

Housing Supervisory Board: 31st March 2022

Item: CDL Annual Report (PUBLIC)

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Purpose/ Summary: To present to the Housing Supervisory Board the annual report for 2020/21

Recommendations:

Board is requested to:

- Note the contents of the report

Discussion or Decision	For information	Anticipated time	5 mins
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Financial Implications:
There are no direct implications of this report. This report summarises the overall financial position and performance of the Company at the end of 2020/21.

Intended outcomes:
CDL was established in July 2019 to meet unmet housing need in Shropshire This report summarises the overall financial position and performance of the Company at the end of 2020/21.

People: shareholder, customer, stakeholder and staff implications:
There are no direct implications

Risks and Controls:
Reflecting on the past year in terms of performance ensures lessons learnt are carried forward as improvements for future years. This strengthens the financial control environment.

Legal and regulatory issues:	No	Advice taken:	No

1. Directors' Report

- 1.1.** The principal activity of the company in the year under review was the undertaking of development of a mixed portfolio to address unmet housing need in Shropshire Council 's administrative area. The company was formed to operate as a commercial company to address unmet housing need in Shropshire Council's administrative area.

Some of CDL key achievements are as follows:

- 91 new homes started onsite including 33 affordable homes
 - 148 new homes submitted for planning
 - 14 new homes sold
 - All new homes meeting an EPC rating A
 - Investment of over £4m with Shropshire based contractor
- 1.2.** The company was incorporated under the Companies Act 2006 on 6 July 2019. The company was incorporated pursuant to the general power of competence in the Localism Act 2011. The company is financed by Shropshire Council through a combination of equity in the form of share capital and debt finance.
- 1.3.** The year ended 31 March 2021 represents the company's second year of trading. The company has access to funding of £49m to deliver a programme of residential housing development. Some of the homes developed will be for affordable tenures and will be sold to registered providers of social housing. It is expected that the development of many of these homes will be supported through the provision of central government grants.
- 1.4.** During the year the company undertook feasibility works on a number of sites which have either been taken forward for development or are still under consideration. A small amount of this work has been on sites which have proved not to be proceedable.
- 1.5.** Shropshire Council offers Development Agency Support to the company managed via a support contract. At the close of 2020/21 three officers had been appointed to work for the company, a further two were secured under a Finance contract.
- 1.6.** The Covid-19 pandemic continued to have a major impact on Cornovii Development's key activities during the year. Whilst the housing market remained buoyant, inflation, material and labour shortages continued to have an impact on key operations. These issues resulted in delays, price uncertainty and sales uncertainty.
- 1.7.** The Directors that held office during the period were as follows:
- Executive: Harpreet Rayet Appointed 20 February 2020
 - Non Executive: Chris Poulton Appointed 7 July 2020

- Timothy Pritchard Appointed 7 July 2020
- Richard Cambray Appointed 7 July 2020
- Derek Humphreys Appointed 7 July 2020 (Board Chair)
- Hayley Owen Appointed 7 July 2020
- Leela Cottey Appointed 7 July 2020

2. Finance Report

- 2.1. Azets Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.
- 2.2. Attached at Appendix 1 is the Statement of Accounts for the year ended 2020/21. These are also available at company's house. It is a requirement of the two existing loan agreements that CDL's financial statements are audited by a top ten firm of auditors. The 2020/21 accounts have been audited by CDL's external auditors Azets, with the audit having taken place between August and November 2021. The audit is complete and an unqualified audit opinion was issued.
- 2.3. Azets has produced an Audit Findings Report (AFR) detailing its opinion on the accounts.
- 2.4. The financial statements are subject to the small companies regime. This applies where:
- annual turnover is not more than £10.2 million
 - the balance sheet total is not more than £5.1 million
 - the average number of employees is not more than 50
- 2.5. There were no significant findings of the audit. There was one adjusted misstatement which reclassified the purchase of the Proval and Sequel software from a tangible to an intangible fixed asset.
- 2.6. The AFR reports on Internal Controls and has highlighted some areas for improvement. The CDL team has provided a response to the control matters identified within the AFR report. Nothing that has been highlighted is considered to be significant.
- 2.7. Finally, CDL has reported a loss of £347,173 for the financial year. This is in line with expectations and represents costs which cannot be capitalised.
- 2.8. The CDL team worked effectively with the Azets external audit team and the final accounts were lodged at Companies House before the filing deadline of 31st December 2021.

3. Recommendations

The board is requested to:

- Note the contents of the report

4. Schedule of Appendices

Appendix 1 – Statement of Accounts for the year ended 2020/21 (Filing company)

Appendix 2 – Statement of Accounts for the year ended 2020/21 (Full) Exempt Item

Appendix 3 – Azets Audit Findings Report for the year ended 2020/21. (Exempt Item)