

## **Regeneration, Culture and Environment**

### **Overview and Scrutiny Committee**

**12 June 2025**

### **Attendance of the Portfolio Holder for Business Management**

Portfolio Holder: Councillor Zoe Van Dyke, Portfolio Holder for Business Management

#### Summary

This annual report provides an account of the role of the Portfolio Holder for Business Management. It details their ambitions for their areas of responsibility, how they have and will undertake political challenge and leadership and what their priorities and ambitions are for the year ahead.

#### 1. Recommendations

1.1. The Committee are asked to note the report.

#### 2. Budget and policy framework

2.1. The areas within the terms of reference of the Overview and Scrutiny Committee and covered by the Portfolio Holder for Business Management, as set out in the Council's constitution are:

- Bereavement and Registration Services
- Property

#### 3. Background

3.1. I was extremely pleased to have taken on the Portfolio Holder responsibility for Business Management, a diverse portfolio with a number of complex and vital areas within the Council's remit. This year has been a particularly busy one that has seen officers again rise to the need of balancing the running of important services with a challenging financial situation. I would like to commend the efforts of the teams I come into contact with, for their continued enthusiasm and dedication for both their work, and for the residents of Medway.

- 3.2. It is clear that staff understand the financial situation that the Council currently faces but also the importance of delivering high quality statutory services, whilst seeking positive outcomes for residents of Medway.
- 3.3. Our Property Teams are responsible for the majority of all the Council's buildings, ensuring that they are safe, well maintained, and where appropriate, generating revenue.
- 3.4. We currently have circa 65 schemes at various stages, around 20 projects in contract within Facilities Management & Capital Projects, and circa 45 within our forward plan that will be developed through the year totalling approximately £60million (Subject to approvals) of works on the Management Information Report (MIR). Some of our key projects during 2024-2025 have included:
  - 3.4.1. Cozenton Park, which was completed in 2024 and opened to the public on 17 July. The Scheme was delivered on time and under the planned budget which has allowed us to progress some small scale improvement works to our other leisure centres.
  - 3.4.2. Continued work on our Maintenance and Condition works on our Medway Schools replacement heating and boiler systems. Our continued aim is to be proactive rather than reactive, but still ensuring any urgent arising work is dealt with quickly and effectively. This goes hand in hand with FRA (Fire Risk Assessment) works, Asbestos, legionella, and other statutory compliance requirements.
  - 3.4.3. The team have successfully completed Works to the Hundred of Hoo Secondary School, increasing their dining and changing space in order for the school to increase its role.
  - 3.4.4. They have also completed the large extension to St Nicholas Primary School again meaning the school have been able to increase their numbers in an area of Strood where space is a premium.
  - 3.4.5. Luton Infants Nursery build has been signed off for funding, successfully tendered and the physical work on the project is now underway.
  - 3.4.6. The Brook theatre MHCLG bid money has now been received, and following successful tender, works commenced on site on the 06 May 2025 with Thomas Sinden Ltd in accordance with Listed building requirements. Hoarding will be going up externally in June.
  - 3.4.7. Planning permission has been achieved for the Aut Even Children's home refurbishment, with build tenders due out imminently for an expected start on site date early Summer.
- 3.5. Gun Wharf continues to operate in a reduced capacity with officers and HMCTS Medway Family Courts working in RAAC Safe Areas on Levels 1, 2 and 3. Works to determine the life span of the RAAC panels were completed recently by Professor Chris Goodier (RAAC Construction Lead Adviser to

Central Government) and Loughborough University and Medway Council eagerly await the results, as this will enable the Institute of Structural Engineers (IStructE) to re-write RAAC guidance for the industry.

- 3.6. The Gun Wharf Improvement Programme Board continue to work with the selected architects to produce RIBA concept designs of the future office space within Gun Wharf. Along with the concept designs and the predicted works to remedy the RAAC panels, Gun Wharf will continue to be the holistic home for Medway Council (and the LGR succession) for many years to come.
- 3.7. Pentagon Centre work is progressing at pace to deliver the James Williams Healthy Living Centre (HLC) which is on track for a hand over to the NHS in the Autumn of this year. Asset management initiatives continue to improve the tenant mix and secure long term occupiers including the replacement for the vacant ground floor Matalan unit. In the meanwhile, the Centre's management team proactively use the vacant space for community and local group projects and work is underway to reduce water ingress into the centre. The public toilets were relocated to the first floor to allow for the Mountbatten House redevelopment and plans are being developed to provide additional disabled/parent toilets on the ground floor.
- 3.8. Ascend Coworking (Innovation Hub) at the Pentagon Shopping Centre was completed in 2024 and initial feedback on the facility and its offering has been very positive.
- 3.9. Retail is a challenging marketplace but with the first floor becoming fully occupied in the next financial year, revenues throughout the centre are expected to improve and non-recoverable costs reduce.
- 3.10. Discussions continue with the NHS regarding their requirement for an Elective Care Centre within the Debenhams building with affordable residential above. This is supported by the Leader and Cabinet with further meetings planned. Alternative occupiers have expressed their interest if the NHS discussions do not progress.
- 3.11. The Chartered Institute of Public Finance (CIPFA) in its report dated January 2024, amongst other things recommended that the Council should carry out a property review to identify surplus non-operational property assets, which can be disposed of to reduce debt, and that the Council should also identify other property assets, including operational properties, which are attractive to the market and where their sale could contribute to Medway's longer-term financial sustainability. The aim of the review is to generate at least £20M from capital receipts over the next 5 years.
- 3.12. The Council's property portfolio has a book value of over £521M and includes in excess of 1000 property assets, not including Housing Revenue Account (HRA) properties, which are occupied by secure residential tenants and lessees. The HRA is "ringfenced" and sits outside of the general fund property portfolio and does not form part of the property review.

- 3.13. As recommended by CIPFA, the first phase of the Property Review, focussed on non-operational and let properties and Cabinet at its meeting on 24 October 2024, agreed that thirty-one non-operational properties worth an estimated £34.273M were declared surplus (ten of these are located outside Medway). These are mainly income producing properties, which produce a return of less than 7.9% pa, which is the Council's current cost of debt, so as a result, if the Council disposes of the properties and uses the receipts to pay off debt, it will be better off than retaining these properties. The sale of some of these properties, will result in a reduction in rental income of £1.589M pa, however, this will be more than compensated for by the saving in debt interest of £2.707M pa once the capital receipts from the disposals are used to repay debt. (Net gain of £1.118M pa.) See Appendix 1 for a list of the Properties.
- 3.14. The review of the Operational Property Portfolio has now been completed, and it was considered by Cabinet on 11 March 2025. This portfolio includes seventy-two car-parks and 792 other operational property assets. The properties which Cabinet agreed to declare surplus or consultation concerning their future are set out in Appendix 2.
- 3.15 It is considered that the following savings and receipts can be obtained by disposing of all of the properties which are listed in appendix 2.

<b>Type of saving</b>	<b>Amount of saving</b>
Revenue savings	£188,025pa
Total future Capital cost saving	£4,657,499
<b>Capital receipts</b>	£3,126,300

- 3.16 In summary, just over £34.273M worth of non-operational properties were declared surplus at Cabinet on 24 October 2024 and just over £3.1M worth of operational properties were declared surplus at Cabinet on 11 March 2025. The sale of these properties is delegated to the Director of Place in consultation with the Council's Corporate Landlord Board (CLB.)
- 3.17 The property team has recruited 1.5 FTE additional staff to deal with the disposals programme and has appointed:
- Barnard Marcus Auctioneers to dispose of properties by auction for the Council.
  - Hartnell Taylor Cook (HTC) to deal with the sale of high value properties with national appeal by private treaty.

- Planning consultants to prepare pre-sale planning briefs, which will help to maximise value for disposals.
- A local agent to dispose of properties with local appeal by private treaty.

3.18 We are aiming to exceed the £20M target, by achieving the capital receipts set out below:

Financial year	Aspirational target	Comments/Risks
2025/26	£26.0 M	Whilst we are confident that we can achieve the target of £20M, the ability to achieve these larger amounts will depend on retaining staff, the economy and the interest from existing tenants and other buyers.
2026/27	£8.8 M	
2027/28 and beyond	£2 M	
<b>Total</b>	<b>£36.8 M</b>	

- 3.19 Elsewhere within my portfolio, it was a continued busy time for registrations with 4456 birth registrations in 2023/2024 with 98% being registered within the target 42 days of birth (a 1% improvement against previous year). Priority of service provision has always been given to the registration of deaths for reasons of public health.
- 3.20 In 2023/2024 2841 deaths were registered with 98.9% of informants being offered an appointment within the target 2 working days of notification. This is compared to 2809 death registrations in 2022/2023.
- 3.21 805 marriages were registered in the 2023/2024 against 832 registered in 2022/2023. This slight decrease in overall numbers together with an increase of the percentage of these ceremonies being small and inexpensive may indicate that the cost of living is affecting the sector.
- 3.22 2352 Notices of Marriage were taken in 2023/2024 against 2680 in the previous year (a reduction of a potential 164 ceremonies). Reassurance could be taken from the small actual reduction of 27 ceremonies against the potential loss of 164. Medway is maintaining a healthy market share in this area.
- 3.23 Medway Register Office facilitated the granting of British Citizenship to 340 foreign nationals in 2023/2024. The majority of these were at the large monthly ceremonies taking place at the Queens Hall in the Corn Exchange Rochester. These larger ceremonies give an opportunity for the Mayor and Deputy Lieutenant of Kent to engage with new citizens. 52 citizens chose to have smaller private ceremonies for an additional fee.

- 3.24 In June 2024 Medway submitted its annual performance report to the Registrar General's Office (the General Register Office) and received the following assessment.

“GRO would like to take the opportunity to acknowledge and thank Medway Registration Service for the hard work undertaken during the year. Local registration has faced another extremely challenging period, particularly regarding the increasing financial pressures on wider Local Authorities .”

The increase in Birth KPT is welcomed along with the continued development of the Registration Service to meet the ever changing demands and landscapes. We understand the impact that external factors have had on the timeliness of death registrations, most notably the significant increase in uncertified deaths and localised delays in MCCDs being signed within a satisfactory timescale. The Compliance and Performance Unit will continue to support you throughout the coming year to focus on achieving key performance targets.

This current reporting year will see a range of Civil Registration transformation activities. The implementation of the statutory Medical Examiner (ME) scheme will be implemented in September, which will bring changes to the responsibilities of registration officers and ensure that all MCCDs are subject to ME scrutiny. Alongside this, development of the Digital Registration Service continues, and the next phases will include an expansion of death types available to the system, a rollout to more Local Authorities and the development of bilingual functionalities.”

#### 4. Providing political leadership and challenge

- 4.1. I meet regularly with the Assistant Directors and Heads of Service to discuss progress against service and council plan objectives.
- 4.2. I have worked closely with teams to ensure that key long term projects such as the Gun Wharf improvement project and the Operational Property Disposals review are meeting expectations. I have undertaken visits with teams, as well as attending meetings with council officers and other key stakeholders as part of my support for progressing for these complex projects.
- 4.3. I am regularly updated in advance of agenda items going to the Corporate Landlord Board to ensure I have suitable oversight and the opportunity to comment.
- 4.4. I have been actively involved in RCE budgetary review meetings and mid-term financial planning prioritisation, looking at future needs for the vital work carried out, in conjunction with the existing and future financial funds available.

## 5. Support for key service areas

- 5.1 There is a continued inflationary pressure on projects due to events outside of the Council's control. We continue to work to mitigate impacts that are identified and recorded on our risk registers and reviewed regularly.

## 6. Conclusion

- 6.1. I am proud to work with such hardworking officers who provide an essential role in helping ensure Medway is a great place to live, to work and to visit. I look forward to continuing to engage and work with them and others to further progress such important aspects of the Council's work.

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### Appendices

Appendix 1: List of non-operational properties which were declared surplus by Cabinet on 24 October 2024

Appendix 2: List of operational properties which were declared surplus by Cabinet on 11 March 2025

### Background papers

None