

Cabinet

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Authority Monitoring Report and Infrastructure Funding Statement

Portfolio Holder: Councillor Simon Curry, Portfolio Holder for Climate Change and Strategic Regeneration

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Summary

This report concerns monitoring information prepared by the Planning Service to meet statutory requirements for publishing data on development and infrastructure. It presents the annual Authority Monitoring Report, which provides an assessment of development trends and wider social, economic and environmental indicators, together with progress on the preparation of the new Medway Local Plan. A key monitoring measure is the annual level of housebuilding, which this year 2024/25 fell from the highs of the last few years to 634, a fall which is consistent elsewhere both regionally and nationally.

The report also presents the Infrastructure Funding Statement, which sets out details of funding agreed, received and spent through developer contributions, and proposed spend on infrastructure.

1. Recommendations

- 1.1. The Cabinet is requested to approve publication of the Authority Monitoring Report 2024/25, as set out at Appendix 1 to the report.
- 1.2. The Cabinet is requested to approve publication of the Infrastructure Funding Statement 2024/25, as set out at Appendix 2 to the report.

2. Suggested reasons for decision(s)

- 2.1. To comply with the duty to compile and publish a planning monitoring report.
- 2.2. To satisfy the requirement to annually publish an Infrastructure Funding Statement.

3. Budget and policy framework

- 3.1. The Medway Local Plan forms the main part of the statutory development plan for the area and is part of the Council's Policy Framework. The Planning and Compulsory Purchase Act, 2004 and The Town and Country Planning (Local Planning) (England) Regulations 2012 requires local planning authorities to publish Authority Monitoring Reports setting out development data and wider social, economic and environmental indicators, and to report progress on plan making as set out in the Local Development Scheme. There is also a requirement to report on Neighbourhood Development Orders/Plans and details of what co-operation has taken place with other planning authorities, county councils or a body/person prescribed under Section 33A of the Act.
- 3.2. The Monitoring Report complies with the Policy Framework. Approval of publication of the Monitoring Report is a matter for Cabinet. It has no budget implications. The report is produced to meet statutory requirements for the local planning authority to publish information about development in the area and the implementation of the Local Plan.
- 3.3. The Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 require the Council to prepare an Infrastructure Funding Statement. The Council collects developer contributions in line with planning legislation and the Medway Local Plan, 2003 and the supplementary planning document, Medway Guide to Developer Contributions and Obligations, 2018.

4. Background

Authority Monitoring Report

- 4.1. The Planning Service has been compiling and publishing annual Monitoring Reports for the last 20 years, following the statutory requirement introduced in the Planning and Compulsory Purchase Act, 2004. The Council has adhered to a timetable for the publication of the Authority Monitoring Report on an annual basis each December. This provides a basis for comparison with previous years.
- 4.2. The report brings together substantial information about the area for the period 1 April 2024 to 31 March 2025. This includes statistics and indicators on Medway's development trends, and social, economic and environmental aspects of the local area. It is a valuable reference source for many services, external organisations and potential investors, and is of particular interest to the planning and development sector. The report is based around a large collection of data, focusing on the progress made against a number of planning policy themes. These reflect the planned policy coverage in the new Local Plan.
- 4.3. The Authority Monitoring Report also provides an update on the progress of the preparation of the new Medway Local Plan with reference to the Local Development Scheme, which sets out the programme for plan preparation and review.

Infrastructure Funding Statement

- 4.4. The timely and effective delivery of infrastructure and enhanced services is critical to sustainable growth. This is recognised in planning legislation and developers are required to address the resulting impacts of housing and commercial schemes on local services and infrastructure. The criteria for the use of developer contributions associated with new development are defined in planning policy. All S106 agreements should satisfy the following tests:
- it must be necessary to make the proposed development acceptable in planning terms,
 - it is directly related to the proposed development,
 - it is fairly and reasonably related in scale and kind to the proposed development.
- 4.5. Local planning authorities should set out their policy on local standards, including infrastructure contributions and requirements for affordable housing in the Local Plan. Medway Council uses S106 agreements to secure contributions to infrastructure and services, in line with the requirements of the Medway Guide to Developer Contributions and Obligations, 2018. The Council collects contributions to a range of services, including Education, Affordable Housing, Waste, Greenspaces, Leisure and Transport. It also collects contributions for the NHS Kent & Medway Integrated Care Board that it allocates to primary care health services.
- 4.6. The Government requires Councils to report on developer contributions in a consistent and transparent manner, through the publication of an Infrastructure Funding Statement (IFS). All local authorities that receive developer contributions whether through S106, Community Infrastructure Levy or other contribution must prepare an IFS. The Council is required to publish the IFS reports annually, setting out:
- A report relating to the previous financial year (2024-2025) on section 106 planning obligations.
 - A report on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the contributions.
- 4.7. This involves publishing:
- details of all S106 contributions received;
 - details of all S106 expenditure; and proposals for future infrastructure provision to be funded by S106 contributions.
5. Options
- 5.1. There is a statutory requirement to publish up-to-date information that the Council has collected for development monitoring purposes, and to report on progress against the Local Development Scheme. It is considered that the publication of the Authority Monitoring Report on an annual basis is an appropriate means of meeting this requirement.

5.2. The Council is required to publish an Infrastructure Funding Statement reporting on S106 contributions annually. Government has specified the data standard for the publication of the information. There are limited options on the publication and content of the IFS. The IFS indicates future spending priorities to deliver sustainable growth in Medway.

6. Advice and analysis

6.1. The Authority Monitoring Report (AMR) consists of two volumes:

- Volume 1 provides an overview of key population and development trends, social, economic and environmental indicators, a commentary on progress with the preparation of the new Medway Local Plan, details of duty to co-operate meetings and updates on Neighbourhood Plans.
- Volume 2 comprises detailed data tables that are summarised in Volume 1. It also includes the Medway Local Aggregate Assessment, which assesses the supply of mineral aggregates from land won and imported sources in Medway in 2024 – the Local Aggregates Assessment will be added once it has been approved by the South East England Aggregates Working Party (SEEAWP).

6.2. A key measure reported in the AMR is the annual rate of housebuilding in Medway. In 2024/25 this number decreased from the highs of the previous few years to 634, falling short of the defined level of local housing needs for 1,636 homes a year following the standard method set by government. This slower rate of delivery appears to be consistent elsewhere both regionally and nationally. The majority of new homes (79%) were built on previously developed land. Following a dip in 2023/24 Medway house prices increased to an average of £293,838 - not quite to the levels seen in 2022/23 (£297,382) but still an overall rise of around 14% over the past 5 years. At just under 8.5 times the average annual salary, house prices in Medway are still comparatively more affordable than in Kent and the South East, but less affordable than the England average (7.71 times the annual salary).

6.3. In 2024, the population of Medway reached 292,655, an increase of 4,652 on the 2023 figure. Medway has had a downward growth trend between 2012 and 2018, with fluctuations between 2018 and 2022, then more significant increases more recently, particularly in 2023 and 2024. Significant migration inflows - both from within the UK (internal) but particularly internationally - in recent years, has led to more significant growth since 2022.

6.4. The majority net loss in office floorspace this year 2024/25 (8,000sq.m) was due to works commencing on former offices at Mountbatten House, Chatham to convert to 164 flats. There was a gain of 1,512sq.m office floorspace on the 1st floor of the Pentagon Shopping Centre with the completion of the Ascend Innovation Hub. A large loss in B2 floorspace (2,376sq.m) at BAE Systems, Rochester took place this year as buildings were demolished to make way for new employment floorspace (which will provide 43,370sq.m). A large gain in B8 floorspace was seen with the completion of a new production and

warehouse facility at CPI Books in Lordswood. Overall the anticipated net gain of employment land uses (B1/B2/B8/Mixed B) over the next 15 years stands at nearly 815,000sq.m. In 2024, liquid bulk was the largest cargo type handled by Medway Ports at 3,684,000 tonnes, although this level has fallen from previous years, similarly across the UK, following shifts in energy markets and changes in trade patterns since the exit from the EU. Medway Ports, which includes Chatham Docks and Sheerness, has been ranked as a leading facility in the UK for handling forestry products since 2014 and handles the highest tonnage of forestry products processed in the UK (nearly 910,000 tonnes in 2024).

- 6.5. Apart from café/restaurants and hot food take aways, there were net losses of retail floorspace in the town centres. Many of the losses were swapping to other town centre uses and 4 sites were lost to residential use, providing 10 flats. A major loss of retail floorspace (9,773sq.m) in Chatham Town Centre took place with the demolition of the former Go Outdoors and Market Hall buildings – at the time of preparing this report a decision is still awaited on a proposed development of 319 apartments with shared communal facilities and flexible working space.
- 6.6. In 2025 the employment rate in Medway increased to 80.5% from 78.8% in the previous year. The employment rate in Medway stands at a five year high in 2025, following a slight dip in 2024. The Medway employment rate in 2025 stands above the national, regional and Kent level. Medway's most significant industry sectors for employment are health, education, business administration then retail, with these sectors accounting for proportionally more employment than nationally. As smaller sectors, locally the construction industry and transport & storage also employ significantly more proportionally than nationally. The Job Seekers Allowance and Universal Credit claimant rate stood at 4.2% in April 2025. This is just above the national rate but is significantly higher than the rate for Kent and the South East.
- 6.7. The wider effects of the Covid pandemic previously reflected in a number of measures including transport usage, education attainment and increases in childhood obesity are recovering, although not yet to pre-Covid levels in some areas.
- 6.8. Volume 1 of the AMR, which includes an executive summary of the key measures and statistics contained within it, is set out at Appendix 1.

Infrastructure Funding Statement

- 6.9. The total amount of money received from planning obligations during the reported year was £4,971,854.48. The total funding agreed to be provided under any planning obligations which were entered into during the reported year was £7,389,786.85. The total amount of money from planning obligations spent during the reported year was £2,658,349.76. The total amount of S106 contributions retained for delivering infrastructure projects at the end of the reported year was £21,739,839.14.

- 6.10. S106 funding was used to develop a range of services in Medway to address the impacts of growth. These included investment in schools, open spaces, town centre and public realm improvements, community facilities, health facilities, river wall maintenance, environmental projects, additional bus services, and waste education and management. A full breakdown of contributions spent in 2024/25 is set out in the Infrastructure Funding Statement at Appendix 2 to this report. 119 affordable homes were agreed under planning obligations entered into in 2024/25. 355 dwellings were handed over to Registered Providers in the past year with 204 of these forming part of S106 obligations directly, with the remainder delivered via other means.
- 6.11. It is important to note that data on developer contributions is not definitive. The report represents estimates at a given point in time, and can be subject to change, for example, development may not come forward as originally planned, or agreements may be revised. The figures in the IFS represent the most robust data currently available.
- 6.12. As anticipated, there has been an increase in funding receipts in 2024/25. It is anticipated that there will be an increase next year as well. S106 funding is collected at the agreed trigger points in a development's delivery and that delivery is dependent on factors beyond the Council's control.
- 6.13. The purpose of the IFS is as a reporting tool, to improve the transparency of information about developer contributions to enhancing services and infrastructure. It is not a policy document. However, there are clear links to the Council's wider work on infrastructure planning and ensuring that the policy basis for collecting developer contributions is effective and up to date. The statement outlines areas for future infrastructure investment.
- 6.14. The preparation of the Medway Local Plan includes a Sustainability Appraisal and a Diversity Impact Assessment. The information collated in the Authority Monitoring Report provides context to the preparation of the Local Plan. The annual report will have an ongoing function in considering how the Council's objectives to strengthen the economy, improve quality of life and opportunities and to enhance the natural and built environment are being met.

7. Risk management

- 7.1. As the Authority Monitoring Report is a factual account of development, social, economic and environmental data, there are no specific risks associated with its production.
- 7.2. There is much concern from residents and Members about pressures on services and infrastructure resulting from development. The IFS is intended to provide clarity on how developer contributions have been and will be used to increase the capacity of services and infrastructure. The statement includes details of the total amount of money agreed within S106 agreements in the reported year and the amount available to be spent from previous years.

- 7.3. It is important to clearly understand the funding agreed in S106 agreements is subject to review and may not come forward as currently anticipated. The projected funding is dependent on development coming forward in line with the original planning consent associated with the S106 agreement. It is common for some development schemes to progress slowly to delivery, and particularly for large schemes to be reviewed during different development phases. S106 agreements can be re-negotiated, for example where the development proposal changes, or viability issues prevent the scheme coming forward. There was a decrease in S106 collected during 2023/24 but it has gone up again in 2024/25. There are wider economic factors that can influence the pace of development and this will directly impact the amount of S106 contributions that can be collected. The Council continues to work with developers to ensure they meet their S106 obligations.
- 7.4. S106 agreements obligate the Council to spend the collected contributions as per the specific wording of each contribution and within specified timescales set, usually within 5 years of receipt, as set out in each agreement. If these obligations are not met, the developer could request a return of funds with added interest. The Planning Service work with the Council's services and the NHS Kent and Medway ICB, who they collect contributions for, to ensure timely spend of the funds.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Projected developer contributions are reduced on viability grounds.	Reduced funding to deliver sustainable growth, increasing pressures on services.	A Viability Assessment provides evidence on the local plan policies and proposed allocations.	CII
Projected developer contributions are collected more slowly due to a slowdown in the housing market.	Reduced funding in the short to medium term to deliver sustainable growth, increasing pressure on services.	Continued monitoring of development activity and working with developers to ensure contributions are collected as they become due.	CIII
Services and infrastructure are not upgraded to meet needs arising from growth.	Increasing pressure on services resulting from unsustainable growth.	Corporate and service level governance and project planning support timely investment in improved services.	CII

Risk	Description	Action to avoid or mitigate risk	Risk rating
Developers challenge S106 requests.	Reduced funding to deliver sustainable growth, increasing pressures on services.	Robust evidence base through IDP and updated policy in Local Plan.	CII
Developer contributions are insufficient to deliver major service improvements.	Delay in services being upgraded to support sustainable growth.	Service planning for key services, ie schools, seeks to secure and coordinate funding sources.	CII
Developer contributions are not spent within specified timescales or as per the requirements of the agreement	Collected funds are reclaimed by developers with interest added at the Council's expense and improvements to services not delivered	Collaborative working between the Planning Service and the services and ICB who contributions are collected for by monitoring spend deadlines and appropriate use of funds in line with agreement specifications.	DII

For risk rating, please refer to the following table:

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

8. Consultation

- 8.1. As the Authority Monitoring Report and Infrastructure Funding Statement are factual reports, there is no requirement to consult. The documents are web published to inform the public and users of the planning system, and to meet statutory requirements.

9. Climate change implications

- 9.1. As factual reports on monitoring indicators, there are no direct climate change implications. However, the AMR provides information on a number of measures that show progress in addressing climate change. This includes the energy efficiency ratings of new homes, use of different transport modes, the number of renewable electricity installations and the number of Ultra Low Emission Vehicles (ULEVs) licensed in Medway.

- 9.2. 78% of new dwellings in Medway have been constructed to a 'B' energy efficiency rating and 2.6% to an 'A' rating, and the majority of renewable energy installations have been solar, with 1,422 new installations over the past 5 years (these include domestic installations).
- 9.3. There has continued to be an increase in ULEVs licenced in Medway over the past five years at a rate broadly consistent with Kent and slightly more than regionally and nationally. ULEVs as a proportion of total vehicles registered has increased by 347% since 2020/21 to 3.31% of all vehicles licenced in Medway.
- 9.4. Active travel revenue funding has been used to support the Local Cycling and Walking Infrastructure Plan adopted in March 2025, cycle counter upgrades, school travel planning, active travel to school initiatives/resources and public health campaigns.
- 9.5. The IFS provides a factual report on developer contributions. However, it is noted that the contributions to services align with corporate strategies and there are a number of projects that make positive contributions to addressing and mitigating climate change. These include nature conservation projects, promotion of recycling services and sustainable transport projects.

10. Financial implications

- 10.1. There are no financial implications arising in relation to the Authority Monitoring Report.
- 10.2. The report provides information in the IFS on the value of financial contributions received by Council from developer contributions towards improvement of services to mitigate the impact of development. It also reports on the sums agreed in S106 agreements within the reported year. These represent important income streams for upgrading services in response to development in the local area. The IFS has been produced using the resources of the Planning Service.

11. Legal implications

- 11.1. The Authority Monitoring Report fulfils the requirements set out in the Planning and Compulsory Purchase Act 2004, Localism Act 2011 and the Town and Country (Local Planning) (England) Regulations 2012. There are no legal implications arising from this report.
- 11.2. The Council collects developer contributions through S106 agreements, in accordance with the Town and Country Planning Act, 1990, and the Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019. The collection of developer contributions through S106 agreements is subject to legally defined criteria. The Council collects contributions in line with the Medway Guide to Developer Contributions and Obligations, 2018. This is

an adopted Supplementary Planning Document, which is a material consideration in determining planning applications.

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Appendices

Appendix 1: Medway Authority Monitoring Report 2024/25 Volume 1

Appendix 2: Medway Infrastructure Funding Statement, 2024/25

Background papers

None