

## **Cabinet**

**5 May 2026**

### **Gateway 1 Procurement Commencement: Innovation Park Medway North**

Portfolio Holder: Councillor Simon Curry, Portfolio Holder for Climate  
Change & Strategic Regeneration  
Councillor Harinder Mahil, Portfolio Holder for Economic &  
Social Regeneration & Inward Investment

Report from: Sunny Ee, Assistant Director - Regeneration

Author: Tay Arnold, Regeneration Programme Manager

#### Procurement Overview

Total Contract Value (estimated): £120,000,000

Regulated Procurement: No

Proposed Contract Term: 7 years

#### Summary

This report seeks permission to commence the procurement of a Development Partner and their estimated investment of £120,000,000 for Innovation Park Medway North (IPM N), and agreement to the proposed Head of Terms that will form part of the tender pack and form the basis of the future contract with the development partner.

#### 1. Recommendations

##### 1.1. The Cabinet is asked to:

1.1.1. agree the procurement of a development partner for Innovation Park Medway North as per the preferred option identified in paragraph 8.4;

1.1.2. agree the draft Heads of Terms within the Exempt Appendix 4 to the report and agree to delegate authority to the Director of Place in consultation with the Portfolio Holder for Climate Change and Strategic Regeneration and the Portfolio Holder for Economic and Social Regeneration and Inward Investment to finalise and make any necessary amendments to the Development Agreement.

## 2. Suggested reasons for decisions

2.1. This exercise will be procured under the Procurement Act 2023 (PA23) which offers a choice of two procedures:

2.1.1. The open procedure: a single stage tender procedure whereby any interested party can submit a tender and the Council would decide, on the basis of the published award criteria, to whom to award the contract. It is not possible under this procedure to shortlist / limit the number of suppliers who would receive the tender documents. This process maximises the number of suppliers that tender but is used for more straightforward purchases.

2.1.2. Weaknesses of open procedure:

- (a) single stage approach means that bidders must prepare tenders without knowledge of the number of other bids/bidders, this can mean that bidders are unlikely to invest time and resource into the bid as the prospect of success is unknown resulting in no or poor quality bids;
- (b) the specification issued with the tender pack at the commencement of the process must be sufficiently clear and simple from the outset to allow bids to be submitted on a comparable basis. For major regeneration projects such as this Project, this is exceedingly difficult/impossible to achieve; and
- (c) there is extremely limited opportunity for dialogue with bidders during the tender process, there is no opportunity for the Council to help shape proposals to ensure it receives tenders which best meet its needs.

2.1.3. The competitive flexible procedure can be a multi-staged process and does allow for a shortlisting stage (pre-qualification/pre-selection) to limit the number of suppliers receiving a tender. The procedure can be adapted to the Council's requirements so long as it complies with the basic requirements of the Procurement Act 2023. The Cabinet Office Guidance suggests that this procedure is most appropriate for more complex requirements. We consider that the Project falls within the definition of a complex requirement.

2.1.4. Advantages of the competitive flexible procedure:

- (a) a multi-stage approach means bidders can be quickly sifted to a shortlist of parties who best meet the Council's objectives. The shortlisted bidders are incentivised to invest time and resource into their bids given a better percentage prospect of success;
- (b) as a complex regeneration project, the tender specification for the Project can be developed and refined throughout the procurement, with input from bidders; and

- (c) there is opportunity for dialogue with bidders, allowing the Council to refine its requirements during the process and for bidders to test and develop their understanding of the Council's requirements, resulting in higher quality bids.

2.1.5. Given the nature of the Project and the key differences between procedures described above then it is recommended that the competitive flexible procedure is used.

2.1.6. Good progress has been made regarding the soft market testing, however, to move towards the more formal tender exercise it is necessary to have the Heads of Terms setting out the development agreement approach.

### 3. Budget & Policy Framework

3.1. Costs of the procurement exercise were agreed by Cabinet in March 2025 and remain on track. Previous values for the delivery of IPM N as reported to Cabinet in March 2025 remain the same at this point but may be refined following the outcomes of the red book appraisal if required.

### 4. Background Information

4.1. In March 2025 Cabinet agreed both the new masterplan for IPM North and the new delivery mechanism of procuring a development partner. Following these decisions officers have procured both commercial and legal advisors to take this forward.

4.2. A soft market testing brief was sent to the agreed shortlist of developers on 10 February 2026. Due to limited responses, this was extended to the longlist of developers on 4 March 2026 requesting written responses by an extended deadline of 17 March 2026. A Preliminary Market Engagement notice was also published by the Council in accordance with the Procurement Act 2023. The summary of responses received is set out in the Exempt Appendix 3 to the report.

4.3. The purpose of the soft market testing exercise was to assess market appetite for the Innovation Park Medway North opportunity and understand the interest to deliver the site under a development agreement with Medway Council prior to commencement of a development partner procurement process.

4.4. The soft market-testing exercise has indicated a good level of interest in the Innovation Park Medway North opportunity with four formal responses and five informal responses. Of the six parties that formally declined to respond, two indicated that the site was too small for their requirements. One expressed concern about committing significant time and resources to the tender process without certainty of a successful outcome. The remaining three advised that the opportunity either did not align with their strategic focus or preferred target locations. Although there was a limited number of formal responses to the Soft Market Testing brief – the companies that have expressed

interest are credible and well established national commercial developers who have, based on the information submitted to date, the skill sets and expertise required to take the project forward. Three of the four formal respondents are active in the Kent market.

- 4.5. The procurement strategy (Exempt Appendix 2) for Innovation Park Medway proposes a competitive flexible procedure in accordance with the PA23, reflecting the complexity, scale, and long term strategic nature of the Project.
- 4.6. The draft Heads of Terms which sets out the principles of the development agreement are contained within Exempt Appendix 4. These Heads of Terms will form part of the tender pack. The tender notice is due to be published later this month and early 2027 being targeted for contract award.

## 5. Procurement Deliverables

5.1. Please see Exempt Appendix 2 for the procurement strategy.

### 5.2. Procurement Deliverables

5.2.1. As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
Deliver the council's masterplan for the site to an agreed programme.	Phases delivered to the programme outlined in the Development agreement.	Programme lead.	Once the site has been delivered.

## 6. Parent Company Guarantee/Performance Bond Required

6.1. The Council reserves the right to call for a PCG or other form of security and this will be dependent on the assessment of the bidders' financial standing as part of the procurement process.

## 7. Procurement Dependencies and Obligations

### 7.1. Project Dependency

7.1.1. This project is standalone and not linked to the delivery of Innovation Park Medway South. IPM North as defined in the March 2025 masterplan is owned by Medway Council.

### 7.2. Statutory/Legal Obligations

7.2.1. Not Applicable.

### 7.3. Procurement Project Management

7.3.1. The management of this procurement process will be the responsibility of the Category Management team.

### 7.4. Post Procurement Contract Management

7.4.1. The management of any subsequent contract will be the responsibility of the Regeneration Programme Manager.

7.4.2. To ensure the needs of the requirement are met and continuously fulfilled post award, the following KPIs that support the delivery of the project outcomes as outlined in 5.2.1 will be included in the tender and will form part of any subsequent contract.

Title	Short Description	%/measurement criteria
Programme	Quarterly review of delivery programme and adherence to the dates within the DA.	
Price test	Review of land value.	
Climate change improvements	Ensure a measurable improvement on site.	

## 8. Market Conditions and Procurement Approach

### 8.1. Market Conditions

8.1.1. Market conditions are considered to be competitive and to test this soft market testing has been undertaken. Please see Exempt Appendix 3 for the outputs from this exercise.

### 8.2. Procurement Options

8.2.1. The following is a detailed list of options considered and analysed for this report:

8.2.2. **Option 1 – Do nothing:** This is not an option as without procuring a development partner IPM North will remain undelivered.

8.2.3. **Option 2 – Utilise a framework or existing contract to meet this need:** This is not an option for procuring a development partner for a site of this scale, complexity and value.

8.2.4. **Option 3 – Competitive procurement:** Two potential options are available to the Council which are set out below.

8.2.4.1. Open (single stage) Procedure: The open procedure: a single stage tender procedure whereby any interested party can submit a tender and the Council would decide, on the basis of the published award criteria, to whom to award the contract. It is not possible under this procedure to shortlist / limit the number of suppliers who would receive the tender documents. This process maximises the number of suppliers that tender but is used for more straightforward purchases.

8.2.4.2. Weaknesses of open procedure:

- single stage approach means that bidders must prepare tenders without knowledge of the number of other bids/bidders, this can mean that bidders are unlikely to invest time and resource into the bid as the prospect of success is unknown resulting in no or poor quality bids;
- the specification issued with the tender pack at the commencement of the process must be sufficiently clear and simple from the outset to allow bids to be submitted on a comparable basis. For major regeneration projects such as this Project, this is exceedingly difficult/impossible to achieve; and
- there is extremely limited opportunity for dialogue with bidders during the tender process, there is no opportunity for the Council to help shape proposals to ensure it receives tenders which best meet its needs.
- the competitive flexible procedure can be a multi-staged process and does allow for a shortlisting stage (pre-qualification/pre-selection) to limit the number of suppliers receiving a tender. The procedure can be adapted to the Council's requirements so long as it complies with the basic requirements of PA23. The Cabinet Office Guidance suggests that this procedure is most appropriate for more complex requirements. We consider that the

Project falls within the definition of a complex requirement.

8.2.4.3. Competitive Flexible (multi-stage) Procedure:  
Advantages of the competitive flexible procedure:

- a multi-stage approach means bidders can be quickly sifted to a shortlist of parties who best meet the Council's objectives. The shortlisted bidders are incentivised to invest time and resource into their bids given a better percentage prospect of success;
- as a complex regeneration project, the tender specification for the Project can be developed and refined throughout the procurement, with input from bidders; and
- there is opportunity for dialogue with bidders, allowing the Council to refine its requirements during the process and for bidders to test and develop their understanding of the Council's requirements, resulting in higher quality bids.

8.2.4.3.1. Subject to approval, it is proposed the Competitive Flexible procedure is designed as follows (please note that this timetable is indicative only):

Step	PHASE	Start	Finish
1	Publish Preliminary Market Engagement Notice	13 February 2026	13 February 2026
2	Carry out Preliminary Market Engagement	13 February 2026	17 March 2026
3	Cabinet Approvals and Call-In Period	April 2026	May 2026
4	Publish Tender Notice and Associated Tender Documents	22 May 2026	22 May 2026
5	Participation Period	22 May 2026	22 June 2026
6	Evaluate Pre-Selection Questionnaire Responses	22 June 2026	3 July 2026
7	Issue Invitation for Initial Tenders	6 July 2026	6 July 2026
8	Initial Proposals Deadline	6 July 2026	1 September 2026
9	Evaluation of Initial Proposals – down - selection	2 September 2026	23 September 2026

Step	PHASE	Start	Finish
10	Technical, Commercial & Legal Dialogue Negotiation Period	24 September 2026	21 October 2026
11	Issue Invitation to Submit Final Tenders	26 October 2026	26 October 2026
12	ISFT response deadline	11 December 2026	11 December 2026
13	Evaluation Final Tenders	14 December 2026	29 January 2027
14	Cabinet Approval	February 2027	February 2027
15	Issue Contract Award Decision	1 March 2027	1 March 2027
16	Issue Assessment Summaries	1 March 2027	1 March 2027
17	Publish Contract Award Notice and commence Standstill	1 March 2027	12 March 2027
18	Post-tender Negotiation	15 March 2027	23 July 2027
19	Enter into development agreement (DA)	26 July 2027	
20	Publish Contract Details Notice	30 July 2027	
21	Publish Copy DA (if applicable)	30 July 2027	

### 8.3. Contractual synergies

8.3.1. Not applicable

### 8.4. Advice and analysis

8.4.1. The procurement of a development partner for the Project should be appropriately structured to proceed under the competitive flexible procedure in accordance with the Procurement Act 2023, reflecting the complexity, scale, and long term strategic nature of the Project. The proposed approach enables meaningful market engagement, proportionate shortlisting, and structured dialogue, while maintaining transparency, integrity, and compliance with the statutory objectives. The recommended strategy provides a robust and legally compliant framework to secure a suitable development partner and deliver the Council's objectives.

8.4.2. It is recommended that the contract length be 7 years.

## 8.5. Evaluation Criteria

8.5.1. **(Whilst not finalised at this stage, )** Officers propose to evaluate bidders against the following quality criteria within the tender.

#	Question	Weighting (%)	Purpose
Quality – 60%	Design – Understanding of development opportunity & Council objectives. Design proposal.	30%	This will ensure that the design of the building meets regulatory and Council requirements and is fit for purpose.
	Delivery – Proposed team, joint working and project management, development programme and phasing.	20%	This will ensure collaboration between parties following best practice.
	Legal – Response to proposed heads of terms/contract documents.	10%	This will ensure that the project meets contract terms.
Price – 40%	Financial proposal including commercial rationale, developer profit margin and funding.	40%	This will ensure we are getting value for money.

## 9. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
No development partner	Risk that an appropriate development partner cannot be found.	This risk is not felt to be significant as the proposals are based on a significant amount of market research alongside the consultants experience of the development industry, however the market is slow at the moment. Delivering via a development agreement has been successful for the Council	CII

Risk	Description	Action to avoid or mitigate risk	Risk rating
		previously with schemes such as Rochester Riverside.	
Geopolitical instability and international conflict impacts cost of delivery and delays programme of delivery.	Escalation or continuation of conflict involving Iran may drive global energy prices, contribute to inflationary pressures, disrupt international trade routes and impact availability and cost of construction materials.	Risk can be mitigated through market engagement, stress testing of financial models during procurement and risk sharing mechanisms within the development agreement.	BII
Economic climate impacts financing and viability of the project once development partner secured.	The national and international economic climate conditions lead to financial impacts for the project.	Regular monitoring of markets Working with partner to mitigate risk Work flexibly on how to deliver agreed outputs and outcomes.	CII
Planning, statutory or regulatory delays.	Risk that planning approvals, conditions or regulatory requirements delay commencement or phasing of the development, impacting programme.	Early engagement with planning and statutory consultees, phased master planning and contractual mechanism within the development agreement.	CII
Developer financial failure or reduced financial capacity.	Risk that appointed partner's financial position deteriorates over contract term, impacting deliverability or	Financial standing checks during PSQ process, and there is a reserved right to require a Parent Company Guarantee or other forms of security. Contract management and monitoring continue after the award.	CII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	requiring Council intervention.		
Programme delays affecting business rate retention assumptions.	Delays in delivery may impact the timing or scale of business rate receipts, affecting the Council's ability to offset borrowing linked to enabling works.	Clear programme milestones, contractual KPIs, regular performance reviews and escalation through governance routes.	BII

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

## 10. Consultation

- 10.1. Soft market testing was undertaken in early 2026 to understand whether the proposed offer would appeal to the market.
- 10.2. Two public consultation processes ran for the LDO and Environmental Statement with supporting documentation. These consultations ran from 17 June to 19 July 2019 and 26 October to 27 November 2020. The outcomes of the consultations are contained within the Cabinet report from 15 December 2020 - Innovation Park Medway Local Development Order - Request to adopt Regular discussions take place with IPM key stakeholders. As part of procuring a development partner for IPM North soft market testing was undertaken, the outputs of which are covered in this report and within the appendices.

## 11. Service Implications

### 11.1. Financial Implications

- 11.1.1. The cost of running the procurement exercise through to having signed contracts in place was agreed by Cabinet in March 2025. This also included Regeneration Delivery salaries for the procurement process and the delivery of the development agreement.
- 11.1.2. If the site is not delivered then the Council will not be able to achieve the profiled business rates, that under the enterprise

zone designation can be 100% retained. These rates are intended to offset the Council's borrowing that has funded the enabling works on the site.

- 11.1.3. There is no current need for additional capital funding to procure a development partner as the estimated value of the contract; £120,000,000 is the potential investment brought in by the development partner. However, if this should change then a capital addition would be secured from Council prior to awarding a contract in February 2027.

## 11.2. Legal Implications

- 11.2.1. External legal advisors have been appointed to advise on the procurement exercise and the wording of the development agreement.
- 11.2.2. This procurement activity will be above works threshold and therefore a tender notice will be required.
- 11.2.3. The procedure gives a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 2.2 of the Council's Contract Procedure Rules ("the CPRs").
- 11.2.4. Under the Council's Contract Procedure Rules, the procurement is a Process 3 procurement (Rule 18), and the process set out in this report meets the requirements for such procurements. The procurement was advertised on the Kent Business Portal, in compliance with rule 18.4 of the CPRs.
- 11.2.5. Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.
- 11.2.6. The process described in this report complies with the Procurement Act 2023 and Medway Council's Contract Procedure Rules.
- 11.2.7. This report has been presented as a high risk / key decision procurement, and therefore the Monitoring Officer, in consultation with the Procurement Board will therefore set the risk and reporting stages for the remainder of the procurement process.

## 11.3. TUPE Implications

- 11.3.1. None

## 11.4. Procurement Implications

11.4.1. As per the Contract Procedure Rules: 'All requirements above £25,000.00 must be advertised on the Kent Business Portal and over £25,000.00 on governments Contracts Finder.

11.4.2. The FTS threshold value for works (£5.33M inclusive of VAT), which this procurement activities are clearly going to be above. Therefore, Category Management have agreed with the service area in light of the market conditions, that a Competitive Flexible process would be the best way forward.

## 11.5. ICT Implications

11.5.1. None

## 11.6. Climate Change implications

11.6.1. The development agreement will have sustainability as a key element alongside a minimum expectation of BREEAM very good.

## 12. Social, Economic & Environmental Considerations

12.1. In line with Medway Council's Social Value Policy, officers will include the following standard outcomes and measures (the units have also been included for illustrative purposes) within the tender. Whilst there will be no commitment for bidders to deliver against every line, the accumulative value provided by each bidder will be scored and form part of the price evaluation score.

12.2. The Social Value commitment from the winning bidder will be transposed into contractual KPIs.

<b>Outcomes</b>	<b>Measures</b>	<b>Standard Units</b>
More local people in employment	No. of local direct employees (FTE) hired or retained (for re-tendered contracts) on contract for one year or the whole duration of the contract, whichever is shorter.	No. people FTE
More local people in employment	Percentage of local employees (FTE) on contract.	%
Improved skills	No. of staff hours spent on local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (including preparation time).	No. staff hours

<b>Outcomes</b>	<b>Measures</b>	<b>Standard Units</b>
Improved skills	No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+	No. weeks
More opportunities for local MSMEs and VCSEs	Total amount (£) spent in LOCAL supply chain through the contract.	£
More opportunities for local MSMEs and VCSEs	Meet the buyer' events held to highlight local supply chain opportunities.	£ invested including staff time
Social Value embedded in the supply chain	Percentage of contracts with the supply chain on which Social Value commitments, measurement and monitoring are required.	%
Creating a healthier community	Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children.	£ invested including staff time
Carbon emissions are reduced	Savings in CO2 emissions on contract achieved through de-carbonisation (specify how these are to be achieved).	Tonnes CO2e
Sustainable Procurement is promoted	Percentage of procurement contracts that includes sustainable procurement commitments or other relevant requirements and certifications (e.g. to use local produce, reduce food waste, and keep resources in circulation longer.)	% of contracts
Social innovation to create local skills and employment	Innovative measures to promote local skills and employment to be delivered on the contract - these could be e.g. co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc.	£ invested - including staff time and materials, equipment or other resources

### Service Lead Officer Contact

Name: Tay Arnold  
 Title: Regeneration Programme Manager  
 Department: Regeneration Delivery  
 Email: tay.arnold@medway.gov.uk

## Appendices

Exempt Appendix 1 Financial Analysis  
Exempt Appendix 2 Procurement Strategy  
Exempt Appendix 3 Soft Market Testing  
Exempt Appendix 4 Draft Heads of Terms

## Background Papers

[Innovation Park Medway Next Steps](#) (11 March 2025)

[Innovation Park Medway Update](#) (13 February 2024)

[Innovation Park Medway Local Development Order - Request to adopt](#) (15 December 2020)

[Innovation Park Medway Delivery and Investment Plan Cabinet Report](#) (11 June 2019)