

<b>6 July 2022</b>		<b>ITEM: 6</b>
<b>General Services Committee</b>		
<b>Thurrock Regeneration Limited Progress Report</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Councillor Mark Coxshall, Cabinet Member for Regeneration, Strategic Planning and External Relationships		
<b>Accountable Assistant Director:</b> N/A		
<b>Accountable Director:</b> Sean Clark, Corporate Director of Resources and Place Delivery		
<b>This report is Public</b>		

## **Executive Summary**

Thurrock Regeneration Ltd (TRL) is wholly owned by Thurrock Council. There is subsidiary company, Thurrock Regeneration Homes Ltd (TRHL), this is wholly owned by TRL. Within the Council, delegated authority has been given by proxy via to the General Services Committee to the Director of Resources and Place Delivery (to act on behalf of the Shareholders).

This report provides an update on the companies' progress since the last General Services Committee Report in October 2021.

### **1. Recommendation**

#### **1.1 The contents of the report are noted.**

### **2. Introduction and Background**

2.1 TRL is a regeneration and investment company – building a range of property across various tenures. The principle focus of the company is to support the achievement of the Council's wider regeneration goals through the delivery of specific schemes which support the delivery of new homes in the borough.

2.2 TRL gives the Council a vehicle to increase the delivery rate of housing development, particularly on brownfield sites, and to ensure the delivery of affordable housing, especially in a tight housing sector market where private sector developers see less profit in delivering affordable housing. It is part of the housing solution to provide more homes within the Borough.

- 2.3 The Local Plan for Thurrock (currently at Issues and Options Stage 2) has an indicative target of building 32,000 homes over the next Local Plan period to 2037. There are currently 62,000 homes in the Borough, so the Local Plan target is almost a 50% increase in the housing numbers in Thurrock.
- 2.4 The South Essex Strategic Housing Market Assessment (SHMA - May 2017) also sets out the objectively assessed need for Housing in Thurrock between 2014 and 2037 as 1,074-1,381 new dwellings per annum, of which c 472 dwellings per annum should be affordable housing. TRL, in partnership, with the Council can positively contribute to these targets. A new SHMA is currently being undertaken with revised figures to be released in the summer of 2022. It is likely the need for housing dwellings including affordable units will increase.
- 2.5 Progress to date has seen the delivery of one housing scheme (St Chads), providing 128 homes (including 26 affordable homes).
- 2.6 TRL also owns the site at Belmont Road, having purchased the site from the Council. Planning permission will be re-submitted for 80 homes (subject to viability).

### **3. Issues, Options and Analysis of Options – Updates on Progress**

#### **3.1 Governance and Recruitment**

- 3.1.1 In order to achieve its ambitions, TRL requires strong governance and a resilient Board of Directors. The current articles of association for the company provide a structure of a maximum of five directors, a company secretary and various consultants (e.g. legal and finance). The deciding vote rests with the Chairperson of the Board.
- 3.1.2 Good corporate governance will ensure the Board is resourced with the necessary skills and experience to scrutinise recommendations and make qualified decisions, and that external directors can be remunerated. There is a need for the company to be independent and agile in their ability to respond to market forces and make decisions. The Board should regularly undertake a skills audit to ensure that it has an appropriate balance of skills and experience appropriate for the type of company they are running.
- 3.1.3 A recruitment exercise was undertaken in the Autumn of 2021 with the appointment of two external directors. The new directors took up their posts in November 2021. The new directors have a wealth of experience in the housing industry, providing knowledge and understanding.
- 3.1.4 One director has a background as a senior executive and served as a board member of a range of organisations working with boards and executive teams, including being a Managing Director a local authority sponsored local housing company, developing their governance and housing development programme. Further experience includes;

- Specifying and contracting estate improvements
- Conducting meaningful resident consultations and reporting to stakeholders on progress and issues
- Housing development projects across all tenures ranging from small infill schemes to large scale, long-term regeneration schemes
- Business planning
- Risk and budget management

3.1.5 The other Director has experience as a Managing Director and as a PLC Group Director for both contractors and housing developers providing leadership a high integrity. They have also worked in the Registered Provider sector providing a holistic view of housing development across all tenures, together with a great understanding of the issues, options and resolutions. Further experience includes:

- Financial Management
- Governance and aligning objectives with budgets
- Strategic thinking adapting plans as required providing alternatives ways to achieve the same goal.
- Housing development and construction projects across all tenures and sizes
- Involvement in forums; including SELEP and ASELA

3.1.6 Directors provide are committed to a minimum of 15 days per year through, in the main, attending and contributing at Board meetings. The appointment would be for an initial three year term.

3.1.7 Further recruitment of Directors will continue in later in the year to, increase skills, strengthen local links and broaden the diversity of the Board.

3.1.8 The TRL Board will continue to evolve as its development programme and profile grows. It should be noted, any Director of the company must (under the Companies Act 2006) act in the best interests of the company.

3.1.9 The TRL Board held an 'strategic away' day at the Civic Offices in March 2022 to discuss a variety of issues to further the company, including:

- Business Plan
- Forward Plan and Potential sites
- Sales Strategy
- Managing Risk
- Performance (KPIs, risk management)
- Communications / Engagement

The Board has also resolved to held topic based meetings bi-monthly to provide scrutiny and strategic direction. A meeting on to discuss the sales strategy of St Chads in to be held in July 2022.

3.1.10 The TRL Board are continuing to review company policies and introduce new documentation as required. As well as conducting financial viability appraisals of development opportunities across the Borough.

### 3.2 **Culver Centre**

3.2.1 The Culver Centre and Culver Field scheme was granted a resolution to grant planning on the 22nd September 2021. The development scheme is for 173 homes including 62 for affordable housing and landscaping. A Cabinet report on 12<sup>th</sup> January 2022 resolved to dispose of the site to TRL. Heads of terms and the facilities agreement for the sale of are being agreed. All property intelligence will be novated over to TRL once the land has been secured.

3.2.2 The notices for the land appropriation have been issued and these have been prepared by Corporate Property and external legal services. These notices will explain the change use of the land from open space to development land, together with a secondary notice to advise TRL will be use s203 powers through the construction phase for the relocation or disruption to services. Conversations have taken place with Environment Services regarding future maintenance of all play equipment and with Highways services for the adoption and future maintenance of the roads and footways.

3.2.3 The scheme has been designed to take, into account, new building regulations which come into force in June 2022 to ensure compliance.

3.2.4 To ensure the scheme is viable, value engineering will be ongoing whilst maintaining a high quality scheme. It will also be a gas free development taking note of environmental impacts and targets.

3.2.5 The timetable for the development is as follows:

- Tender contractor                      Early 2023
- Pre construction                        Feb – Dec 2022
- Start on site                                Spring 2023
- Practical completion                    Spring 2025

### 3.3 **Belmont Road, Grays**

3.3.1 TRL owns the Belmont Road site. As explained in the GSC report in October 2021 all feasible options have been explored for sustaining the 2018 planning consent for 80 homes (including 28 affordable dwellings) and it was not possible to meet the material start condition. Therefore, it is necessary submit another planning application.

3.3.2 TRL wants to ensure the Belmont Road development is progressed and on site as soon as possible, in order, to provide new homes (private and affordable) to residents of the Borough, working in partnership with the Council to be part of the solution of providing new homes in Thurrock. Over recent months the Board of TRL has considered:

- Financial viability
- Comparative budget estimates
- Indicative delivery programme
- Risk profile

3.3.3 The TRL Board agreed to amend the currently consented scheme (altering the design to meet current design standards and Building Regulations), but keeping the overall design, unit and tenure mix as currently approved by the Local Planning Authority, for 80 residential units (subject to viability)

3.3.4 In order to meet the current design standards and Building Regulations procurement of the design team has been undertaken for:

- Architects
- Mechanical and Electrical Consultants
- Civil and Structural Consultants

With the design team now assembled the process to re-submit a planning permission together with community consultation will be accelerated.

3.3.5 Housing development team are awaiting confirmation of the new legal team so that a revised version of the report on title can be discussed and move the scheme moving forward with planning colleagues.

3.3.6 The timetable for the development is as follows:

- |                            |             |
|----------------------------|-------------|
| • Planning Application     | Spring 2023 |
| • Planning consent granted | Summer 2023 |
| • Tender contractor        | Summer 2023 |
| • Pre construction         | Autumn 2023 |
| • Start on site            | Summer 2024 |
| • Practical completion     | Summer 2025 |

The Belmont Road development scheme is of strategic importance to TRL and every effort will be made to accelerate the development timetable.

3.3.7 TRL are working in partnership with the Council to deliver the scheme's 28 affordable housing units. This will include the Council's first shared ownership units.

### **3.4 St Chads Estate, Tilbury**

- 3.4.1 TRL has an operational subsidiary company named Thurrock Regeneration Homes Ltd (TRHL). TRHL is wholly owned by TRL, keeping separate the strategic development and sales aims of the parent company (TRL) from the operational management of its assets through the subsidiary (THRL).
- 3.4.2 Providing quality rental housing under assured short hold properties TRHL is providing for different housing needs not currently provided for by the local housing market.
- 3.4.3 The St Chads estate has 128 properties - TRHL currently owns and rents 102 properties with the remaining 26 properties owned by a Housing Association partner, providing affordable housing in perpetuity for Thurrock residents. There is a mix of 2, 3 and 4 bed houses on the estate. The estate was completed in August 2017.
- 3.4.4 TRHL works in partnership with its managing agent HERA to undertake estate management and maintenance services this including; lettings, income management and tenancy management.
- 3.4.5 HERA and TRHL have monthly contract meetings to review performance and discuss any areas of concern and agreed, where appropriate, any action. There are numerous key performance indicators upon which HERA report monthly including rents and lettings. This is to ensure services are managed well and any issues are resolved at the earliest opportunity.
- 3.4.6 Tenants can communicate with HERA via their current IT portal or by post, email, or telephone. Tenants are provided with a group email and telephone number, ensuring that all calls and emails can be logged and allocated to the appropriate person. If an issue affects multiple tenants, a group email is sent to all tenants advising of the situation and what action we are taking to remedy it. Once an issue is resolved all tenants receive a further update.

### **3.5 Business Planning and MTFs**

- 3.5.1 TRL continue to review and update the business plan modelling to ensure financial and business decisions are optimised. TRL works closely with finance colleagues in Thurrock Council via an SLA to ensure its financial obligations are fulfilled in respect of financial reporting.
- 3.5.2 The financial planning will consider further schemes if they can clear the financial viability assessment included in the development appraisal process and make a positive contribution towards the delivery of the company business plan.
- 3.5.3 TRL continues to work with the Council to consider potential land disposals that enable TRL to develop further schemes which support both the objectives of the Company and the Council.

- 3.5.4 TRL wants to establish a pipeline of sites within the Borough and are open to working with other land agents, developers and construction organisations, ensuring TRL's brand stands for high quality development for all tenures, fitting with the Council's priorities.
- 3.5.5 Currently there is an investment return of £0.467m and £2.000m included in the MTFs for 2022/23 and 2023/24 respectively. Through this lending agreement, the Council is able to make a return on its investment and support of the TRL, as well as ensuring that TRL can secure the required level of funding needed to deliver new homes into the borough.
- 3.5.6 The Council makes a return of £30k per annum for every £1m that is lent to TRL. This would be circa £9,000 for every property that is delivered by TRL in financial terms, and also, the greater benefit to the borough of contributing towards the high need for additional housing.
- 3.5.7 The Council's MTFs includes income assumptions by way of the loan facilities agreement that is in place with TRL. The Council will prudentially borrow in the General Fund and on-lends to TRL at a commercial rate which is required under state aid rules. This ensures that TRL operate on a commercial basis. As the main shareholder of the company, the Council will receive a dividend at the at the completion of a scheme i.e. when the units are sold. The amount of dividend will be agreed by TRL, in consultation with the shareholder and will be subject to TRL business planning and its net profit.

#### **4. Reasons for Recommendation**

- 4.1 To increase the rate of delivery of housing development and new homes in the Borough of all tenures.
- 4.2 To note progress of company activity.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 None

#### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 The proposed list of housing development sites aligns closely with the Council's Vision and Priorities. In particular, sites resonate with the "Place" theme which focuses on houses, places and environments in which residents can take pride.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Assistant Director, Finance**

The financial implications are set out in the body of the report.

### **7.2 Legal**

Implications verified by: **Gina Clarke**  
**Corporate Governance Lawyer & Deputy  
Monitoring Officer**

This is an update report in relation to the companies' activities. The TRL Board, as it considers appropriate in accordance with its functions may report make reports to the Committee. Members are receiving the report as shareholders of the companies which have their own management and operational board for decision making. The legal implications are where relevant detailed within the body of the report.

### **7.3 Diversity and Equality**

Implications verified by: **Rebecca Lee**  
**Team Manager – Community Development and  
Equalities**

The recruitment and remuneration of Board Members will be conducted using a fair and consistent approach that supports and encourages diversity of representation and is compliant with the Equality Act 2010 and Public Sector Equality Duty.

### **7.4 Other implications** (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder or Looked After Children

N/A

## **8. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- TRL Business Plan (Company document)
- TRL Business Plan modelling (Company document)
- Culver Centre planning submission



**9. Appendices to the report**

None

**Report Author:**

Helen McCabe

TRL Development Manager/Company Secretary