



CORPORATE & ENVIRONMENTAL OVERVIEW & SCRUTINY

MEMBERS UPDATE 2019/20
Issue: 3

Article of: Director Housing & Inclusion Services & Borough Treasurer

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SUBJECT: FORMING A DEVELOPMENT COMPANY

Wards affected: Borough wide

1.0 PURPOSE OF ARTICLE

- 1.1 To update Members on the progress made to date with regards to the forming of the Council's Development Company, Tawd Valley Developments Limited (TVD).
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2.0 BACKGROUND

- 2.1 Members will recall that in January 2019 Cabinet approved the formation of Council's first solely owned Development Company, TVD. This was subsequently approved by Council on 28 February 2019.
- 2.2 Since this time, there has been considerable activity and the report is intended to provide members with an update on progress made to date.

3.0 PROGRESS UPDATE

3.1 Governance Arrangements

- 3.1.1 Progress has now been made in completing the governance arrangements for the company. Companies House has been updated with the agreed company name, Tawd Valley Developments Limited, company number 11427947.
- 3.1.2 The legal and financial documents were prepared by the Council's appointed external legal advisors DWF LLP, and have been agreed by all parties, with relevant documentation filed with Companies House.

- 3.1.3 In addition to the appointment to the board of directors of the Director of Housing & Inclusion and the Borough Treasurer, two independent board members have been appointed. The two new directors have a wide range of commercial expertise to support board effectiveness. A training programme has been agreed and will commence early October, this will deal with all aspects of operating a commercial development company.
- 3.1.4 TVD has now started to function as an independent company. A funding application which will cover the running costs of the company, has been received and relates to revenue cash flow requirements of £200K. An initial capital finance application under the Facilities Agreement was also received at the start of October.
- 3.1.5 Regular shareholder meetings to take place with the Council. Board Directors to monitor progress.

3.2 TVD – Activity to Date

- 3.2.1 TVD is now operating independently from a registered office in the Council's Investment Centre. The interim team continue to support the delivery of the Business Plan however, recruitment of the permanent team is now underway with recruitment to be completed by late October.
- 3.2.2 TVD has established its own Information & Communications Technology (ICT) systems making use of Microsoft Office 365 and cloud technology. Further software including financial and development appraisal systems will be procured to ensure effective financial management of the company and delivery of the business plan.
- 3.2.3 A number of company policies have been produced and are to be finally approved by the board in October. These include financial regulations, standing orders, health & safety, procurement, governance, data protection, risk management, equality and diversity, use of ICT & social media, conflicts of interest, complaints and anti-money laundering.
- 3.2.4 A marketing strategy will support TVD market the properties for sale and will be key to the successful delivery of the Business Plan. A brand logo (appendix 1) and name have been checked for intellectual property rights and approved for use. This will provide TVD with its own unique brand and will be used in the formation of a company website which is currently under construction and will go live in December 2019.
- 3.2.5 TVD has in place Employer's Liability and Public Liability Insurance to protect the board and the company against claims.

3.3 Progress against the Business Plan

- 3.3.1 Members will recall phase 1 site location plans accompanied the original report and included land at Northfield, Eskbank, Brierfield and Fairstead. Work has continued to de-risk these sites and relevant survey work undertaken to support the planning process has been completed. The business plan agreed by the Council proposed 77 units across the 4 sites, of which, 29 will be for market sale,

and 48 for affordable housing units for the Housing Revenue Account. Full planning applications were submitted for the 4 sites in July 2019 and are available to view on the Council's website on the planning portal. TVD is now in consultation with planning officers and has made some amendments to the site plans following their feedback. Work to understand the impact of this on the Business Plan is proceeding whilst TVD awaits the consideration and determination of the applications.

3.3.2 Work has also commenced on the technical design drawings for the phase 1 sites which, will be used to develop these to tender stage. The internal design layouts are being reviewed with officers and will inform the archetypes along with the design and material selection for the external elevations.

3.3.3 Alongside progress with the phase 1 sites, negotiations continue with Lancashire County Council (LCC) and West Lancashire Borough Council (WLBC), who are at present de-risking a number of sites in their ownership or joint-ownership. Further work on these sites in respect of feasibility designs and site assessments are scheduled to take place over the next few months to determine suitability for inclusion in phase 2 of the business plan.

4.0 CONCLUSIONS

4.1 Members will note the achievements to date and progress made to set up the Council's Development Company, TVD.

4.2 Phase 1 sites included in the Business Plan have been submitted for planning approval and determinations are awaited. Subject to this it is intended that the building works will be tendered prior to Christmas with works starting on site in March 2020.

4.3 Negotiations with LCC and WLBC continue in order to secure sites which can be considered by Members for potential inclusion in phase 2.

5.0 SUSTAINABILITY IMPLICATIONS

5.1 Phase 1 would deliver high quality properties in Skelmersdale, which will help to satisfy housing demand in addition to delivering a financial return. This includes 48 affordable homes which is in line with the Council's affordable planning policy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

6.1 The grant funding made available by the Department of Communities and Local Government has now been expended as anticipated, enabling Company set up and the preparation of sites.

6.2 TVD will now access the draw-down facility agreed within the Business Plan to take the phase 1 sites to tender stage and beyond. In addition, work will commence on identifying and assessing phase 2 sites alongside the creation of a future pipeline of development opportunities for Members to consider.

- 6.3 The Council will commission the development of the affordable housing units using HRA borrowing and one for one capital receipts. In the event of any delays in the programme, the one for one money will need to be invested through alternative acquisitions to ensure that all the one for one money is utilised and not returned to government.

7.0 RISK ASSESSMENT

- 7.1 Commercial development activity carries risk that needs to be appropriately managed. The Council and TVD have appropriate risk management structures in place to manage these risks, however it is not possible to completely eliminate the potential for financial loss. TVD provides an opportunity to stimulate growth in the Borough by developing sites that otherwise may not be attractive to the market, and to achieve a financial return through dividends and premiums on lending.
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Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Article.

Equality Impact Assessment

This article is for information only and does not have any direct impact on members of the public, employees, elected members and/ or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix 1 – Tawd Valley Developments Limited – Name & Brand Logo