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| SHAREHOLDER CABINET COMMITTEE | AGENDA ITEM No. 5 |
| 11 SEPTEMBER 2023 | PUBLIC REPORT |

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| Report of: | Adrian Chapman, Executive Director – Place and Economy | |
| Cabinet Member(s) responsible: | Cllr Steve Allen, Deputy Leader and Cabinet Member for Housing and Communities | |
| Contact Officer(s): | Adrian Chapman, Executive Director, Place and Economy | Tel. 07952 096424 |

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| MEDESHAM HOMES |
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| RECOMMENDATIONS | |
| FROM: Executive Director for Place and Economy | Deadline date: N/A |
| <p>It is recommended that Shareholder Cabinet Committee:</p> <ol style="list-style-type: none"> 1. Notes the progress made to date by Medesham Homes; 2. Provides comments and/or recommendations on the future of the joint venture. | |

1. ORIGIN OF REPORT

1.1 This report is submitted to Shareholder Cabinet Committee following a request from the Committee members.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide an overview of the most recent activity of Medesham Homes and to set out the forthcoming areas of focus.

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 of the companies, partnerships, and charities in line with Cabinet approved business plans and particular the company's performance:

(a) in financial matters

(b) against the social goals of the company as set out in the company's Objects. Business Case or Business Plan; and against the values of the Council by means of monthly performance monitoring and scrutiny.

3. TIMESCALES

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| 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 is a Limited Liability Partnership created in the 2016/17 financial year, established as a 50:50 joint venture controlled by the Council and Cross Keys Homes Developments Ltd. Each party holds one A share. Medesham Limited (whose shareholders are

CKHDL and the Council) holds one B share. The joint venture is led by a small board, who are supported by advisers from both organisations. For the council, the Shareholder Cabinet Committee has responsibility for oversight of Medesham Homes' activities.

4.2 The joint venture was established in order to create a mechanism for implementing recommendations from a cross party task and finish group which was established to consider changes to the council's strategy with regards to housing in Peterborough. Its primary purpose is to develop land and construct affordable homes via the acquisition and development of sites for affordable rent in Peterborough. It was established to acquire sites that may be undesirable to other developers, including brownfield sites within the city such as disused office blocks.

4.3 Under the terms of the current Members' Agreement, the objectives of the joint venture are as follows:

- i. Delivering affordable rented housing;
- i. Investigating further opportunities for starter homes, shared equity, market sale, private rented, student accommodation and housing solutions for vulnerable groups including, but not limited to, the elderly and disabled;
- i. Generating economic growth and new employment opportunities particularly for local residents;
- r. Addressing local housing needs and requirements with a particular focus on providing suitable housing for older, disabled, and overcrowded households;
- r. Creating, through development and regeneration, a strong and coherent sense of place where local residents want to live, now and in the future;
- i. Providing Cross Keys Homes and the Council with returns that are commensurate with their investment (to the extent that this complies with the joint venture's other objectives);
- i. Exploring other potential development opportunities to further these objectives.

4.4 Although the Members' Agreement allows for up to three representatives to be appointed to the Board by each Member, at present each Member has appointed one representative.

4.5 To date, Medesham Homes schemes have been 100% funded with capital mainly from Right to Buy receipts made available by the council, along with some grant funding from the Cambridgeshire and Peterborough Combined Authority (CPCA). Medesham Homes then retains net rentals, which are not borrowed against. Right to Buy receipts have diminished over time, although it should be noted that Cross Keys Homes have contributed £2.27m from this source to the Council over the past two years.

The table below shows the various schemes either completed by Medesham Homes, or in-scope, and their funding source:

| Development | Right To Buy receipt £k | CPCA grant £k | Total approved funding £k |
|------------------------------|------------------------------------|--------------------------|--------------------------------------|
| Midland Road | 3,990 | 0 | 3,990 |
| Belle Vue and Fishpool Drive | 4,165 | 735 | 4,900 |
| Crowland Road, Eye | 5,325 | 875 | 6,200 |
| Bretton Court (proposed) | 4,698 | 0 | 4,698 |
| TOTAL | 18,178 | 1,610 | 19,788 |

- 4.6 Since its inception, Medesham Homes has completed the delivery of 94 affordable homes and with the identified approved pipeline this will increase to circa 130 homes. It is also in the process of redefining development options for the Bretton Court scheme, which now includes the former pub. Medesham Homes also owns the Pleasure Fair Meadow car park, although there are currently no plans to develop this.
- 4.7 In 2022, as part of the broader review of the Council's joint ventures, CIPFA (Chartered Institute of Public Finance and Accountancy) was asked to assess the performance of Medesham Homes and to consider options for the council to consider in relation to its future. In summary, CIPFA identified key issues for consideration in determining the future of the joint venture, including ensuring improved value for money is achieved for the Council, and the need to ensure the key enabling functions – such as planning and highways – are more responsive. It is helpful to note that a full review and transformation of the planning service has recently been completed, and a review of our highways service is underway. CIPFA noted that Medesham's contribution (as shown in section 4.6) should be able to be accelerated with the right level of support from both partners, whilst recognising that Medesham has only a small staff establishment (one part time member of staff).
- 4.8 Both the council and Cross Keys Homes are aware that the future of Medesham Homes needs to be determined. At its most recent board meeting, representatives discussed the potential focus of the organisation moving forwards, and concluded that, if it were to continue, it needed to focus on (i) projects that are strategically important to the council, and (ii) those where development is not likely to be market-led. Consideration will also need to be given to alternative sources of capital investment, including, for example, Homes England funding, as well as investment from Cross Keys Homes themselves.
- 4.9 The annual report and financial statements for Medesham Homes for the year ending 31 March 2022 are attached at appendix 1. These show:
- a surplus of c.£434k for the year, compared to a surplus of c.£323k in the previous year;
 - assets of c.£16.5m, including investment properties valued at c.£16m;
 - a cash balance of c.£412k at year end.

5. CORPORATE PRIORITIES

- 5.1 The work of Medesham Homes contributes across the council's priorities, most notably:

The Economy & Inclusive Growth:

- By providing affordable homes
- By providing jobs

Our Places & Communities:

- By helping to improve the quality of life experienced by residents
- By contributing to improving the health and wellbeing of residents

Prevention, Independence & Resilience:

- By ensuring households have access to safe, warm, and affordable housing

Further information on the Council's Priorities can be found here - [Link to Corporate Strategy and Priorities Webpage](#)

Carbon Impact Assessment - this report contains no proposals for changes to service delivery and therefore there is no decision to take which may impact carbon emissions of the council or the city.

6. CONSULTATION

- 6.1 This report has been shared for comment with the council's appointed Board representative, and Cross Keys Homes. It has also been shared with the council's Corporate Leadership Team, and Cabinet Policy Forum.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 This report provides an opportunity for Shareholder Cabinet Committee to consider the work of Medesham Homes, and to make comments and recommendations on its future.

8. REASON FOR THE RECOMMENDATION

- 8.1 The recommendations contained in this report ensure that the council is discharging its duty to oversee the work of Medesham Homes.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 Not applicable.

10. IMPLICATIONS

Financial Implications

- 10.1 There are no financial implications arising from this report

Legal Implications

- 10.2 I have reviewed the relevant sections of The Affordable Housing Act 2021 and can confirm that there are no legal implications in respect of this report, its actions, and recommendations.

Equalities Implications

- 10.3 This report is largely for information and to enable Shareholder Cabinet Committee to review the performance of Medesham Homes and comment on its future. The suggested focus of Medesham Homes, if agreed, will mean that affordable housing will be developed on sites not likely to be brought forward by other developers. This would result in more affordable homes being available to residents from across the city, regardless of their background.

11. BACKGROUND DOCUMENTS

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

- 11.1 None.

12. APPENDICES

- 12.1 Appendix 1: Medesham Homes LLP Annual Report and Financial Statements for the year ended 31 March 2022.