



BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

24 OCTOBER 2019

MEDWAY DEVELOPMENT COMPANY LTD UPDATE

Report from/Author: Perry Holmes, Chief Legal Officer

Summary

At the last meeting of the Committee Members agreed to add to the Committee's work programme the report submitted to Cabinet on 24 September 2019 regarding Medway Development Company.

1. Budget and Policy Framework

- 1.1 The responsibility for managing the Council's land is a matter for Cabinet as is the provision and management of housing.
- 1.2 Medway Council is the sole shareholder of Medway Development Company (MDC) with that role being undertaken by Cabinet.

2. Background

- 2.1 The Committee have asked to consider the report on Medway Development Company presented to the 24 September meeting of Cabinet. This report (Appendix A) advised the Cabinet, as shareholder, about the first four residential developments being progressed by the MDC including Chatham Waterfront, Britton Farm, Whiffens Avenue and White Road.
- 2.2 The report also provided an update on current pipeline of further projects and an updated Business Plan and proposed the creation of a private rental subsidiary of MDC.
- 2.3 The Cabinet report is accompanied by an exempt appendix which sets out information concerning the financial details of MDC Ltd, including its updated Business Plan; details of funding to date for the first four MDC projects; details of the pipeline of future MDC projects and two indicative financial appraisals, one for private rented and one for market sale.

2.4 At the 24 September meeting Cabinet agreed the following:

- To approve the updated Business Plan as set out in Exempt Appendix 1 to the report.
- To note the report and the investment made by Medway Development Company Ltd (MDC) to date as set out in Exempt Appendix 2.
- To approve the creation of a fully commercial subsidiary of MDC to allow the construction and rental of private rented or shared ownership properties.
- To approve the suggested pipeline of next projects for MDC and the prioritisation of Mountbatten House, as set out in Exempt Appendix 3.
- To approve the cessation by MDC of work on the Hook Meadow Community Hub and residential scheme and instructed officers to submit a business case to a future Cabinet meeting for approval to progress the scheme as a Council capital project.
- To approve the cessation by MDC of work on the smaller part of the Sir John Hawkins car park and instructed officers to submit a business case to a future Cabinet meeting for approval to progress the scheme as a Council capital project.
- To approve the designation of the Chief Legal Officer as client representative for MDC.
- To delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Resources, to:

arrange for the following four sites:

White Road;
Land to the north west of Britton Farm shops;
Whiffens Avenue car park;
Chatham Waterfront.

to be developed and for the completed developments on them to be disposed of by way of either freehold transfers or leases on the best terms reasonably obtainable and to enter into all necessary legal agreements

3. **Risk, Financial and Legal Implications**

- 3.1 The risk, financial and legal implications are set out in paragraphs 7, 8 and 9 of the Cabinet report.
- 3.2 Since publication of the Cabinet report, on 9 October 2019, Her Majesty's Treasury announced a 1% increase for Public Works Loan Board funding with immediate effect. Officers are considering the implications for this in relation to Medway Development Company.

4. Recommendation

- 4.1 The Committee is asked consider the report on Medway Development Company set out at Appendix A.

Lead officer contact

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Appendices

Appendix A – Cabinet report on Medway Development Company

Background papers

None