

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

3 March 2026

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 to 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 its objectives against the Business Plan.

3. Budget and policy framework

- 3.1. The MDC Business Plan was approved on 24th 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, it was confirmed that MDC was bringing forwards Shared Ownership at Mountbatten House within its new subsidiary, MDC (New Homes).

Following a meeting with Homes England it has been agreed that the application will fall within the new Affordable Homes Programme, and MDC will therefore implement its submission as the new funding round opens which is due to launch shortly.

- 5.2 The grant funded enabling works at the Strood Civic site are nearing completion which has been funded using £1.7m grant secured through the Brownfield Land Release Fund and this will see the formation of a new entrance via the A2.

A further £6.8m has been secured and the Grant Funding Agreement is now agreed and is expected to be signed soon. This grant was also 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 In respect of Mountbatten House, a further grant was also obtained through the Brownfield Infrastructure Land programme which are also nearing completion and the main works to deliver 164 homes is underway. This project remains on programme to complete by January 2027 and will bring substantial improvements in Chatham by delivering a residential use of a building that has stood empty for many years.

- 5.4 The company also successfully levered in a grant of £471,625 for enabling works at the Upper Mount car park site. These works are now complete 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 made excellent progress in respect of its training programme which launched at the beginning of the year. Since its launch the company has been working in partnership with the Adult Education team and Job Centre Plus to bring forward an employment training project and within 6 weeks, we have trained 18 young people to help them start a career in construction with 77 training days achieved.

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 Update separates 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 Private Rented Sector (PRS) portfolio continues to grow as the portfolio becomes fully occupied. The take up of private rented homes continues to see steady demand and our focus is to maintain high quality standards in respect of homes delivered but also the surrounding public realms.

- 6.3 The small PRS element at Garrison Point is also fully occupied and is a popular scheme in respect of demand.

- 6.4 The financial overview provides minor variations against the Business Plan forecasts, that are not significant, and the Board is asked to 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 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 three risks:

- Risk 1 (previously reported), Market Fluctuations – The private sale market continues to be subdued but we have seen a recent interest rate reduction which is positive news. A further reduction is anticipated, and this is expected to increase private sales activity. The company has managed this risk by switching to PRS and pursuing Shared Ownership, but we are hopeful that the private sales market will improve as we progress through the year.
- Risk 14, Resource Capacity - As we progress Mountbatten House and Strood Civic, we will need to increase our sales and marketing staff resource and therefore the company will undertake a recruitment process to manage this risk effectively.

8. Financial implications

8.1. The company continues to pursue grant opportunities to increase the financial investment into Medway.

8.2. The borrowing incurred to date is from the £120 million agreed by Cabinet and Council, required to fund the company's programme.

9. Legal implications

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

10. Conclusions

10.1. The company continues to make good progress against the Business Plan.

Lead officer contact

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Appendices

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

Background papers

None