

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

22 August 2024

Update to Risk Register Quarter 1 2024/25

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

Report from / author: Phil Watts, Chief Operating Officer (Section 151 Officer)

Summary

This covering report introduces the quarter 1 update to the strategic risk registers for MDC Ltd and its subsidiaries. The risk registers are attached at exempt appendix 1.

1. Recommendations

1.1. The sub-committee is asked to note the contents of the report and its appendix.

2. Suggested reasons for decision

2.1. In order to fulfil its role as shareholder, on behalf of the Council, the sub-committee must be regularly updated regarding the risks affecting the company and its activity and the action being undertaken to manage those risks.

3. Budget and policy framework

3.1. Medway Council is the sole shareholder of MDC Ltd. and its subsidiaries, with the exercise of the shareholder's powers and responsibilities being an executive function of the Cabinet. Cabinet has delegated these powers and responsibilities to this Cabinet sub-committee.

4. Background

4.1. At its meeting on 5 September 2017, the Cabinet agreed the business case for the establishment of a 100% Council owned housing company to develop local authority owned sites on a commercial basis.

4.2. The company was incorporated in October 2017 and has now completed its fifth full year of trading.

5. Key points to note

5.1. The attached risk registers have been prepared by the company in accordance with the approach and scoring methodology adopted by the Council.

5.2. The risk registers are comprehensive, including closed risks and those being managed under 'business as usual', in addition to those which require further management action.

5.3. The sub-committee is asked to note two risks, which continue to be highlighted:

- Risk 1, Market Fluctuations – Previously, the sub-committee was appraised of the uncertainty in the market, however it was explained that the company has developed a range of disposal options to respond to this uncertainty. In addition to units for sale, other options include private rental, the Government's first homes scheme and the company is currently exploring the potential of shared ownership.
- Risk 11, Availability of mortgage markets – High interest rates and the reduction in mortgage products for first time buyers and shared ownership has affected demand for units for sale, however people still need homes and it is anticipated that the switch to private rental will successfully manage this risk.

6. Risk management

6.1. The risks confronting the company and the effect of the mitigations currently in place are clearly set out in the appendices to this report.

7. Consultation

7.1. The risk register is regularly reviewed by the Board, comprising four non-executive directors who all have experience and expertise in the housing development field.

8. Financial implications

8.1. There are no financial implications arising directly from the contents of this report.

9. Legal implications

9.1. There are no legal implications arising directly from the contents of this report.

10. Conclusions

10.1. The company takes risk management seriously and maintains a comprehensive strategic risk register, as well as detailed risk registers for individual schemes. The scoring reflects management action, and this appears to be successful in managing the risks identified.

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Appendices

Exempt Appendix 1 – Medway Development Company Ltd. Strategic Risk Registers

Background papers

None