

**Cabinet Sub Committee  
(Medway Development Company Ltd (MDC)  
Shareholder Board)**

**7 November 2024**

**Financial Monitoring Q2 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 second quarter's (Q2) financial monitoring for MDC Ltd A summary of the financial forecasts provided by the Company is attached as an Exempt Appendix 1 to this report.

**1. Recommendations**

1.1. The Sub Committee is asked to note the contents of the report and Exempt Appendix 1 to the report.

**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 appraised of the financial performance of the Company.

**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 30 May 2024 the Cabinet Sub Committee approved the 2030 MDC group business plan. The consolidated quarter Q2 overview is based on the budget projections set out in the approved Business Plan.

## 5. General Comments

- 5.1. As previously outlined in the quarter one update, the Exempt Appendix 1 represents an overview of the forecast position provided by the Company and presents it as budgets against actuals, separating the activities of the Company into property development and revenue generating through private rented, shared ownership and commercial rent activities.
- 5.2. It is summarised in a profit and loss format and provides a year to date position, together with a forecast for the year. Key highlights are outlined in this cover report.

## 6. Property Development Revenue

- 6.1. Within this period the Pioneer Wharf building has been transferred to MDC (PRS) Ltd generating a capital receipt for MDC (Land and Projects) Ltd. The Private Rented Sector (PRS) offer will deliver substantial long-term revenue.
- 6.2. The Britton Farm scheme has been re-profiled to complete by Spring next year.

## 7. Rent Revenue

- 7.1. Garrison Point is now fully let and is generating revenue in accordance with the Business Case expectations.
- 7.2. The Pioneer Wharf building at the Chatham Waterfront scheme has just launched and seven let's have been agreed within a three-week period and we expect to see a continuation of demand throughout the next quarter.

## 8. Group Overheads

- 8.1. Overall, there has been an increase in overhead expenditure, but this has been for internal training purposes and for additional marketing. The Company has completed a review of its overhead expenditure with a view to reducing this up to the end of the financial year.

## 9. Risk management

- 9.1. The Company's strategic risk register appears elsewhere on this agenda.

## 10. Consultation

- 10.1. The Company's financial performance is reported monthly to the Board. The Board comprises a number of non-executive directors who all have experience and expertise in a commercial environment.

## 11. Financial implications

11.1. These are laid out in the Exempt Appendix 1 to the report, however in summary the company is forecasting a £2.2 million loss, which represents a positive variance of £2.7 million against the budgeted loss of £4.9 million.

## 12. Legal implications

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

## 13. Conclusions

13.1. The Q2 financial overview provides minor variations against the Business Plan forecast, that are not significant, and the additional notes column in the Exempt Appendix 1 provides further detail for noting.

### Lead officer contact

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### Appendices

Exempt Appendix 1 – Medway Development Company Ltd Q2 Financial Summary

### Background papers

None