

Merantun Development Limited Sub-Committee

15 October 2018

Wards: All

Merantun Development Limited Company Progress Report

Lead officer: Chris Lee, Director of Environment and Regeneration
Lead member: Councillor Stephen Alambritis, Leader of the Council
Councillor Martin Whelton, Cabinet Member of Regeneration,
Housing and Transport
Councillor Mark Allison, Cabinet Member for Finance
Contact officer: Chris Lee, Director of Environment and Regeneration

Recommendations:

- A. To note the progress of Merantun Development Limited (MDL) for the delivery of their new build housing programme.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Shareholder Sub-Committee on the progress of Merantun Development Limited in quarter three of the 2018-19 financial year.

2. DETAILS

- 2.1 The company was incorporated on the 9th August 2017 to undertake the development of circa. 77 residential units on four sites – Farm Road Church, Morden; land at the Canons, Mitcham; Elm Nursery, Mitcham and Raleigh Gardens, Mitcham.
- 2.2 Good progress is being made in the preparation of the development of these sites as well as the set-up of the Merantun Development Limited's (the Company) operational structures. Service Level Agreement (SLA) are currently being agreed with council services, including SLLP, IT and Finance, to allow day-to-day operation.
- 2.3 Procurement has commenced for specific technical and specialised advice required by the Company to deliver the development sites. An OJEU tender was released in early October for the procurement of architectural/design consultants with a view to appointing in January 2019.
- 2.4 Once appointed, the design consultants will lead on scheme design and will undertake preparatory work prior to the submission of a planning application for the sites in April 2019.
- 2.5 Quotes have been sought and responses received for the delivery of site surveys to undertake due diligence on the four development sites. Firms are due to be appointed imminently with due diligence commencing in October 2018.
- 2.6 A copy of the company's delivery programme is attached (Appendix A).

- 2.7 Ian McKinnon has resigned as a Director of the Company. A new Director will be identified by the Company and will be returned to committee for Shareholder's approval in due course.
- 2.8 The sub-committee, at its meeting on the 16th October 2017, agreed to an equity subscription for £160,560. This was enacted and shares to that value have been issued by the Company to the London Borough of Merton.
- 2.9 The Board of directors for the Company approved the operational and development budgets for the period from April 2018 to March 2019. This was subsequently agreed by the Shareholder representative in conjunction with the Section 151 Officer and the Chair of the sub-committee.
- 2.10 The Company is working with the Council via a service level agreement to draw-down the remaining funds for 2018-19 and submit the issue of share certificates. This will be completed in October 2018.
- 2.11 The company is operating within the agreed budget.

3. ALTERNATIVE OPTIONS

- 3.1 None for the purposes of this report.

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 None for the purposes of this report.

5. TIMETABLE

- 5.1 As per the attached programme (Appendix A).

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 The sub-committee, at its meeting on the 16th October 2017, agreed to an equity subscription for £160,560. This was enacted and shares to that value have been issued by the Company to the London Borough of Merton.
- 6.2 The Board of directors for the Company has approved the operational and development budgets for the period from April 2018 to March 2019. This was subsequently agreed by the Shareholder representative in conjunction with the Section 151 Officer and the Chair of the sub-committee.
- 6.3 The Company is working with the Council via a service level agreement to draw-down the remaining funds for 2018-19 and submit the issues of share certificates, to be completed in October 2018.
- 6.4 The company is operating within the agreed budget for the current financial year.
- 6.5 The year to date expenditure incurred and the forecast spend for 18/19 will be reported at the next shareholder subcommittee.

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The purpose of this report is to provide an update to the Shareholder as to the current position of various projects undertaken by the Company. The Company will need to ensure that any business transactions or actions that are carried out regarding the development of various sites or the appointment of additional directors are in accordance with the Company's articles of association and

shareholder's agreement, and are also compliant with Public Contract Regulations 2015 and the Company's Contract Standing Orders and/or Procurement Policy.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1 None for the purposes of this report.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None for the purposes of this report.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 None for the purposes of this report.

11. APPENDICES

- Appendix A – MDL Programme

12. BACKGROUND PAPERS - NONE

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