

Cabinet Sub-Committee (Medway Development Company Ltd Shareholder Board)

24 November 2025

Business Plan Progress Update

Portfolio Holder: Louwella Prenter, Portfolio Holder for Housing and Homelessness

Report from / author: Sunny Ee, Assistant Director, Regeneration

Summary

This covering report provides an overview of the progress made in respect of the following matters:

- Business Plan Progress and KPI's
- Financial monitoring
- Risk register

1. Recommendations

- 1.1 The Cabinet Sub-committee is asked to note the updates provided and to agree the recommendations outlined in exempt Appendix 2.

2. Suggested reasons for decision

- 2.1 In order for the company to fulfil its purpose, the Shareholder should monitor progress of its objectives against the Business Plan.

3. Budget and policy framework

- 3.1 The MDC Business Plan was approved on 24 June 2025 by the Cabinet Sub-Committee as the sole shareholder of MDC and its subsidiaries. Cabinet has delegated powers and responsibilities to this Cabinet sub-committee to oversee the company.

4. Background

- 4.1 The Business Plan presents a medium-term proposal up to 2035 and sets out how MDC will deliver its objectives during this period.

5. Business Plan Progress and KPI's

- 5.1 At the last update, the company submitted its Homes England "Investment Partner" bid in respect of bringing forwards Shared Ownership within its new subsidiary, MDC (New Homes).

This process has progressed to the Information Management System (IMS) submission stage and a formal application has now been submitted.

- 5.2 The grant funded enabling works at the Strood Civic site are progressing forwards. £1.7m grant was secured through the Brownfield Land Release Fund and these will see the formation of a new entrance via the A2.

A further £6.8m has been secured through the Brownfield Infrastructure Land programme and will fund further enabling works of the site to prepare it for the main construction phase.

- 5.3 The grant funded enabling works at Mountbatten House are also nearing completion and the main works to deliver 164 homes is underway.
- 5.4 The company also successfully levered in grant of £471,625 for enabling works at the Upper Mount car park site. These works have commenced on site and a planning application for 21 homes has been submitted.
- 5.5 To ensure that the Cabinet Sub-committee can oversee progress against the Business Plan a schedule of KPI's was approved to monitor the key activities of the company. The Cabinet Sub-committee is requested to note the KPI's update which is provided as exempt Appendix 1.
- 5.6 The company has brought forwards the appointment of a site manager who is permanently based on site. This is to undertake periodic site checks, but also maintenance to ensure that the sites are well maintained.
- 5.7 Following the previous update, the company has also been engaging with Adult Education team to bring forward an employment training project. The company has been working with its supply chain and a programme that will target 100 placements in one year is starting in January. The company will keep the Board updated on progress.

6. Financial Monitoring

- 6.1 The exempt Appendix 2 represents an overview of the forecast position provided by the company and presents it as budgets against actuals. The updates separate the activities of the company into property development and revenue generating through private rented, shared ownership and commercial rent activities.
- 6.2 Within this period revenue generated from the Chatham Waterfront continues to increase as the portfolio becomes fully occupied. The take up of private rented homes has been popular and the focus is on providing high quality homes that are well maintained.
- 6.3 The small PRS element at Garrison Point continues to generate a steady revenue stream.
- 6.4 The financial overview provides minor variations against the Business Plan forecasts, that are not significant, and the Board should note the comments outlined in the report.

7. Risk Register

- 7.1 The Cabinet Sub-committee must be regularly updated regarding the risks affecting the company and its activity and the action being undertaken to manage those risks. This report therefore includes an update to the strategic risk registers for MDC Ltd and its subsidiaries. The risk registers are attached within exempt Appendix 3.
- 7.2 The Cabinet Sub-committee is asked to note two risks:
- Risk 1, Market Fluctuations – The private sale market continues to be subdued and therefore the decision to bring forwards private rented has enabled this risk to be managed. Having an affordable product to help buyers purchase their homes is expected to be attractive and the company has now submitted its bid to deliver Shared Ownership.
 - Risk 11, Availability of mortgage markets – interest rate reductions have been slower than expected. It is anticipated that the private sale market will become more buoyant but significant interest rate reductions have not yet materialised. The company will continue to monitor this risk, which will impact future schemes, in particular Strood Civic.

8. Financial implications

- 8.1 The borrowing incurred to date is from the £120 million agreed by Cabinet and Council, required to fund the company's programme.
- 8.2 The company continues to pursue grant opportunities in collaboration with officers to increase the financial investment into Medway.

9. Legal implications

- 9.1 The Cabinet Sub-committee has approved the Business Plan and continues to lever in legal advice and support in relation to its ongoing operations.

10. Conclusions

- 10.1 The company continues to make good progress against the key objectives of the Business Plan.

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Appendices

Exempt Appendix 1 – KPI's update
Exempt Appendix 2 – Financial Overview
Exempt Appendix 3 – Risk Registers

Background papers

None