

## CABINET – 15 APRIL 2026

### RESPONSE TO PUBLIC QUESTIONS

#### 1. Andrew Sceats

The Council founded its wholly owned building development company Cornovii Development Ltd (CDL) and tasked its Housing Supervisory Board (HSB) members to oversee its aims including providing revenue for the Council.

So far, with an investment in excess of £75 million (loans, start up and running costs and free 5 sites' value), revenue has only been £0.440 million through rental income. HSB members were constantly reassured that the plan's agreed target of 582 homes was being met, until at its meeting of 19 March 2026 CDL announced the total was to be reduced by almost 10% to 532 homes due to a woolly explanation of 'reflecting updated viability & scheme changes'.

Less than a week later there was unscheduled HSB meeting before its next scheduled meeting on 4 June. During this meeting on 25 March a new business plan was discussed but there is nothing for the public to see what the discussions and plan were. There are now two planned CDL sites at SUE Shrewsbury and Oswestry totalling 606 homes, with the Oswestry site being possibly financed by a £1 million grant from the WMHA (what will it gain if the grant is made?).

Therefore was CDL transparent about its current financial position when it gained Council support (and free sites) for the two new schemes and a possible grant from WMHA and can CDL be trusted to provide the number of homes it has promised as it has fallen short on its existing plan's numbers.

#### **Response:**

Cornovii Development Ltd (CDL) was established as a wholly owned council company to support housing delivery and regeneration, with oversight provided by the Housing Supervisory Board.

The original business plan approved in March 2025 forecast delivery of 582 homes. This was revised to 532 homes following updated viability assessments, planning constraints and market conditions, and this change was formally reported to the Housing Supervisory Board in line with agreed regular financial and performance monitoring arrangements. Homes continue to be delivered, with a significant number completed or on site.

Some Housing Supervisory Board discussions and business plan details are not published as they contain commercially sensitive information, which is standard practice to protect the Council's financial interests. The meeting held on 25<sup>th</sup> March was such a meeting, however the final CDL business plan will come to full Council for sign off in the future.

In terms of loan financing. CDL has access to a total loan facility of £69m. This is split between financing available for development of £39m and financing available for retaining Private Rental Sector (PRS) stock of £30m each attracting a different (independently assessed) interest rate.

Currently a total of £35.190m is outstanding on the loan. This is split between £12.845m used for Development Finance and £22.345m used for PRS Finance. The business plan shows that this can be repaid in full, with interest, over the business plan period.

At the Q3 point CDL has generated the following cash returns to the Council:

£7m in Capital Receipts  
£5m in Interest Receipts  
**£12m in Total Cash Benefits**

NB: Rental income pays the interest costs.

We assume that the bid referred to in the question relates to the West Midlands Combined Authority element of the national Affordable Homes Programme (AHP) launched by Homes England. This funding provides government grant to support the delivery of affordable housing, including social rent, affordable rent and shared ownership, where homes cannot be delivered by the market alone. The programme helps improve scheme viability, reduce financial risk and increase the supply of genuinely affordable homes aligned to local housing needs. No bid has been submitted yet although access to funding such as this is in line with the Councils priorities and aims around housing and is being considered for a range of schemes, not all via CDL.

Revised delivery forecasts are part of responsible governance, and CDL remains an important vehicle for increasing housing supply in Shropshire where market delivery alone would not meet local need.

Because CDL is wholly owned, the council is permitted under local government legislation to dispose of land to its own company, provided statutory and governance requirements are met. Land transfers to Cornovii follow a formal framework approved by Full Council on 17 December 2020. Importantly, Cornovii does not receive land automatically, each site requires a separate Cabinet report and approval and is usually sold, not gifted. Under Section 123 of the Local Government Act 1972, councils must normally achieve best consideration (market value) when disposing of land. Regarding Cornovii, independent valuation advice is obtained and any undervalue must be explicitly justified as a well-being or regeneration disposal. Cabinet reports and scrutiny documents confirm that the council treats these as formal property disposals, not internal transfers.