

Cabinet

30 June 2026

Medway Development Company (MDC) Phase 2 Sites

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

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Summary

Medway Development Company (MDC), working in partnership with the Council, has secured £34.5m in grant funding to support the delivery of brownfield sites. Grant funding is essential to enable early works such as demolition, remediation and infrastructure, without which schemes would be unviable. Securing planning permissions strengthens grant applications and is critical to bringing Phase 2 sites forward for development. This report seeks an addition of £1.8m to the Council's revenue budget to progress planning applications in respect of MDC's phase 2 development sites and a delegated authority to the Director of Place to award planning submission grants to MDC.

1. Recommendations

- 1.1. The Cabinet is asked to note the report and recommend to Full Council the addition of £1.8m to the Council's revenue budget to progress planning applications in respect of MDC's phase 2 development sites, whilst also noting the flexibility to apply the funding to alternative sites that may be added to the programme (Appendix 1). This budget is to be funded from capital receipts under flexibilities granted by the Government.
- 1.2. The Cabinet is asked to delegate authority to the Director of Place, in consultation with the Portfolio Holder for Housing and Homelessness, to award planning submission grants to MDC, subject to an outline Business Case.

2. Suggested reasons for decision

- 2.1. The proposal will enable the Council to continue its regeneration programme by bringing forward complex brownfield sites that would not otherwise progress. The Exempt Appendix 1 to the report, sets out a full Business Case for each site demonstrating that grant funding is required to unlock the delivery of each scheme. Securing planning permission will significantly strengthen MDC's ability to secure grant funding.

3. Budget and policy framework

- 3.1. The MDC Business Plan was approved on 24 June 2025 by the Cabinet Sub Committee (Medway Development Company Ltd Shareholder Board). Cabinet has delegated powers to this Sub Committee to oversee the company which has, subject to review by the Chief Operating Officer, endorsed this proposal at its meeting of 18 March 2026 (decision 02/2026), prior to consideration by Cabinet and then Full Council.

4. Background

- 4.1. In partnership with the Council, MDC has built a strong relationship with grant-funding stakeholders, which to date has led to £34.5m being secured.
- 4.2. MDC focuses its activities on brownfield development sites where grant funding is required to achieve viability. Grant-funded activities typically include demolition, groundwork and the coordination of utilities to enable development to proceed.
- 4.3. Funders expect schemes to be well progressed and capable of delivery. Obtaining planning permission therefore strengthens grant applications and demonstrates readiness. Without grant intervention, the schemes would not proceed.

5. Phase 2 Business Case

- 5.1. The viability of each site has been assessed, and the financial returns detailed in the Business Case at Exempt Appendix 1 to the report.
- 5.2. Following the planning approval, MDC will bid for grant funding for each site to unlock delivery. Upon securing grant, final Business Cases will then be submitted to the Cabinet Sub Committee (Medway Development Company Ltd Shareholder Board) for approval to proceed to construction.

6. Financial Monitoring

- 6.1. The Exempt Appendix 1 provides a full Business Case for each site including early-stage feasibility designs.
- 6.2. Progress will be monitored by the Cabinet Sub Committee (Medway Development Company Ltd Shareholder Board) against agreed Key Performance Indicators, reported on a quarterly basis.
- 6.3. All financial decisions are approved by the MDC Board prior to final endorsement by the Cabinet Sub Committee (Medway Development Company Ltd Shareholder Board).

7. Risk Management

7.1. The Cabinet Sub Committee (Medway Development Company Ltd Shareholder Board) regularly reviews project related risks. A specific risk register for the phase 2 sites is included in Exempt Appendix 2 to the report.

7.2. The Cabinet is asked to note the following risks:

- Risk 13 – Additional resources required to deliver programme.
- Risk 19 – Enhancing Chatham as a place to live.
- Risk 21 – Market uncertainty and inflationary pressures, following events in Iran.

Mitigations measures are set out within the risk register in Exempt Appendix 2.

8. Climate change implications

8.1. The redevelopment of brownfield land, including vacant retail units and under-utilised car parks, to help meet Medway's housing needs supports climate change objectives by reducing the need for greenfield development. This approach minimises the overall carbon impact associated with new housing delivery.

8.2. Climate change considerations will form part of the planning and delivery stages of each site and will be addressed through design, construction methods and contractor mitigation measures.

9. Financial implications

9.1. Grants worth up to £1.8m could be made to MDC to finance the progression of the phase 2 pipeline sites through their planning approval stages, whilst also noting the flexibility to apply the funding to alternative sites that may be added to the programme.

9.2. This investment would unlock development of these four sites and schemes which are estimated to deliver net profits for the company of circa £11.0m, whilst delivering much needed housing across sites that were otherwise unattractive to private sector developers. In addition, although not quantifiable at this stage, there would be the long-term receipt of council tax and business rates from the completed developments.

9.3. The £1.8 m will be met from capital receipts generated by the council's property review. The Director of Place will hold responsibility for the funding and will have delegated authority to award 'planning submission grants' to MDC, subject to receipt of an outline business case for each site.

9.4. The Exempt Appendix 1 sets out governance and monitoring arrangements for grant submissions.

9.5. MDC will continue to pursue external grant opportunities, and this proposal will significantly strengthen its ability to leverage additional funding into Medway.

9.6. Borrowing required for the construction phase will be drawn down from the £120m loan facility (ending in 2035). Peak debt is not expected to exceed £50m as demonstrated in the Business Case.

10. Legal implications

10.1. The Cabinet Sub Committee (Medway Development Company Ltd Shareholder Board) has approved MDC's 2035 Business Plan and continues to provide legal oversight in respect of the company's operations.

10.2. The progression of new sites represents a variation to the approved Business Plan which has been endorsed by the Cabinet Sub Committee (Medway Development Company Ltd Shareholder Board) prior to Cabinet consideration.

10.3. Additions to the capital programme are a matter reserved for Full Council. This report therefore asks Cabinet to recommend approval for funding the planning submission stages for each of the sites outlined in Exempt Appendix 1.

10.4. Cabinet is advised that Grant Funding Agreements may place contractual obligations on the council, even where grants are paid directly to MDC. Cabinet will be sighted on these before grant agreements are executed.

11. Conclusions

11.1. MDC continues to make strong progress in delivering the Council's regeneration objectives. Approval of this proposal will enable the company to continue unlocking brownfield sites and accelerating regeneration across Medway.

Lead officer contact

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Appendices

Exempt Appendix 1 – Phase 2 Business Case
Exempt Appendix 2 – Risk Register

Background Documents

None