Shropshire Council Legal and Democratic Services Shirehall Abbey Foregate Shrewsbury SY2 6ND

Date: Wednesday, 3 February 2021

Committee: Housing Supervisory Board

Date: Thursday, 11 February 2021

Time: 2.00 pm

Venue: THIS IS A VIRTUAL MEETING - PLEASE USE THE LINK ON THE AGENDA TO LISTEN TO THE MEETING

Members of the public will be able to listen to this meeting by clicking on this link: www.shropshire.gov.uk/HousingSupervisoryBoard11FEB2021

Please note that this meeting will be made available through Microsoft Teams Live Events - your device will need to meet the minimum specification as detailed on the Microsoft website at this link: <u>Device Specification</u>

- You will need to download MS Teams (free) and click on the link to listen to the meeting if you are using a PC
- If using a mobile device, you will need to download the MS Teams app (free) before clicking the link
- Use the link at 2.00 pm on the day of the meeting and click on 'Join as Guest'
- You may receive an error message or a request for login details if you try to gain access before 2.00 pm

You are requested to attend the above meeting. The Agenda is attached

Claire Porter Director of Legal and Democratic Services

Members of Housing Supervisory Board

Mark Jones Pauline Dee Rob Gittins Vince Hunt Simon Jones Heather Kidd Cecilia Motley Tony Parsons Keith Roberts

Your Committee Officer is:

Shelley DaviesCommittee OfficerTel:01743 257718Email:Julie.Fildes@Shropshire.gov.uk



www.shropshire.gov.uk General Enquiries: 0845 678 9000

AGENDA

1 Apologies for Absence and Substitutions

2 Disclosable Pecuniary Interests

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a disclosable pecuniary interest and should leave the room prior to the commencement of the debate.

3 Minutes of the Meeting Held on 5th November 2020 (Pages 1 - 6)

To confirm the minutes of the Housing Supervisory Board meeting held on 5th November 2020. (Minutes to follow)

4 Public Question Time

To receive any public questions or petitions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 2pm, Tuesday 9th February 2021.

5 Member Question Time

To receive any question of which Members of the Council have given notice. Deadline for notification for this meeting is 5.00pm, Monday 8th February 2021.

6 Cornovii Developments Limited Update Report (Pages 7 - 18)

To receive the Cornovii Developments Limited Update Report from the Assistant Director Homes and Communities, Place. (Report to follow)

Contact Jane Trethewey

7 Exclusion of Press and Public

To resolve in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.4[3] of the Council's Access to Information Procedure Rules, the press and public be excluded during consideration of the following items.

8 Cornovii Developments Limited - Share Capital Update Report

To receive a Share Capital Update Report on Cornovii Developments Limited from the Assistant Director Homes and Communities, Place. [Exempt report to follow]

Contact: Jane Trethewey

9 Cornovii Developments Limited - Exempt Items Update Report

To receive an Exempt Items Update Report on Cornovii Developments Limited from the Assistant Director Homes and Communities, Place. [Exempt report to follow]

Contact: Jane Trethewey

10 Cornovii Developments Limited - Business Plan Presentation

To receive a presentation on the Cornovii Developments Limited Business Plan from the Assistant Director Homes and Communities, Place. [Exempt report to follow]

Contact: Jane Trethewey

11 Shropshire Council Governance Review of Cornovii Developments Limited - Presentation

To receive a presentation on the Shropshire Council Governance Review of Cornovii Developments Limited [Exempt report to follow]

Agenda Item 3



Committee and Date

Housing Supervisory Board

11th February 2021

HOUSING SUPERVISORY BOARD

Minutes of the meeting held on 5 November 2020 In the THIS IS A VIRTUAL MEETING - PLEASE USE THE LINK ON THE AGENDA TO LISTEN TO THE MEETING 2.00 - 2.55 pm

Responsible Officer: Shelley Davies Email: shelley.davies@Shropshire.gov.uk Tel: 01743 257718

Present

Councillors Mark Jones (Chairman), Pauline Dee, Rob Gittins, Vince Hunt, Simon Jones, Heather Kidd, Cecilia Motley, Tony Parsons and Keith Roberts

47 Apologies for Absence and Substitutions

No apologies for absence were received.

48 **Disclosable Pecuniary Interests**

None were declared.

49 Minutes of the Meeting Held on 11th June 2020

RESOLVED: that the minutes of the meeting held on 11th June 2020 be approved as a true record and signed by the Chairman.

50 **Public Question Time**

There were no public questions.

51 Member Question Time

A Member question was received from Councillor Andy Boddington as follows:

The launching of Cornovii Developments Limited by Shropshire Council has been welcomed by councillors. Along with ensuring enough housing is built, our council also wishes to promote high quality design. What plans does the Housing Supervisory Board have to promote design of the highest quality through Cornovii Developments and thereby provide exemplars for other developers?

The following response was read out by the Assistant Director - Homes & Communities:

Cornovii Developments Limited (CDL), Shropshire Council's wholly owned Local Housing Company, has been established to achieve a number of the Council's aims and objectives, the primary being to 'address unmet housing need in the County'.

The vision for Housing in Shropshire, as defined in the Housing Strategy, states that:

'All homes are well designed, decent homes of high quality, which will protect Shropshire's unique urban and rural environments and ensure it is a great place to live....'.

Cornovii Developments has responded with a commitment to realising this vision across its ambitious five-year development programme of over 950 homes; with its corporate values of Quality, Service, Community, and Sustainability.

The Housing Supervisory Board represents the Council as sole Shareholder of Cornovii Developments. It receives regular reports on the company's business and takes a close interest in how it is progressing its activities to meet and exceed the Council's Planning and Building Control standards.

In particular Cornovii Developments intends to promote high quality design through the adoption and monitoring of challenging build standards. These include, adopting the larger 'Nationally Described Space Standard'; and all homes being built to a high Fabric Specification, to limit the impact of development on the environment.

Specifically, Cornovii Developments have set out three levels of building fabric standard for their new homes: Their minimum Eco Standard, which is 20% higher than building regulations and has an Energy Performance Certificate (EPC) Rating of B; an Eco Smart Standard with an EPC of A; and a Carbon Neutral Standard which matches those of Passive House.

Each development will be tailored to meet unique local requirements and designed by carefully selected architects; using quality products and where possible local builders and companies to maximise the Shropshire Pound.

Given the Council's Climate Emergency Declaration and commitment to Carbon Reduction, it is more important than ever to lead by example and demonstrate that value for money, quality and innovation is achievable on all new homes.

The Housing Supervisory Board supports the ambitions that the Council has set for Cornovii Developments in establishing the company, is positive about the future growth of high-quality housing in Shropshire and looks forward to seeing them deliver much needed new homes, to ensure everyone can live in the 'Right Home and in the Right Place'.

52 Housing Supervisory Board Terms of Reference Review and Governance

Members received the report of the Assistant Director - Homes & Communities in relation to the Housing Supervisory Board Terms of Reference review and governance.

The Assistant Director - Homes & Communities explained that it had been 14 months since the Housing Supervisory Board agreed the Board's Terms of Reference as detailed in Appendix A and there was an opportunity now to review these and ensure they remain fit for purpose whilst reflecting the growth of the company.

RESOLVED:

That a report to review the governance arrangements in place for the Council as Shareholder of Cornovii Developments Limited and the Terms of Reference of this meeting, attached in Appendix A be presented to the next meeting of the Housing Supervisory Board.

53 Consent to Appoint Cornovii Developments Limited Board of Directors

Members received the report of the Assistant Director - Homes & Communities which required consent from the Housing Supervisory Board to appoint the Cornovii Development Limited (CDL) Board of Directors.

The Assistant Director - Homes & Communities informed Members that it was an agreement under the 'Shareholder Consent Matters' that approval was given by the Housing Supervisory Board for all board appointments and changes and formal consent was required for the appointment of the following Directors to support Harpreet Rayet as Managing Director and Chair:

Independent Board Members

- Chris Poulton (nominated Vice Chair)
- Derek Humphreys
- Richard Cambray

Council Officer Board Members

- Hayley Owen Growth Programme & Strategy Manager
- Leela Cottey Senior Property Commissioning Officer.

Council Nomination

• Tim Pritchard – Shrewsbury Programme Manager.

RESOLVED:

That the Housing Supervisory Board approves the appointment of the Cornovii Board of Directors as detailed above and listed in section 7 of the report.

54 Cornovii Developments Limited Update Report

Members received the report of the Assistant Director Homes and Communities which gave an update from Cornovii Developments Limited (CDL) on the company's progress since the last meeting of the Board.

The Assistant Director Homes and Communities informed Members that the report provided an update in relation to the first three sites at Crowmoor, Frith Close, Monkmoor, Shrewsbury; Ellesmere Wharf, Ellesmere; and Overton Road, Ifton Heath and noted the following points in relation to each site:

Crowmoor

Planning permission for this site was granted in August following the submission of a planning application in April 2020 for 33 homes and details were summarised at paragraph 4 of Appendix A.

Overton Road, Ifton Heath

Following feedback and review of the draft local plan, a revised scheme for 36 units has been prepared as detailed at Appendix B of the report with a new planning application submitted in November and a planning decision anticipated by March 2021.

Ellesmere Wharf

A residential development of 23 homes was now proposed at this site and details were summarised at paragraph 6 of Appendix A and a proposed site plan was attached at Appendix C.

The Assistant Director Homes and Communities referred to the planned Virtual Tour of the sites due to take place on the 20th November 2020 on Microsoft Teams and explained that the tour will show the Board and other stakeholders the proposed Cornovii pipeline, allowing stakeholders to have sight of current and future opportunities.

It was explained to the Board that CDL was exploring other ways to address unmet housing need across the county and had recently issued a tender opportunity to advise on the market opportunities for Private Rental Sector Housing (PRS) within Shropshire. The Assistant Director Homes and Communities added that the findings from this report would support a business case for funding to deliver a comprehensive PRS offer for Shropshire with the aim to include a business case for PRS in Shropshire within Shropshire Council's capital strategy in February 2021.

Members were informed that CDL had awarded a contract to provide the company with branding and marketing services for a period of 18 months to Reech Media, based in Shrewsbury. It was noted by the Assistant Director Homes and Communities that as part of the contract Reech were working with the CDL to develop a new company logo, a social media launch strategy and a new website set to be launched at the end of January 2021.

The Managing Director of CDL, in response to a Member's query regarding the report into the Private Rental Sector, noted that this was a great opportunity for CDL and added that it was envisaged that CDL would work with a specialist management company to address issues such as Anti-Social Behaviour. The Assistant Director Homes and Communities added that CDL would be looking to set a challenge to other private landlords by demonstrating how to do this well.

In response to a Member's question regarding whether priority would be given to local people wishing to rent, the Managing Director of CDL advised that CDL focussed on unmet housing need in Shropshire and would advertise locally for the first 14 days.

RESOLVED:

That the report of the Assistant Director Homes and Communities be noted.

55 Exclusion of the Press and Public

RESOLVED: that in accordance with the provisions of Schedule 12A of the Local Government Act 1972, and paragraph 10.4(3) of the Council's Access to Information Procedure Rules, the press and public be excluded during consideration of the following item.

56 Exempt Minutes

RESOLVED:

That the exempt minutes of the meeting held on 11th June 2020 be approved as a true record and signed by the Chairman.

57 Cornovii Developments Limited - Exempt Items Update Report

Members received an exempt report from the Assistant Director Homes and Communities.

RESOLVED:

That the report be noted.

Signed (Chairman)

Date:

Agenda Item 6



Committee and Date

<u>Item</u>

Housing Supervisory Board 11th February 2021

<u>Public</u>

CORNOVII DEVELOPMENTS LIMITED UPDATE REPORT

Responsible Officer Jane Trethewey e-mail: jane.trethewey@shropshire.gov.uk

1. Summary

- 1.1 The report in Appendix A provides the Housing Supervisory Board with an update from Cornovii Developments Limited (CDL) on the Company's progress since the last Board meeting held on the 5th November 2020.
- 1.2 The report provides an update on key company activities including staff recruitment, marketing, specification development and progress of its first four sites at Crowmoor, Frith Close, Shrewsbury; Overton Road, Ifton Heath; Ellesmere Wharf, Ellesmere; and Tilstock Road, Whitchurch.

2. Recommendation

2.1 That the Housing Supervisory Board notes the Cornovii Developments Limited Update Report.

3. Risk Assessment and Opportunities Appraisal

3.1 N/A.

4. Financial Implications

- 4.1 N/A.
- 5. Climate Change Appraisal
- 5.1 N/A.

REPORT

6. Background

- 6.1 The report in Appendix A, provides an update on progress since the last meeting of the Housing Supervisory Board on 5th November 2020.
- 6.2 Cornovii Developments Limited, Shropshire Council's wholly owned Local Housing Company, has been progressing the development of its first 4 sites at Crowmoor, Frith Close, Shrewsbury; Ellesmere Wharf, Ellesmere; Overton Road, Ifton Heath; and Tilstock Road, Whitchurch, as part of its five-year development programme.
- 6.3 The company has recently launched its new brand identity, logo and corporate values. The report updates on other activity, including the submission for Homes England Grant Funding for Crowmoor, Frith Close, Shrewsbury; recent new posts recruited; and the future recruitment of a Senior Commercial Accountant.
- 6.4 The report updates on the virtual tour of sites held for the Housing Supervisory Board and CDL Board; details CDLs commitment to tackling Climate Change and working with the Council on calculating the Company's carbon footprint.
- 6.5 CDL have also been commended for their help in supporting the Council on the setting up of the Covid 19 Vaccination Centre at Ludlow.
- 6.6 The Company are continuing to explore opportunities to enter into the private rental sector and will at a future Housing Supervisory Board meeting report back in more detail.

7. Additional Information

7.1 None.

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

None

Cabinet Member (Portfolio Holder)

Cllr. Robert Macey

Local Members

Appendix A

CDL Update Report

Cornovii Developments Limited

Update Report

1.0 Purpose

1.1 To update the Housing Supervisory Board (HSB) on Cornovii Development Limited (CDL) progress since the previous HSB meeting held on 5th November 2020.

2.0 Introduction

2.1 The report will update the HSB on key company activities including staff recruitment, marketing, specification development and progress of its first four sites at Crowmoor, Frith Close; Overton Road, Ifton Heath; Ellesmere Wharf, Ellesmere and Tilstock Road, Whitchurch.

3.0 Recommendations

3.1 The Housing Supervisory Board are requested to note the content of this report.

4.0 Homes England Affordable Homes Programme

- 4.1 In September 2021 Homes England published guidance for providers and partners looking to bid for the Affordable Homes Programme (AHP) for the period 2021 to 2026. £12bn will be made available across the country for affordable homes during the funding round.
- 4.2 CDL has decided, in partnership with Shropshire Council and ST&R Housing to bid for affordable homes grant funding. CDL have recently submitted its first grant bid to HE in partnership with Shropshire Council and ST&AR Housing for the development at Frith Close, Crowmoor.

5.0 Recruitment

- 5.1 CDL has recently completed the successful recruitment of two new posts into the CDL Team, a Sales and Aftercare Manager and a Development Officer. Both new members of staff will be joining the team in February 2021 and will support CDL in its drive to push forward its development and sales activity. CDL hope to recruit a company Business Support Assistant during Q1 of 2021/22 to support CDL with company administration activity.
- 5.2 CDL are working with the Finance Team to recruit a Senior Commercial Accountant who will be supporting CDL during the next 12 months. The postholder will be recruited by Shropshire Council and contracted into CDL through the Finance Contract. Interviews will be held in advance in February 2021 and it is expected that the appointee will be in post during quarter one 2021/22.

6.0 Virtual Tour

6.1 CDL held its virtual tour with the CDL Board, Housing Supervisory Board and Cabinet in December 2020. The virtual tour was a success and CDL have been asked to undertake the tour with all members in February 2021 and with new members post-election.

7.0 Sustainability

- 7.1 Shropshire Council agreed a new Climate Change Strategy Framework at Full Council in December 2020 setting a clear commitment and direction to reduce Shropshire Council carbon footprint. The aim of the Framework is to reduce Shropshire Council's carbon footprint and establish the council as a community leader in tackling the climate change crisis. The decision means that Shropshire Council has committed to reducing its' own greenhouse gas (GHG) emissions to net carbon zero by 2030. An important measure to achieve this will be the preparation of an annual Carbon Impact Budget. This will identify the carbon impacts of Council services and major projects. It will report on annual performance trends, alongside the Council's financial budget increasing accountability for carbon reduction.
- 7.2 CDL is committed to reducing its carbon footprint by building ultra-efficient sustainable homes, supporting the local supply chain and investing in new eco efficient technologies. Furthermore, CDL have committed to work with the Climate Change Team to record its carbon footprint for inclusion within the annual carbon footprint statement. CDL is awaiting further guidance on the carbon footprint monitoring system and may request a specialist calculation due to the nature of CDL work.

8.0 Covid 19 update

- 8.1 The CDL team have recently been asked to support the role out of a Covid vaccination centre at Ludlow Racecourse. CDL were given six working days' notice to setup the vaccination centre which included all logistical, operational and clinical setup matters. The Ludlow Vaccination Centre went live on the 2nd February 2020. This was a massive achievement for the team and demonstrated how CDL have supported this national effort.
- 8.2 The Covid 19 crisis continues to be a major challenge for the housing sector and the wider economy. CDL continues to monitor the impact the crisis has on company activities through its strategic risk register.
- 8.3 Shropshire based estate agents continue to confirm that the market in Shropshire remains buoyant with many new purchasers buying properties within Rural Communities with excellent transport links. Shrewsbury and some of the North Shropshire Town continue to be popular with new buyers. A key issue currently is a lack of supply, with many offers being accepted that are at least 5% above the asking price.
- 8.4 The tightening of underwriting guidelines by mortgage lenders and the impact this has had on mortgage availability continues to be a challenge with many first-time buyers with low deposit and adverse mortgage products being removed from the market. This continues to be an area of high concern for the company given its proposed product range. Furthermore, solicitors have advised on delays with the conveyancing process due to the impending end of the stamp duty holidays.

9.0 Private Rental Opportunities

9.1 CDL is continuing to explore opportunities to enter into the private rental sector. In December 2020 the company commissioned Arc4 to undertake a Supply and Demand Assessment of the rental market in Shropshire. The findings of this survey are due within the coming weeks. In addition, the company is seeking tax advice from specialist Tax Consultants and is working with partners to ensure that appropriate company structures and governance arrangements for the ownership and management of homes are established.

10.0 Marketing and Branding

- 10.1 The company has recently launched its new brand identity, logo and corporate values. As part of this comprehensive branding process, four clearly defined corporate values Quality, Service, Community and Sustainability were created to form the foundations on which the company is built.
- 10.1 The company has now established its digital presence, with the launch of Facebook, Instagram and LinkedIn Pages. These digital channels will be supported by the company's new website which is scheduled to go live in mid-February. A successful social media campaign, which ran over the Christmas and New Year period, has generated strong interest in the company and its upcoming developments.

11.0 Crowmoor

- 11.1 CDL issued tender documents for the build contract for the Crowmoor development in September 2020 to five Shropshire based contractors. Tender returns were received in November 2020 and underwent an assessment in partnership with CDL professional advisory team. Following CDL Board approval on the 26th November 2020, Morris Property have been appointed as the main contractor. CDL have issued Morris Property with a letter of intent to start enabling and demolition works whilst the contract is negotiated, the Severn Trent drainage issue is resolved and CDL formalise the purchase of the site from the council.
- 11.2 All utilities to Crowmoor House have been disconnected and Morris Property has completed vegetation soft-strip and tree removal and asbestos strip within the existing building. Demolition of Crowmoor House also commenced in January 2021.
- 11.3 Over 40 expressions of interest have already been registered by potential home buyers for the Crowmoor scheme.
- 11.4 The current site plan for Crowmoor can be found in Appendix A

12.0 Ifton Heath

- 12.1 CDL revised the site layout at Ifton Heath in October 2020 following feedback from the planners, the parish council and children services. CDL have also reviewed the draft local plan and additional consultee comments. An updated scheme was submitted to the planning department in early December 2020 for the new site layout of 35 homes (see Appendix B) comprising a mix of 1 and 2 bedroom bungalows and 2, 3 and 4 bedroom houses.
- 12.2 The revised layout has taken the following into consideration:

- Retaining the existing school house, which is occupied by Children's Services, and will remain under their management, in addition to reducing the garden area and providing additional parking as requested by Children's services.
- Additional tree surveys commissioned for the new layout.
- Revised storm water drainage strategy.
- 12.3 CDL and CDL's Planning Consultant are currently responding to consultation comments issued by SC Planners which includes the requirement for an additional Open Space Assessment. A planning decision is anticipated in late spring.

13.0 Ellesmere Wharf

- 13.1 CDL submitted a planning application for 23 new homes, 15 for market sale and 8 affordable homes, in October 2020. The proposed site plan can be found in Appendix C and comprises of 1 and 2 bedroom wheelchair adaptable bungalows and 2, 3 and 4 bedroom houses.
- 13.2 The planning application is to be considered by the Northern Planning Committee on 9th February 2021. Should the scheme be approved CDL will be looking to appoint a contractor in April with an anticipated start on site date towards the end of May.

14.0 Tilstock Road, Whitchurch

- 14.1 CDL continue to meet regularly with Brenig Construction and Resolve 106 to progress the Tilstock Road opportunity to unlock delivery of 500 units across four phases. Brenig Construction would deliver 90-100 units on behalf of CDL under a JCT Design and Build Contract following successful negotiation to purchase an agreed potion of the site identified under phase 1.
- 14.2 APD Architects have been appointed by CDL to draw a new masterplan and the layout will be completed in April 2021. House-types layouts have also been prepared.
- 14.3 Technical due diligence has been carried out on the site by Brenig Construction and CDL and regular meetings are being held to keep track of progress with detailed design.
- 14.4 An updated feasibility appraisal will be undertaken once the new site layout plan is complete and all confirmed costs received.
- 14.5 The biggest risk with the bringing forward the site is resolving the rising main connection. CDL continue with its partners to engage with Welsh Water to resolve this issue.





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