



<u>Committee and Date</u>
Housing Supervisory Board
14 th September 2023

<u>Item</u>
6
Public

Cornovii Developments Limited Update Report

Responsible Officer Jane Trethewey

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1. Synopsis

The purpose of this report is to update the Housing Supervisory Board on the progress of Cornovii Developments Limited (CDL) against its approved 10-year Business Plan. The report shown at Appendix A provides detail of the Company’s activity to the end of June 2023. Furthermore, this report seeks approval for the appointment of a new director to the CDL board.

2. Executive Summary

- 2.1. The report in Appendix A provides the Housing Supervisory Board with an update from Cornovii Developments (CDL) on the Company’s progress against the Business Plan which was approved by the Housing Supervisory Board on 16 March 2023.
- 2.2. The quarterly monitoring report provides detail on the progress against the approved Business Plan, giving updates on the Company’s approved schemes at Ellesmere Wharf, Ifton Heath, The Oakland and London Road to include investment in contractors and sub-contractors from a Shropshire postcode, detail of average EPC and carbon savings, employment and training opportunities created through CDL activity and number of educational settings supported by CDL.

3. Recommendations

- 3.1. That the Housing Supervisory Board receives the CDL Quarterly Monitoring Report in accordance with the terms of the Shareholder Agreement.

- 3.2. That the Housing Supervisory Board approves the appointment of Ian Churms to the CDL board

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. A Risk Register is monitored by the Homes and Communities Team along with the CDL Monitoring Board. The Register covers the risks for the Council in its capacity of single shareholder of CDL.

5. Financial Implications

- 5.1. The CDL developments schemes are being delivered within the terms of the approved Shareholder Agreement and loan funding arrangements.

6. Climate Change Appraisal

- 6.1. All homes at Ifton Heath will have an EPC rating of A (SAP 2012) compared to building regulations that require an EPC rating of C, producing a carbon saving of 2.90 tonnes per year in comparison to a property with an EPC rating of C.
- 6.2. All new homes at Ellesmere Wharf will have an EPC rating of A (SAP 2012) producing a carbon saving of 2.93 tonnes per year in comparison to a property with an EPC rating of C.
- 6.3. All homes at London Road will have an EPC rating of B (SAP 10.2) and an Environmental Impact Rating of A. Design stage predicted energy assessments are not yet available for this development. In addition all homes at London Road will be electrically heated, utilising ASHP for houses, and electric panel heating for apartments.
- 6.4. All homes at Oaklands will have an EPC rating of B (SAP 10.2) and an Environmental Impact Rating of A. Design stage predicted energy assessments are not yet available for this development. In addition, all homes at Oaklands will be fitted with ASHPs to all plots, and a maximum of 1.7 kwp to roofs.

- 6.5. The homes at Ellesmere Wharf and Oaklands do not benefit from any additional carbon off-setting measures over and above the landscaping measures approved at planning. The Ifton and London Road sites are to benefit from the planting of additional trees.
- 6.6. At all four developments the flood risk assessment undertaken demonstrated that there is no risk of a 1 in 100 + 30year flood event, which was also demonstrated by the Engineer's drainage calculations. Rainwater goods have been sized by the Architect to capacities required by Building Regulations.
- 6.7. The homes at Ellesmere Wharf scheme are generally situated on a NE/SW axis, with principal rooms situated in that axis, to prevent extreme heating and extreme cooling. Ifton Heath plots 1-17 are situated on a NW/SE axis, with principal rooms situated on that axis. All other plots are on a NE/SW axis, however, all principal rooms are positioned to limit solar gain and heat loss.
- 6.8. The homes at London Road are generally situated on a NW/SE axis, with principal rooms situated in that axis, to prevent extreme heating and extreme cooling. All properties will be subject to an overheating assessment, which will result in all being fitted with a DMEV ventilation system, and low emissivity glazing to minimise solar gain. Properties will be fitted with a minimum of 0.8 Kwp Photovoltaic panels to houses, and 1.6 Kwp to apartments.
- 6.9. The homes at Oaklands are generally situated on a NW/SE axis, with principal rooms situated in that axis, to prevent extreme heating and extreme cooling. All properties will be subject to an overheating assessment, which will result in all being fitted with measures to minimise solar gain.

7. Background

- 7.1. In accordance with the terms of the Shareholder Agreement CDL is required to report to the Shareholder via the Housing Supervisory Board at quarterly intervals on the operations and performance of the Company in meeting unmet housing need and on the objectives contained within the Business Plan, and otherwise keep the Shareholder informed of the progress of the Company.
- 7.2. In accordance with the terms of the Shareholder Agreement, Schedule 1, Shareholder Consent Matters, Part A Corporate Matters, the company shall not, unless it has Shareholder Consent, appoint, remove or dismiss and Director.

8. Operations and performance of the Company in meeting unmet housing need and objectives contained within the Business Plan

- 8.1. On 16 March 2023 the Housing Supervisory Board approved CDL's 10-year Business Plan which set out its aims to deliver 736 homes over the plan period.
- 8.2. To date CDL has completed 33 new homes at its development, The Frith. CDL is currently onsite at Ifton Heath and Ellesmere Wharf with 58 homes under construction. The quarter 1 forecast estimates 17% of the 736 homes to be delivered will be affordable. This compares to a planned amount, set out in the approved business plan, to deliver 19% affordable.
- 8.3. At the 2022/23 Q4 update CDL set out that they plan to deliver four homes for private rent across Ifton and Ellesmere. These private rented homes are no longer a factor in CDL delivery. CDL do however set out their intentions to deliver 12 private rented homes at the London Road site.
- 8.4. CDL report that the number of affordable homes at the Ellesmere site has decreased, due to costs on the project increasing as issues with ground reworks are resolved with the contractor. To mitigate this the number of affordable homes has been reduced to policy compliant only.
- 8.5. A further two developments are on site. The Oaklands and London Road which will across both sites deliver a further 21 affordable homes.
- 8.6. Through its Social Value objectives CDL is meeting targets set by its Board of Directors to invest in local contractors and subcontractors, offer employment and training opportunities, and to support, by its activities, educational settings within the locality of its development sites.
- 8.7. At Appendix A section three CDL report on the local Social Value generated from their activity, to include percentage of contractors and subcontractors from a Shropshire postcode, employment and training opportunities and number of educational settings supported by CDL activities.

9. Appointment of Director to CDL Board

- 9.1. In accordance with the terms of the Shareholder Agreement CDL requests approval from the HSB to appoint Ian Churms to the position of Non-Executive Director on the CDL board.

- 9.2. Following the resignation of Hayley Owen from the CDL board, CDL has completed a recruitment process, the basis of which was a board review and skills matrix undertaken in late 2021. The review identified there was a requirement for more IT, Business Transformation and Finance expertise to the CDL board. Ian Churms, who is Shropshire Council's Security and Innovation Manager, has been selected by CDL as the preferred candidate, having an extensive background in IT, risk and business transformation. Further to this change in the board, CDL also advise on other changes to the board.
- 9.3. At the CDL board meeting held on 16th August 2023, Leela Cottey and Harpreet Rayet, both resigned from the board. Leela Cottey's resignation is due to her new role at Shropshire Towns and Rural Housing and a potential conflict of interest as a result of CDL delivering the Council's development programme. It was always planned for Harpreet Rayet, as Managing Director of the Company to resign from the Board once the Board had been established, now as a result of his joint role at CDL and Shropshire Towns and Rural Housing, this process has now been enacted.
- 9.4. CDL are undertaking a process to recruit a CDL board member with finance experience and are working with Shropshire Council officers to understand the opportunities to fill the other position. Once candidates have been identified to fill these two positions a recommendation, in accordance with the Shareholder Agreement, will be brought to the HSB, requesting approval to appoint.

10. Additional Information

- 10.1. The performance of CDL is also monitored by the Council's Homes and Communities Team, with further oversight being provided the CDL Monitoring Board, formed of a group of Officers from various departments across the Council.

11. Conclusions

- 11.1. The Housing Supervisory Board is asked to receive the CDL update report on the Company's delivery against its Business Plan and note its progress in respect of its approved schemes at, Ellesmere Wharf Ifton Heath, London Road and the Oaklands.
- 11.2. The Housing Supervisory Board is requested to approve the appointment of Ian Churms to the CDL board.

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

Cabinet Member (Portfolio Holder)

Cllr Dean Carroll
Portfolio Holder for Growth and Regeneration
Cllr Vince Hunt
Chair of Housing Supervisory Board

Local Member – N/A

Appendix A

CDL update report