does is provides us with an opportunity for long-term investments, even whilst we are constrained in day-to-day spending and money raising. Although government support for revenue expenditure has significantly reduced since 2010, grant funding has been made available for capital expenditure and we have a strong track record of securing external funding for a wide range of projects which will benefit our communities.

Medway is a thriving and evolving place, with excellent opportunities for everyone, particularly those choosing to bring up children or setting up their business in Medway. All of the decisions we make, within our means, are based on continuing to grow a prosperous future for Medway. We are a collaborative council which works innovatively to secure funding to best meet our residents' needs and help shape Medway. We continuously review our investments to ensure we get the best possible return and, in doing so, maintain our commitment of providing excellent services. This strategy has been carefully considered to ensure we can best meet the needs of our residents, particularly those most in need of our support.

Despite the unsettling financial situation we are in, we remain committed to providing opportunities for all. We recognise that our support needs to stretch further than those accessing social care and housing. This capital strategy highlights other important projects – from accessing open spaces, parks and leisure facilities as well as maintaining Medway's rich heritage attractions which bring a welcome boost to the local economy.

Ensuring we can continue to provide residents with the facilities and services they deserve will be a collective effort between the council and its partner agencies as well as many more - demonstrating the true One Medway spirit we have seen countless times before.

Councillor Vince Maple
Leader of Medway Council

Our vision and ambitions

In May 2024 Full Council adopted the new One Medway Council Plan 2024-28 which sets out the vision, ambitions and priorities with the Performance Indicators that will be used to track our performance. This Plan will act as the primary framework for setting the direction and vision of the Council over the medium term.

The Plan set out our vision: Medway – a place that people are proud of. Medway is recognised as a great place to live, work, learn and visit, where all people thrive. To achieve that vision, the plan sets out five interconnected strategic priorities:

- Delivering quality social care and community services
- Benefitting from good education, quality jobs and a growing economy
- Enjoying clean, green, safe and connected communities
- Improving health and wellbeing for all
- Living in good quality and affordable homes.

The delivery of our vision and priorities is underpinned by our Values and Behaviours:

- Proud to be Medway
- Caring
- Respectful
- Trusted
- Ambitious for Medway
- Collaborative.

Funding the delivery of the One Medway Council Plan

Delivering on our ambitious new plan will mean balancing investment across our c£440million+ annual revenue budget and £325m+ capital programme over the medium term.

Local authorities are required to separate income and expenditure on revenue activities from that on capital activities. In this context, revenue relates to our day-to-day expenditure including salaries and wages, running costs such as fuel, utility bills and service contract payments; generally revenue expenditure is consumed in less than a year. Like all local authorities, we fund revenue expenditure through revenue income sources including council tax, revenue grants and income from fees and charges. Where local authorities spend money on purchasing or building new assets such as land and buildings, or on improving their existing assets to extend their usable life i.e. through refurbishment, then this is capital expenditure and must be funded from capital income sources such as capital receipts and



borrowing.

Since 2016/17 the government has given local authorities the power to use capital receipts from the disposal of property, plant and equipment assets (excluding Right to Buy receipts) on the revenue costs of transformation projects that would generate ongoing savings in the revenue budget. Medway Council's use of this flexibility has been approved by Full Council alongside the budget in each year since, but this flexibility is currently set to end on 31 March 2025. Councils who secure the support of the government through the Exceptional Financial Support (EFS) scheme are typically supported through a capitalisation direction, which allows them to borrow to fund revenue budget shortfalls. In February 2024 the government confirmed it was 'minded to' agree a capitalisation direction for Medway Council to balance the 2024/25 revenue budget.

This Strategy articulates the Council's aspirations to make capital investments to support the delivery of new assets and the investment required to maintain our existing asset portfolio to enable us to deliver on the new Council Plan. The Strategy also seeks to predict the availability of capital resources, and therefore aims to provide Members with a framework within which to agree investment priorities for inclusion in the Capital Programme that will be approved by Full Council alongside the annual budget for 2025/26 in February 2025.

Much of the vital work of the Council day to day to deliver the priorities in the Council Plan including supporting residents through adult social care, children's and education services, homelessness services and the delivery of front line, cultural and community services, is primarily funded through our revenue budget. The Medium Term Financial Outlook 2024-2028, published in August 2024 and the Draft Budget 2025/26, published alongside this Capital Strategy in November 2024 articulate the scale of the demand and cost pressures these services are facing, alongside the innovation and transformation in progress for the Council to work towards mitigating these pressures and delivering a balanced revenue budget over the medium term.

Identifying and prioritising capital investment

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires councils to produce a capital strategy that demonstrates how capital expenditure, capital financing and treasury management activity contribute to the delivery of the organisation's priorities. CIPFA's Capital Strategy Guidance 2021 steers local authorities to taking a whole organisation approach when meeting this requirement, recognising that identifying and prioritising investment to deliver the agreed outcomes while also taking account of stewardship, value for money, prudence, sustainability and affordability is not the responsibility of Finance alone. This Capital Strategy has been developed alongside service managers and the Corporate Management Team and aims to articulate the aspirations and priorities of Members for capital investment, alongside the availability of funding and affordability constraints.

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.

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 reduction in 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.

This Capital Strategy has been prepared during a period where local government finances are stretched to breaking point, with Medway Council one of 19 local authorities that had to seek the support of the government through Exceptional Financial Support (EFS) to secure a capitalisation direction to balance our revenue budget for 2025/26. A series of one-year local government funding settlements, high interest rates and significant revenue budget pressures have reduced the ability of local authorities to set out long term strategies and plans for investment. This Strategy therefore has a relatively short timeframe, seeking to articulate capital investment aspirations and priorities over the period of the new Council Plan, to the end of the 2027/28 financial year. The government has confirmed that local government will receive a one year settlement for 2025/26 but that it will be followed by a three year spending review and settlement period for 2026/27 to 2028/29. Through the Autumn Statement, laid before parliament on 30 October 2024, the government set out plans for significant capital investment in public services, with £1.4billion funding for Education to rebuild schools and boost school maintenance budgets, £2.5billion for the NHS

to address backlogs of repairs and upgrades and deliver new diagnostic and treatment hubs, and almost £1.6billion for local roads maintenance. The Statement also confirmed that the Ministry of Homes, Communities and Local Government will be publishing a local government finance policy statement before the Provisional Local Government Finance Settlement, the latter due to be published in December 2024 so we await these publications for details of the impact of any of these announcements on Medway Council's capital programme. It is our intention to extend out our future capital strategies into a longer-term planning horizon, once the Council's financial position has stabilised.



Investment priority 1: Delivering quality social care and community services

Demographic changes, areas of high deprivation and, most recently, the cost-of-living crisis mean that more people in Medway than ever are in need of support from care and social support services. The One Medway Council Plan is clear that ensuring that the most vulnerable in our community are cared for and supported is one of the most important roles of the council. The Council's activities and services in this area are primarily funded from revenue, accounting for around 75p in every £1 spent in the net revenue budget for 2024/25. This work aims to:

- Provide effective, targeted **support for our most vulnerable residents** to enable them to fulfil their potential and improve their quality of life.
- Support people of all ages to live the most happy, healthy, independent life possible, utilising **assistive technologies**.
- Ensure that services support **children in care** to thrive, fulfil their potential, build meaningful relationships and make good transitions to adulthood, so that they can live as independent lives as possible in their communities.
- Provide **creative, cultural and community services and facilities** across Medway that everyone can access and benefit from.
- Support our **children and young people** to ensure they are safe, secure and stable.
- Support all **adults**, including those living with disability or physical or mental illness to live independently and stay safe.
- People in Medway live independent and fulfilled lives into an **active older age**.

We are committed to delivering and improving our social care and community services, and the Draft Budget for 2025/26 includes the continuation of revenue investment to grow capacity and transform service delivery, alongside funding the increasing demand and rising cost of packages of care across adults and children's social care.

Alongside social care, the Council provides a huge range of services within our communities – from libraries and community hubs to children's centres, sports centres, theatres, events and festivals. We are especially proud of our important place in our nation's history and our rich heritage including the country's second oldest cathedral, tallest and best-preserved Norman Castle, Historic Dockyard Chatham, our connections with Charles Dickens, and much more. Each year we welcome more than 5 million tourists. Over the coming years, we aim to enhance Medway's reputation as a beacon in the South East for year-round cultural and festival celebrations and activities ranging from the Sweeps and Dickensian Christmas festivals to Medway Pride and the annual Gaming Festival. While revenue expenditure in delivering this priority is primarily focussed on social care, capital investment in the current programme is focused on community services with significant investment agreed in the last two years both to refurbish existing assets and to deliver new facilities for our residents.

Summary investment requirements: social care and community services

Scheme	Total cost £000	Remaining budget £000	R2 forecast £000	R2 forecast variance £000
Current capital programme:				
Cozenton Park Sports Centre	23,650	2,355	2,355	0
Improvements at Medway Park/Strood Sports Centre	1,500	1,500	1,500	0
Hoo Sports Centre energy efficiency/changing facilities	744	744	0	(744)
Strand splashpad water feature	0	0	0	0
Children's Assessment Unit*	1,654	1,530	26	(1,504)*
Mobile Library Purchase	150	150	50	(100)
English Heritage Local Management Agreement	1,250	200	200	0
Guildhall Museum Refurbishment	120	3	3	0
Dickens Chalet Restoration	100	100	100	0
Brook Theatre Refurbishment	21,322	20,515	20,515	0
Total current capital programme	48,990	27,097	23,249	(3,849)
Additional capital aspirations/requirements:				
Sports Centre income-generating improvements	2,500			
Heritage attractions income-generating improvements	700			
Football 3G pitch investment	3,000			
English Heritage Local Management Agreement	500			
The Strand	1,500			
Deangate sports area	770			
Grass football pitch investment	359			
Dickens Chalet restoration	400			
Total additional capital aspirations/requirements	9,729			

* On 18 October 2024 The Director of People approved using urgency provisions in the Constitution approved the virement of £200,00 of this projected underspend to a new scheme to redevelop the Aut Even site alongside a new grant from the Department for Education Regional Care Co-Operative grant of £912,872, with the remaining balance to be removed from the programme.

Sports and Leisure

We are immensely proud of our sport and leisure offer, providing facilities across Medway through four sports centres including the newly opened Cozenton Park, two dedicated football centres and the Strand Leisure Park.

In July 2020 the Council approved a £5million scheme to refurbish the Splashes Leisure Centre in Rainham, however surveys carried out identified a range of problems that meant the existing structure would not be able to facilitate the development of the high-quality centre the Council wanted to deliver. In July 2021, following the closure and demolition of

the former centre, the Cabinet agreed to replace the provision with a new modern sports centre and Council agreed funding totalling £23.650million for the scheme. In July 2024 the new Cozenton Park Sports Centre opened to the public providing high-quality facilities for Medway's families to enjoy including a leisure pool with features for children of all ages, popular lane swimming and a state of the art gym and fitness studio.



The Cozenton Park scheme was delivered with an underspend of £1.5million and in October 2024, the Cabinet approved a virement of this sum to a new scheme to carry out improvements at Medway Park and Strood Sports Centres. This scheme will deliver improvements to facilities including pool areas, sports hall floors, changing rooms and toilets, football pitches and fitness studios aiming to increase income generation and reducing the extent to which leisure services are subsidised through the revenue budget. Investment of £1million is planned for improvements at Hoo Sports Centre with energy efficiency measures and modernised changing facilities, funded from a combination of developer contributions and grant funding for energy efficiency improvements to swimming pools. Developer contributions are also being used to fund investment of £300,000 in the Strand to deliver a new children's splashpad water feature.

Our revenue budget reflects our aim for the facilities to be funded entirely through membership and usage fees, at no cost to the taxpayer and it will be necessary to maintain and enhance our offer to achieve this. It is projected that investment of £500,000 each year over the medium term would enable a programme of enhancements to ensure these facilities continue to meet customer needs and achieve the Council's aspirations for income in a highly competitive market.

A Member-led task force was established in 2024 with the objective of improving the Strand as a vibrant, modern urban park which can ultimately achieve green flag status. Investment of £1.5million would be required to achieve this ambition, funding a series of modern community-focused improvements, including improved play features, outdoor activity areas, a multi-sport play zone and upgrades to the swimming pool.

In recent years we have worked with the Football Foundation to improve pitch quality through investment in 3G pitches and associated facilities in Medway. In 2022 we opened a new full-size 3G pitch and pavilion at Watling Park football centre, funded by a £900,000 grant from the Football Foundation and investment of £400,000 from the Council. The facility has exceeded expectations for usage and provides high-quality training and match play facilities. Investment of £1.5million would enable the Council to replicate this facility at

other appropriate venues across Medway to meet rising demand for pitches in the area.

We are also working in partnership with the Football Association to explore opportunities to improve a total of 63 grass football pitches (for both youth and adults) across 17 sites in Medway. The Football Association offers grant funding for suitable developments, and in order to receive the maximum grant available of £684,000, the Council would need to commit to funding a programme of capital investment worth £333,000 over four years and it is projected that additional revenue from pitch hire could generate a return on this investment.

Complementing the proposed country park at Deangate, there is scope for a range of improvements to the sports area to make it a community hub for outdoor sports activity. Investment of £770,000 over four years would enable the significant repairs required to the changing pavilion alongside the installation of a multi-sport play zone, a range of possible outdoor activity areas and a 3G football pitch in partnership with the Football Foundation.

Heritage and cultural facilities

The Brook Theatre is a Grade II listed building and a much loved and well used community asset. In July 2023 Full Council approved an extensive package of structural and refurbishment works designed to ensure the building is user friendly, fit for purpose for current and future residents and can lead the growth in the evening and weekend economy in Chatham. The total scheme budget of £20.515million includes borrowing of £14.700million alongside grants of £6.500million from the Levelling Up Fund and £300,000 from the Future High Streets Fund. Due to the complex and specialist nature of the design and works, the works are currently expected to complete in Autumn 2026.

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. The current capital programme includes a budget of £200,000 which funds ongoing conservation works to three sites covered in the agreement (Rochester Castle, Temple Manor and Upnor Castle). Works forecast for this financial year include the widening of the gates at Rochester Castle and the repair of the piers and railings along Castle View; and repairs to the flag loft and various remedial works to Upnor Castle. Renewal of the Local Management Agreement

from April 2025 would require a commitment on behalf of both Medway Council and English Heritage to invest up to £100,000 every year over the medium term.

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 is estimated to cost circa £500,000 in total (including professional fees), and while we continue to work to identify external sources to help address some of the costs, no significant funding has yet been identified. 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.



As with our Sports and Leisure facilities, our revenue budget reflects our aim for our Heritage facilities to be funded as far as possible through membership and usage fees, reducing the cost to the taxpayer. It will be necessary to continue to maintain the assets but also to improve the offer and investment of £700,000 over five years would enhance facilities, support a broader range of activities and enhance interpretation across our sites, so that visitors will want to spend longer enjoying the sites and providing better value for money for entrance fees.

The Rochester Guildhall was built in 1687 and incorporated a courtroom and council chamber, which later featured in Charles Dickens' *Great Expectations*. The capital programme funded investment to deliver the Dickens Gallery which opened in 2022, and a small balance of £2,600 is planned to be spent on enhancing facilities for meetings here.

Integrated Community Hubs and Libraries

Through a programme of investment over multiple years we have transformed seven of our libraries into Community Hubs, improving face to face access for our residents to a range of facilities and services, to make enquiries, report issues and apply and pay for services. Plans are currently in development for the next phase of this journey to ensure we provide access to even more services, in the right locations across Medway to meet the needs of our residents moving forward. Our Integrated Hubs programme aims to bring together a broader range of face to face services alongside libraries and the existing community hubs offer and, where possible, include face to face and digital advice for a wider range of services enabling residents to discuss queries directly with services. This programme would also look to build on the success of the Children and Family Hub (detailed in Priority 4) by including other specialist services, providing dedicated support to an individual or family at a particular time of need; this could include adult social care, public health, housing, welfare benefits and financial support. The programme will also align with our Property Asset Management strategy (detailed in Priority 6) to ensure that our services are operating from assets that are the best possible fit to meet the needs of our residents, align with our strategic priorities and deliver value for money.

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.

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Children's Social Care

In July 2024 the Cabinet agreed the redevelopment of the Aut Even site as a specialist 5-bedroom home for young people with Learning Disabilities and Autism and neurodiversity. The £1.113million scheme will provide specialist residential provisions for Medway, ensuring much needed high quality local capacity and allowing children to either remain in Medway

or move back from other areas. This redesign will significantly improve the availability of placements, addressing the shortage and better aiding the expanding number of children in need. Improved quality of care, sensory and hydrotherapy facilities will benefit children with complex disabilities. Sustainable operations, an ecological heating and cooling system decreases both construction costs and environmental impact. The restored garden will create a safe, stimulating, and therapeutic environment for children, promoting their well-being. The scheme is primarily funded from a grant from the Department for Education's Regional Care Cooperative of £913,000 with the Council's contribution of £200,000 funded from borrowing.

Adult Social Care – 'Care for Medway'

We are currently exploring options to sustain and support the addition of high-quality homes to meet the growing needs of Medway's residents. We are facing a shortage of care home provision and new care home placements; this is driving up the average bed cost and the Council is having to commission placements in Care Homes that are not rated as good or outstanding. As a result, our expenditure on older people's care is increasing and the demand for placements in high quality care homes is greater than the supply.

The challenges around capacity will only increase. In Medway for older people within dementia, there is a predicted 38% increase between 2023 and 2040. Service data indicates a rising prevalence of dementia in care home users, and the number of people with dementia in Medway is predicted to rise by 46% between 2019 and 2030.

The 2024/25 revenue budget and the Financial Improvement and Transformation (FIT) Plan include revenue investment of £500,000 in the development of 'Care for Medway', a new project aiming to deliver in-house residential care for adults in Medway. Providing a dedicated care facility would demonstrate our commitment to supporting vulnerable members of the community, and would bring economic benefits for Medway as a whole, including job creation and the supply chain by supporting local businesses that provide goods and services to the facility.

Building and operating a care home would represent a significant, multi-million pound long-term capital investment for the Council, and it will be necessary for a detailed business case supported by a robust analysis of the viability and benefits to be developed and presented to Members in due course.



Investment priority 2: Benefitting from good education, quality jobs and a growing economy

We want to give local people the best chances to reach their full potential and are committed to creating and fostering opportunities and environments where they can thrive. Through our capital programme we work to ensure there are enough school places to meet the needs of Medway’s growing population, while our revenue budget focusses on ensuring all Medway’s young people have access to good-quality education and on the provision of quality learning and training that enables people of all ages to achieve. This work includes:

- Ensuring all children and young people access a high-quality, **inclusive education**.
- Working with business partners to ensure **education and skills development** supports children, young people and adults to lead successful lives, and secure employment opportunities, with targeted support for the unemployed and vulnerable groups.
- Developing a **strong mixed economy** which provides **training and work opportunities** that support career development, increasing high value businesses and expanding high quality employment.
- Developing Medway’s reputation as a home for **creative, cultural, and green industries** to support a growing economy, maximising our national recognition as a **Priority Place for culture and heritage**.
- Supporting the growth and diversification of business in our **town centres**, reflecting the importance of placemaking and regeneration.

We have sustained investment both in the revenue budget and capital programme in recent years in attracting and supporting business and we have an ambition to accelerate economic growth in Medway to benefit every neighbourhood. The Draft Budget for 2025/26 reflects increased revenue investment in staffing to support economic development and our town centres, alongside increased council funding for Medway Adult Education to retain the service following a reduction in the level of grant funding available.

By 2041 Medway will have successfully grown its economy, gaining competitiveness from its strategic location, and securing and developing its diverse business base and attracting inward investment in a range of employment sites.

Summary investment requirements: education, jobs and the economy

Scheme	Total cost £000	Remaining budget £000	R2 forecast £000	R2 forecast variance £000
Current capital programme:				
Basic Needs Primary	5,400	1,962	1,986	25
Basic Needs Secondary	14,998	12,459	12,583	125

Scheme	Total cost £000	Remaining budget £000	R2 forecast £000	R2 forecast variance £000
Schools Condition Programme	6,915	508	508	0
Schools Devolved Capital	2,151	125	125	0
Basic Needs SEND	21,078	15,916	15,951	36
Strood Town Centre	8,259	11	11	0
Pentagon: Future Capital Works	1,118	985	2,181	1,196
Future High Streets Funded Projects	12,627	5,913	5,492	(421)
Innovation Park Medway	73,307	40,400	40,809	409
Digital Equipment Medway Adult Education	230	197	197	0
Chatham Town Centre S106 Works	259	46	47	1
Roch Riverside Growing Places	2,514	393	393	0
Debenhams Redevelopment	18,609	18,609	18,609	0
Pentagon Wilkinsons	869	776	0	(776)
Rural England Prosperity	400	400	400	0
Total current capital programme	168,735	98,700	99,295	595
Additional capital aspirations/requirements:				
Riverside primary School 1FE expansion	4,000			
Kingfisher Primary School 1FE expansion	4,000			
Hoo St Werburgh Primary School 1FE expansion	4,000			
New Secondary School	43,000			
Total additional capital aspirations/requirements:	55,000			

Delivering school places and improving the condition of school buildings

Delivering school places and improving the condition of school buildings

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 2023 the Department for Education announced Basic Need capital grant allocations to support the creation of places over the next three years; with Medway's allocation for 2023/24 of £17.050million, however no funding was received in 2024/25 and the 2025/26 allocation is £94,000. Grant funding is added to the capital programme as required to deliver places in line with the School Place Planning Strategy.

In May 2022, as part of the School Place Planning Strategy 2022-27, Cabinet approved the School Place Planning Strategy Principles. In April 2023, the principles were expanded to include a section on selection. 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. Though yet to be formally approved, Medway's emerging Local Plan highlights the need for approximately 28,000 additional homes across Medway by 2041. 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 to 291,000 in that time.

The Annual Review of the School Place Planning Strategy 2022-27 was approved by Cabinet and Council in October 2024 sets out the following areas of investment:

Early Years

Local authorities are required by legislation to secure sufficient childcare, so far as reasonably practicable, for working parents, or parents who are studying or training for employment, for children aged 0 to 14 (or up to 18 for disabled children). The Department for Education has allocated the Council £564,465 from the Childcare Expansion Capital Grant to fund the expansion of provision for early years and wraparound care places. Providers were asked to submit expressions of interest for funding based on the government guidance, and proposals were evaluated and selected on the of number of places provided and cost per place. Cabinet agreed the distribution of the grant in October alongside the school place planning strategy, with this funding delivering a total of 456 new places across 22 settings across Medway.

Primary schools

The current capital programme includes investment of £3.3million in primary provision including projects to expand Hundred of Hoo and St Nicholas Infant schools and to provide a new standalone nursery building at Luton Primary. In agreeing the Strategy review for 2024, Cabinet and Council agreed to add a further £798,000 of funding from developer contributions to increase the scope of the project at Hundred of Hoo to permanently add a further form of entry expansion. Cabinet and Council also agreed to use £21,000 of developer contributions to fund the replacement of play equipment that was removed to facilitate the provision of temporary accommodation for pupils while the Rochester Riverside primary school delivery was delayed. The Strategy also sets out feasibility studies to meet increasing demand in Gillingham and Rainham North, Peninsula West, East Hill and Chatham and Cabinet and Council will be asked to add schemes when funding is available.

Secondary schools

There are schemes totalling £16.17 million in the current capital programme to deliver places and associated facilities at Robert Napier School, Hoo Academy, Greenacre, Victory,

and Maritime Academies, Waterfront University Technical College (UTC), St John Fisher and Chatham, Holcombe, and Fort Pitt Grammar Schools. No additional capacity is currently planned for selective schools, however demand indicates that a new secondary school is likely to be required in the future depending on levels of inward migration and patterns of housing development.

Special Educational Needs and Disabilities places

The SEN Capital Programme, a central government initiative between 2018 and 2021, allocated a total of £2.339million to Medway and provided 164 additional places and facilities for pupils across Medway with Education Health and Care Plans. Despite the actions to increase specialist provision in recent years, demand continues to increase, and a needs analysis has highlighted that significant additional SEND provision will be required. Work is ongoing to create additional SEND places within resourced units in mainstream schools and a number of special schools are also being expanded to ensure the most appropriate provision is in place to meet the pupil need.

In March 2024, the government allocated Medway an additional £5.482 million to create additional SEND places. Alongside the Place Planning Strategy, in October Full Council approved that:

- £600,000 be added to the existing project at Rivermead at Stoke to enable the completion of the project due to escalating costs and planning restrictions.
- £200,000 be added to the existing project at Danecourt to enable the completion of the project due to escalating costs
- A series of schemes be identified to increase education provision for children with EHCPs not exceeding £4.600million, with a report brought to a future Council meeting to add these to the capital programme.

Condition programme

Local authorities are responsible for the condition of maintained schools, to ensure that they are safe, warm, dry, and provide secure learning environments with the condition programme funded by an annual grant from the Department for Education. As the number of maintained schools falls this grant is reduced, however the cost of maintenance is increasing over time. The grant for 2024/25 stands at £608,453, restricting spend and meaning projects have to be prioritised and delayed, with the school estate deteriorating as a result.

Economic development and town centres

Medway is home to around 14,000 businesses and the area's economy is currently worth £6.3billion. Unemployment is also falling, from 9.6% in 2013, to 4.0% in 2023. However, recent years have been very challenging for the local, national, and global economy. There

have been rapid and significant changes in employment practices and commercial land needs, in response to the Covid-19 pandemic, global instability and political changes. Our new Local Plan is in development and aims to boost Medway's economic performance, identifying new employment sites, redevelopment and investment opportunities across the area.

Innovation Park Medway

The Innovation Park Medway 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 IPM is a high-quality environment and location for high value technology industries, engineering, manufacturing and knowledge intensive industries. This cluster of high-tech companies share similar skills, infrastructure, ambition and drive and offer opportunities for collaboration, innovation and skills retention. The core ambition for the IPM is to create a high-quality public realm with collaborative spaces supportive of innovation. The current capital programme includes £40.400million investment in the site, however in February 2024 the Cabinet made the decision to pause delivery and expenditure on the project. While a review of development options for the site is being carried out to be reported to Cabinet in the Spring of 2025, we remain committed to the delivery of high-quality employment at the IPM.

Future High Streets Fund

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. This funding is contributing to schemes in our current capital programme including the delivery of an Innovation Hub to support business start-ups in the Pentagon, and 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 Fund seeded the development works to turn the first floor of the Pentagon into a Healthy Living Centre, for which there is a remaining capital budget of £13.100million detailed in Priority 4, health and wellbeing for all. The Fund was also used to acquire the



former Debenhams building in Chatham in 2022, aiming to support the wider economic regeneration of Chatham town centre. The former Debenhams site now features in the capital programme with £18.609million (including £730,000 funding from One Public Estate) funding remaining to deliver enabling works for residential development. We have appointed our housing company, Medway Development Company (MDC) to project manage these works. Alongside benefitting our high streets and the economy, many of the investments in this priority will also contribute to the delivery of other Council Plan priorities, including improving access to healthcare in Chatham, helping us to improve health and wellbeing for all.

The Rural England Prosperity Fund

Alongside the £2.6billion UK Shared Prosperity Fund the government launched in April 2022, the government also launched the Rural England Prosperity Fund to address specific challenges rural areas often face including lower productivity, poorer connectivity and poorer access to key services. Medway's allocation from this is £400,000. This funding is being used to deliver a series of initiatives for rural businesses including improvements to rural access infrastructure and provision of a rural hub, for which feasibility work is underway and we expect works to begin in early 2025.

Chatham Town Centre Works

Working with the Chatham Town Centre Forum we have directed investment from developer contributions towards top priorities for improving the town centre agreed with the Chatham Town Centre Forum. The current capital programme includes remaining funding earmarked to support the introduction of a Business Improvement District to allow businesses to make improvements to the public realm and to the town centre's business operational activities.

Rochester Riverside growing places

Since the introduction of Growing Places Fund (GPF) loan funding in 2015, the South East Local Enterprise Partnership awarded Medway Council over £8m of loan funding including £4.4million for Rochester Riverside. Rochester Riverside is managed in partnership by Medway Council and Homes England, with both organisations having 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. The scheme is transforming a 50-acre brownfield site into a new destination for the area, with 502 homes provided so far in the first three phases, along with a new primary school, a new plaza with shops and a hotel, and public open space including a river walkway. The next phase of the development is due to launch in 2025, comprising 154 homes located directly to the south of the third phase, already has detailed planning permission.

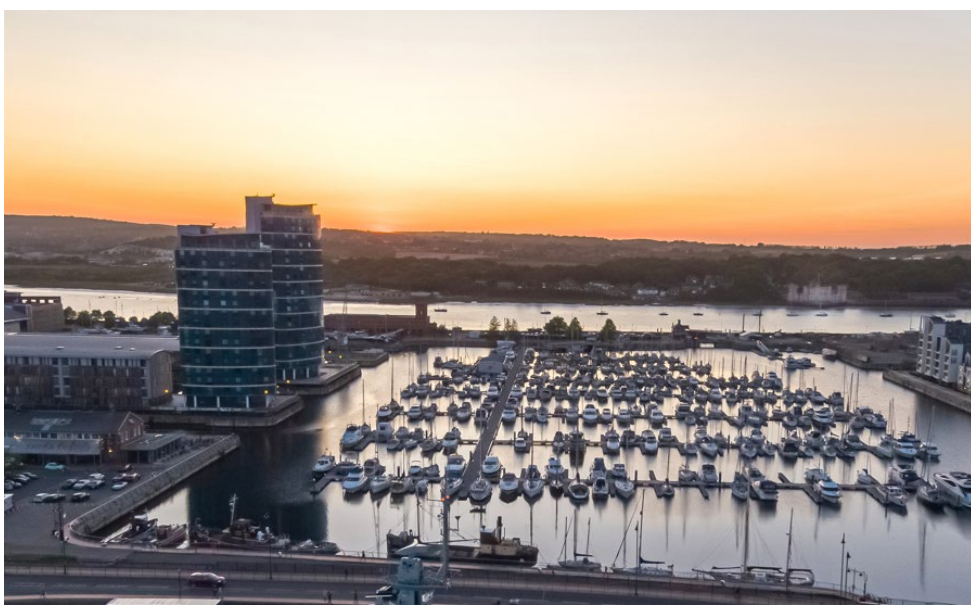
Investment priority 3: Enjoying clean, green, safe and connected communities

The place where we live affects our health, well-being and happiness, and residents young and old often tell us that safety and cleanliness in Medway are their priorities.

- **Create child-friendly communities** which ensure all people in Medway will feel safe and live free from harm and abuse.
- **Celebrating the individuality of all parts of the Medway** community, ensuring services, events and activities reflect and support the diverse communities of Medway.
- Provide improved **opportunities to walk, cycle, use public transport** and electric vehicles, **reducing carbon emissions and improving air quality**.
- Engage Medway's residents in ensuring Medway is clean and well maintained. Protect and enhance **Medway's river, green spaces and environmental assets** as a means of effectively tackling climate change.
- Develop and facilitate **easy-to-use and simple digital solutions** for residents to access services and **engage with the public sector**.

Ensuring Medway is a child-friendly place is much more than a discrete revenue or capital expenditure line in our budget, instead we are working to embed this approach in how we design and deliver all of our services. We created Child-Friendly Medway as a platform for children and young people's voices to be heard and responded to; prioritising listening to children and young people. In support of this work, through the revenue budget, we have provided free activities such as reading projects to support the Council's literacy strategy, ran a wide range of free events for young people including the Mini Youth Games and soft play to promote early years development.

Celebrating and maximising the benefits afforded by our significant river frontage and vibrant greenspaces is a priority for capital investment, while through the revenue budget we support and deliver a wide range of festivals, events and activities to celebrate the individuality of all parts of Medway and this work is supported elsewhere in this capital strategy as we work to maintain and develop the cultural, heritage and leisure facilities across Medway.



Helping residents and visitors to visit and explore, move around and through Medway in safely while reducing our impact on the climate way is a key focus of both our current capital programme and our

investment plans for the future.

We are committed to providing access to our services through digital solutions so good that people chose to use them over other means of access. We are also committed to the transformation of our services to support our journey to financial sustainability, with significant investment in right-sizing and transforming services through the existing revenue budget and out over the medium term.

Summary investment requirements: clean, green, safe and connected communities

Scheme	Total cost £000	Remaining budget £000	R2 forecast £000	R2 forecast variance £000
Current capital programme:				
Waste Fleet Replacement Scheme	17,000	17,000	12,000	(5,000)
Led Lantern Replacement Scheme	11,155	676	676	0
Enforcement Cameras Capital	2,019	1,596	1,596	0
Highways Projects	87,367	11,970	11,970	0
Controlled Parking Zones	50	28	28	0
Integrated Transport LTP3	20,773	2,128	2,128	0
CCTV	223	43	43	0
Bereavement Path Repairs	250	24	24	0
Active Travel	1,419	1,053	1,053	0
Medway City Est Connectivity	3,674	49	49	0
Changing Places Disabled toilet	90	50	50	0
Horsted Valley – Environmental Enhancement	194	25	25	0
Play Areas Improvements	962	79	79	0
Parks & Open Spaces	3,644	3,151	3,151	0
Country Parks Car Park Charges	171	171	171	0
Total current capital programme	148,992	38,043	33,043	(5,000)
Additional capital aspirations/requirements:				
Medway Tunnel Maintenance	2,500			
Planned Maintenance for highway assets	7,500			
Network Management	1,500			
Procurement of Multi-Hog Planer/Patcher for Highway Maintenance	150			
Conversion of illuminated signs and bollards to LED	425			
Charged garden waste collection (2nd brown bin)	350			
Replacement street cleansing fleet	5,000			
Food recycling collections from flats	500			
Implementation of new Waste Strategy	TBC			
Safer, Healthier Streets Tranche 3 and Tranche 4	2,000			
Footway parking scheme	70			
ANPR car parks	150			

Scheme	Total cost £000	Remaining budget £000	R2 forecast £000	R2 forecast variance £000
Greenspaces - Play Area Refurbishment Programme	3,750			
Greenspaces Capital Infrastructure Fund (GCIF).	1,000			
Greenspaces - Darnley Road Bowls Club	100			
Greenspaces - Tennis Courts Refurbishment Programme	280			
River Walls and Piers	TBC			
Total additional capital aspirations/requirements	25,275			

Highways and transport

Our Highway Network is our largest and most valuable publicly owned asset with a current replacement value of £2 billion. It 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. In August 2022 the Cabinet approved our Highways Asset Management Strategy 2022-2027, which sets out how we will monitor and manage our highways to deliver the level of service our residents and visitors expect, including ensuring road users feel safe, that they can have a reasonable level of confidence that their journeys on the highway will be predictable and timely, ensuring the network is accessible as far as possible, and that our highways assets are in a serviceable condition for the benefit of all road users. We also want to make sure that the highway network aligns with the Council's wider strategic aims, including supporting economic growth and reducing the environmental impact, ensuring value for money in the delivery of our investment.

In the 2023/24 financial year we invested a total of £19.3million in our Highways; £13.6million through the revenue budget and £5.7million through the capital programme, including £565,000 one-off pothole funding and £401,000 additional funding from the Department for Transport which was made possible through funds the government diverted from the HS2 scheme. The current capital programme includes funding for our annual resurfacing programme, with 12 schemes completed by the autumn alongside investment in a programme of road marking and street sign replacements, maintenance of highways structures, drainage improvements, street lighting replacements, cyclical crash barrier replacements and skid policy sites along with installation of a pedestrian crossing on Horsted Way. Much of the road surface repair and patching work is currently carried out using hired equipment, while investment of £150,000 to purchase a Multi-Hog Planer/Patcher would enable the service to carry out a greater number of repairs and would lead to savings on the revenue budget in doing so.

The Medway Tunnel is fundamental to the flow of traffic across Medway, and we have secured £4.9million from the Department of Transport to carry out much needed upgrades.

In previous years the Council has supplemented grant funding with additions funded from capital receipts of around £500,000 each year but there was no funding available for 2024/25. Investment of £500,000 per annum from 2025/26 onwards would safeguard the specific grants to deliver the planned upgrades.

In previous years, the annual revenue budget for planned maintenance of highways assets was supplemented with the addition of £1.5million per annum funded from capital receipts, however as with the budget for the Medway Tunnel, no additional funding was available in 2024/25. Works including footway resurfacing, replacement of signs and re-lining of road markings have been scaled back with works delivered to statutory minimums only, funded from the Highway Maintenance grant from the Department for Transport, leading to a reduction across other areas of spend. Investment of £1.5million per annum would enable the service to increase the level of works.

Investment of £300,000 per annum would enable a programme of replacement of street lighting, bollards, street name plates and guard-railing. Collectively these works would increase the level of resident and visitor satisfaction with our highways, reduce insurance claims made against the Council and ultimately reduce expenditure on short term repairs and patching.

We have already invested more than £11million into a programme of conversions of our street lighting to energy efficient LED lanterns. There are 332 heritage style lamp columns and 350 illuminated signs and bollards that were not part of that scheme, and with investment of £425,000 these could be converted to longer-lasting, more energy efficient lamps.

The government announced the £225million Active Travel fund in early 2020. This came after more people started walking and cycling during the Covid-19 pandemic. Through the fund we have created new cycle lanes, installed new cycle racks and widened 11 miles of well-used public footpath. The current capital programme includes the remaining grant alongside Section 106 developer contributions in a scheme of £1.053million, to deliver the outcomes in the proposed Local Cycling and Walking Infrastructure Plan being presented to Cabinet in December 2024. The Plan aims to set out a network plan that highlights preferred walking and cycling routes and areas for future development and identify a programme of improvements for future investment.



Waste Management

The current Refuse Collection Fleet was purchased in 2013 and has surpassed the average 7-9 year working life of such vehicles, bringing significant additional maintenance and repair costs. In July 2023 the Council agreed

to add £17million to the capital programme to fund the replacement of the fleet of Refuse Collection Vehicle Fleet. Following a procurement exercise, orders for the new vehicles were placed over the summer with delivery scheduled in phases starting in Q4 2024/25 with the last phase of deliveries expected in 2025/26. Based on the successful tender, the service anticipates an underspend on this scheme of c£5million. It will now be necessary to replace the Street Cleansing Fleet with an estimated investment requirement of £5million.

The 2024/25 revenue budget included investment of £200,000 to develop a new Waste Strategy to ensure the Council can meet the upcoming changes in regulation in this area and deliver an efficient and effective service within available budgets into the medium term. At this stage that work has not concluded however the requirement to collect food waste recycling from flats is projected to require investment of £500,000 and to implement the proposal to charge residents who opt for a second garden waste bin will require capital investment of £350,000. It is also likely that it will be necessary to invest further in our waste management and disposal arrangements to meet requirements around containerisation of waste and to support the operations working alongside our Joint Venture partners Medway Norse.

Enforcement

Safer, Healthier Streets

As part of the renewed emphasis on quality of life and place shaping in local neighbourhoods, Medway Council is focused on building a better-connected transport network to ensure everyone can get to where they need to go reliably and safely. The Council is doing this by investing in its Safer Healthier Streets programme.

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 have also enabled the introduction of School Streets.

Application for the powers to enforce Moving Traffic Enforcement was made by Medway Council and accepted by the Department for Transport. On 27 June 2023 this was laid before the Parliamentary, Business and Legislation (PBL) Committee and approved. These powers for Medway came into force on 22 July 2023. Tranche 1 of the Safer Healthier Street programme, we successfully implemented 10 existing restrictions for ANPR enforcement that went live on 5 February 2024. In July 2024 Cabinet agreed to progress to implementing a further 16 locations with the current capital programme funding the installation of cameras agree all scheme and any physical infrastructure improvements required.

Parking

Parking on footways and grass verges is banned across London, and has been since 1985, as it causes damage to pavements and verges and can be a hazard for pedestrians and vehicles alike. The Council is considering adopting a footway parking ban in Medway and to do so it would be necessary to invest £70,000 to fund implementation costs.

Four of the Council's car parks have been converted to the Automatic Number Plate Recognition (ANPR) system; Blue Boar Lane, Corporation Street in and the Multi-Story car park in Rochester and the Brook in Chatham. ANPR cameras record the time vehicles arrive at the car park and ensure visitors are only charged for the exact amount of time they have been parked for when they leave. Investment of £150,000 would enable the conversion of a further series of car parks, reducing the cost of enforcement.

Our natural environment - the River Medway and greenspaces

Our country and community parks

In July 2024 the Green Flag Award scheme recognised eight of Medway's greenspaces with a coveted Green Flag; Broomhill Park, Capstone Farm Country Park, Gillingham Park, Hillyfields Community Park, Riverside Country Park, The Great Lines Heritage Park, The Vines Gardens and Ranscombe Farm Reserve. The Green Flag accreditation, the international quality mark for parks and greenspaces, is testament to the hard work and dedication of the team that care for Medway's greenspaces so that visitors and residents alike can enjoy them. Great Lines Heritage Park has also achieved the Green Heritage Site Accreditation, supported by Historic England, for the management and promotion of its historic features.

The current capital programme includes more than £3.6million investment in the Council's parks and open spaces, including schemes to deliver a new open space at Temple Marsh



adjacent to the Temple Waterfront development in Strood, to develop and improve the Deangate Community Parkland, to convert the former nursery site at Cozenton Park and Chalk Pit into a community tree nursery, community garden and allotments, and for improvements to Town Hall Gardens in Chatham. Following the decision in February 2024 to charge for car parking in our country parks, the capital programme funded the installation of pay and display machines at the sites.

Priority play

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. This current capital programme includes investment in improvements to play areas at the Strand, Cherry Top, Rainham Rec and Ryetop, Victoria Gardens, Copperfields, Darnley Road, Maidstone Road Sports Ground and Heritage Drive primarily funded from Section 106 developer contributions. A sustained capital investment programme of £750,000pa would enable the replacement of equipment at the end of usable life, alongside funding enhancements to existing and the development of additional play areas in Medway.

Greenspaces

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.

Recent work to assess the condition of the greenspaces in the Council's portfolio has identified a backlog of works required in the region of £3million, including 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.

The introduction of a Greenspaces Capital Infrastructure Fund, with sustained investment of £200,000pa would enable an asset audit to be commissioned to inform investment priorities and meet these aspirations. Conversion of the former Bowls Club on Darnley Road in Strood into a community garden would require £100,000 investment but could transform the site to increase access to greenspaces for residents while deterring costly anti-social behaviour. Finally, the Lawn Tennis Association audit of greenspace tennis courts has identified significant backlog maintenance obligations in terms of court surfaces and associated infrastructure, and it would require investment of £280,000 over two years to meet these.

River Walls and Piers

The Council manages several marine assets, including a one-mile-long river wall stretching from Doust Way to the rail bridge at the Rochester Riverside development and two piers: Rochester Pier off The Esplanade and Sun Pier in Chatham, as well as the Gillingham Pier draw dock harbour. Additional assets comprise four sets of access steps: Horse Wash Steps

near the Rochester rail bridge, Watermill Steps off Canal Road in Strood, Winget Steps at the former Civic Centre site in Strood, and Chapel Steps by the Command House in Chatham. Public access is restricted to Chapel and Winget Steps only.

Aligned with the council's vision of transforming into a waterfront city, efforts are underway to enhance connectivity to the River Medway and boost visitor numbers arriving by boat. A boarding platform will be constructed at Limehouse Wharf, Rochester Riverside, to facilitate the return of passenger vessels from Queenborough, Southend, Whitstable, and London. The current capital programme includes investment of £150,000 to upgrade existing marine assets, including dry docking and repairing Sun Pier's landing pontoons, surface repairs to Commodores Hard public slipway at The Strand, and constructing a boarding platform at Rochester Riverside, which is a 10-minute, step-free walk from Northgate, Rochester High Street. These projects are expected to be completed by early 2025.

Should additional funding become available, Council plans to fully restore Rochester Pier and establish a volunteer-led Pier Trust for its management and maintenance. Smaller investments would ensure Sun Pier remains operational, with necessary improvements to barriers and an electrical refit. To further enhance river access, plans are being explored to improve parking and access at Gillingham Pier and Commodores Hard public slipway.

A comprehensive survey of the river walls across Medway is planned to identify and prioritise proactive investment opportunities, aiming to prevent unplanned or reactive maintenance issues in future.



Investment priority 4: Improving health and wellbeing for all

Central to our vision of enabling people to thrive and realise their potential is improving the health and wellbeing of people who live and work in Medway. The One Medway Council Plan sets out the work we will do in this area:

- Empowering people to achieve good **health and wellbeing through prevention**, with access to local activities and services that will enable and support them to lead independent, active and healthy lifestyles.
- **Support families** to give their children the best start in life.
- Work collaboratively to **grow participation year on year in recreational play, sport and physical activity** as a means of promoting improved physical and mental health and wellbeing.
- **Work in partnership with communities and organisations** to address the issues that negatively affect health and wellbeing, making sure everyone has the opportunity to live long, healthy lives

Together with our partners in the NHS, as part of the Medway Health and Wellbeing Board we are working to deliver the Medway Joint Health and Wellbeing Strategy 2024-2028. The strategy is our blueprint for improving health and wellbeing for everyone living, working, and studying in Medway and is centred around four key aspirations; healthier longer lives for everyone, reduce poverty and inequality, safe connected and sustainable spaces and connected communities and cohesive services. There is significant ongoing investment in the Council's revenue budget contributing to this aim, primarily funded through the Public Health Grant which totals £19.038million in 2024/25.

Summary investment requirements: improving health and wellbeing

Scheme	Total cost £000	Remaining budget £000	R2 forecast £000	R2 forecast variance £000
Current capital programme:				
Aiming Higher Disabled Children	784	0	0	0
The James Williams Healthy Living Centre	11,764	11,764	11,764	0
Family Hubs & Start 4 Life	190	84	84	0
Total current capital programme	12,738	11,848	11,848	0
Additional capital aspirations/requirements:				
Smoking cessation shop climate change improvements	100			
Total additional capital aspirations/requirements:	100			

The James Williams Health Living Centre

Working with our partners NHS Kent, we are working to deliver a brand new Healthy Living Centre in the centre of Chatham, occupying the first floor of the Pentagon Shopping Centre, creating a hub for patients to access a greater range of services than those available in GP practices, quickly and conveniently. Both organisations are contributing to the scheme, with £11.7464million contribution from the NHS, while Medway Council is contributing £700,000 from Disabled Facilities Grants funding. We are leading on refurbishing work, transforming the first floor of the shopping centre into modern, flexible spaces, which can host a variety of clinics. Works began in the summer and we anticipate completion in the autumn of 2025.

The new centre is being named after the late Director of Public Health, James Williams. James was an inspirational figure and huge driving force behind improving health outcomes across Medway, as well as addressing health inequalities across the South East and we are proud that the new centre will stand as a fitting tribute to his work and aspirations.

Public Health

We operated a Smoke Free Advice Centre on Chatham High Street, where our highly trained and approachable advisors have supported around 3,500 residents with their attempts to stop smoking since 2021. Investment of £100,000 would fund a series of enhancements required to continue to support the service, improve the energy efficiency and reduce operating costs.

Family Hubs and Start for Life

The Family Hubs and Start for Life is a three-year funded programme from 2022/23 – 2024/25 overseen by the Departments for Education and Health and Social Care, supporting local authorities to develop and enhance a package of family support services delivered through a Family Hub model. The Council secured £3.8million grant funding to deliver the



programme in Medway and worked with key partners from the public and voluntary and community sector to agree priorities for this funding.

Medway Council operates four Children and Family Hubs in Strood, Chatham, Wayfield and Gillingham and a further nine Family Wellbeing Centres, which are rooms in primary school sites, which are leased by the Council to provide

additional space for the delivery of services for children and families across Medway. The funding has enabled a programme of building improvements at each of the four Children and Family Hubs, focussed on improving accessibility and making the spaces more adaptable and purposeful to support them to deliver the wide range of activities the programme offers.

Investment priority 5: Living in good-quality, affordable homes

Housing is an important determinant of health, wellbeing and stability. Access to affordable, safe and stable homes provides a foundation for a community that enables individuals to thrive, find employment and raise families. The Plan sets out our aspirations in this area:

- **Increase the supply of good quality, energy efficient and sustainable homes** that reflect the needs of the communities in Medway.
- Implement a **Local Plan** which reflects the needs of the communities in Medway, supporting a transition to a low-carbon future promoting affordable, energy efficient and sustainable homes.
- **Assist people with specific accommodation needs** including older people, people with disabilities, people needing specialist support and those who find themselves homeless.
- Engage with communities to identify ways to **improve streets, parks and local surroundings** which create vibrant places to live and enhance the quality of people's lives.
- **Ensure the council's housing stock is good quality**, efficient, free from damp and mould and tenants are at the heart of decision making.

Delivering our new Local Plan is a key area of focus for the Council and we have increased the level of investment to support this in the revenue budget in 2024/25 and plan to increase this again in 2025/26, along with plans to deliver the government's planning reforms. With house prices rising by nearly 25% in the last 5 years, many of our residents struggle to find decent and affordable housing to live in. We need 1,658 homes a year and 28,000 homes by 2041 to keep up with Medway's predicted population growth.

Through our new Local Plan we are working to ensure there is more affordable housing for our residents, that young people to see a future in Medway by providing places to live and



local jobs, to give more housing choices for older people and to ensure homes in Medway are high quality, energy efficient and respect our local heritage.

A significant element of our revenue spend with our Joint Venture partners, Medway Norse supports our aspirations to enhance our streets, parks and local surroundings and capital investments supporting this aim are set out in Investment Priority 3, Enjoying clean, green, safe and connected communities. We have sustained an ambitious programme of investment in ensuring there are sufficient new homes to meet the needs of Medway residents alongside delivering regeneration over recent years despite significant pressures on other statutory services. Our work to support a growing economy is closely linked to this aspiration and many of our investments in priority 2, benefitting from a good education, quality jobs and a growing economy will also enable the delivery of additional homes, many of which will be affordable.

Summary investment requirements: good quality, affordable homes

Scheme	Total cost £000	Remaining budget £000	R2 forecast £000	R2 forecast variance £000
Current capital programme:				
Mountbatten House Purchase	2,913	0	0	0
Housing Renovation Grants	350	117	117	0
Disabled Facilities Grant	16,119	5,443	5,443	0
Temp Accommodation Pilot	49,007	47,713	47,713	0
Housing Revenue Account	101,201	67,636	67,636	0
Total current capital programme	169,589	120,909	120,909	0

Medway Development Company (MDC) Ltd

Since the Council established MDC in 2017, the company has been instrumental in the Council's plans for delivering new homes and regenerating sites that were unattractive to the private sector. As a company solely owned by Medway Council, MDC's strategic objectives are closely aligned to the delivery of our One Medway Council Plan, to deliver high quality housing, support area-based regeneration, maximise financial returns, which can be reinvested into strategic priorities, identify future opportunities that will deliver homes and prosperity, enable affordable housing delivery and engender pride and make Medway a place to be proud of.

The company is directly financed through capital loans from Medway Council, with Council approval for a total loans portfolio to deliver schemes up to £120million. To date MDC is progressing sites including Chatham Waterfront delivering 182 new homes, transforming Mountbatten House into a high-quality residential development alongside a number of

other existing proposals, delivering 44 apartments at Britton Farm and 20 affordable homes on the site of the former Upper Mount car park. Within the Council's regeneration capital



programme in investment priority 2, MDC has been appointed as the delivery partner for the enabling works to support the transformation of the former Strood Civic Centre site into a site suitable for housing development to be known as Stood Riverside.

Temporary Accommodation

The cost of living crisis has driven up rates of homelessness and the number of households who need temporary accommodation is rising. Nationally more than 358,000 households contacted their local authority for support after being threatened with homelessness or losing their home in 2023/24, up more than 10% compared to 2022/23. For the foreseeable future, even with a strong focus on preventative activity, it is projected that Medway Council will have a statutory obligation to provide temporary accommodation to between 280 and 320 household, the majority of which is currently secured on a nightly basis from the private sector.

In response, in January 2024 the Council approved the addition of £42million into buying approximately 150 properties which will be used to provide temporary accommodation for Medway residents, helping to reduce reliance on the private rented sector, building on a pilot programme of purchasing 20 homes which was agreed in January 2023. By purchasing properties, we will reduce our current reliance on the private rented sector, which is costly and can be volatile, whilst also securing valuable assets.

The Council also agreed to increase the number of long-term leased properties on our books, as well as taking the innovative decision to set up our own letting agency to help prevent the need for people to access temporary accommodation in the first place. The decision to increase the number of long-term leased properties will also help reduce the amount of money currently spent on temporary accommodation, as these can be secured at a lower rate. Setting up our own letting agency will allow us to help prevent households from becoming homeless by intervening at an earlier stage. Under the scheme, properties from the private sector would be signed up to the agency, where the council would then manage the property.

We are working hard to deliver the majority of the required acquisitions during 2024/25, with several medium size new build turnkey projects in the pipeline as well as the individual market purchases. We are also exploring a potential new build acquisition and opportunity to secure a series of suitable properties from an existing landlord. To date a total of 139 additional units have been completed or are close to completion.

Social Housing and the Housing Revenue Account (HRA)

We are proud to be a landlord with a total of 3,027 homes for Medway residents in our Housing Revenue Account (HRA) along with an associated portfolio of garages and parking places. Valued at £193.010million as at 31 March 2024, the housing stock represents one of Council's highest value assets and its repairs and maintenance is a significant liability, therefore planning for its sustainable future is important. Each year, Cabinet and Council approve the HRA budget and business plan independently of the general fund budgets, and for 2024/25 introduced a three year capital programme comprising of investment to maintain the existing stock, to provide disabled adaptations to properties where required and to deliver our ambitious new build and property acquisition programme as set out below:

	2024/25 £000	2025/26 £000	2026/27 £000
Planned maintenance	8,671	5,657	9,391
Disabled adaptations	200	200	200
New build / acquisitions programme	4,500	8,875	2,225
Total	13,371	14,732	11,816

Investment priority 6: Supporting the delivery of all Council Plan priorities and principles, and supporting our values and behaviours

The One Medway Council Plan is a commitment to our residents, partners, visitors and other stakeholders that we will prioritise the resources available to us to the delivery of our five key priorities. However, in order to deliver on those priorities, the Plan also recognises a number of principles that will inform the work we do at Medway Council:

- Financial sustainability and value for money
- Climate action
- Equality and diversity in all we do
- Child-Friendly Medway
- Working in partnership

These principles do not represent discrete services and with standalone budgets, rather these are considerations in the development and delivery of all services.

We also recognise that the delivery of the ambition in the Council Plan will only be possible if those services providing support directly to our residents and shaping the places in which they live, work, learn and visit are supported by efficient and effective support services in a back-office committed to continuous transformation and improvement. To that end, in recent years our revenue budget has included a range of activity aimed at 'right-sizing' the Council's staffing teams, increasing investment in ICT and a greater package of support for services enabling them to transform delivery.

The delivery on this investment is being closely monitored through the One Medway Financial Improvement and Transformation Plan; an action plan designed to respond to the Financial Resilience Review carried out by Chartered Institute of Public Finance and Accountancy at the end of 2023. It sets out our journey towards harnessing the benefits of new technologies, prioritising resources to where they are most impactful, demanding the best value for money and ensuring that our services are aligned with our partners such that together we achieve more.

We are committed to maintaining good quality services and continuing to improve the outcomes for our residents.

**ONE MEDWAY
COUNCIL PLAN**

2024/28

Proud to be Medway

Medway
Serving You

The graphic features a dark blue background with several hexagonal photo cutouts. The photos show a diverse group of people, including children, adults, and staff members, engaged in various activities. The text 'ONE MEDWAY COUNCIL PLAN' is in large white letters, '2024/28' is in large blue letters, and 'Proud to be Medway' is in orange. The Medway logo is at the bottom left.

Summary investment requirements: supporting all priorities and principles, and supporting our values and behaviours

Scheme	Total cost £000	Remaining budget £000	R2 forecast £000	R2 forecast variance £000
Current capital programme:				
Building Maintenance	5,641	8	0	(8)
ICT Infrastructure Works	2,600	295	295	0
Data Centre Refurbishment	150	135	135	0
Strood Riverside Phase 1 &2	14,520	3,637	3,637	0
Gun Wharf Capital Projects	26,870	23,438	23,438	0
Total current capital programme	49,781	27,513	27,505	(8)
Additional capital aspirations/requirements:				
Climate change	TBC			
Property Asset Management – works arising from new condition surveys	TBC			
ICT Infrastructure Renewals - Category 1 - Security Hardware, e.g. Firewalls, mail gateways	665			
ICT Infrastructure Renewals - Category 2 - Hosting Server replacements, e.g. Hosting Servers, Storage equipment, Backup appliances	1,190			
ICT Infrastructure Renewals - Category 3 - Networking hardware, e.g. Network Switches, Wireless access points	1,075			
ICT Infrastructure Renewals - Category 4 - Telephony	715			
Total additional capital aspirations/requirements	3,645			

Climate action

Medway Council declared a climate emergency in April 2019 and committed to reduce our carbon footprint, provide our local community with a clean, green future, and be a place that people want to work and live that has a sustainable future.

In 2025 the Council will produce a refreshed Climate Change action plan that will set a clear ambition to further reduce Medway's carbon footprint. It is anticipated that future work both in respect of addressing emissions but also in mitigating the potential impacts of climate change will require capital investment to support the Council's ambition. Proposals for specific schemes will be brought forwards under separate proposals seeking to attract external funding wherever possible.



Our Property Asset Management Strategy

The Council owns a total of 969 assets including 382 buildings and 464 lettings, with a total value of £679.008million as at 31 March 2024 and total annual rental income of £2.750million. The portfolio includes:

- 219 Operational buildings
- 58 Car parks
- 149 Parks, greenspaces and heritage assets
- Retail property including the Pentagon Shopping Centre
- The Innovation Centre Medway, the Innovation Studios plus two other business unit estates
- The Investment portfolio
- Regenerations sites, including Chatham Waterfront, Rochester Riverside, Strood Riverside and the former Civic centre site.

Asset Category	No. of Assets	Cost / Valuation £000	Depreciation / Disposal £000	Net Book Value £000
Council Dwellings (HRA)	3,024	183,826	0	183,826
Other Land and Buildings				
- Offices	5	6,526	(48)	6,478
- Depots	5	8,449	(55)	8,394
- Libraries / Community Hubs	8	7,436	(85)	7,351
- Schools Related Assets	83	130,664	(1,793)	128,872
- Parks and Open Spaces	33	15,486	(514)	14,972
- Community Centres	10	6,960	(77)	6,882
- Land / Allotments	29	3,555	(139)	3,416
- Shops/Commercial	32	35,690	(190)	35,499
- Service Provision	58	35,672	(648)	35,024
- Memorials / Religious	12	6,471	(664)	5,807
- Infrastructure / Highways	1	18	0	18
- Car Parks	58	38,060	(206)	37,855
- Public Conveniences	16	1,832	(42)	1,790
- Sports / Leisure	43	66,671	(271)	66,400
- Theatres	2	11,218	(602)	10,616
- HRA Garages	838	4,497	0	4,497
Vehicles, Plant and Equipment	161	19,610	(14,375)	5,235
Community Assets				
- Parks and Open Spaces	116	6,071	(7)	6,064
- Land / Allotments	373	2,972	(9)	2,962
- Sports / Leisure	1	66	(2)	65
- Memorials / Religious	8	17	0	17
Infrastructure and Highways	158	391,019	(237,606)	153,413
Heritage Assets	34	23,213	0	23,213
Investment Properties	14	18,181	0	18,181
Intangible Assets	7	3,158	(3,140)	18
Assets Held For Sale	1	15,910	0	15,910
Surplus Assets	42	28,733	(2)	28,731

Asset Category	No. of Assets	Cost / Valuation £000	Depreciation / Disposal £000	Net Book Value £000
Assets under construction	1	61,467	0	61,467
Total Assets	5,173	1,133,450	(260,476)	872,974

Since 2018, a total of 47 general fund properties have been declared surplus to operational requirements and have been disposed of, delivering capital receipts of £12.570million.

In October 2024 the Cabinet approved our updated Property Asset Management Strategy 2024-2029. The Strategy has been prepared in the context of changing patterns of property usage and values following the Covid-19 pandemic and the significant financial pressures the Council faces. The Strategy seeks to ensure that the Council's property portfolio is reshaped to best support the vision, priorities and objectives in the new Council Plan with the following key aims:

- Ensuring our property portfolio enables us to best serve our residents,
- Maximising opportunities and income,
- Addresses the essential maintenance needs of our remaining buildings,
- Complies with statutory regulations,
- Tackles climate change and uses less energy,-
- Enables efficient team-working,
- Enables efficient cross-organisation working, including the One Public Estate initiative, and
- Enables the closure of buildings that we no longer need.

We are reviewing our existing portfolio against the principles of this new strategy, focussing first on non-operational property. Alongside the strategy, in October 2024 the Cabinet agreed to declare 49 non-operational properties as surplus for disposal, with an estimated total of £34.874million capital receipts achieved over three years.

A review is underway of the Council's operational portfolio, which includes 72 car parks and 792 other operational properties, with the review considering the required cost of maintenance, the nature of services delivered from each site, usage and running costs; alongside Members aspirations for the future of service delivery, this review will inform the shape of the operational portfolio moving forward. This review will be reported to Members in due course, aiming to ensure we consolidate investment in the operation and maintenance of properties that best suit the Council's operations to meet the needs of residents. We recognise it will be necessary to increase the capacity in our Property Services team to deliver on this ambitious strategy, and Cabinet have recommended to Council that additional resources be added through the 2025/26 revenue and capital budgets.

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).

During 2023 a series of full condition surveys were completed across our property portfolio, however in light of the reviews underway to reshape that portfolio, we are now developing a maintenance strategy that will limit expenditure to those assets that will be retained. During the current and next financial years, this will see us reducing expenditure through the BRMF to that necessary to ensure emergency compliance, building safety, and works critical to support our income generating services, while we develop our investment plans for the portfolio over the medium term.

Initial raw data from the condition surveys, prior to analysis and prioritisation, indicates it would be necessary to invest c£24million over the next three years to complete all works identified to all sites in the existing portfolio. Instead, our investment and maintenance programme will ensure capital is directed to ensure our estate remains operational, efficient, and compliant to best support the delivery of the new Asset Management Strategy and Council Plan.

Gun Wharf

Gun Wharf has been the Council's main headquarters since our formation in 2008, and as a Grade II listed building the fabric of the building has remained unaltered. In November 2023 it was confirmed that reinforced autoclaved aerated concrete (RAAC) had been found in some areas of the roof requiring significant repair works. In February 2024 the Council agreed to add £22million to the capital programme to deliver a programme of essential repairs and improvements and a major refurbishment is now planned to maximise the use of space and support the council to transform service delivery. Alongside this project we will relocate of the Council's CCTV control centre at the former Civic Centre site in Strood which is occupied by the Council's company and provider Kyndi into Gun Wharf in 2025, relocate the Council Chamber from the St Georges Centre, and in the longer term, to relocate Children's Services from Broadside. The works will create shared office spaces for team working and flexible workstations including hot-desking and deliver energy efficiency improvements.

ICT infrastructure renewals

Our Digital, Data and Technology Strategy sets out our vision that 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.

We recognise investment in the right ICT software and hardware and safeguarding our ICT security is paramount to delivering our Council Plan priorities, and our revenue budget includes an annual contribution to a provision to fund the replacements of all end-user

devices on a rolling programme along with funding all the ICT software packages and support requirements of our services.

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. Just over £64million (20%) 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.

Category of Section 106 Contributions	Balance at 31/03/2024 £000	Agreed S106 £000	Projected Balance £000	Current Committed £000	Funds Available £000
Community Facilities	316.7	741.6	1,058.3	0.0	1,058.3
Highways, Footways and Street Furniture	1,427.8	5,197.1	6,763.1	1,237.7	5,525.4
Environmental Services	3.1	231.4	234.4	0.0	234.4

Category of Section 106 Contributions	Balance at 31/03/2024 £000	Agreed S106 £000	Projected Balance £000	Current Committed £000	Funds Available £000
Education / Schools	2,894.5	18,478.8	22,551.2	4,572.1	17,979.1
Early Help, Youth and Inclusion	4.8	96.2	101.0	0.0	101.0
Adult Social Care	5.8	0.0	5.8	0.0	5.8
Strategic Property and Energy	42.5	0.0	42.5	0.0	42.5
S106 Open spaces 1	677.7	1,557.9	2,235.6	301.7	1,933.9
S106 Open spaces 2	1,462.8	3,944.6	5,407.5	106.1	5,301.3
S106 Open spaces 3	0.0	0.0	0.0	0.0	0.0
S106 Great Lines Heritage Park	65.1	28.2	93.4	14.9	78.5
S106 Play Equipment	43.5	0.0	43.5	43.5	0.0
S106 Public Realm	164.9	5.8	170.7	0.0	170.7
Open Spaces, Play Parks and Public Realm	2,949.4	6,633.8	9,744.4	1,576.5	8,168.0
Safer Communities Operations	0.0	404.8	404.8	0.0	404.8
Housing	1,144.5	1,204.2	2,751.9	0.0	2,751.9
Sport, Leisure Tourism & Heritage	257.6	709.7	972.3	243.4	728.9
Total	10,191.3	34,901.6	47,381.7	7,629.6	39,752.1

* 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 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 have published 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. The government made no announcements around this flexibility in the Autumn Statement on 30 October 2024, so at this stage it is not clear whether the flexibility will be in place for 2025/26.

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, which Full Council agreed revisions to in October 2024:

Land acquisition and disposal

- *Acquisition: Unlimited authority for the Chief Executive and Directors to act on all acquisitions for which there is provision within the capital or revenue budget approved by Full Council and which are not contrary to the policy framework.*
- *Disposal: Authority for the Chief Executive and Directors to act – up to £500,000 – on the disposal of assets within their areas of responsibility. Disposals above this value to be agreed by Cabinet, with disposals above £1,000,000 to be reported to the next Council meeting for information.*

The current capital programme assumes the use of £2.488million of capital receipts, with the source of those receipts set out below. A further a further £4.547million of the programme is funded through borrowing in advance of expected future capital receipts.

Source of Capital Receipts	Capital Receipts as at 31 March 2024 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 + £000
MDC Ltd	0	(3,300)	(6,905)	0	0	0
Rochester Riverside*	(4,353)	(6,875)	0	(2,032)	0	0
Other Capital Receipts	1,445	(208)	(40,661)	(1,496)	(4,700)	(1,193)
Total	(2,908)	(10,383)	(47,566)	(3,529)	(4,700)	(1,193)

*these receipts will be used to fund the £5.782million of borrowing taken to fund enabling works.

On 29 October the Cabinet approved the new Property Asset Management Strategy and the results of a property review, and in doing so agreed to declare a series of 49 non-operational properties as surplus and to delegate authority to the Director of Place, in consultation with the Corporate Landlord Board (CLB) to agree the method of disposal for each property and to dispose of the properties in order to obtain the best price reasonably obtainable:

- Land to the South- east of the end of Northdane Way Lordswood.
- Land at 126-150 Chatham Hill.
- Warren Wood Social Club, Rochester.
- Rainham District Shopping Centre.
- Industrial Estate - Railway Street, Gillingham.
- Indoor Bowls Club, Prince Arthur Road, Gillingham.
- Gillingham Business Park.
- Northbank House, Sir Thomas Longley Road, Rochester.
- Ground Floor Shop 23-25 High Street Brompton.
- Britton Farm Shopping Centre, High Street, Gillingham.
- Former Fire Station and Public Toilets Arches, New Cut, Chatham.

- Unit 1 Court Farm Industrial Estate, Cwmbran, Gwent Wales.
- Unit 1 Cherry Trees Court, Hemel Hempstead, Hertfordshire.
- Vantage Point, Holborough Road, Snodland, Kent.
- Eldon Road, Aycliffe Industrial Estate, Newton Aycliffe.
- Saxon Business Park, Bromsgrove, Worcestershire.
- Suffolk Business Park, Bury St Edmunds, Suffolk.
- Unit 5 Deans Industrial Estate, Livingstone, Scotland.
- 19 Lords Fold, Rainford, Merseyside.
- Unit A1 Boothroyds Way, Pontefract, West Yorkshire.
- Viking Park, Whitehill, Bordon, Hampshire.
- Temple Manor, Knight Road, Strood, Rochester.
- Site of 121-129 The Brook, Chatham.
- Capstone Farm, Capstone Road, Farmland adjacent to Capstone Farm Country Park, Chatham.
- Eastcourt & Mariners Fields Farmland adjacent to Riverside Country Park, Gillingham.
- Land and building rear of 70 Maidstone Road, Rochester.
- Stirling Sports Centre, Maidstone Road, Rochester.
- Eastgate Cottage, High Street, Rochester.
- Land at Abbots Court Farm, Bredhurst, Gillingham.
- Gillingham Golf Club, Woodlands Road, Gillingham.

The report estimates the value of the assets agreed for disposal at £34.873million.

At this stage, no decisions have been made as to the use of these receipts and Members will be presented with options in due course, funding expenditure in the existing capital programme currently funded by borrowing, funding the capitalisation direction the Council has secured through the EFS scheme or funding new capital investment plans.

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 below.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Financial risks impacting on the capital programme	<p>Credit risk: the risk that the company delivering the capital scheme becomes insolvent.</p> <p>Liquidity risk: the risk that cash flows could be affected by delays, inflation, interest rates or exchange rates.</p> <p>Fraud, error and corruption.</p>	<p>The Council exercises due diligence in the award of contracts.</p> <p>Mitigated by sound budget monitoring and treasury management.</p> <p>The Council has robust controls in place over procurement, project management and financial management.</p>	CII
Legal and regulatory risk affecting delivery of capital schemes	<p>Capital Schemes must comply with legislation, e.g.: DDA, as well as Council policies, contract procedure rules and financial regulations. There is a risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it inadvisable or even illegal.</p>	<p>Before incurring capital expenditure or making capital investments, the Council will understand the powers under which the investment is made. Changes to relevant legislation and regulation will be kept under review and factored into any capital bidding and monitoring processes.</p>	CII
Capacity constraints to deliver an ambitious capital programme	<p>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</p>	<p>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.</p>	BIII
Capital receipts	<p>A significant proportion of the Capital Programme is funded from capital</p>	<p>Close monitoring of the programmes anticipated to deliver capital receipts,</p>	CIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	receipts; if the Council does not achieve the required receipts, the programme may either need to be curtailed or refinanced.	and careful management of the delivery of those schemes funded from receipts.	
Medway Development Company activity	MDC schemes planned may not generate the revenue income or the capital receipts assumed in the Council's budget.	Skilled and experienced staff within the company and at the Council are focused on the production of high-quality businesses cases, leading to the selection and delivery of schemes that will perform well. Close monitoring of the programme and careful management of the delivery are supported by scrutiny from senior officers and Members.	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 overspends across construction delivery schemes.	Close monitoring of the programme and where possible, value engineering to contain costs within agreed budgets.	All

Risk	Description	Action to avoid or mitigate risk	Risk rating
Availability of external income	Significant elements of the 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 delivery of capital works to meet the needs of 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 B Likely C Unlikely D Rare		I Catastrophic II Major III Moderate IV Minor	