

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 5
28 FEBRUARY 2022	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director: Place and Economy	
Cabinet Member(s) responsible:	Cllr Steve Allen, Deputy Leader and Cabinet Member for Housing, Culture and Communities	
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MEDESHAM HOMES ANNUAL REVIEW

RECOMMENDATIONS	
FROM: <i>Executive Director: Place and Economy</i>	Deadline date: <i>N/A</i>
<p>It is recommended that Shareholder Cabinet Committee:</p> <ol style="list-style-type: none"> 1. Note the contents of this report 2. Specifically notes the review of companies that the Council is involved with, as part of the overall financial sustainability programme 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Shareholder Cabinet following a request from its members.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide a brief annual review of Medesham Homes' activities over the last year and set the scene for the year ahead. This will be shaped by the review of the council's housing service in conjunction with CIPFA, the parallel but linked review of the companies with which the council has a relationship, and the potential development of a new Housing Strategy for the city. These workstreams form part of the council's financial sustainability programme, and are in response to the recent Government publication of its external assurance review which can be found at <https://www.gov.uk/government/publications/peterborough-city-council-external-assurance-review>
- 2.2 This report is for the Shareholder Cabinet Committee to consider under its Terms of Reference No. 3.3.2 (a), 'To monitor performance and financial delivery of the companies, partnerships and charities set out above in line with Cabinet approved business plans...'

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

- 4.1 Medesham Homes has managed to maintain a steady programme of activity throughout the last 12 months, despite the problems with lockdown and other COVID restrictions. The three

completed schemes (which consist of 94 new homes for affordable rent at Belle Vue (Stanground), Midland Road, and Crowland Road (Eye)) are all let and continue to perform satisfactorily in management terms.

- 4.2 Medesham Homes has also owned the site at Bretton Court (which is a former office block and public house near to the Bretton Centre) since June 2019 and that project has the potential to be either a refurbishment / conversion to 45 flats, or a far more significant demolition and redevelopment project subject to planning. Both development options continue to be appraised, though the preference is to now carry out the new build option subject to planning, because Medesham Homes believes a new build scheme on this site has the potential to have far more positive impact on the area, and in helping more people in need into affordable accommodation.
- 4.3 In advance of future development plans, enabling works are now completed on the Bretton Court site to remove non-structural material from the building. This work was completed in Q1 2021. A sub lease has also been granted to Medesham Homes recently for the management of the 5 commercial units in the building, giving Medesham direct control of these units in advance of negotiations with the tenants to finalise decanting and lease surrender issues.
- 4.4 The initial scheme proposed three blocks delivering c120 units. Having taken feedback from the Council as Planning Authority (as any other developer does) at pre-app stage, Medesham Homes have an amended design for a scheme of 85 new build (one and two bedroom) flats. This will also have c500 square metres of retail commercial space at ground floor level and c110 car parking spaces. The progression of this design is subject to further planning input which is awaited.
- 4.5 In addition to Bretton Court, Medesham has also agreed Heads of Terms with the Council for the purchase of the site at 7-23 London Road, and a conditional contract is close to being signed, although this timeline is dependent on the Council's work to resolving third party legal issues with regards to the adoption of an adjoining highway to form an access road into the site. When these legal issues are resolved then the project can move into the detailed design and planning stage.
- 4.6 The sites currently under consideration would bring the potential future pipeline in Medesham Homes up to between 160 and 180 more units and these would hopefully be delivered in phases, with work beginning in 2022/3 and completion during 2023/4. These schemes will be 100% affordable, with a mix of social rent and shared ownership.

Building on sound foundations

- 4.7 Medesham Homes has delivered – and as shown above, will continue to deliver (albeit more slowly than they would like) – a series of high-quality schemes that showcase what can be achieved through true partnership working between the council and the city's largest housing association. The Board of Medesham Homes are proud of this collaboration and believe it creates a foundation for more work and further success.
- 4.8 The early years of a joint venture collaboration are inevitably always about proof of concept; whether the will and ambition that leads to the creation of a vehicle carries forward into delivering tangible outcomes. Medesham Homes has proven itself, and it is now an appropriate moment to reflect on where both Cross Keys Homes and the council want it to go next in the context of the council's reviews previously referred to.
- 4.9 More schemes will necessitate more direct financial and human resource commitment – from both partners. This could, conceivably, be on a wide variety of bases, including a revolving fund or other loan and investment arrangements. (Such topics go beyond the scope of this report and would need to be handled through the council's governance in the usual way.)
- 4.10 The starting point for this however must be to continue the partnership working, and to build on the recognition in the recent CIPFA finance review that recommended to the council a review of Medesham Homes and its potential for realising returns.

5. CONSULTATION

- 5.1 None on this report, though of course the planning applications mentioned in it will be consulted on thoroughly in the usual way with a wide-range of stakeholders.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That the Shareholder Cabinet will note the contents of the report.

7. REASON FOR THE RECOMMENDATION

- 7.1 Medesham Homes is a unique partnership between the council and the largest residential social landlord in the area, Cross Keys Homes. It has delivered a significant number of purely affordable rental homes already and has a potential pipeline that can continue this work well over the coming period. These new homes will be a substantial help in addressing the city's need for housing of this type.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 N/A; this report is mainly for information.

9. IMPLICATIONS

Financial Implications

- 9.1 As part of the council's Improvement Plan, the Council's Group Companies and the governance arrangements for company oversight are to be reviewed and Medesham Homes will be part of that review.

Legal Implications

- 9.2 None directly from this report.

Equalities Implications

- 9.3 None directly from this report.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 None.

11. APPENDICES

- 11.1 None.

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