

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

7 November 2024

Update to Risk Register Quarter 2 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 2 (Q2) update to the strategic risk registers for Medway Development Company (MDC) Ltd and its subsidiaries. The risk registers are attached as Exempt Appendices to this report.

1. Recommendations

1.1. The Sub Committee is asked to note the contents of the report and its Exempt Appendices.

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 30 May 2024 the Cabinet Sub Committee agreed the 2030 MDC group business plan. The Company operates risk registers for each company in accordance with the approach and scoring methodology adopted by the Council.

5. Key points to note

5.1. The Sub Committee is asked to note two risks, which continue to be highlighted:

- Risk 1, Market Fluctuations – As part of a pro-active risk management strategy, the company has developed a range of disposal options to respond to market demand which include private rental and the potential of shared ownership. The Company has submitted a bid to Homes England to become an “Investment Partner” enabling it to lever in grant and offer shared ownership with a decision expected after the autumn budget.

The Company’s ability to offer Private Rented Sector (PRS) is also a key factor in managing this risk, with the PRS subsidiary now fully operational after the successful implementation of the Garrison Point pilot scheme.

- Risk 11, Availability of mortgage markets – High interest rates persist and whilst interest rate reductions are anticipated they have not yet materialised. The private rented market remains buoyant and the proposed strategy to 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 Exempt 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 Appendices – Medway Development Company Ltd Strategic Risk Registers:

Appendix 1 – Land and projects risk register

Appendix 2 – New Homes risk register

Appendix 3 - Private Rented Sector risk register

Background papers

None