



Shropshire Council  
Legal and Democratic Services  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Wednesday, 28 October 2020

**Committee: Housing Supervisory Board**

**Date:** Thursday, 5 November 2020  
**Time:** 2.00 pm  
**Venue:** Virtual meeting

**Members of the public will be able to listen to this meeting by clicking on this link:**  
<https://www.shropshire.gov.uk/housingsupervisoryboard051120/>

Please note that this meeting will be made available through Microsoft Teams Live Events – your device will need to meet the minimum specification as detailed on the Microsoft website at this link: [Device Specification](#)

- You will need to download MS Teams (free) and click on the link to listen to the meeting if you are using a PC
- If using a mobile device, you will need to download the MS Teams app (free) before clicking the link
- Use the link at 2.00pm on the day of the meeting and click on 'Join as Guest'
- You may receive an error message or a request for login details if you try to gain access before 2.00pm

You are requested to attend the above meeting.  
The Agenda is attached

Claire Porter  
Director of Legal and Democratic Services

**Members of Housing Supervisory Board**

Mark Jones	Heather Kidd
Pauline Dee	Cecilia Motley
Rob Gittins	Tony Parsons
Vince Hunt	Keith Roberts
Simon Jones	

Your Committee Officer is:

**Julie Fildes** Tel: 01743 257713 Email: [Julie.Fildes@Shropshire.gov.uk](mailto:Julie.Fildes@Shropshire.gov.uk)

# AGENDA

## 1 Apologies for Absence and Substitutions

## 2 Discloseable Pecuniary Interests

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a disclosable pecuniary interest and should leave the room prior to the commencement of the debate.

## 3 Minutes of the Meeting Held on 11th June 2020 (Pages 1 - 4)

To confirm the minutes of the Housing Supervisory Board meeting held on 11<sup>th</sup> June 2020.

## 4 Public Question Time

To receive any public questions or petitions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 2pm, Tuesday 3<sup>rd</sup> November 2020.

## 5 Member Question Time

To receive any question of which Members of the Council have given notice. Deadline for notification for this meeting is 2.00pm, Monday 2<sup>nd</sup> November 2020.

## 6 Housing Supervisory Board Terms of Reference Review and Governance (Pages 5 - 28)

To consider a report on the Housing Supervisory Board Terms of Reference Review and Governance from the Assistant Director Homes and Communities, Place. [Report attached]

Contact: Jane Trethewey

## 7 Consent to Appoint Cornovii Developments Limited Board of Directors (Pages 29 - 32)

To consider a report on Consent to Appoint Cornovii Delevolpments Limited Board of Directors from the Assistant Director Homes and Communitis, Place. [Report attached]

Contact Jane Trethewey

**8 Cornovii Developments Limited Update Report (Pages 33 - 44)**

To receive the Cornovii Developments Limited Update Report for the Assistant Director Homes and Communities, Place. [Report attached]

Contact Jane Trethewey

**9 Exclusion of the Press and Public**

To resolve in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.4[3] of the Council's Access to Information Procedure Rules, the press and public be excluded during consideration of the following item.

**10 Exempt Minutes (Pages 45 - 48)**

To confirm the exempt minutes of the Housing Supervisory Board meeting held on 11<sup>th</sup> June 2020.

**11 Cornovii Developments Limited - Exempt Items Update Report (Pages 49 - 62)**

To receive an Exempt Items Update Report on Cornovii Developments Limited from the Assistant Director Homes and Communities, Place. [Exempt report attached]

Contact Jane Trethewey

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## Committee and Date

Housing Supervisory Board

5<sup>th</sup> November 2020

## HOUSING SUPERVISORY BOARD

**Minutes of the meeting held on 11 June 2020**

**In the THIS IS A VIRTUAL MEETING - PLEASE USE THE LINK ON THE AGENDA TO LISTEN TO THE MEETING**

**2.00 - 3.22 pm**

**Responsible Officer:** Julie Fildes

Email: Julie.Fildes@Shropshire.gov.uk Tel: 01743 257713

### **Present**

Councillor

Councillors Mark Jones, Pauline Dee, Rob Gittins, Vince Hunt, Simon Jones, Heather Kidd, Cecilia Motley, Tony Parsons and Keith Roberts

### **39 Apologies for Absence and Substitutions**

No apologies for absence were received.

### **40 Disclosable Pecuniary Interests**

None were declared.

### **41 Minutes of the Meeting Held on 23rd January 2020**

**RESOLVED:** that subject to Councillor Pauline Dee being added to the list of apologies, the minutes of the meeting held on 23<sup>rd</sup> January 2020 be approved as a true record and signed by the Chairman.

### **42 Public Question Time**

There were no public questions.

### **43 Member Question Time**

No Member questions were received.

### **44 Cornovii Developments Ltd Sites Update Report**

Members received the report of the Director of Place which gave an update from Cornovii Developments Limited [CDL] on the company's progress since the last meeting of the Board.

The Director of Place informed Members that the report covered the progress made on bring forward the first wave of development by Cornovii Developments Limited [CDL]. Members noted that 97 new units, 62 units for sale, 35 units of affordable dwellings including 12 bungalows to meet need had been planned. The Frith

Close site was due to commence development at the end of 2020 with the other two sites commencing 2021.

The Director of Place introduced Harpreet Rayet, Lead Director of CDL, who gave further details of the progress achieved on each site.

He advised that the Firth Close site had recently submitted the planning application with positive feedback received. Members noted that there were a number of technical issues were being resolved. Overall, the urban design principles, density and property designs had received positive feedback from the local community and planning officers. Further consultation with the community would be undertaken regarding traffic management issues and build methods relating to the site once the planning application had received approval. It was anticipated that the full planning application would be before the Planning Committee in the next few months, and following statutory Judicial Review, the grant of planning permission was anticipated for September or October 2020.

In response to a Member's question, the Lead Director of CDL agreed that the development would be a mixture of affordable housing, shared ownership and open market properties with no differences in appearance of the properties. He agreed with the Member's comments on the importance of supporting connectivity between green spaces and local amenities. He noted that during the Covid-19 crisis the importance of green spaces and gardens had been highlighted which supported the decision not to over develop the site.

Members heard that the Ellesmere Warf site had been brought forward following work with the Council's Asset Management Officers. Constraints had been identified due to the number of surveys which were still required. The outcomes of these surveys would then influence the final layout of the scheme. Emphasis was put on the need for the design to be sympathetic to the local area, taking into account in the local facilities, such as the canal, with a mix of housing to meet local need. It was anticipated that the final layout would be completed by July, at which point the consultation process with the Town Council and local community would be initiated, with the aim to submit the Planning Application shortly after.

In response to a Member's query on the challenging nature of the site, the Lead Director of CDL confirmed that the site was a challenging one and had identified other issues such as tree protection orders, the location of a culvert running under the site, an Easement, and an area of contamination. It was anticipated that these issues could be resolved. The Director of CDL confirmed that an area of green space would be fenced off and the trees already in the area would deter unauthorised use of this feature.

Members noted that the final application for the Overton Road, Ifton Heath site had been submitted for approval by the Planning Committee. All surveys had been completed and the site had a density of below thirty homes per hectare, in line with the requirements for a development in a rural area. The site was a mix of two, three and four bedroom dwellings including a number of bungalows, incorporating existing areas of green space which were problematic to develop due to the topography. The outcome of the Planning Application was expected for September with the statutory

Judicial Review period running until November. Commencement of work on site was anticipated for early in the new year. At a Members request, the Lead Director of CDL outlined the potential topographical issues referred to, which comprised of a substantial slope and an area of environmental interest. It was anticipated that this area would remain as green local space and would become a feature of the site. Further slopes on the site were also pointed out which would also become features of the site open to the public.

The Lead Director of CDL introduced Lucy Heath who had recently joined Cornovii Developments Ltd as a Business Manager, Simon Hodgetts who had also recently joined the company as a Development Project Manager and Lindsay Truman also as a Development Project Manager.

**RESOLVED:** that the report of the Director of Place be noted.

**45 Exclusion of the Press and Public**

**RESOLVED:** that in accordance with the provisions of Schedule 12A of the Local Government Act 1972, and paragraph 10.4(3) of the Council’s Access to Information Procedure Rules, the press and public be excluded during consideration of the following item.

**46 Cornovii Developments Limited - Update Report (Pages 5 - 20)**

Members received a presentation from the Lead Director of Cornovii Developments Limited [presentation attached to the signed minutes.]

**RESOLVED:** that the report be noted.

Signed ..... (Chairman)

Date: .....

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## Housing Supervisory Board

5<sup>th</sup> November 2020

### Item 5, Member Question Time

#### Question 1

**CLLR BODDINGTON:** *The launching of Cornovii Developments Limited by Shropshire Council has been welcomed by councillors. Along with ensuring enough housing is built, our council also wishes to promote high quality design. What plans does the Housing Supervisory Board have to promote design of the highest quality through Cornovii Developments and thereby provide exemplars for other developers?*

#### **Response:**

Cornovii Developments Limited (CDL), Shropshire Council's wholly owned Local Housing Company, has been established to achieve a number of the Council's aims and objectives, the primary being to 'address unmet housing need in the County'.

The vision for Housing in Shropshire, as defined in the Housing Strategy, states that:

'All homes are well designed, decent homes of high quality, which will protect Shropshire's unique urban and rural environments and ensure it is a great place to live....'.

Cornovii Developments has responded with a commitment to realising this vision across its ambitious five-year development programme of over 950 homes; with its corporate values of Quality, Service, Community, and Sustainability.

The Housing Supervisory Board represents the Council as sole Shareholder of Cornovii Developments. It receives regular reports on the company's business and takes a close interest in how it is progressing its activities to meet and exceed the Council's Planning and Building Control standards.

In particular Cornovii Developments intends to promote high quality design through the adoption and monitoring of challenging build standards. These include, adopting the larger 'Nationally Described Space Standard'; and all homes being built to a high Fabric Specification, to limit the impact of development on the environment.

Specifically, Cornovii Developments have set out three levels of building fabric standard for their new homes: Their minimum Eco Standard, which is 20% higher than building regulations and has an Energy Performance Certificate (EPC) Rating of B; an Eco Smart Standard with an EPC of A; and a Carbon Neutral Standard which matches those of Passive House.

Each development will be tailored to meet unique local requirements and designed by carefully selected architects; using quality products and where possible local builders and companies to maximise the Shropshire Pound.

Given the Council's Climate Emergency Declaration and commitment to Carbon Reduction, it is more important than ever to lead by example and demonstrate that value for money, quality and innovation is achievable on all new homes.

The Housing Supervisory Board supports the ambitions that the Council has set for Cornovii Developments in establishing the company, is positive about the future growth of high-quality housing in Shropshire and looks forward to seeing them deliver much needed new homes, to ensure everyone can live in the 'Right Home and in the Right Place'.



#### **4. Financial Implications**

4.1 N/A.

#### **5. Climate Change Appraisal**

5.1 N/A.

#### **6. Background**

6.1 Cornovii Developments Limited, is Shropshire Council's wholly owned Local Housing Company. Established on 6th July 2019, it is currently progressing the development of its first 3 sites and a 5 Year Development Programme of 950 plus units, with the identification of land / sites to acquire.

6.2 Governance arrangements include this sub-committee, the 'Housing Supervisory Board'. Shropshire Council has delegated its functions as Shareholder of the company to the Housing Supervisory Board in order to 'provide oversight of the Company's actions and performance on behalf of the Council as sole shareholder'.

6.3 The Terms of Reference sets out the Housing Supervisory Board's role and responsibilities as the representative body of the company Shareholder.

6.4 A Shareholder Agreement between the Council and the Company regulates the relationship between the Council as Shareholder and the Company. This agreement includes a list of those decisions which, whether by virtue of the Companies Act 2006 or arrangements between the Council and the Company for good governance, are decisions that require the approval and consent of the Company's Shareholder, as well as the Company itself.

#### **7. Additional Information**

7.1 None.

**Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

None

**Cabinet Member (Portfolio Holder)**

Cllr. Robert Macey

**Local Member**

**Appendix**

Appendix A – Housing Supervisory Board Terms of Reference

## Appendix A

### Shropshire Council

#### Housing Supervisory Board – Terms of Reference

##### 1 Introduction

- 1.1 Cornovii Developments Limited (the **Company**) is a company limited by shares which is wholly owned by Shropshire Council (the **Council**).
- 1.2 The Company has been established to undertake residential development activity in the Council's administrative area to address unmet housing need and generate a financial return for the Council. It is intended that the Company will undertake development of residential property on land acquired from the Council or on the open market for both sale and rent, and undertake related property development activities.
- 1.3 The Council has reserved certain functions to itself, as shareholder, in the articles of association (the **Articles**) and the shareholder agreement in place between the Council and the Company (the **Shareholder Agreement**). The purpose of these terms of reference, which sit alongside the Articles and the Shareholder Agreement, is to set out the shareholder functions which are delegated by the Council to the Housing Supervisory Board and the terms on which it will operate.

##### 2 Membership

- 2.1 Members of the Housing Supervisory Board shall be appointed by the Council in accordance with the Council Procedure Rules. The Housing Supervisory Board will be politically balanced and will consist of up to nine elected members of the Council.
- 2.2 Members of the Housing Supervisory Board shall cease to be a member of the Housing Supervisory Board at the next Annual Meeting of the Council or immediately on cessation of being an elected member, unless they are reappointed by the Council.
- 2.3 The Chair of the Housing Supervisory Board shall be elected by a simple majority of the members of the Housing Supervisory Board.

### **3 Meetings**

- 3.1 Meetings of the Housing Supervisory Board shall be held at least quarterly, and as frequently as is necessary for it to exercise its delegated functions.
- 3.2 The quorum for Housing Supervisory Board meetings shall be three.
- 3.3 Decisions at meetings shall be made by a majority vote. The Chair of the Housing Supervisory Board shall have a casting vote.
- 3.4 The Housing Supervisory Board may invite any person (including Council officers, third party advisors), to attend meetings of the Housing Supervisory Board in an advisory capacity, as they feel appropriate.

### **4 Minutes and reporting**

- 4.1 Draft minutes of meetings shall be circulated to the Chair of the Housing Supervisory Board for approval within 10 working days of the meeting.
- 4.2 Minutes of meetings will be presented to the next Housing Supervisory Board meeting and will also be made available to the Council.
- 4.3 There will be reporting every six months to the Council on the activities of the Housing Supervisory Board and operation of the Company, in accordance with the responsibilities set out in section 5 below.

### **5 Responsibilities**

- 5.1 The Housing Supervisory Board shall be responsible for:
  - the giving of consent for the Shareholder Consent Matters set out in Schedule 1 of the Shareholder Agreement from time to time. For ease of reference, these Shareholder Consent Matters are set out at Appendix 1 to these terms of reference;
  - monitoring the operations and performance of the Company through the receipt and analysis of quarterly reports prepared and presented by officers of the Company;
  - ensuring compliance with the Council's corporate objectives as set out in the Council's corporate plan;

- receiving internal audit reports from directors and officers of the Company;
- receiving quarterly reports on the Company's progress in meeting unmet housing need in the Council's administrative area, including information on land disposals, development appraisals, housing numbers, types and tenures; and
- receiving quarterly borrowing reports for secured and unsecured lending of the Company.

## 6 **Review**

- 6.1 These terms of reference shall be reviewed at least annually, and any amendments shall be approved by the Council or Council officers as appropriate.

**Dated**      **5<sup>th</sup> September 2019**



## Appendix 1

### Definitions

The following definitions are reproduced from the Shareholder Agreement to assist in the interpretation of this Appendix:

**Business Plan** means the Company's plan for delivery of the Business as updated or amended in accordance with the Shareholder Agreement;

**Debt Recovery Policy** means the policy of the Company in relation to the recovery of debt owed to it by a tenant of a Dwelling as adopted by the Company (and amended from time to time with Shareholder Consent);

**Finance Documents** means the equity subscription agreement to be entered into by the Company and the Council on or about the date of this Agreement and any other funding and security documentation which is entered into by the Company relating to the provision of funding for the Business from the Council;

**Financial Model** means the financial model set out in the Business Plan and initialled by way of identification by the signatories to the Shareholder Agreement, as amended from time to time with Shareholder Consent;

**Remuneration and Expenses Policy** means a policy adopted by the Company (following receipt of Shareholder Consent) and amended from time to time in relation to the remuneration (including salary, bonus, the provision of benefits-in-kind, reimbursement of expenses or otherwise) of employees (if any), officers and consultants;

**Rent and Lettings Policy** means the policy of the Company under which it will set the rents of Dwellings and let Dwellings, as adopted by the Company (and amended from time to time) with Shareholder Consent;

**Sales Policy** means the policy of the Company under which it will sell Dwellings as adopted by the Company (and amended from time to time) with Shareholder Consent;

**Shareholder Consent** means the prior consent in writing of the Shareholder holding either all, or the aggregate (between them) majority, of the Shares then in issue;

**Shares** means the ordinary shares of £1 each in the issued share capital of the Company;

## **Shareholder Consent Matters**

### **Part A - Corporate Matters**

The Company shall not, unless it has Shareholder Consent:

- 1 vary in any respect its articles of association or the rights attaching to any of its shares; or
- 2 permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Shareholder in accordance with the terms of this Agreement and/or any permitted transferees; or
- 3 increase the amount of its issued share capital except as provided in this Agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital; or
- 4 issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital; or
- 5 make any borrowing other than under the Finance Documents; or
- 6 apply for the listing or trading of any shares or debt securities on any stock exchange or market; or
- 7 pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent); or
- 8 engage in any business other than as contemplated by the Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business; or
- 9 form any Subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not); or
- 10 close down any business operation, or dispose of or dilute its interest in any of its Subsidiaries for the time being, or dispose of any material asset unless in each case such closure or disposal is expressly contemplated by the Business Plan; or

11 amalgamate or merge with any other company or business undertaking; or

12 alter its name or registered office; or

13 enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement; or

14 enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or

15 create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than:

15.1 pursuant to the Finance Documents;

15.2 liens arising in the ordinary course of business; or

15.3 any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business; or

16 adopt or amend its Business Plan; or

17 change either:

17.1 its statutory auditors; or

17.2 its financial year end; or

18 make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the CA 2006 or any other generally accepted accounting principles in the United Kingdom; or

19 make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading); or

20 give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan; or

21 factor or assign any of its book debts; or

22 establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees; or

23 establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family; or

24 appoint (including setting terms of appointment), remove or dismiss any Director; or

25 agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any employee, officer or consultant to the Company unless the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) is in accordance with the Company's current Remuneration or Expenses Policy or Business Plan; or

26 institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business or where the value of such claim is reasonably believed by the Company to be less than £10,000.00) instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan; or

27 make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan.

## **Part B**

### **Operational Matters**

The Company shall not, unless it has Shareholder Consent:

- 1 acquire any land or assets with a value of £1,000,000 or more, unless the acquisition is contemplated in the current Business Plan; or
- 2 enter into any contract with a value of £500,000 or greater, unless the contract is contemplated in the current Business Plan; or
- 3 enter into, as lessor or as lessee, any finance lease with a value of £30,000.00, unless the contract is contemplated in the current Business Plan; or
- 4 adopt or amend:
  - 4.1 the Financial Model; or
  - 4.2 the Rent and Lettings Policy; or
  - 4.3 the Sales Policy; or
  - 4.4 the Debt Recovery Policy; or
  - 4.5 The Remuneration and Expenses Policy

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<u>Committee and Date</u>	<u>Item</u>
Housing Supervisory Board 5 <sup>th</sup> November 2020	
	<u>Public</u>

## HOUSING SUPERVISORY BOARD TERMS OF REFERENCE REVIEW AND GOVERNANCE

**Responsible Officer** Jane Trethewey  
e-mail: [jane.trethwey@shropshire.gov.uk](mailto:jane.trethwey@shropshire.gov.uk)

### 1. Summary

- 1.1 It has been 14 months since the Housing Supervisory Board agreed the Board's Terms of Reference in Appendix A. This presents an opportunity to review and ensure they remain fit for purpose.

### 2. Recommendation

- 2.1 That the Housing Supervisory Board receives a report to its January 2021 meeting reviewing the governance arrangements in place for the Council as Shareholder of Cornovii Developments Limited, and the Terms of Reference of this meeting, attached in Appendix A.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 The original legal advice was provided by international law firm Trowers & Hamlins.
- 3.2 The Terms of Reference were agreed on 5<sup>th</sup> September 2019. With the company actively progressing its first three developments, this presents a timely opportunity to review the Terms of Reference to ensure they remain fit for purpose.

#### **4. Financial Implications**

4.1 N/A.

#### **5. Climate Change Appraisal**

5.1 N/A.

#### **6. Background**

6.1 Cornovii Developments Limited, is Shropshire Council's wholly owned Local Housing Company. Established on 6th July 2019, it is currently progressing the development of its first 3 sites and a 5 Year Development Programme of 950 plus units, with the identification of land / sites to acquire.

6.2 Governance arrangements include this sub-committee, the 'Housing Supervisory Board'. Shropshire Council has delegated its functions as Shareholder of the company to the Housing Supervisory Board in order to 'provide oversight of the Company's actions and performance on behalf of the Council as sole shareholder'.

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6.4 A Shareholder Agreement between the Council and the Company regulates the relationship between the Council as Shareholder and the Company. This agreement includes a list of those decisions which, whether by virtue of the Companies Act 2006 or arrangements between the Council and the Company for good governance, are decisions that require the approval and consent of the Company's Shareholder, as well as the Company itself.

#### **7. Additional Information**

7.1 None.



**Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

None

**Cabinet Member (Portfolio Holder)**

Cllr. Robert Macey

**Local Member**

**Appendix**

Appendix A – Housing Supervisory Board Terms of Reference

## Appendix A

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- receiving internal audit reports from directors and officers of the Company;
- receiving quarterly reports on the Company's progress in meeting unmet housing need in the Council's administrative area, including information on land disposals, development appraisals, housing numbers, types and tenures; and
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## 6 **Review**

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**Dated**      **5<sup>th</sup> September 2019**

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**Shares** means the ordinary shares of £1 each in the issued share capital of the Company;

## **Shareholder Consent Matters**

### **Part A - Corporate Matters**

The Company shall not, unless it has Shareholder Consent:

- 1 vary in any respect its articles of association or the rights attaching to any of its shares; or
- 2 permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Shareholder in accordance with the terms of this Agreement and/or any permitted transferees; or
- 3 increase the amount of its issued share capital except as provided in this Agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital; or
- 4 issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital; or
- 5 make any borrowing other than under the Finance Documents; or
- 6 apply for the listing or trading of any shares or debt securities on any stock exchange or market; or
- 7 pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent); or
- 8 engage in any business other than as contemplated by the Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business; or
- 9 form any Subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not); or
- 10 close down any business operation, or dispose of or dilute its interest in any of its Subsidiaries for the time being, or dispose of any material asset unless in each case such closure or disposal is expressly contemplated by the Business Plan; or

11 amalgamate or merge with any other company or business undertaking; or

12 alter its name or registered office; or

13 enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement; or

14 enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or

15 create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than:

15.1 pursuant to the Finance Documents;

15.2 liens arising in the ordinary course of business; or

15.3 any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business; or

16 adopt or amend its Business Plan; or

17 change either:

17.1 its statutory auditors; or

17.2 its financial year end; or

18 make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the CA 2006 or any other generally accepted accounting principles in the United Kingdom; or

19 make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading); or

20 give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan; or

21 factor or assign any of its book debts; or

22 establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees; or

23 establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family; or

24 appoint (including setting terms of appointment), remove or dismiss any Director; or

25 agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any employee, officer of or consultant to the Company unless the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) is in accordance with the Company's current Remuneration or Expenses Policy or Business Plan; or

26 institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business or where the value of such claim is reasonably believed by the Company to be less than £10,000.00) instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan; or

27 make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan.



## **Part B**

### **Operational Matters**

The Company shall not, unless it has Shareholder Consent:

- 1 acquire any land or assets with a value of £1,000,000 or more, unless the acquisition is contemplated in the current Business Plan; or
- 2 enter into any contract with a value of £500,000 or greater, unless the contract is contemplated in the current Business Plan; or
- 3 enter into, as lessor or as lessee, any finance lease with a value of £30,000.00, unless the contract is contemplated in the current Business Plan; or
- 4 adopt or amend:
  - 4.1 the Financial Model; or
  - 4.2 the Rent and Lettings Policy; or
  - 4.3 the Sales Policy; or
  - 4.4 the Debt Recovery Policy; or
  - 4.5 The Remuneration and Expenses Policy

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<u>Committee and Date</u>
Housing Supervisory Board 5 <sup>th</sup> November 2020

<u>Item</u>
<u>Public</u>

## **CONSENT TO APPOINT CORNOVII DEVELOPMENTS LIMITED BOARD OF DIRECTORS REPORT**

**Responsible Officer** Jane Trethewey  
e-mail: [jane.trethewey@shropshire.gov.uk](mailto:jane.trethewey@shropshire.gov.uk)

### **1. Summary**

- 1.1 The following report recommends that the Housing Supervisory Board gives it consent to appoint the Cornovii Development Limited (CDL) Board of Directors.
- 1.2 The CDL Board has been structured in accordance with the CDL Articles of Association and the Shareholder Agreement.
- 1.3 It is a requirement of the Shareholder Agreement under the 'Shareholder Consent Matters' that approval is given by the Housing Supervisory Board for all board appointments and changes.
- 1.4 A review of the appointment of Directors has shown that the CDL Board is sufficiently populated with the level of skill, knowledge and capability needed.
- 1.5 This includes the delivery of the business plan; ability to analyse and mitigate risk; and to provide effective and strategic governance and direction to the company.

### **2. Recommendation**

- 2.1 That the Housing Supervisory Board approves the appointment of the Cornovii Board of Directors as listed below in section 7.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 The appointments are compliant with the CDL Articles of Association and the Shareholder Agreement.
- 3.2 A fully formed and diversified board will reduce risk to the business by enabling rigorous and robust appraisal and challenge of key decisions and in the execution of the business plan and use of resources.
- 3.3 All CDL Board Members have been provided with appropriate training to ensure that they are familiar with their responsibilities on the Board, and aware of their obligations in this capacity.

### **4. Financial Implications**

- 4.1 Council Board Members and Nominated Members appointed by the Shareholder will not receive any additional emoluments other than those prescribed in their contract of service. The Independent Directors will receive an agreed annual fee.
- 4.2 All Directors have been indemnified, by way of Directors and Officers Liability Insurance. These costs have been factored into the 2020-25 Business Plan.

### **5. Legal Implications**

- 5.1 Governance arrangements are aligned to the Articles of Association and the Shareholder Agreement, advised and produced by international law firm Trowers and Hamlins.
- 5.2 While it is acknowledged that company law should not attempt to prescribe to any particular boardroom style, certain basic principles of good boardroom practice can be considered to be universally applicable.
- 5.3 The appointment of the Directors was carried out in accordance with this best practice. Evidence of awareness of legal duties also formed a substantive part of the interview process.
- 5.4 The Companies Act 2006 places legal duties upon company directors, set out in sections 171-177. All CDL Directors have received training in their legal duties and obligations.

## **6. Climate Change Appraisal**

6.1 N/A.

## **7. Background**

7.1 Cornovii Developments Limited, is Shropshire Council's wholly owned Local Housing Company. Established in July 2019, it is currently progressing the development of its first three sites at Overton Road, Ifton Heath; Frith Close, Monkmoor, Shrewsbury; and Ellesmere Wharf, Ellesmere. These will provide approximately 92 new units with around 40% of them as affordable housing.

7.2 The company is progressing a 5 Year Development Programme of 950 plus units, with the identification of land / sites to acquire.

7.3 In accordance with the 'Shareholder Agreement, Schedule 1, Shareholder Consent Matters, Part A – Corporate matters, Item 24' the consent of the Housing Supervisory Board is required to '*appoint .... or dismiss any Director....*'.

7.4 CDL requests consent for the appointment of the following Directors to support Harpreet Rayet as Managing Director and Chair:

### **7.5 Independent Board Members**

- Chris Poulton (nominated Vice Chair) – Former Executive Director Stafford and Rural Homes, experienced in Development, ALMO and Housing Management.
- Derek Humphreys – Director and owner of Quantity Surveying, Project Management and Clerk of Works Practice, former MD of a building contractor specialising in residential and social housing development.
- Richard Cambray – local developer and former partner at Monks Estate Agent, extensive local knowledge of the Shropshire contracting and land market.

### **7.6 Council Officer Board Members**

- Hayley Owens – Growth Programme & Strategy Manager. Knowledgeable and experienced in key economic growth opportunities within Shropshire.
- Leela Cottey – Senior Property Commissioning Officer. Knowledgeable and experienced in the Council asset base, construction and property.

## 7.7 Council Nomination

- Tim Prichard – Shrewsbury Programme Manager. An experienced professional in property, regeneration and asset management.

## 8. Conclusion

- 8.1 Appointment of directors to the CDL Board, together with the other governance arrangements provides assurance that CDL is being effectively and diligently managed.
- 8.2 Risk to the business is mitigated by creating an environment that is compliant with all legal, regulatory and financial obligations. The governance structure will provide strong leadership, ensuring that company values and objectives are met and aligned throughout its activities.

<b>Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
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None
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<b>Cabinet Member (Portfolio Holder)</b>
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Cllr. Robert Macey
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<b>Local Members</b>
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<b>Appendices</b>
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<u>Committee and Date</u>	<u>Item</u>
Housing Supervisory Board 5 <sup>th</sup> November 2020	<u>Public</u>

## **CORNOVII DEVELOPMENTS LIMITED UPDATE REPORT**

**Responsible Officer** Jane Trethewey  
e-mail: [jane.trethewey@shropshire.gov.uk](mailto:jane.trethewey@shropshire.gov.uk)

### **1. Summary**

- 1.1 The report in Appendix A provides the Housing Supervisory Board with an update from Cornovii Developments Limited (CDL) on the Company's progress since the last Board meeting held on the 11<sup>th</sup> June 2020.
- 1.2 The report primarily provides an update on their first 3 development sites, including a planned virtual tour. It also outlines their proposals to examine the Private Rented Sector across Shropshire; and updates on their new marketing strategy and branding.

### **2. Recommendation**

- 2.1 That the Housing Supervisory Board notes the Cornovii Developments Limited Update Report.

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 N/A.

### **4. Financial Implications**

- 4.1 N/A.

### **5. Climate Change Appraisal**

- 5.1 N/A.

## REPORT

### 6. Background

- 6.1 The report in Appendix A, provides an update on progress since the last meeting of the Housing Supervisory Board on 11<sup>th</sup> June 2020.
- 6.2 Cornovii Developments Limited, Shropshire Council's wholly owned Local Housing Company, has been progressing the development of its first 3 sites at Crowmoor, Frith Close, Monkmoor, Shrewsbury; Ellesmere Wharf, Ellesmere; and Overton Road, as part of its five-year development programme. The CDL report provides a full update.
- 6.3 A planned tour of sites which included Members of the Housing Supervisory Board has been cancelled because of the continuing Covid-19 pandemic. In its place, CDL are organising a virtual tour instead. The report provides details of the planned virtual tour.
- 6.4 CDL are investigating entering the Private Rented Sector and have commissioned research to be carried out. The private rented sector in Shropshire accounts for 16% of the housing stock, of which 43% are flats.
- 6.5 The Council is supportive and welcomes further research. As highlighted in the Council's draft new Housing Strategy 2020/25; this sector *'makes an important contribution to the housing offer and flexibility to directly support our continued job led growth for existing and incoming labour force. Traditionally, this sector has not been the tenure of choice, mainly due to concerns of security of tenure and property conditions'*.
- 6.6 CDL are also currently working on a Marketing and Communications Strategy. The report provides an update on this workstream, including details of the new Company Branding.

### 6. Additional Information

- 6.1 None.



**Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

None

**Cabinet Member (Portfolio Holder)**

Cllr. Robert Macey

**Local Members**

Cllr. Pam Moseley, Cllr. Ann Hartley & Cllr. Steve Davenport

**Appendix A**

CDL Update Report

## Appendix A



### **Cornovii Developments Limited Housing Supervisory Board Update Report 5<sup>th</sup> November 2020**

#### **1 Purpose**

- 1.1 To update the Housing Supervisory Board in the Company progress since the previous meeting held on 11<sup>th</sup> June 2020.

#### **2 Introduction**

- 2.1 The Company has been progressing the development of its first three sites at Crowmoor, Frith Close, Monkmoor, Shrewsbury; Ellesmere Wharf, Ellesmere; and Overton Road, Ifton Heath.
- 2.2 The planned Virtual Tour of the sites to take place on Microsoft Teams on the 20<sup>th</sup> November 2020. This tour will show the Board and other stakeholders the proposed Cornovii pipeline and allow stakeholders to have sight of current and future opportunities.
- 2.3 The company is exploring other ways in which it can address unmet housing need across the county and has recently issued a tender opportunity to a number of property consultancies to advise CDL and Shropshire Council on the market opportunities for Private Rental Sector Housing (PRS) within Shropshire.
- 2.4 The branding and marketing of the Company is essential to ensure that it is established within the sector and that the developments are marketed effectively to drive sales and positive community engagement. This update provides an overview of the activities being undertaken to ensure that the Company's aims and values are communicated and that its developments are marketed to achieve sales.

#### **3 Recommendations**

- 3.1 The Housing Supervisory Board Notes progress made to date.

## 4 Crowmoor

- 4.1 Planning permission was granted in August following submission of a planning application in April 2020 for 33 homes; 21 for market sale and 12 affordable homes including 1nr. 1 bed wheelchair adaptable bungalow, 1nr. 2 bed wheelchair adaptable bungalow, 12nr. 2 bed, 13nr. 3 bed and 6nr. 4 bed houses. The original site plan has been amended slightly following feedback from planners to increase new tree planting and omit bin stores to frontages. The approved site plan can be found in appendix A.
- 4.2 CDL is still in discussion with Shrewsbury Town Council on the extent of Public Open Space upgrade. A budget figure of £150,000 contribution has been agreed with the local authority.
- 4.3 An application for grant funding will be made to Homes England for all affordable homes on the site following the completion of the Memorandum of Understanding and the confirmation of Shropshire Council partner status for the new affordable homes programme.
- 4.4 The current proposed programme for the scheme is outlined below:

<b>Task</b>	<b>Start</b>	<b>End</b>
Complete Surveys	Nov 2019	March 2020
Submit Planning	April 2020	April 2020
Planning Decision	July 2020	Aug 2020
Start main contractor tender	July 2020	Sept 2020
Complete Tender	Sept 2020	Oct 2020
Demolition	Nov 2020	Jan 2021
Start on site	Jan 2021	
Launch Show home	May 2021	May 2021
Start Sales	July 2021	
Complete Development	Feb 2022	
Complete Sales	Sept 2022	

- 4.5 Following soft market testing, CDL identified five suitable Main Contractors from Shropshire, the tender was issued 4.9.20 by Shropshire Council's Property Services Group (PSG). The tender return date was 16.10.20 and the successful Contractor will be appointed in November 2020.
- 4.6 The scheme is being tendered on CDL 'Eco' and 'Eco-smart' specifications – the tender returns will be used to firm-up CDL build-cost data.

## **5 Ifton Heath**

- 5.1 CDL consulted with the parish council and local member prior to the submission of a planning application in June 2020. Following consultation, CDL incorporated concerns about the loss of the school within the design proposal in addition to recording the history of the school within the new housing development and a planning application for 40 homes was submitted in June 2020.
- 5.2 Since the planning application has been submitted, further comments have been received from the planning department, parish council and local member including:
- Preference for semi-detached properties rather than terrace to the Overton Rd frontage
  - Preference for a reduction in the number of homes on site
  - Increased traffic and road safety concerns
  - Concerns over the amount of recent investment by Shropshire Council in the caretaker's house (resulting in a decision to retain the house in its current form, to be sold off at a later date)
  - Rescinded support for demolition of the school building
- 5.3 CDL has responded to comments made by the heritage and planning officers regarding retaining the school by arranging for building and asbestos surveys to be undertaken, to enable estimated costs for conversion into apartments with suitable upgrades to current building regulations. CDL has demonstrated that conversion of the school would not represent value for money, whereas demolition and redevelopment into new properties would. During this process, CDL has also provided a tour of the school building with the planning officer, planning services manager and heritage officer. Discussion is ongoing with the planning department regarding demolition of the school.
- 5.4 Following feedback and review of the draft local plan, CDL has prepared a heavily revised scheme for 36 units to meet the concerns raised (see appendix B). The new site layout comprises of 1nr. 1 bed bungalow, 3nr. 2 bed bungalows, 8nr. 2 bed houses, 16nr. 3 bed houses and 8nr. 4 bed houses and retains the existing caretaker's house. This scheme was presented to the local member and the parish council in September and received endorsement. CDL will be submitting a revised scheme in November 2020 for the revised scheme.

5.5 A new planning application will be submitted in November. CDL anticipate a planning decision in March 2021 at the earliest. This is due to the site being identified within the updated local plan and not having a planning status under the existing local plan.

5.6 The current proposed programme for the scheme is outlined below:

<b>Task</b>	<b>Start</b>	<b>End</b>
Complete Surveys	Nov 2019	May 2020
Submit Planning	June 2020	
Revised Planning Application	Nov 2020	
Planning Decision	March 2021	March 2021
Start main contractor tender	Feb 2021	Apr 2021
Complete Tender	May 2021	May 2021
Start on site	May 2021	May 2021
Launch Show home	Aug 2021	Sept 2021
Start Sales	Nov 2021	
Complete Development	Jul 2022	
Complete Sales	Dec 2022	

## **6 Ellesmere Wharf**

6.1 CDL are now proposing a residential development of 23 homes, 15 for market sale and 8 affordable homes including 6nr. 2 bed wheelchair adaptable bungalows, 3nr. 2 bed, 8nr. 3 bed and 4nr. 4 bed houses (proposed site plan attached in appendix C).

6.2 The site layout has changed, resulting in the loss of one unit due to a 10 metre easement attached to a culvert on adjacent land to the south of the site.

6.3 There are multiple constraints and abnormal associated with the site which are summarised below:

- Proximity of trees with large root protection areas
- Additional site contamination
- Culvert on adjacent land with 10 metre easement from the centre line affecting the site
- Existing live underground electrical cable running through the site
- A gas easement preventing construction on significant portion of the site
- Abandoned underground gas pipework and associated contamination zone

- Requirement for an additional electrical transformer or on-site substation.

6.4 The requirement for an electrical transformer to serve the site may result in the loss of a further unit. An unconditional offer has been made for the land adjacent to the north of the site by a third party. CDL is liaising with the land agent for updates on completion timescales and to identify the new owners. An approach will be made to purchase a small area immediately north of the site to house a pole mounted transformer. If agreement cannot be achieved, the plan attached in appendix E will be adapted to accommodate an on-site substation.

6.5 The current proposed programme for the scheme is outlined below:

<b>Task</b>	<b>Start</b>	<b>End</b>
Complete Surveys	Nov 2019	Aug 2020
Consultation	Sept 2020	Sept 2020
Submit Planning	Oct 2020	
Planning Decision	Jan 2021	
Start main contractor tender	Oct 2020	Dec 2020
Complete Tender	Dec 2020	Feb 2021
Start on site	April 2021	
Launch Show home	Sept 2021	Sept 2021
Start Sales	Sept 2021	
Complete Development	Jul 2022	
Complete Sales	Jul 2023	

## **7 Virtual Tour**

7.1 Due to the ongoing COVID-19 restrictions it will not been possible for the CDL Board, Housing Supervisory Board, Cabinet and Officers to attend the proposed Cornovii sites Tour. The Cornovii Team are instead proposing to do a virtual tour on Microsoft Teams on the 20<sup>th</sup> November 2020. This tour will show the CDL Board, the Housing Supervisory Board and other stakeholders the proposed Cornovii pipeline and allow stakeholders to have sight of current and future opportunities.

## **8 Private Rented Sector**

8.1 CDL have recently issued a tender opportunity to a number of property consultancies to advise CDL and Shropshire Council on the market opportunities for Private Rental Sector Housing (PRS) within Shropshire. The key objectives of the brief are outlined below:

- Is there a market for PRS in Shropshire.
- Defining the market including property types, sizes, locations and potential rental income.
- Recommendations for a PRS model including finance cost, repairs, property turnover and disposals.
- Production of a high-level business plan.

8.2 CDL will use the findings from this report to support a business case for funding to deliver a comprehensive PRS offer for Shropshire. The aim will be to include a business case for PRS in Shropshire within Shropshire Council's capital strategy in February 2021.

## **9 Branding and Marketing**

9.1 CDL has awarded the contract to provide the company with branding and marketing services for a period of 18 months to Reech Media, based in Shrewsbury.

9.2 As part of the contract Reech are working with the company to set the company values and to develop a new company logo and website. The new website is set to be launched at the end of January 2021.

9.3 An 18-month Marketing Plan is being drawn up in partnership with the company's sales agents which will include the social media launch strategy. This strategy will see the sites at Crowmoor, Ifton and Ellesmere brought to the market and establish the presence of the company within Shropshire residential development sector. Furthermore, the marketing strategy will communicate and engage audiences in the company's and its shareholder's aims and ambitions.

# Appendix A – Crowmoor Proposed Layout





# Appendix B- Ifton – Proposed Layout for Planning Amendment Oct 2020



# Appendix C – Ellesmere Wharf Proposed Layout



ACCOMMODATION SCHEDULE						
Unit	Area	Type	Unit Type	Count	Total Area (sqm)	
500	18	16/2P BUNGALOW	1	4	259.0	
412.0	26	26/2P BUNGALOW	2	4	284.0	
79.0	28	28/2P HOUSE	3	3	237	
75.4	36	36/2P HOUSE	3	6	747.2	
108.0	48	48/2P HOUSE	2	4	432.0	
<b>UNIT SUB-TOTAL</b>					<b>25</b>	<b>1869.2</b>
<b>TOTAL CAR PARKING</b>					<b>64</b>	
<b>TOTAL SITE AREA (HECTARES)</b>						<b>0.77</b>

- KEY:**
- RED LINE BOUNDARY
  - EXISTING TREES (RETAINED)
  - EXISTING TREES TO BE REMOVED
  - BLOCK FAVOURS
  - SOFT LANDSCAPING
  - AFFORDABLE RENT
  - SHARED OWNERSHIP

<p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>- Copyright in this drawing remains the property of BM3 Architecture Limited.</li> <li>- Do not scale this drawing. Work to agreed dimensions only.</li> <li>- Contractors and consultants are to advise BM3 Architecture Limited of any discrepancies.</li> </ul>	<p>Revision: J AFFORDABLE PLOT NUMBERS ALLOCATED K BIN COLLECTION POINTS NOTED</p>	<p>DATE: 10.8.20 14.8.20</p>	<p>BY: [Signature] [Signature]</p>	<p>Project: Land off Bridgewater Street Ellesmere Wharf Ellesmere</p>	<p>Drawing: Site Layout Plan</p>	<p>Client:</p>	
	<p>Scale: 1:500 Date: 06.02.2020</p>	<p>Job No.: 71155</p>	<p>Drawing No.: D01</p>	<p>Drawn by: KZ</p>	<p>Checked: PJS</p>	<p>GD&amp;E Status: FEASIBILITY</p>	

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