



Housing Supervisory Board: 31/02/2021

Item: 2022-2032 CDL Business Plan (Public)

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Purpose/ Summary: To present to the Board the 2022 10-year Business Plan CDL Business Plan.

Recommendations:
 The Housing Supervisory Board is requested to:

- Receive the March 2022 10-year Business Plan business plan

Discussion or Decision	Decision	Anticipated time	90 mins
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Financial Implications:
 The report brings presents the 2022 Business Plan. The following are the key financial headlines:

- A total of £139m to be invested in development activity over the period

Intended outcomes:
 The Business Plan aims to deliver the following key outcomes:

- 728 new homes

People: shareholder, customer, stakeholder and staff implications:
 A fully funded Business Plan ensures that adequate resources are available for CDL to achieve its Corporate Objectives.

Shareholder: CDL will deliver a mix of homes which will meet unmet housing demand within Shropshire. This includes 2 bedroom homes, bungalows and low carbon homes.

Stakeholder: CDL will engage with key stakeholders including Homes England, STAR Housing, local contractors and Registered Providers (RPs) to support CDL to deliver the programme.

Staff Implications: CDL has outlined a revised staffing structure within the business plan, this includes new posts to support the sales and operations teams

Risks and Controls:

Description of Risk	Current Controls
Increased construction costs	CDL are unable to progress sites due to increased construction costs within the sector. The Business plan confirms exposure by capturing the most up to date costs. Stress testing is currently undertaken on the business plan.
Shocks to the economy including Brexit, war in Russia, COVID 19 and interest rate changes	Impacts on the housing market, people's ability to buy, cost of materials, cost of borrowing. The updated business plan facilitates sensitivity testing to increase understanding of impact for this risk area.
Insufficient Land Supply	Insufficient land supply within Shropshire Council ownership impacts delivery of the forecasted homes over the business plan period. The business plan focusses on certainty of pipeline to understand exposure in this risk area.
Funding Structure	Failure to put in place a debt: capital structure that is state aid compliant and meets the requirement of HMRC

Legal and regulatory issues:	No	Advice taken:	Yes
CDL continues to procure financial advice where appropriate from its external advisors including; RSM tax advisors, Trowers and Gateley's legal advisors, Azets Accountants and Shropshire Council finance department.			

1. Report Headlines

- 1.1. In accordance with the Shareholder agreement the Housing Supervisory Board is required to approve Cornovii's annual business plan.
- 1.2. The report brings forward the 2022 CDL Business Plan for consideration. The following are the main headlines:
 - The 2022 CDL business plan delivers 728 units across 9 Schemes
 - Homes delivered will average an EPC rating of A
 - There are an additional 346 units in the developing pipeline
 - The number of affordable units could be increased subject to additional Shareholder support

2. Business Plan Deliverables

Units

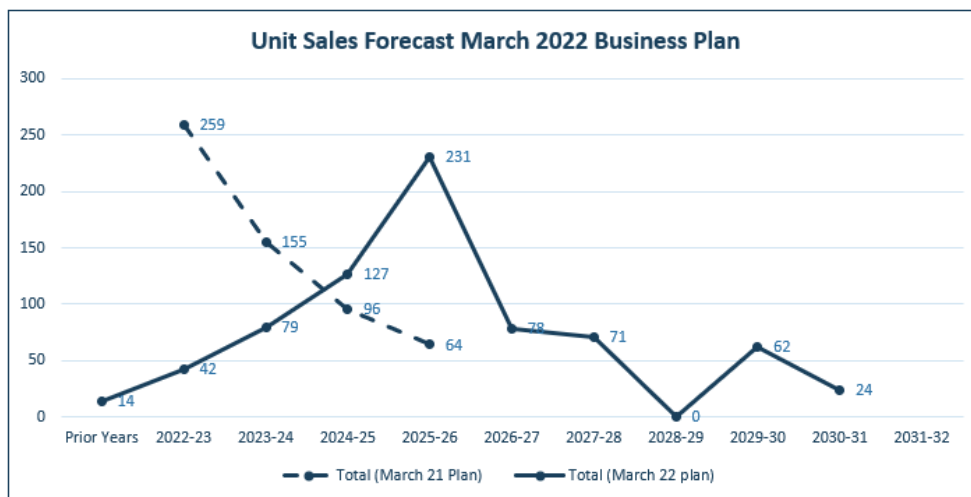
- 2.1. The 2022 CDL business plan delivers 728 units across 9 Schemes. This is an increase of 154 units on the 2021 CDL business plan. The table below summarises the main scheme changes and the graph shows their forecast completion dates.

Scheme Name	Number of Homes
The Frith, Crowmoor (approved)	33

Ellesmere Wharf (approved)	23
Ifton Green (approved)	35
Phase 2 Scheme	80
Phase 2 Scheme	56
Phase 2 Scheme	23
Phase 2 Scheme	89
Phase 2 Scheme	61
Phase 2 Scheme	72
Phase 2 Scheme	41
Phase 2 Scheme	86
Phase 2 Scheme	105
Phase 2 Scheme	24
TOTAL (1 & 2 confidence)	728

2.2. Starts on site are forecast as below:

Year	22/23	23/24	24/25	25/26	26/27	27/28	28/29
Start on site	192	190	128	0	41	0	86



2.3. The total number of affordable units has increase. The business plan presents a policy compliant approach only across the majority of developments along with additional affordable units at Ellesmere Wharf, The Frith and Ifton Green. This proposal presents the most commercial

proposition and maximises the financial return to the shareholder. The business plan gives the shareholder an option to increase the percentage of affordable homes.

2.4. The mix of unit types in the business plan is shown below.

1 Bed	82	11%
2 Bed	241	33%
3 Bed	250	34%
4 Bed	123	17%
Self/Custom Build	32	4%
Total Units	728	

Bungalow	86	12%
House	508	70%
Flat	102	14%
Custom/Self	32	4%
Total Units	728	

2.5. Whilst the overall cash return to shareholder has increased the gross annualised return reduces from 12.52% to 9.41%. This is due to extending the programme as can be seen in the capacity planning section.

Specification

2.6. CDL remains committed to building good quality sustainable homes. All CDL Homes will meet the following standards

- All Homes will be built to future homes standards which will result in all homes having renewable technologies, a EPC rating A and will be 31% above existing building regulations. Further, CDL is exploring options to move all properties from gas heating to electric renewable heating.
- All CDL Homes will meet National Defined Space Standards and will be built to M4(2) compliance where possible.
- CDL will aim to deliver a net gain in biodiversity across all our development sites
- All CDL homes are designed to be tenure blind.
- Affordable homes will be integrated into CDL sites rather than being isolated on a layout.

Supporting the local economy

2.7. A key objective of CDL is to support local SME and suppliers to build capacity, create job and training opportunities. CDL will deliver the following:

- CDL will invest at least £60m with Shropshire based contractors during the life of the Business Plan
- Support at least 138 apprentices as part of the development programme
- Support one local school per development

Social Value – Live Sites

- 2.8. In addition to the affordable housing delivery the operational sites are currently expected to deliver the following social value outputs.

Project Name:	The Frith	Ellesmere Wharf	Ifton Heath
Version:			
Update Date:			
Social Value Headings			
% of contractors and subcontractors from a Shropshire postcode	100%	30% (not all subcontractors appointed yet)	70%
Average EPC and carbon savings.	A	A	A
Employment and training opportunities	4	2	N/A
Number and detail of Education settings supported by CDL activities	Virtual School, Shropshire	Wleshampton C of E Primary School Ellesmere, SY12 0PG	St Martins School St Martins Oswestry SY10 7BD
Other	Stakeholder Group meeting on a monthly basis	Quarterly updates to Ellesmere Town Council clerk and local member	Quarterly Stakeholder Group meetings
Other	Homes England Grant	Homes England Grant	Regular engagement with childrens services home adjacent to the site
Other	PV Solar Panels	PV Solar Panels	

3. Company Financing

Capacity

- 3.1. The peak debt in the refreshed business plan reaches £42.681m in Jul-25. This is within the overall funding availability of £49.000m and below the Golden Rules level which requires 7.5% headroom is left available within the loan capacity at all times.
- 3.2. Compared to the March 2021 business plan the delivery period has been extended. This yields a greater interest receipt to the Shareholder but reduces the annualised return as the borrowing period is longer.

Pipeline

- 3.3. The plan brought forward for approval will deliver 728 units however, there are additional pipeline schemes with a confidence rating of 3 which at the moment could deliver a further 346 units, including 67 affordables. The team will continue to work on these in the background and these may come forward to add to or replace schemes in the business plan as required to maintain continuity of unit delivery. Quarterly updates will report on the status of scheme delivery and pipeline compared to plan.

4. Summary and Recommendation

- 4.1. The HSB is requested to:

- Receive the March 2022 business plan