



Committee and Date

Housing Supervisory Board
14th March 2024

Item

6

Public



Cornovii Developments Limited Monitoring Report

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Cabinet Member (Portfolio Holder):	Dean Carroll		

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 December 2023. Furthermore, this report seeks approval from the Housing Supervisory Board for CDL to create four new build estate management companies. The report shown at Appendix B provides rationale and detail from CDL in respect of this proposal.

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.

- 2.3. In accordance with the Shareholder Agreement, CDL are requesting approval from the Housing Supervisory Board to form subsidiary companies to deliver public open space management services on completed developments.
- 2.4. At the Housing Supervisory Board meeting held on 30th November CDL set out proposals to establish Public Open Space Management Companies. This report formerly brings forward this request, seeking approval from the Housing Supervisory board to establish Management Companies for the Ellesmere Wharf, Ifton Green, London Road and the Oaklands developments.

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. Approve in accordance with the provisions contained within the Shareholder Agreement, the request from Cornovii Developments Limited to establish subsidiary companies limited by guarantee for the purposes of public open space management.
- 3.3. Approve that any and all actions required by the Council to facilitate and implement recommendation 3.2 are delegated to the Assistant Director Homes and Communities and the Assistant Director Legal and Governance in consultation with the Chair of the Housing Supervisory Board.
- 3.4. Authorise the Assistant Director Legal and Governance to sign on the Council's behalf, any document and resolutions to implement recommendations 3.2 and 3.3, should these be required of the Council.

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.

- 4.2. The proposal by CDL to set up subsidiary companies provides the opportunity for the company and the Council, as Shareholder to ensure that residents living on the schemes developed by CDL continue to receive good provision of services in the management of public open space that delivers best value for money.
- 4.3. Should the recommendation not be approved CDL will have to continue with limited options for the management of public open space across its schemes.

5. Financial Implications

- 5.1. The CDL developments schemes are being delivered within the terms of the approved Shareholder Agreement and loan funding arrangements.
- 5.2. Although no direct financial implication for the Council, by giving approval to CDL to establish subsidiary management companies, CDL can seek to test best value for residents in relation to set up fees and ingoing services charges for the delivery of the management of public open spaces.

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 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.
- 6.4. 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.
- 6.5. 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. The Shareholder Agreement provides at schedule 1 for various corporate and operational 'shareholder consent matters. These are matters which cannot be affected by the CDL directors without the Council (as shareholder) having first resolved to grant consent.
- 7.3. Schedule 1, Part A -Corporate Matters 9 sets out that the Company (CDL) shall not unless it has Shareholder Consent, *form any Subsidiary, or acquire shares in any other company or participate in any partnership or joint venture.*
- 7.4. The Council has delegated certain Shareholder functions to the Housing Supervisory Board. The Housing Supervisory Board is requested to make this decision within its delegated powers, as set out in the

shareholder consent matters contained within the Shareholder Agreement.

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

- 8.1. On the 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. At appendix A CDL give an update to the end of December against their progress on bringing forward approved sites at Ifton Green, Ellesmere Wharf, The Oaklands and London Road.
- 8.3. At section 3 of appendix A 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. Approval to establish subsidiary public space management companies.

- 9.1. At appendix B CDL sets out its proposals, with detail and rationale for the establishment of subsidiary public space management companies for its approved schemes at Ellesmere, Ifton Green, the Oakland and London Road.
- 9.2. CDL report that despite having no issues with the arrangements for the management at public space at The Frith, due to the number of live sites and increased areas of public open space coming across on future schemes, it is necessary for them to consider other options to ensure best value for residents.
- 9.3. CDL has researched what other local developers are doing, identifying that a common approach, adopted by most developers and set out by Roythornes solicitors for CDL would be, for CDL to set up and create new build estate management companies, limited by guarantee for each scheme.
- 9.4. This approach requires existing CDL Directors to also be Directors of each new management company. CDL Board Directors would resign as Directors at each Management Company handover where residents become Directors which would be triggered after final plot sale on each scheme.
- 9.5. The Housing Supervisory Board will continue to exercise its function within the terms of the Shareholder Agreement and in accordance with

its articles of association. A bespoke governance agreement between the new company and CDL and the Council will provide for the exercise of the Council's member function in relation to the subsidiaries, and the company's reporting and provision of information to CDL and to the Council and its Housing Supervisory Board.

10. Conclusions

- 10.1. 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.
- 10.2. The Housing Supervisory Board is requested to approve the establishment of subsidiary public open space management companies.

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

Local Member:

Appendices

Appendix A CDL Quarterly Monitoring Report

Appendix B CDL Public Open Space Management Company Proposal