

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

Date: Wednesday, 13 October 2021

Committee: Housing Supervisory Board

Date: Thursday, 21 October 2021

Time: 2.00 pm

Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

You are requested to attend the above meeting.

The Agenda is attached.

There will be some access to the meeting room for members of the press and public but this will be limited for health and safety reasons. If you wish to attend the meeting please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.

The meeting can be viewed live via Microsoft Teams using the link below. The recording will be made available on YouTube, this will be made accessible from the web page for the meeting shortly afterwards.

<https://www.shropshire.gov.uk/housingsupervisoryboard21october2021/>

Tim Collard
Interim Assistant Director – Legal and Democratic Services

Members of Housing Supervisory Board

Robert Macey (Chairman)	Heather Kidd
Vince Hunt (Vice Chairman)	Tony Parsons
Jeff Anderson	Dan Thomas
Julian Dean	Robert Tindall
Simon Jones	

Your Committee Officer is:

Shelley Davies Committee Officer

Tel: 01743 257713

Email: shelley.davies@shropshire.gov.uk

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 (Pages 1 - 4)

To confirm the minutes of the Housing Supervisory Board meeting held on 8th July 2021.

Contact: Shelley Davies on 01743 257718

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 2.00 pm, Tuesday 19th October 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 18th October 2021.

6 Cornovii Developments Limited - Appointment of Chair of Board of Directors (Pages 5 - 8)

To receive a report on Cornovii Developments Limited Appointment of Chair of Board of Directors from the Assistant Director, Homes & Communities. [Report attached]

Contact Jane Trethewey

7 Cornovii Developments Limited - Update Report (Pages 9 - 18)

To receive the Cornovii Developments Limited Update Report from the Assistant Director, Homes and Communities. [Report attached]

Contact Jane Trethewey

8 Exclusion of the 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 item.

9 Exempt Minutes (Pages 19 - 20)

To confirm the exempt minutes of the Housing Supervisory Board meeting held on 8th July 2021.

10 Cornovii Developments Limited - Exempt Items Update Report (Pages 21 - 32)

To receive the Cornovii Developments Limited Exempt Items Update Report from the Assistant Director, Homes and Communities. [Exempt report attached]

Contact: Jane Trethewey

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Committee and Date

Housing Supervisory Board

21st October 2021

HOUSING SUPERVISORY BOARD

Minutes of the meeting held on 8 July 2021

In the Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

2.30 - 4.00 pm

Responsible Officer: Shelley Davies

Email: shelley.davies@shropshire.gov.uk Tel: 01743 257718

Present

Councillor Robert Macey

Councillors Vince Hunt (Vice Chairman), Jeff Anderson, Julian Dean, Ruth Houghton, Simon Jones, Heather Kidd, Dan Thomas and Rosemary Dartnall (substitute for Tony Parsons)

4 Apologies for Absence and Substitutions

An apology for absence was received from Councillor Tony Parsons (Substitute: Councillor Rosemary Dartnall).

5 Disclosable Pecuniary Interests

With reference to Agenda Item 14, Councillor Ruth Houghton noted that she was a trustee of a care home on London Road, Shrewsbury.

6 Minutes

RESOLVED: that the minutes of the meeting held on 22nd April and 20th May 2021 be approved as a true record and signed by the Chairman.

7 Public Question Time

There were no public questions.

8 Member Question Time

There were no Member questions.

9 Cornvii Developments Limited Overview - Presentation

Members received the presentation of the Assistant Director Homes and Communities which gave an overview of Cornvii Developments Limited (CDL).

In response to questions the Assistant Director Homes and Communities confirmed that Homes England no longer apply funding for affordable housing if secured through a Section 106 Legal Agreement. Page 1 explained that building homes to a

passivhaus standard was very expensive and therefore the number of homes delivered would be reduced. It was added that the homes would be more expensive to purchase and this would not be in line with the aim of CDL.

RESOLVED: That the presentation of the Assistant Director Homes and Communities be noted.

Councillor Heather Kidd left the meeting at this point.

10 Housing Supervisory Board Overview - Presentation

Members received the presentation of the Assistant Director Homes and Communities which gave an overview of the Housing Supervisory Board.

RESOLVED: That the presentation of the Assistant Director Homes and Communities be noted.

11 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 introduced the report and advised Members that progress was satisfactory against the business plan and noted the recent recruitment of a Business Support Assistant.

The Assistant Director Homes and Communities reported that the Annual Housing Supervisory Board and CDL Board Away Day was scheduled to take place on 22 September 2021, at Theatre Severn subject to social distancing measures being lifted and favourable government advice in respect of Covid-19.

The Assistant Director Homes and Communities referred to the update at Appendix A of the report in relation to the Frith site at Crowmoor, noting in particular that the first phase of 10 homes was released on 21 June 2021 and the programme was currently 3 weeks behind due to the lack of availability of building materials but was due for completion in May 2022.

In response to a question regarding the type of properties, the Assistant Director Homes and Communities noted that there would be 2 affordable bungalows provided.

The Managing Director of CDL explained the process of how homes were offered exclusively for those living in the Shrewsbury area in the first instance and confirmed that 25% of the homes built would be affordable and CDL was committed to meet this target.

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

12 Exclusion of 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 items.

13 Exempt Minutes

RESOLVED: that the exempt minutes of the meeting held on 22nd April 2021 be approved as a true record and signed by the Chairman.

14 London Road, Shrewsbury Development Scheme - Presentation

Members received an exempt presentation from the Managing Director of CDL.

RESOLVED: That the presentation be noted.

15 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:

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<u>Committee and Date</u>
Housing Supervisory Board
Thursday 21st October 2021

<u>Item</u>
6
Public

Cornovii Developments Limited Appointment of Chair of Board of Directors

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

1. Synopsis

The purpose of this report is to notify the Housing Supervisory Board of the appointment of the new Chair of the Cornovii Developments Limited Board of Directors. The separation of the roles of the Managing Director and Chair of the Board of Directors and the appointment of an independent Chair was a key recommendation from the Campbell Tickell review of Shropshire Council's governance arrangements of Cornovii Developments Limited.

2. Executive Summary

- 2.1. The following report is written to inform the Housing Supervisory Board of the appointment of a new Chair to the Cornovii Developments Limited (CDL) Board of Directors. Derek Humphreys, who has served as an independent director on the board since July 2020, has taken on the role of Chair following a competitive interview process.
- 2.2. A review of Shropshire Council's Governance of CDL carried out by Campbell Tickell recommended that the role of Managing Director and Chair of the Board be separated and that an independent Chair who is neither a Council employee nor a local Councillor be appointed.
- 2.3. A competitive interview process involving the CDL team, Tile Hill (Executive Recruitment Agency), the Chair of the Housing Supervisory Board and Shropshire Council Officers, was conducted in September with Derek Humphreys being selected as the preferred candidate for the position. Derek brings with him over 35 years' experience within the development and construction sector.

3. Recommendations

- 3.1. There are no recommendations associated with this report. This report provides information only to the Housing Supervisory Board on Cornovii Developments appointment of a new Chair of its Board of Directors.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. The appointment of an independent non-executive director is compliant with the CDL Articles of Association and Shareholder Agreement.
- 4.2. The same person holding the two positions of Managing Director and Chair of the Board of Directors was identified as a possible risk for the Council over time. This appointment separates these roles and appoints to the role of Chair an independent who is not a Council Officer.

5. Financial Implications

- 5.1. The annual fee for the Chair of the Board of Directors is factored into the CDL 2020-25 Business Plan

6. Climate Change Appraisal

- 6.1. This report does not have any direct impact on the Council's Climate Change Agenda.

7. Background

- 7.1. The role of the Chair of the Cornovii Board of directors has since February 2020 been held by the Managing Director of Cornovii Developments. This was never intended to be a long-term arrangement and it was always the intention that the roles would be separated once the board was fully formed, and the company reached delivery stage. The review by Campbell Tickell, which recommended the separation of the roles and the appointment of an independent Chair, brought forward this process of recruitment.
- 7.2. The Campbell Tickell report advised that the same person holding the two highest positions at non-executive and executive director levels, although still in existence in some parts of the private sector, despite the recommendations from the 1992 Cadbury Report on corporate governance, is unusual in the public or semi-public sectors where various

codes of governance stemming from the Cadbury Report has made the division of responsibilities between the Chair and Chief Executive, explicit. Furthermore, Campbell Tickell stated that to date the arrangements have not caused any issues but should be considered for efficacy and possible reputational risk over time.

- 7.3. CDL is now into delivery stage and on a path to growth, at this point in the Company's development it needs both the Chair and Managing roles performed thoroughly and well, with the roles of the board and the function of the Managing Director clearly defined with perception of, or actual conflict of interest removed.
- 7.4. Derek Humphreys was appointed as a non-executive director on the CDL board in July 2020. Derek brings with him over 35 years of experience within the development and construction sector and has served as a key member of the board during the period in which the company has moved to delivery. Derek is Director and owner of a Quantity Surveying, Project Management and Clerk of Works Practice and former Managing Director of a building contractor specialising in residential and social housing development. Derek was selected as the preferred candidate for the role following a competitive interview process. Following his selection as preferred candidate his appointment has been approved by all serving CDL board members.

8. Additional Information

- 8.1. It is a matter for the CDL Board under their Articles of Association to appoint one of their number as the Chair, subject to the power of the Shareholder under Article 14.3 to give the directors notice to terminate the Chair's appointment.

9. Conclusions

- 9.1. The Housing Supervisory Board are asked to note the appointment of Derek Humphreys to the position of Chair of the Cornovii Board of Directors. The appointment fulfils the recommendation from the Campbell Tickell report to separate the roles of Chair of the Board of Directors and Managing Director and to appoint an independent Chair.

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
Local Member N/A
Appendices N/A

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<u>Committee and Date</u>
Housing Supervisory Board
21 October 2021

<u>Item</u>
7
Public

Cornovii Developments Limited Update Report

Responsible Officer Jane Trethewey

e-mail:	Jane.trethewey@shropshire.ov.uk
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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 against its approved 5-year Business Plan. The report shown at Appendix A provides detail of its overall progress in developing the number of homes set out in the Business Plan and provides detail of its approved schemes at The Frith and Ellesmere Wharf.

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 approved business plan since the last board meeting held on 08 July 2021.
- 2.2. The quarterly monitoring report includes a Managing Director's update, which provides some analysis on the housing market and the challenges the sector is currently experiencing. Further, the report provides detail on the progress against the approved Business Plan, providing detail on the development of the company's two approved schemes at The Frith and Ellesmere Wharf.

3. Recommendations

- 3.1. That the Housing Supervisory Board notes the Cornovii Development Limited Update Report.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. No new risks arise for the Council from the activities set out in this report.

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 new homes at Frith Close will have an EPC rating of A compared to building regulations that require an EPC rating of C. Carbon savings from the properties are anticipated to fall within the predicted energy assessment and will be confirmed at completion of the homes by the EPC certificates provided at handover. It is estimated that the homes at The Frith will produce 0.34 tonnes per year, which, when considered against a typical EPC rated property which produced 3.2 tonnes of Carbon per year, represents a saving of 2.86 tonnes of Carbon per year. The homes at the Frith are timber framed with enhanced levels of insulation and low emissivity, energy-efficient glazing.
- 6.2. All new homes at Ellesmere Wharf will have an EPC rating of B compared to building regulations that require an EPC rating of C. CDL were unable to achieve an EPC rating of A on this development due to significant abnormal costs associated with preparing this brownfield site for residential development.
- 6.3. Solar panels are being fitted to the homes at The Frith. The installation of the solar panels will not allow the homes to be 100% self-sufficient and there will still be a need to rely on feed from the grid.
- 6.4. It has not been possible to fit solar panels to the homes at Ellesmere Wharf due to the extensive abnormal costs associated with the schemes meaning that installation of solar panels would have resulted in a financially unviable scheme.
- 6.5. Neither the homes at Frith Close or Ellesmere Wharf benefit from any additional carbon off-setting measures over and above the landscaping measures approved at planning.

- 6.6. At both the Frith Close and Ellesmere Wharf developments the flood risk assessment undertaken for 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. The homes on the scheme are generally situated on a NE/SW axis, with principal rooms situated in that axis, to prevent extreme heating and extreme cooling.

7. Background

- 7.1. The report in Appendix A, provides an update on progress since the last meeting of the Housing Supervisory Board on 08 July 2021.
- 7.2. Cornovii Developments Limited, Shropshire Council's wholly owned Local Housing Company, has been progressing its 5-year development programme of 574 new homes. The Company's report identifies a reduction in the number of homes to be delivered down to 532, as a result of two sites no longer proceeding. CDL is continuing to engage across the market to identify future opportunities for growth.

8. Additional Information

- 8.1. The progress of CDL against its Business Plan continues to be satisfactory. Although the number of homes projected to be delivered within the current business plan has fallen, the Company continues to identify new development opportunities across the County. Furthermore, the company expects over the following months to present an updated business plan to the shareholder for approval, which will see the number of homes it aims to deliver increase.
- 8.2. CDL is 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.

9. Conclusions

- 9.1. The Housing Supervisory Board is asked to note the CDL update report on the Company's delivery against its Business Plan, and its progress in respect of its approved schemes at The Frith and Ellesmere Wharf.

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

Local Member

N/A

Appendix A

CDL update report

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CDL Quarterly Monitoring Report

Public

1 Purpose of the report

- 1.1 The purpose of the Monitoring Report is to update Housing Supervisory Board members on CDL activity to the end of August 2021.

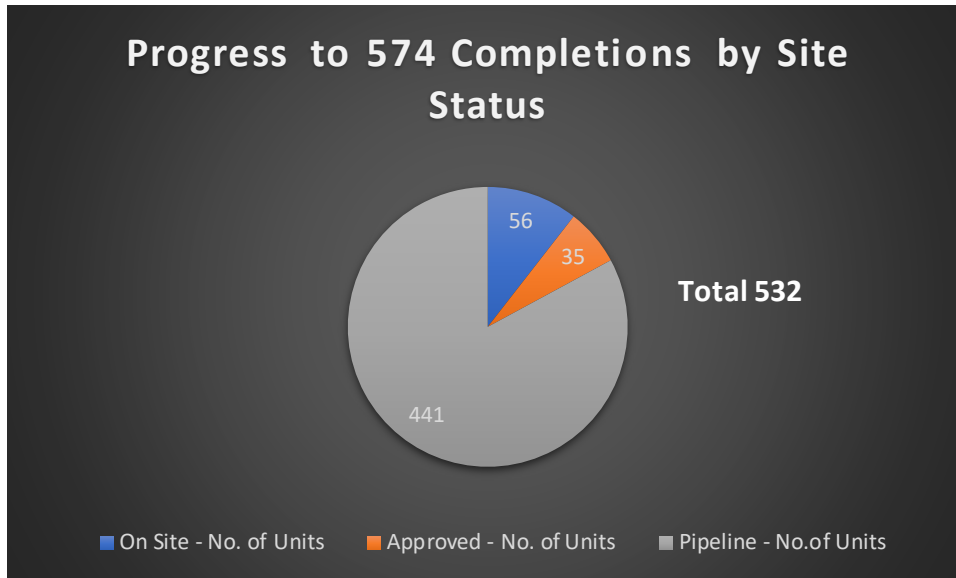
2 Managing Director Update

- 2.1 House prices rose in August based on local agent feedback, this offset July fall in activity. This brings annual house price growth in Shropshire to approximately 11.0%. Demand has started to soften but remains above supply. The latest RICS survey shows demand falling, but it remains above the level of new instructions, which have already been falling for four months. This supply-demand mismatch is echoed by TwentyCI, who reported sales agreed in August to be 9% above the 2017-19 average, while new instructions are 19% below. The gap between supply and demand will continue to be a key driver of price growth. This has been confirmed by local agents who note that the second hand market remains sluggish due to a lack of homes coming onto the market.
- 2.2 CDL continue to be informed by contracting partners that both material and labour shortages are having a real impact on delivery onsite. Recently CDL have been informed by suppliers that timber prices have increased by over 70% during the last quarter. Other materials such as bricks and roof tiles remain in short supply. Due to the instability within the market, lack of supply and increasing costs, CDL have been informed that many contracting partners will no longer either bid for contract opportunities or will only hold prices for four weeks.
- 2.3 CDL will be holding a board away day with the CDL Board, Housing Supervisory Board, key council officers and the CDL Team. The board away day will be used as a basis for developing CDL updated Corporate Plan and 2022 Business Plan.

3 Development Summary

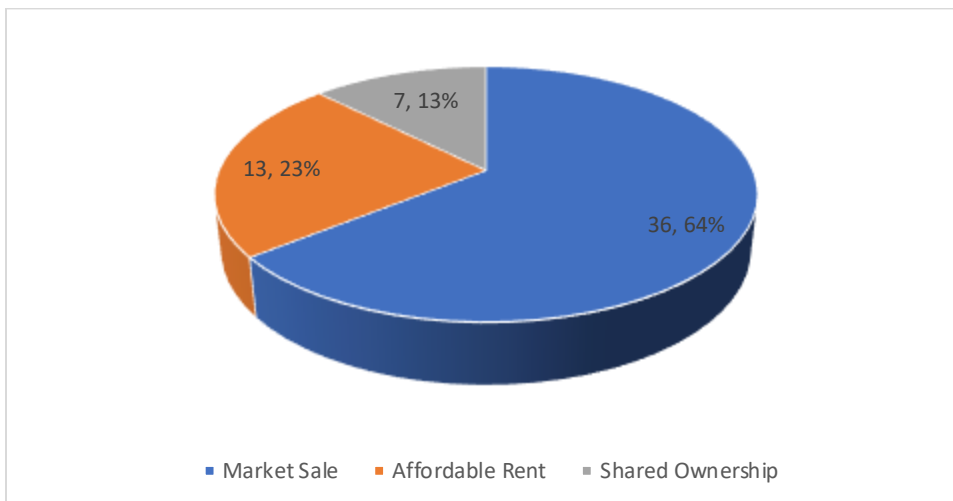
- 3.1 A total of 11 schemes were approved in the March 2021 Business Plan. The business plan will deliver a total of 574 new home during the life of the business plan. The charts and tables below report on progress against this business plan.

3.2 Fig. 1 - Progress to 574 completions in accordance with the approved business plan:

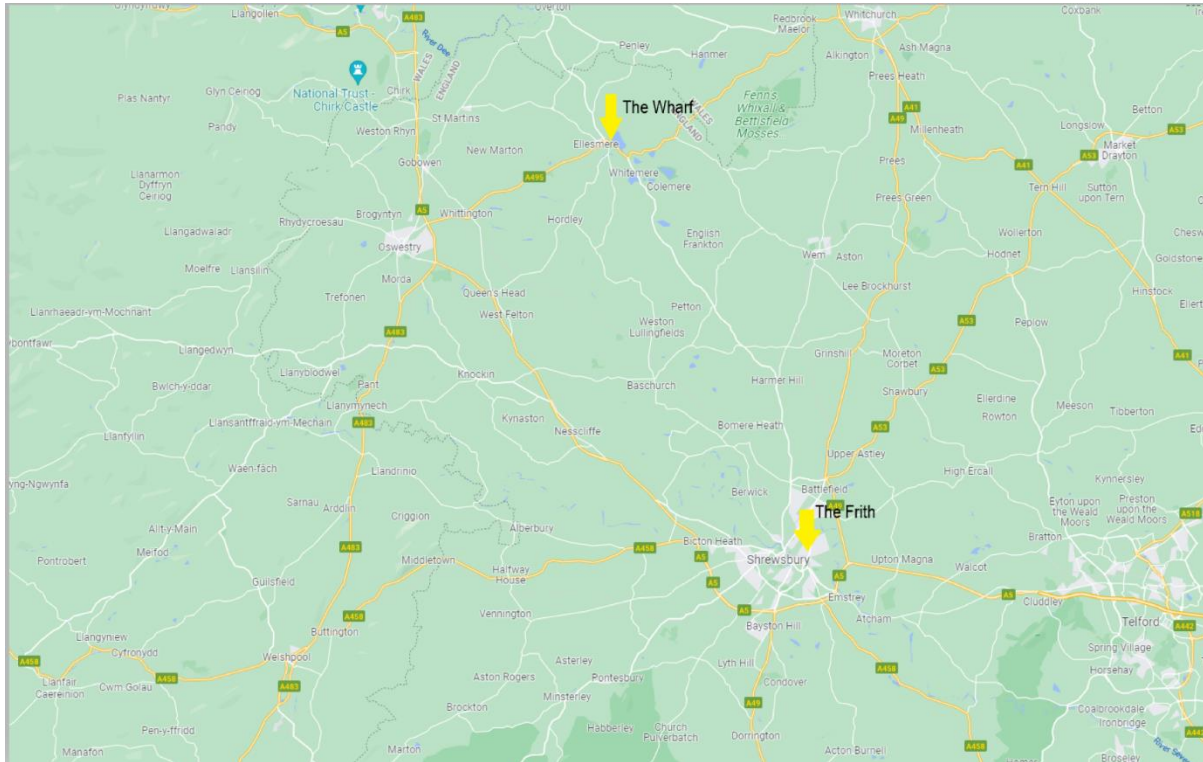


There has been a reduction in the number of potential new homes against the 11 sites in the March 2021 Business Plan as two sites are no longer proceeding.

4.3 Fig. 2 - Tenure chart approved scheme only:



4.4 **Map 1: – Location of sites across the county (approved schemes only)**



4 Social Value

4.1 CDL are currently investing in the following percentage of contractors and subcontractors from a Shropshire postcode on current on site schemes:

- The Frith – 100%
- Ellesmere Wharf – 30% to date, development commenced August 2021

4.2 Average EPC and carbon savings:

- The Frith – EPC rating A. Carbon savings of 2.86 tonnes/yr in comparison to a property with an EPC rating of C.
- Ellesmere Wharf – EPC rating B. Carbon savings of 1.93 tonnes/yr in comparison to a property with an EPC rating of C.

4.3 Employment & training:

- The Frith – The contractor is working with Shrewsbury College to Champion Apprenticeships and have recently taken on an Apprentice Site Manager.
- Ellesmere Wharf – Development commenced August 2021; future opportunities will be explored.

4.4 Number and detail of Education settings supported by CDL activities:

- The Frith – CDL and the contractor are supporting Shrewsbury College's Virtual School.
- Ellesmere Wharf – CDL and the contractor are currently engaging with Welshampton Primary School.

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