

# Merton Council

## Merantun Development Limited Sub-Committee Agenda

### Membership

#### Councillors:

Stephen Alambritis  
Mark Allison  
Martin Whelton

**Date: Monday 25 March 2019**

**Time: 7.30 pm, or on the rise of the Cabinet meeting scheduled for 7.15pm the same evening**

**Venue: Committee Rooms C,D,E, 1st floor, Merton Civic Centre**

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# Merantun Development Limited Sub-Committee Agenda

## 25 March 2019

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| 1 | Apologies for absence                             |       |
| 2 | Declarations of pecuniary interest                |       |
| 3 | Minutes of the previous meeting                   | 1 - 2 |
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# Agenda Item 3

MERANTUN DEVELOPMENT LIMITED SUB-COMMITTEE  
14 JANUARY 2019

(8.10 pm - 8.16 pm)

PRESENT Councillors (in the Chair), Councillor Stephen Alambritis,  
Councillor Mark Allison and Councillor Martin Whelton

Ged Curran (Chief Executive), Chris Lee (Director of Environment and Regeneration), Caroline Holland (Director of Corporate Services), Fiona Thomsen (Head of Shared Legal Services), James McGinlay (Assistant Director for Sustainable Communities), Paul McGarry (Future Merton Manager), Amy Dumitrescu (Democratic Services Officer)

ALSO PRESENT Councillors Nigel Benbow, Edward Gretton, Daniel Holden and David Williams

## 1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence received.

## 2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

## 3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 15 October 2018 and the extraordinary meeting held on 10 December 2018 were agreed as a correct record.

## 4 MERANTUN DEVELOPMENT LTD: COMPANY PROGRESS REPORT (Agenda Item 4)

The Director of Environment and Regeneration presented the report which updated on progress made since the last meeting.

The Director advised that the progress was as per the timetable and that the selected bidders for the architectural design contracts would be announced in the week commencing 21 January 2019 which was a success.

The Cabinet Member for Regeneration Housing and Transport welcomed the progress and the clear project plan, noting that a number of milestones had been met and thanked officers and everyone involved.

The Deputy Leader and Leader added their thanks to all those involved with the progress.

The Leader of the Council asked how many other Local Authorities had set up Local Authority Property Companies. The Director of Environment and Regeneration responded that there were approaching 100 or slightly more which were either in existence or in the process of being established.

RESOLVED:

- A. That the progress of Merantun Development Limited (MDL) for the delivery of their new build housing programme was noted.
- B. That the intention to award the architectural design contract(s) to the selected bidder(s) was noted, subject to the approval of the Board of Merantun Development Limited, the Council's Shareholder Representative and completion of the mandatory standstill period, due diligence checks and approvals.
- C. That the year to date expenditure incurred by the Company and forecast spend for 2018/19 was noted.

## Merantun Development Limited Sub-Committee

**25 March 2019**

Wards: All

### Merantun Development Ltd: 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

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#### Recommendations:

- A. To note the progress of Merantun Development Limited (MDL) for the delivery of their new build housing programme.
  - B. To note the appointment of the architectural design team for all four sites, led by Weston Williamson + Partners.
  - C. To note the year to date expenditure incurred by the Company.
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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 (the Company) in quarter four of the 2018-19 financial year, including the design and planning work programme for the development of sites at Farm Road, Canons Place, Elm Nursery and Raleigh Gardens.

#### 2. DETAILS

- 2.1 The company was incorporated to deliver a mix of housing on small sites that would contribute to Merton's housing targets and generate a revenue return to the Council's general fund. Merantun Development Limited is one of a number of emerging Council-owned development companies, set up to accelerate the delivery of much needed homes. In London, many other borough's have set up similar companies including Lambeth (Homes for Lambeth), Croydon (Brick by Brick), Ealing (Broadway Living), Barking & Dagenham (BeHere) as well as Islington, Camden, Hounslow and Newham.
- 2.2 Good progress is being made in the preparation of the development of these sites focussing on the design, site capacity, planning strategy and community engagement process.

#### Development delivery:

- 2.3 Site surveys and due diligence investigations have taken place on the four sites and have been completed. These are now informing the site capacity and detailed design work for the schemes.
- 2.4 The design, planning, structural engineering, quantity surveying, cost consultancy and viability assessments are being undertaken by a multi-disciplinary team comprising of:
- Weston Williamson + Partners (architect team)
  - Supported by planning consultants, structural engineering consultants, quantity surveying, cost consultants and viability consultants.
- 2.5 The appointed design team is leading on scheme design and will progress all four sites to planning approval by late summer 2019, in accordance with the planned programme.
- 2.6 It was initially proposed that two architectural teams be appointed; one team for Farm Rd & Canons, another for Elm and Raleigh. As a result of the procurement tender analysis, one architectural design team was appointed to lead on all four sites. This was approved by the MDL Board and subsequently by the Shareholder Representative in line with the approval given at 14<sup>th</sup> January 2019 MDL Sub-Committee.
- 2.7 Merantun's delivery programme is summarised in Section 5 of this report.
- 2.8 The Company will commence the preparatory work for the procurement of the construction contract for the development sites once the design of the sites is beyond Planning Pre-app, Design Review Panel and community engagement stages.

#### Operational:

- 2.9 Recruitment of a new Merantun Programme Manager is continuing as the most recent round of recruitment failed to secure an appointment. The Company is currently securing an interim agency appointment whilst a further round of recruitment progresses.

#### Financial:

- 2.10 The Company's business operations are funded by an equity investment from the London Borough of Merton. The sub-committee, at its 16th October 2017 meeting, agreed to an equity subscription for £160,560. This was enacted and shares to that value have been issued by the Company to the Council.
- 2.11 The Company is working with the Council to draw-down the remaining funds for 2018-19 and submit the issue of share certificates.
- 2.12 The Company is operating within the agreed budget. Total full year spend for 2018/19, inclusive of operational and development budgets, was projected to reach: £620k (excl. VAT) as previously reported; it is anticipated that spend will be c£315k this financial year with the remainder carrying over as the designs progress through RIBA stages.



2.13 The Company filed its accounts for 2017/18 with Companies House, on time, on 13<sup>th</sup> February 2019.

### **3. ALTERNATIVE OPTIONS**

3.1 None for the purposes of this report.

### **4. CONSULTATION UNDERTAKEN OR PROPOSED**

4.1 Early community engagement has started re the MDL Mitcham sites, via a presentation in February to the local civic society; Mitcham Cricket Green Community & Heritage. Further pre-app engagement is being planned as part of the pre-app process (following on from pre-app meetings with Merton Council).

### **5. TIMETABLE**

5.1 As summary of the design stage programme is below;

- Design procurement completed: Jan 2019
- Planning process: Jan – Jul 2019
  - Pre-Application meetings (completed): 8<sup>th</sup> March 2019
  - Community Engagement (TBC + ongoing) Feb-April 2019
  - Design Review Panel: pre-app : April 2019
  - Submit Planning Application: May/June 2019
  - Planning approval (TBC): Aug/Sept 2019
- Preparation of Procurement Documentation for the construction contracts: May – Nov 2019
- Construction / site preparation: Oct 2019 – Nov 2020

5.2 The overall planning and design programme has slipped by one month due to additional site surveys, due diligence information requiring greater analysis which has impacted on the initial design programme and site capacity work.

### **6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

6.1 Merantun business operations are to be funded by equity investment from the London Borough of Merton. The sub-committee, at its 16th October 2017 meeting, agreed to an equity subscription for £160,560. This was enacted and shares to that value have been issued by the Company to the Council.

6.2 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 to the value of c£1.2m.

6.3 The Company is preparing the operational and development budgets for the period from April 2019 to March 2020 and will be seeking board approval in March 2019. Agreement will subsequently be sought from the Shareholder sub-committee.

6.4 The Company is operating within the agreed budget.

## **7. LEGAL AND STATUTORY IMPLICATIONS**

7.1 None for the purpose of this report.

## **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**

- None

## **12. BACKGROUND PAPERS**

- None