



Committee and Date
Housing Supervisory Board

14th March 2024

Item

7

Public



Summary of Cornovii Developments 2024 Business Plan

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1. Synopsis

The purpose of this report is to present to the Housing Supervisory Board, Cornovii Developments Limited (CDL) 2024 summary Business Plan, shown at Appendix A.

2. Executive Summary

- 2.1. This report brings forward a summary of the CDL 2024 Business Plan to the Housing Supervisory Board for consideration and comment. The information contained within this report presents a summary of the Business Plan, which omits all commercially sensitive information, which if disclosed publicly would impact on the ability of the Company to trade successfully. The full Business Plan is presented to the Housing Supervisory Board as an exempt item for approval in accordance with the terms of the Shareholder Agreement.
- 2.2. The Business Plan outlines CDL activity over the plan period, during which period the Company aims to deliver 882 homes across 10

schemes. The plan proposes an entry into the Private Rented Sector (PRS) with the retention of 33 dwellings.

- 2.3. The total number of affordable dwellings anticipated to be delivered over the plan period has increased but as a percentage remains the same as the March 2023 business plan. The plan put forward by CDL presents a policy compliance position across the majority of the developments.
- 2.4. CDL set out that the majority of its homes will meet the following standards:
- CDL is working towards all homes being built to Future Homes Standards which will result in all homes adopting 'fabric first' principles, with renewable technologies, a EPC rating B (Environment Impact Assessment rating 'A') and will be 75% 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 Described Space Standards and will be built to M4(2) compliance where possible.
 - CDL will deliver a net gain in biodiversity across its 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.

3. Recommendations

- 3.1. The Housing Supervisory Board is asked to receive the Summary of the CDL 2023 Business Plan, noting the Company's proposal to enter into the Private Rented Market, and to provide comment and feedback as to whether the plan meets Shareholder requirements.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The 2024 Business Plan will deliver 882 new homes across 10 schemes, funded by loans provided by Shropshire Council, increasing the output of the Company from the previous Plan.
- 4.2. Performance of the Business Plan is monitored by CDL's Board of Directors and is the subject of a comprehensive risk register which is

reviewed by the CDL Board on a quarterly basis. Sensitivity analysis has been undertaken on the 2024 Business Plan to understand the level of risk in relation to build cost, interest rates and income, the three cost categories in the plan, most exposed to wider economic forces. This process of analysis is repeated regularly with outcomes to be reported to the CDL Board and Housing Supervisory Board.

- 4.3. In addition to the monitoring of the Business Plan by the CDL Board and the Housing Supervisory Board, the CDL Monitoring Board, made up of officers from departments across the Council, meets on a quarterly basis to review the activity of CDL, supported with further oversight by the Homes and Communities Team. A Risk Register, which covers risk to the Council in its role as Company Shareholder, is monitored by the CDL Monitoring Board and the Assistant Director of Homes and Communities and the Client and Commissioning Manager.
- 4.4. The proposed Business Plan will be delivered within the terms of the Shareholder Agreement and approved loan funding arrangements.

5. Financial Implications

- 5.1. Full financial details pertaining to the 2024 Business Plan, to include proposals to develop homes for private rent, are contained within the associated exempt report.
- 5.2. The Business Plan will be financed by loans provided by Shropshire Council on commercial terms. The performance of the company against the terms of the loan are monitored by Shropshire Council's Finance Department.
- 5.3. All requests for loan drawdowns are approved by the Executive Director of Resources and subject to a viable Development Appraisal, approved by CDL's Board of Directors.
- 5.4. The 2024 Business Plan will deliver a return to the Council in line with stated expectations. With a total of £145m is to be invested in development activity over the period, with a total of £7m to be invested in PRS over the 10-year plan period.
- 5.5. CDL have set out that they expect £38.103m of financial benefits will be returned to the Council across the life of the company.

6. Climate Change Appraisal

- 6.1. Energy and fuel consumption. In order to facilitate carbon reduction and energy efficiency, the projects contained within the Business Plan will capitalise on sustainable design solutions, use processes and materials that are not detrimental to the environment and ensure that post-

construction operations are environmentally friendly. Carbon savings from design measures will be quantified wherever possible.

- 6.2. Renewable Energy Generation. There are a range of opportunities for the generation and storage of renewable energy from building mounted solar panels and battery energy storage, which will be incorporated into the design of homes where possible.
- 6.3. Carbon offsetting or mitigation. Designs of schemes within the Business Plan will incorporate tree planting and landscaping to support carbon capture and storage, biodiversity, natural flood management and urban cooling. CDL will also aim to deliver a biodiversity net gain across all development sites within the business plan.
- 6.4. Climate Change adaptation. It is anticipated that the homes will be designed in a way which is sympathetic to the climate using materials and construction methodologies that reduce the emission of carbon into the atmosphere and also ensure homes are protected from overheating.

7. Background

- 7.1. CDL was incorporated in 2019 by Shropshire Council to meet unmet housing need across the County. Since its establishment CDL has successfully developed a pipeline of sites for delivery of homes and is currently on site with four schemes, having completed development at its first scheme, The Frith.
- 7.2. The approval of the Company's Business Plan requires Shareholder Consent under the terms of Shareholder Agreement. The Housing Supervisory Board, acting as Shareholder in respect of matters requiring Shareholder Consent is asked annually to approve the Business Plan. The approved Business Plan forms the basis upon which the Housing Supervisory Board monitors the activity of the Company over the Plan period, through Monitoring Reports presented to the Housing Supervisory Board and attendance by the Managing Director of CDL at quarterly meetings.

8. Additional Information

- 8.1. The Business Plan has been presented to the CDL Monitoring Board following which no concerns in relation to the proposed business plan have been raised.

9. Conclusions

- 9.1. The Housing Supervisory Board is asked to note the summary 2024 Business Plan and to provide comment and feedback as to whether the plan to meets Shareholder requirements.

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 Summary 2024 Business Plan