

THE  
GOOD  
ECONOMY

# Treveth Holdings LLP Impact Report 2023/24

DECEMBER 2024



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This report was commissioned by Treveth and has been prepared by The Good Economy Partnership Limited (The Good Economy, or TGE), a leading independent impact advisory firm.

The findings and opinions conveyed in this report are based on information obtained from interviews with and portfolio data from Treveth. The information reviewed should not be considered as exhaustive and has been accepted in good faith as providing a faithful representation of the investment strategy and its underlying holdings. We have taken steps to ensure we do not intentionally or unintentionally inflate positive impact results or under-report negative impacts. However, we acknowledge there are limitations in the quantity and quality of data available. We have identified and explained the effect of these limitations on the presentation of impact performance to the best of our ability.

The Good Economy cannot and does not guarantee the authenticity or reliability of the information it has relied upon. The Good Economy reserves the right to alter the conclusions and recommendations presented in this report in light of further information that may become available.

The Good Economy accepts no duty of care, responsibility, or liability (whether in contract or tort including negligence or otherwise) to any person other than Treveth for any loss, costs, claims or expenses howsoever arising from any use or reliance on this report.

# 1 / Executive Summary

Treveth Holdings LLP ('Treveth' – the Cornish word for Homestead) was founded in April 2019 by Cornwall Council as a partnership company mandated to 'deliver new homes and commercial developments to benefit the residents and workforce of Cornwall.' It aims to improve local people's lives through strategic investments in high-quality, sustainable developments that are affordable to local people, regenerating places through mixed-use developments, and practicing good asset stewardship.

This is Treveth's second Impact Report. It has been produced by The Good Economy (TGE), a leading, independent advisory firm specialising in impact measurement and management. It covers the period from 1st April 2023 to 31st March 2024.

As of 31 March 2024, Treveth has:

## Invested £39.3 million

IN A PIPELINE OF RESIDENTIAL, COMMERCIAL, AND MIXED-USE DEVELOPMENTS

COMPLETED

### 216 new homes

WITH 159 REMAINING UNDER TREVETH'S MANAGEMENT

ENSURED

### 100% of homes

HAVE BEEN LET TO LOCAL PEOPLE

MANAGED

### 108k sq ft of commercial space

PROVIDING OPERATING SPACE FOR 38 LOCAL BUSINESSES

BEEN ACCREDITED AS A BCORP, ACHIEVING A HIGH

## BCorp B Impact Score of 95.2<sup>1</sup>

1. Against a median of 50.9 and pass rate of 80.

## 2023/24 Performance

The delivery environment remained challenging due to macroeconomic headwinds and a tough local development market. Nonetheless, Treveth performed well against its impact objectives, consolidating its portfolio and accelerating the delivery of new homes for local people. Progress was driven by a strong commitment to sustainability and a focus on meeting the needs of local people and businesses.

Treveth continues to align with the concepts of place-based impact investing, delivering financial returns whilst tackling local societal problems.

## Summary of Performance vs Impact Objectives

### Impact Goal 1: Address Cornwall's housing challenges



216 total homes completed, with 116 added in 2023/24<sup>2</sup>



159 homes managed<sup>3</sup> (104% increase)



91% of survey respondents are satisfied overall with Treveth as a landlord

### Impact Goal 2: Create a more dynamic and resilient local economy



38 local businesses provided with workspace (6% increase), providing 95 jobs



7 residential and commercial sites in the pipeline

### Impact Goal 3: Contribute to Carbon Neutral Cornwall 2030



75% new completions EPC A (all EPC B or above)



Delivering biodiversity net gain of 10% or greater across all schemes<sup>4</sup> ahead of policy requirement

2. Of the 116 completions, 106 remained within Treveth's portfolio, and 10 were handed over to Cornwall Council HRA. For this report, KPI analysis has been conducted based on the 106 Treveth homes.

3. Tenure split: 84% open market rent, 12% shared ownership, 4% affordable rent.

4. The national policy requirement for 10%+ biodiversity net gain came in February 2024, but in line with Cornwall Council's ambitions, Treveth was already in alignment with the policy.

## 2 / Introduction

### Conclusions and Recommendations

#### Strengths

- **Treveth was successfully certified as a BCorp**, achieving a high initial B Impact Assessment Rating of 95.2.<sup>5</sup> This is a positive endorsement of its impact-driven strategy and approach.
- **Treveth has significantly accelerated its delivery of high-quality new homes where they are needed.** The homes are well designed, in areas of significant local housing need and tenanted by local people.
- **Treveth's homes are well-managed with a high level of resident satisfaction.** This is evidenced across its open market homes, managed by Treveth's Estate Management function. The establishment of Registered Provider (RP) Perran Housing, provides an opportunity for Treveth to maximise positive impact across the affordable portfolio as well.
- The successful refurbishment of the Dudnace Lane commercial site provides a blueprint for carbon efficiencies and cost savings going forward. Further, the new lease has provided appropriate premises for a national company to expand its local operations.

#### Recommendations

- **Implement a rigorous approach to setting open market rent levels to ensure they remain financially sustainable for local middle-income households and regularly monitor this:** Last year saw a decrease from 83% to 74% in the share of local middle-income households who would be able to comfortably afford Treveth's homes.<sup>6</sup> While most rents are still within an affordable range,<sup>7</sup> this should be carefully monitored and factored into Treveth's rent-setting policy and monitoring approach – which is under development following our recommendation in the baseline report.
- **Use a flexible yet structured approach to balance scheme viability and impact:** Treveth's delivery goals may be hindered by viability risks. We support flexibility in impact requirements at the scheme level to help unlock key sites in areas of high housing need. However, this should be guided by transparent, structured assessments, while keeping overall portfolio targets as the focus. A scoring tool would ensure a robust methodology. This builds on our previous recommendation for Treveth to carry out an impact potential assessment for its developments, to enable consistent evaluation of impact and local needs.
- **Leverage the maturing relationship with Cornwall Council to maximise impact:** Treveth is viewed by the Council as capable, well-resourced and with significant potential to drive its local objectives. To maximise gains, both organisations should continue to use the Owners Board and staff in bridging roles to swiftly address development barriers and identify strategic areas for alignment, such as Cornwall's new Nature Recovery Strategy. This should be supported by clear communication and transparent, accurate reporting.



### Cornwall's Context

Cornwall, home to 570,300 people, is the largest rural local authority in England. It attracts millions of tourists yearly, leading to a high number of second homes and holiday rentals. This demand has driven up property prices, making housing unaffordable for many residents.<sup>8</sup> The shortage of social housing, rising prices and an insecure rental market have created a significant lack of affordable housing. Houses in Cornwall are also more likely to fail Decent Homes Standards than elsewhere in England,<sup>9</sup> indicating a lower level of housing quality.

Cornwall's economy relies heavily on tourism and agriculture, sectors known for low-wage, seasonal jobs. Its remote location, scattered settlements, high building costs, and slow development further exacerbate the housing crisis, limiting business growth and access to skilled workers.

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Treveth was established in response to these challenges, to drive investment in housing for local people and more inclusive and sustainable development in Cornwall.

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### About Treveth

Treveth Holdings LLP ('Treveth') was founded in April 2019 by Cornwall Council as a partnership company mandated to 'deliver new homes and commercial developments to benefit the residents and workforce of Cornwall'.<sup>10</sup>

Treveth's mission is to 'create sustainable growth and investment in Cornwall, for Cornwall (Yn Kernow, rag Kernow). It aims to realise this mission through strategic investments in high-quality, sustainable developments, regenerating mixed-use places, and practicing good asset stewardship. Its strategy is aligned to the Cornwall Council Local Plan, with the expectation that Treveth will progress to becoming a financially sustainable business and distribute surplus revenue to Cornwall Council to support the provision of local public services.

### About The Good Economy

The Good Economy (TGE) is a leading, independent social impact advisory firm and a specialist in impact measurement and management, with a proven track record in the areas of housing, real estate and Place-Based Impact Investing (PBII).<sup>11</sup>

5. The median score is 50.9 and the pass rate 80.

6. The affordability threshold has changed from the baseline report from 30% to 33% in line with Treveth's affordability approach.

7. The Office of National Statistics (ONS) classifies housing costs as 'affordable' if they represent no more than 30% household income. We consider an affordable range up to 33%, as recognised by the Affordable Housing Commission. Housing costs over 40% household income are considered to surpass an 'overburden rate' with considerable impact risk for residents.

8. Cornwall Council, 'Housing Intelligence', 2024.

9. Cornish Times, 'More than a quarter of Cornwall homes deemed 'non-decent'' 2024.










10. <https://www.treveth.co.uk/>.

11. White paper: Scaling up institutional investment for place-based impact, 2021.

# Treveth's Impact Management Approach

In March 2023, Treveth worked with TGE to develop an Impact Framework. This provides a structured approach for Treveth to understand, measure, manage and improve its social and environmental impact – underpinned by a Theory of Change and accompanying Key Performance Indicators (KPIs).

Treveth's Theory of Change is aligned to Cornwall Council's local strategies,<sup>12</sup> as well as the global Sustainable Development Goals,<sup>13</sup> as shown below.<sup>14</sup>

Impact Goals	Impact Objectives	Treveth Outcomes	Cornwall Council Alignment	SDG Alignment
<b>1. Address Cornwall's housing challenges</b> 	To alleviate housing pressures for local people	More homes for local people (cheaper to run too)	<b>Local Plan Target:</b> Cornwall Council's Plan has targeted 52.2k homes by 2030 at an average rate of 2,624 per year to 2030. Treveth has aimed to deliver up to 10% output (250 homes/year). Cornwall's target has since been increased under the Labour government to 4,454 homes per year	<b>Cornwall Council Objectives:</b> 1. A brilliant place to be a child and grow up 2. A thriving, sustainable Cornwall that offers a secure home, a decent income and a great environment for all 3. Vibrant, safe, supportive communities, where people help each other to live well 4. All supported by an empowering and enterprising Council that offers a consistently excellent customer experience and great value for money
	To build a dynamic and resilient local economy capable of generating good business and employment opportunities	Stronger and better quality local developer market		
<b>2. Create a more dynamic and resilient local economy</b> 	To practice good stewardship as a responsible developer and landlord	Increased enterprise and employment opportunities	<b>Local Plan Target:</b> Provide for 38k full time jobs and 704,000 sqm employment floorspace Treveth targets 5k sqm / year floorspace Treveth's housing strategy compliments the Local Plan's commercial objectives through prioritising the local workforce	   
	To drive environmental excellence through development design, delivery and operation	Larger workforce (increased skills and capacity)		
<b>3. Contribute to Carbon Neutral Cornwall 2030</b> 	To provide an income stream for the Council to invest in public services	Improved health and wellbeing of local residents	<b>Local Plan Emphasis:</b> Link to people having a home and job; Clean, safe environment with quality public realm. Treveth incorporates into delivery of homes, commercial and place-making	 
	To make Cornwall investment ready	Enriched local biodiversity and environment		



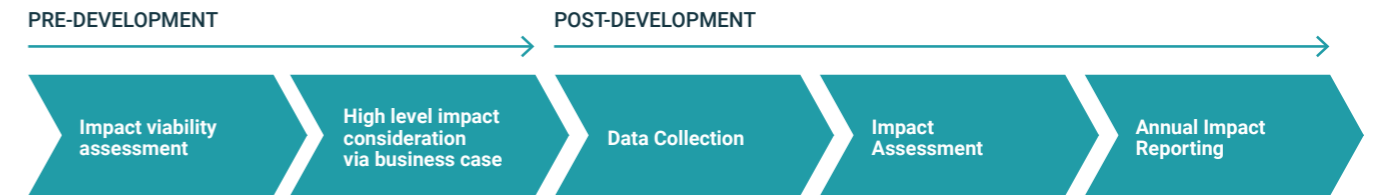
Treveth's Corporate Wheel and Stakeholder Map provide further context and can be found in Appendices 1 and 2 on page 31.

# Impact Management Framework

Treveth's structures, processes and standards support its management of impact as follows:

## Impact Process

Treveth's Impact Framework, developed together with The Good Economy in 2023, sets out how impact is considered at each stage of the investment cycle. Key components are mapped out below and include an impact viability assessment (to ensure minimum impact standards are met) and then ongoing monitoring and reporting of impact achieved at both the scheme and portfolio levels.



## Impact Standards

Treveth's Impact Framework aligns with best practices for impact measurement and management including the Operational Principles for Impact Management<sup>15</sup> and Impact Frontiers.<sup>16</sup>

## Stakeholder Identification

Treveth exists to serve local people and businesses in Cornwall. Its screening processes seek to ensure their outputs (homes and commercial space) prioritise target stakeholders. Direct beneficiaries of Treveth's developments (residents/ businesses) are regularly engaged through its annual feedback surveys and ongoing interaction with project management leads. Major developments incorporate engagement with the local community. A stakeholder map is provided in Appendix 2.

## ESG Risk Management and Impact Governance

- Treveth's four-year Business Plan sets out its high level financial, development and impact ambitions across its portfolio, with KPIs that cut across each area. Progress is monitored and reported quarterly.
- Impact performance and ESG risks are considered internally at investment stage via the Cornwall Council Decision Wheel.<sup>17</sup>
- Treveth's Impact Framework sets out its core Impact Goals and Objectives, with additional KPIs to track progress. The Good Economy undertakes in-depth, independent assessment against Treveth's framework annually, with the resulting report published.



12. Cornwall Council, 'The Cornwall Local Plan'.

13. The 17 United Nations Sustainable Development Goals (UN SDGs) were agreed in 2015 by UN member states as part of the 2030 agenda for sustainable development. They form a globally recognised framework for understanding and addressing pressing global challenges including poverty, climate change and inequality.

14. The UK Government has since increased this target to approximately 4,500 homes per year.

15. Operating Principles for Impact Management, 'The 9 Principles'.

16. Impact Frontiers.

17. The Cornwall Council Decision Wheel is a requirement to gain funding for all projects.

## About This Report

This report is Treveth's second independent impact report developed by The Good Economy, covering the period from 1 April 2023 to 31 March 2024. It builds on Treveth's first baseline report, which covered the period from Treveth's inception in 2019 to 31 March 2023.<sup>18</sup>

The report's structure is guided by Treveth's Impact Thesis. It assesses Treveth's performance against its three overarching Impact Goals (which comprise impact objectives – areas under which Treveth has direct influence):

Impact Goal 1	Impact Goal 2	Impact Goal 3
 <p>Address Cornwall's housing challenges</p>	 <p>Create a more dynamic and resilient local economy</p>	 <p>Contribute to Carbon Neutral Cornwall 2030</p>

Each Impact Goal is assessed against:

- **Cornwall's context:** The defined local needs Treveth seeks to address within Cornwall.
- **Treveth's response:** Our assessment of Treveth's delivery against its **Impact Objectives**.
- **Outcome achievement:** Our assessment of the long-term outcomes that Treveth contributes to through its delivery, considered against the Impact Frontiers' Five Dimensions of Impact.<sup>19</sup>

The research methodologies, data sources and associated evidence risks that inform the report are outlined in Appendix 4.

## Statement of Independence

As an independent advisory firm specialising in impact measurement and management, we have robust processes in place to preserve our integrity and independence, as outlined in our Code of Practice. Before commencing with this impact report, we examined our suitability to take on the role of an independent review of impact performance and confirmed that there was no conflict of interest.

We have worked with Treveth since 2023, when we supported the design of its impact measurement and management system. However, we are not involved in investment / development decision-making and have no role in the management of the organisation. This therefore does not represent a threat to our independence and we are able to take an objective opinion on impact performance.



## Portfolio Map

### Treveth Portfolio, as of March 2024

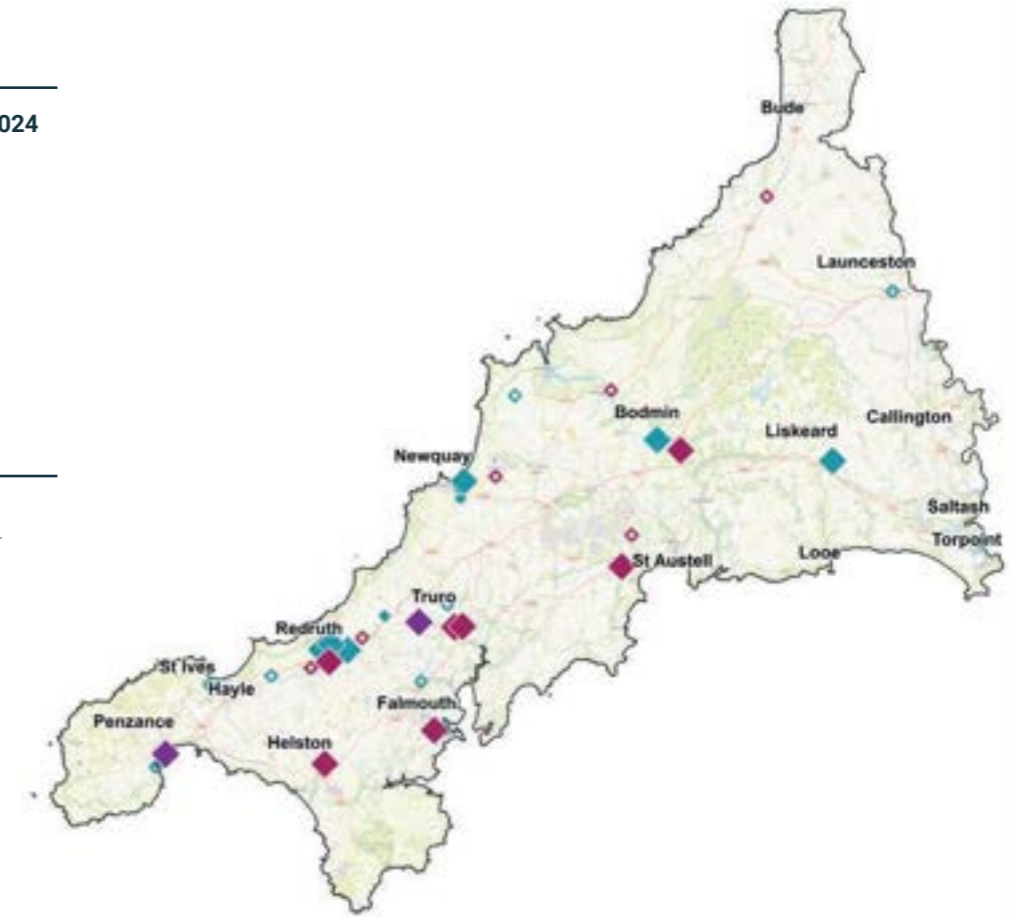
Operational or in Construction

- ◆ Commercial
- ◆ Residential
- ◆ Mixed Development

Pipeline Opportunity

- ◇ Commercial
- ◇ Residential

Contains OS data © Crown copyright and database right (2024). © OpenStreetMap.



18. Treveth Baseline Impact Report, 2023.  
19. Impact Frontiers – 5 Dimensions of Impact.

# 3 / Impact Performance



## Impact Goal 1: Address Cornwall's Housing Challenges

Treveth aims to help tackle Cornwall's housing shortage by increasing the supply of good quality, sustainable, and well-managed homes that are affordable to local people, particularly in the rented sector.



## Cornwall Context: Housing

Cornwall faces major housing challenges, with less social housing, lower affordability, and a larger housing waiting list than the national average:

- Homes cost 9.0 times the median salary (vs. 8.3 nationally). Some coastal areas exceed 20 times.<sup>20</sup>
- Median earnings for full-time workers living in Cornwall are £32,715, 93% of the national average. For all workers (full and part-time), median earnings are £27,153, just 91% of the national average.<sup>21</sup>
- 19,619 households (7.0%) are on Homechoice, the housing waiting list, compared to 5.0% nationally, with some areas like St Just seeing one in five households on the list.<sup>22</sup>
- Only 11% of Cornwall's 288,300 homes are social housing, compared to 17% nationally.<sup>23</sup>
- Cornwall also has high rates of second homeownership, with most used as holiday homes or for long-term investment/income. 8% of the total housing stock are second homes or short-term holiday lets.<sup>24</sup>

20. Office for National Statistics, 'House price statistics for small areas in England and Wales Statistical bulletins', 2023.  
 21. Nomis, 'Annual Survey of Hours and Earnings', 2024.  
 22. Cornwall Council, 'Housing Intelligence', 2024.  
 23. Cornwall Council, 'Housing Intelligence', 2024.  
 24. Cornwall Community Foundation, 'Cornwall's Vital Signs', 2022.  
 25. Treveth markets its homes and screens to maximise the likelihood of homes being lived in by local people.

Subsequent to the reporting period, a new Labour government was elected which may see policy changes that could provide a more supportive development environment. Cornwall Council's housing target has increased from 2,700 per year to 4,500. We will continue to monitor this.

## Treveth Response

Treveth aims to address Cornwall's housing shortage by increasing the supply of high-quality, sustainable, and well-managed homes that are affordable for low to middle income local people, particularly in the rented sector.<sup>25</sup>

Treveth aims to develop sites in high housing-need areas, prioritising those that haven't been successfully unlocked on the open market. Treveth manages its Open Market Rent homes, while the new Registered Provider, Perran Housing, will manage Affordable tenure homes.

## Treveth Performance Against Impact Objectives

### Headline KPIs<sup>26</sup>

Impact objective	Metrics	Baseline (April 2019 to March 2023)	2023/24 Total	2023/24 Target
1. Provide good quality, sustainable homes for local people	# of homes developed in-year	100	116	118 <sup>27</sup>
	Average rent as a % of local net median household income	29%	32%	<33%
	# of latent defects per new home within 12 months of practical completion	Ave 12 per new home	Ave 12 per new home	<20 ave per new home
2. Practice good stewardship as a responsible landlord	# of homes in Treveth's managed rental portfolio	78	159	Not available
	% of residents satisfied with the overall service provided	83%	91%	90%

### Impact Objective 1: To provide good quality, sustainable homes for local people

To assess this Objective, we consider the extent to which Treveth is increasing the supply of homes for local people, targeting sites according to local needs, delivering Affordable tenure homes in line with Council targets, ensuring affordability for local people, and delivering high-quality homes where people want to live.

#### Increasing the supply of homes for local people

In 2023/24, Treveth markedly increased its delivery pace, completing 116 homes and bringing the total new homes developed to 216 – a 116% increase on the baseline position and in line with targets.<sup>28</sup> All were let or sold to local people.<sup>29</sup> We heard from council representatives that schemes delivered to date had all failed to be delivered on the open market. We also heard that the pipeline should enable Treveth's delivery target of 200 completions per year to be achieved in the next two years.<sup>30</sup> However, this will require a supportive political and macroeconomic climate, continued work to strengthen and build the local development and contractor market, and in some cases increased capital allocation. The tension between viability and impact is considered as an impact risk on page 28 and in this report's recommendations page 29.



26. A full breakdown of KPIs can be found in Appendix 3.  
 27. Once fully operational, Treveth aims to deliver 200+ homes per year. Its target for 2023/24 was 118. At its inception, Treveth set a target of 250 homes per year – 10% of Cornwall Council's housing delivery target. It has since revised this down to '200 homes' per year in line with changes in the market and ability to build out its pipeline.  
 28. Treveth delivered 116 homes in 2023/24 against a target of 118. Two homes completed early 2024/25 due to unresolved snagging issues. 11 homes were completed by Treveth for Cornwall Council HRA and no longer part of Treveth's portfolio.  
 29. Treveth's rigorous screening process includes in-depth criteria for residents to evidence local ties, as well as taking steps to ensure residents do not sub-let for holiday rentals. New homes for sale are first marketed to those who live and work locally. While Treveth does not have control over onward sales, we heard that to date almost homes have been sold to people living locally. The portfolio is weighted towards rental homes to ensure long-term supply of homes to locals, with on average only 10-20% of schemes sold to support viability and cashflow.  
 30. Treveth's pipeline includes 466 homes in the Construction Pipeline (contracting/ procurement/ under construction/ occupation) with occupation estimated by the end of 2026. A further 963 homes are in the Development Pipeline (Acquisition/ Planning/ Offer/ Opportunity), with estimated delivery by 2029.

**Targeting sites according to local needs**

All homes that are either occupied, under construction or soon to be developed, are in areas with a higher-than-county-average percentage of households on the Homechoice housing waiting list.

**Completed and operational properties:**

**The Coppers, Tolvaddon**



**Local Conditions:**

Indicator	Value
House Price to Earnings Ratio (March 2023)	Range: 6.1–9.5 <sup>31</sup>
Households on Homechoice Register (%)	7.4%
Home Build Trajectory Completed (%) <sup>32</sup>	102.4%

**Tregover, Newquay**



**Local Conditions:**

Indicator	Value
House Price to Earnings Ratio (March 2023)	10.7
Households on Homechoice Register (%)	7.6%
Home Build Trajectory Completed (%)	113.3%

**Heathlands View, Bodmin**



**Local Conditions:**

Indicator	Value
House Price to Earnings Ratio (March 2023)	8.1
Households on Homechoice Register (%)	10.7%
Home Build Trajectory Completed (%)	68.6%

**Gwel Basset, Tolgus, Redruth**



**Local Conditions:**

Indicator	Value
House Price to Earnings Ratio (March 2023)	7
Households on Homechoice Register (%)	8.9%
Home Build Trajectory Completed (%)	102.4%

**Delivering Affordable tenure homes in line with Cornwall Council's targets**

To date, Treveth has not had levers to influence the quantum, management or affordability of the Affordable homes it has developed. Of the schemes delivered to date, Bodmin and Tolgus will meet target Affordable allocations delivering 30% and 39% Affordable homes respectively, while Maudlin will deliver 24%. While lower than the other schemes, it is in line with Cornwall Council's assessed local requirement for the scheme. Going forward Perran will be responsible for delivering Affordable housing targets – which aim to align with local targets – on key sites. We heard that viability will be a risk in meeting this ambition – particularly in areas of high need where land costs are also high. This is addressed in the risk and recommendations sections of this report on pages 28-29. We will monitor Treveth's performance in future impact reports.

**Ensuring affordability for local people**

On average, rents represent 32% of income for the typical household in Cornwall<sup>33</sup> (up from 29%) which is within the recommended level of 33%.<sup>34</sup> No home exceeds the 40% overburden rate.<sup>35</sup>

There was a decrease from 83% to 74% in the number of homes considered affordable at 33%.<sup>36</sup> This is due to the addition of Tolgus homes where rents are more expensive and rent increases in the wider portfolio pushing other homes slightly over this threshold. This increase is in line with wider rent increases in Cornwall, with private rents increasing 5.8% in the past year.<sup>37</sup> Rigorous application of affordability tests

and ongoing monitoring should be embedded in the new rent-setting policy to ensure that Treveth's homes remain affordable to middle income households, while remaining commercial.

Treveth's resident screening process ensures affordability of rents to incoming residents against their household income. From the three households interviewed, two stated that their rent levels were high but manageable, with one adding that the recent wider economic situation in the country has added a significant amount of pressure with household expenses increasing.

**Delivering well-designed homes**

Treveth's homes are high quality, efficient and spacious.<sup>38</sup> The number of defects per home remain within target. All new homes were EPC B or above, with 74% of those added in 2023/24 achieving EPC A. This surpasses the national benchmark of 85% new homes EPC B+ and 4% EPC A.<sup>39</sup> Interviewed residents praised the quality of their homes and were pleased with the location – being close to amenities, their workplaces, and friends and family.

As noted elsewhere in this report, viability remains an ongoing tension. Treveth amended its design guide to allow for homes that are below NDSS National Design Space Standards (NDSS) – albeit within Cornwall Council's mandated range. We accept Treveth's mitigation strategy of ensuring that the right household compositions are allocated to these smaller homes to avoid overcrowding. See risks section on page 28.

31. The house price to earnings ratio data is calculated from median house prices for Local Super Output Areas (LSOAs) and median resident earnings at the Local Authority (Cornwall) level. Homes at The Coppers fall within two LSOAs, each with a different median house price value.

32. This indicates the percentage of the Local Plan Home Build Trajectory that has been completed thus far, according to Cornwall Council.

33. Based on the 2022 Annual Survey of Hours and Earnings (ASHE) net median income data for Cornwall, and applying a typical household multiplier of 1.45 to take into account likelihood of multiple earners.  
 34. Private rental affordability, England, Wales and Northern Ireland QMI. The Affordable Housing Commissions considers a 33% affordability threshold, while the QNS views 30% housing costs to household income ratio as the 'affordable' threshold.  
 35. OECD Housing Affordability Database.  
 36. The affordability threshold has changed from the baseline report from 30% to 33% in line with Treveth's affordability approach.  
 37. Office for National Statistics, 'Housing prices in Cornwall', 2024. This is in line with average wage growth in Cornwall during the same period, with wages increasing around 6% to 7%, depending on the industry and job type.  
 38. Currently Treveth's homes all exceed National Design Space Standards.  
 39. Energy Efficiency of new builds accelerates, Knight Frank.





### Impact Objective 2: Practice good stewardship as a responsible landlord

To assess this Objective, we consider whether or not Treveth is providing residents with secure, long-term tenancies and delivering high quality property management services.

#### Providing residents with secure, long-term tenancies

Treveth offers three-year tenancies with options for extension as standard. A resident we spoke to confirmed the stability this provides, praising the sense of community she felt and her desire to remain in the area in the long term.

#### Delivering high quality property management services

According to Treveth's latest survey,<sup>40</sup> most respondents are satisfied with the overall property management service provided, with an average satisfaction rate of 91%.<sup>41</sup> This exceeds the sector benchmark for overall satisfaction in the Affordable housing sector, which stands at 79%.<sup>42</sup> and Treveth's internal target (90%). Residents were also more satisfied than the benchmark with the letting process, the overall condition of the estate and the complaints process<sup>43</sup> – although slightly less than average satisfaction with the repairs service (78% satisfaction against a target of 90% and a benchmark of 83%). These results, coupled with low resident turnover rates, indicate high overall resident satisfaction.

40. Treveth's 2023 resident survey results are based on 56 responses/177 surveyed (all Treveth households).

41. This does not include homes managed by Perran.

42. Housemark, 'Tenant satisfaction measures' 2023.

43. 100% respondents were satisfied with the letting process (Treveth target – 95%). 86% were satisfied with the complaints process (benchmark – 56%, target – 90%). 85% were happy with the condition of the estate (benchmark – 68%, target – 90%). It should be noted that the benchmark data provided is for Affordable homes, and not directly comparable. However, benchmark data is not available for open market rental homes.

## Contribution Towards Outcomes

Table 1: Impact Management Project (IMP) Five Dimensions of Impact<sup>44</sup>

IMP dimension	Target outcomes	
	More homes for local people (more affordable to buy, rent and run)	Improved health and wellbeing of residents
WHAT impact is Treveth having?	Treveth has added homes to Cornwall's housing supply that would not have otherwise existed. It has ensured they can be accessed to low – middle income local households.	Resident interviews and survey results indicate residents are experiencing positive wellbeing benefits as a result of living in a good quality, well-located and secure home.
WHO is experiencing the impact?	Local people in Cornwall who can access secure, quality, sustainable homes at prices they can afford across the schemes delivered to date.	
HOW MUCH impact is Treveth creating?	Scale	216 homes completed (116 in-year), with 466 homes in the construction pipeline and 963 homes in the pre-development phase. 159 homes under Treveth/ Perran management.
	Depth	Too soon to tell. Interviews indicate significant benefits. This is supported by research evidencing the impact on wellbeing of having a good quality, affordable home. <sup>45</sup>
	Duration	Long term tenancies (3+ years).
What is Treveth's CONTRIBUTION to what would likely happen anyway?	Significant role in driving supply that is likely to not have come through the private market.	Significant role in through its role as developer and landlord of its homes.



### Case study: Redruth

A family of three rented a damp, cold home in Truro for £950 a month, causing frequent illnesses for their 18-month-old child. After their landlord failed to address the issues, they decided to move. In March 2024, they relocated to a new Treveth-built home in Redruth, where one of the family works. Though it costs £100 more per month, the healthier environment and convenient location near work, nursery and schools outweighed the extra cost. Minor issues with the new build were quickly resolved and the family is pleased with the long-term comfort and security of their new home.

44. This is a standardised approach to impact measurement in which impact is defined according to five core dimensions: What, Who, How Much, and Contribution. It is important to note that Treveth's operation is still in its early stages, and achieving meaningful outcomes across the portfolio is an ongoing process. Nonetheless, our efforts have been concentrated on evaluating emerging outcomes through data analysis and interviews.

45. HACT, 'The impact of social housing: economic, social, health and wellbeing' 2020.



## Impact Goal 2: Create a more dynamic and resilient local economy

Treveth aims to support economic growth in Cornwall through increasing provision of quality workspace for local businesses, unlocking and delivering large-scale strategic regeneration projects, and managing its pipeline responsibly to support local SMEs and create a more robust local development market.



## Cornwall Context: The Local Economy

Despite low unemployment (1.8% vs 4.0% nationally) and a healthy economic activity rate (78.4% vs 78.8% nationally),<sup>46</sup> Cornwall's economy faces challenges, including:

- A business landscape where only 1.4% of companies have over 50 employees (1.9% nationally).<sup>47</sup>
- 55% of private sector businesses are in less secure and often lower-paid industries (39% nationally).<sup>48</sup>
- A low proportion of full-time roles (61% vs. 69% nationally).<sup>49</sup>
- Cornwall's median workplace earnings are 91% of the UK average (£27,153 for all workers including full and part-time).
- Productivity and prosperity rates below national averages, with Gross Value Added (GVA) per job at 81% of the UK average and GVA per capita at 71%, highlighting the need for economic diversification.<sup>50</sup>

This situation is exacerbated by challenges in the local development and construction market.

Some developers paused operations and others closed in 2023/24.<sup>51</sup> Many smaller businesses have struggled to absorb the added burden of regulatory constraints and compliance requirements. Figures from the Department for Levelling Up, Housing and Communities suggest that building commenced on around 1,870 homes in Cornwall in 2023 – down from an estimated 1,980 the year before.<sup>52</sup> The market is struggling with shortages in the workforce, limited adequate infrastructure, and recent regulations. These issues also aggravate viability, which further deters private sector investment.

## Treveth Response

Treveth aims to support economic growth in Cornwall by increasing the provision of quality workspace for local businesses, unlocking and delivering large-scale strategic regeneration projects, and managing its pipeline responsibly to support local SMEs and create a more robust local development market. It also seeks to leverage its contracts to support the local development market – including by contracting to SMEs and supporting local procurement.

Ultimately, Treveth hopes to increase its own profitability as well as inward investment from the private sector, with a catalytic impact on further investment into Cornwall.

## Treveth Performance Against Impact Objectives

### Headline KPIs

Impact objective	Metrics	Baseline (April 2019 to March 2023)	2023/24 Total	2023/24 Target
3. Build a dynamic and resilient local economic capable of generating good employment and business	# commercial units managed (broken down by new/maintained/upgraded) (cumulative total)	36 (all maintained)	38* (1 upgraded)	TBD
	Sq ft employment floorspace delivered (cumulative total)	78k sq ft	109k sq ft	+54k/ year once fully operational (to reach profit ambition of £0.5m/ year)
4. Practice good stewardship as a responsible landlord	Achieve BCorp status	On track	Achieved	Target: Q2 2023
5. Make Cornwall investment ready	# strategic partnerships, e.g. local universities, hospitals (cumulative total)	6	7	TBD

\*Treveth owns 48 units total, but some tenants occupy more than one unit.

### Impact Objective 3: Build a dynamic and resilient local economic capable of generating good employment and business

To assess this Objective, we consider whether Treveth is providing space where local businesses can grow and local people can work, ensuring the provision of commercial space that meets local needs, ensuring schemes are good quality and sustainable, managing the regeneration of strategic sites, and forming strategic partnerships with local businesses.

#### Providing space where local businesses can grow, and local people can work

Treveth increased its managed portfolio of commercial space by 31k sq ft (39%) in 2023/24, bringing the total to 109k sq ft, as a result of operationalising new schemes, including New Look and Dudnace Lane. These businesses employ 95 people on site.

Most sites are acquisitions from Cornwall Council (with one purchased from another investor), and do not increase the overall supply of commercial space in Cornwall. However, Treveth aims to add value through its refurbishment schedule and retrofitting where it is able to do so. One scheme, Dudnace Lane, was refurbished after being previously unusable and so did ultimately increase supply. We view Treveth as maximising its additionality where it develops and manages new commercial space that meets the needs of local businesses.

#### Ensuring provision of commercial space that meets local needs

The portfolio consists of 38 Cornish businesses, 35 of which are industrial and distribution, one office-based business and two retail sites. This spread aligns with Treveth's targets, which in turn aligns with Cornwall's assessed need for commercial space.<sup>53</sup>

#### Ensuring schemes are good quality and sustainable

The commercial portfolio, as of April 2024, is of mixed quality with Treveth having acquired several operational schemes from Cornwall Council that require refurbishment to bring them up to scratch. In 2023/24, Treveth continued to take a strategic approach to pacing its rent increases and refurbishment plans to continue stock improvements while ensuring viability without pricing out its smaller business tenants.

There is a high proportion (84%) of units at EPC D or below and whilst we accept certain types of commercial space is more challenging to upgrade, we encourage Treveth to advance this where possible. Looking ahead, UK Government Policy now requires all commercial properties to achieve an EPC rating of C by 2027 and B by 2030, with significant implications associated with this.

46. Nomis, 'Annual population survey', 2024.

47. Nomis, 'Business Register and Employment Survey/Annual Business Inquiry', 2024.

48. Nomis, 'UK Business Counts', 2024.

49. Nomis, 'Annual population survey', 2024.

50. Office for National Statistics, 'UK small area gross value added (GVA) estimates', 2024.

51. E.g. Cornwall Reports, 2024.

52. Cornish Times, 'Fall in housebuilding in Cornwall' 2024.

53. Treveth – Commercial Strategy: Targets 60-80% industrial and distribution space, and 20-40% Office and retail.

### 3.4 / Managing the regeneration of strategic sites

Treveth leads two strategic projects which aim to deliver town centre regeneration in Truro, with seven other residential and commercial sites in the pipeline.



#### Langarth Garden Village Development

After overcoming years of fragmented ownership, the site is set to become a sustainable community, delivering approximately 3,800 homes, 35% of which will be affordable. Infrastructure delivery, including schools and commercial units, is closely aligned with housing milestones to ensure new residents have essential amenities from the start.

The plan features a district heat network and aims to utilise wind, solar, and geothermal energy. With 48% of the site preserved as green space, the project plans to ensure a substantial biodiversity gain of 20%. Regular community forums foster local support.

As it advances, Langarth serves as a model for sustainable development, balancing immediate infrastructure with long-term environmental goals.



#### Pydar

Pydar is a proposed mixed-use development in Truro which will provide 300+ homes (35% of which are affordable). It will also provide space for cafes, restaurants, nature trails, a hotel and various leisure, hospitality and cultural facilities. Treveth are currently working with partners to address viability issues as a consequence of the Building Safety Act and difficult economic conditions.

### Impact Objective 4: Practice good stewardship as a responsible developer and landlord

To assess this Objective, we consider whether or not Treveth is delivering exceptional property management services to its tenants, and driving local benefits through its supply chain management, procurement activity, and ensuring site safety.

#### Delivering exceptional property management services

Respondents to the Commercial Tenant survey are largely satisfied with Treveth as a landlord, with an overall average satisfaction score of 9/10.<sup>54</sup> This is an excellent result, with a recent survey showing that only 27% of tenants renting from corporate landlords rated them 9 or 10 out of 10.<sup>55</sup> However, concerns were raised regarding the condition of the properties and satisfaction with the timeliness of maintenance work was lower at 60%. We recognise that significant refurbishments to Treveth's acquired commercial sites are in progress but recommend promptly prioritising the most critical repairs and maintenance works in the wider portfolio.<sup>56</sup>

#### Driving local benefits through supply chain management, procurement activity and ensuring site safety

Treveth has continued to use its contracts to support the local developer market through various means, including contracting smaller parcels of work to encourage SME developers and new contractors. We encourage this, and further endorse consideration of other ways Treveth could strengthen the local market – including engaging with options for training and apprenticeships, directly and through its supply chain. We heard from Council representatives that Treveth could embrace further alignment with its ambitions in this area – including engagement with care leavers and young people not in employment, education or training (NEET), and through Corserv. We will continue to monitor the progress of this strategy and its wider impact.

We heard from a contractor that Treveth works with, Poltair Homes, that its partnership with Treveth has allowed the company to expand its business by hiring more staff for the site it is working on – as well as offering stability to the workforce and wider local supply chain. Treveth also works with Poltair Homes to educate the community about construction's benefits, with Poltair Homes supporting this by engaging with local schools and offering apprenticeships.

### Impact Objective 5: Make Cornwall investment-ready

To assess this Objective, we consider whether or not Treveth is diversifying its funding sources, as well as actively managing impact and forming strategic partnerships with local businesses.

#### Diversifying funding sources

Cornwall Council remains Treveth's exclusive source of funding. However, Treveth has progressed its ambition to leverage additional funding sources. This includes the development of its investment strategy, which we will review in the next Impact Report.

#### Forming strategic partnerships with local businesses

On the GWRSA scheme, Treveth developed a new strategic partnership with a local university around the future delivery of student accommodation. Partnerships progressed with an existing tenant around the development of its new commercial site, and Celtic Sea Power around Treveth's role in supporting its expansion.



#### Becoming a BCorp and actively managing impact

Treveth fulfilled its ambition of becoming a BCorp in September 2023, achieving a score of 95 which is significantly above the median of 50 and the pass mark of 80. BCorp Certification indicates a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.<sup>57</sup> We applaud this excellent result.

54. The Commercial Tenant survey had 16 responses out of a total of 38 tenants (42% sample)

55. National Residential Landlords Association, 'Tenants give the thumbs-up (again) for independent landlords' 2024.

56. The Commercial Tenant survey had 16 responses out of a total of 38 tenants (42% sample).

57. B Lab, 'About B Corp Certification,' 2023.



## Contribution Towards Outcomes

Table 2: IMP's Five Dimensions of Impact

IMP dimension	Target outcomes		
	Increased enterprise and employment opportunities, including better retention and attraction of businesses in Cornwall	Larger workforce (capacity, increased skills, retention of graduates)	Stronger and better-quality local developer market
WHAT impact is Treveth having?	Treveth is maintaining much-needed commercial space for small, local businesses which employ local people. The Dudnace site has provided a local depot for a national business.	Treveth indirectly supports local jobs through its maintenance of commercial space by local businesses.	Our interviews revealed emerging evidence regarding Treveth's wider impact on the developer market in Cornwall.
WHO is experiencing the impact?	Local businesses and local people who work for them.		Local developers / contractors, supply chain.
HOW MUCH impact is Treveth creating?	Scale	38 businesses, employing a total of 95 people. Significant additional opportunity through pipeline of strategic sites.	Too soon to tell.
	Depth	Too soon to tell. Some emerging evidence of businesses enabled to scale up/continue operations in Cornwall vs moving to alternative locations.	Too soon to tell.
	Duration	Standard commercial tenancy lengths (6+ years).	Long term.
What is Treveth's CONTRIBUTION to what would likely happen anyway?	Currently minor, with potential for significant contribution upon successful completion of pipeline projects. Refurbishment works are, in some cases, delivering additionality through expansion/ improvement to existing workspace.		Too soon to tell.



## Impact Goal 3: Contribute towards Carbon Neutral Cornwall 2030

Treveth's dedication to decarbonisation and the enhancement of natural capital permeates all aspects of its operations. This commitment encompasses investments in environmental innovations that, with further scaling, have the potential to enhance the sustainability of both its own projects and the wider sector.

### Cornwall Context: Carbon Neutral Cornwall

Cornwall's 2022 Climate Risk Assessment highlights the urgent need to reduce emissions and address climate risks.<sup>58</sup> It identifies significant threats from climate change, including the highest potential sea level rises in the UK, increased flooding risks in areas like Boscastle and Coverack, more extreme weather events, and accelerated coastal erosion. Cornwall's wildlife and natural habitats, already in decline, are also expected to face additional pressures.<sup>59</sup>

In response, Cornwall Council declared a climate emergency in 2019 and set goals to become the first net-zero region in the UK, aiming for carbon neutrality by 2030 and net zero by 2050. Cornwall's Environmental Growth Strategy (2020-2065)<sup>60</sup> outlines the need to decarbonise energy and enhance nature conservation efforts on land and at sea. The Cornwall Nature Recovery Strategy supports this by targeting 30% of land and sea to be well-managed for nature by 2030, with Biodiversity Net Gain requirements already in place since 2020, ahead of national mandates.<sup>61</sup>

### Treveth Response

From its inception, Treveth has aligned with Cornwall Council's 2030 carbon neutral requirements. Treveth is dedicated to staying at the forefront of best practice and building schemes with strong environmental standards.

Since conducting its baseline carbon assessment, Treveth has developed a Carbon Strategy which outlines its approach to reducing both embodied and operational carbon across its operations. A carbon reduction tool is under development to support its aims, and in the next year it aims to review its suppliers' sustainability credentials, which we encourage.

## Treveth Performance Against Impact Objectives

### Headline KPIs

Impact objective	Metrics	Baseline (April 2019 to March 2023)	2023/24 Total	2023/24 Target
6. Drive environmental excellence	Total net GHG emissions, broken down by Scope 1, 2 and 3 (please see next page for further details)	1378.2 tCO <sub>2</sub> e Scope 1 (6%) Scope 2 (9%) Scope 3 (85%)	<b>3,138 tCO<sub>2</sub>e</b> Scope 1 (2%) Scope 2 (3%) Scope 3 (95%) <sup>62</sup>	TBD
	GHG emissions per residential unit	Not available	<b>34 tCO<sub>2</sub>e per unit (24 tCO<sub>2</sub>e of biogenic carbon)</b>	TBD

58. Cornwall Council, 'Cornwall Climate Change Risk Assessment' 2022.

59. Cornwall Wildlife Trust, 'State of Nature Cornwall 2020 Report' 2020.

60. Cornwall Council, 'Environmental Growth Strategy' 2022.

61. Department for Environment, Food & Rural Affairs, 'Environment Bill 2020' 2020.

62. Treveth Carbon Footprint Report 2023/24. Of the total, 5,291 tCO<sub>2</sub>e were associated with dwellings, 427 tCO<sub>2</sub>e with non-domestic buildings and 217 tCO<sub>2</sub>e from overheads/own operations. This was offset by 2,808 tCO<sub>2</sub>e 'Module D' emissions associated with the materials used in the construction of the dwellings. GHG emissions for 2023/24 were over double the emissions of the previous baseline report due to the commencement of the planned programme of housebuilding.

**Impact Objective 6: Drive environmental excellence**

To assess this Objective, we consider whether or not Treveth is minimising greenhouse gas emissions, enhancing natural capital, and piloting and scaling up other environmental innovations.

**Minimising greenhouse gas emissions**

Treveth’s baseline was recently conducted, with future performance assessments intending to analyse progress towards minimising greenhouse gas emissions from the baseline position.

Treveth’s housebuilding has expectedly increased its total net emissions, doubling from 1378.2 tCO<sub>2</sub>e in 2022/23 to 3,138 tCO<sub>2</sub>e in 2023/24. This is mainly due to the accelerated development programme. Most emissions are Scope 3 (95%), with Scope 2 representing 3% and Scope 1 representing 2%.

Treveth’s homes emit around 34 tCO<sub>2</sub>e per house, of which 24 tCO<sub>2</sub>e is biogenic carbon (locked in from the timber element of the design throughout the lifespan of the building). This leaves 10 tCO<sub>2</sub>e embodied carbon per house to reduce. Treveth’s Carbon Strategy sets out its ambitions to achieve this reduction, including by selecting sites to reduce/minimise demolition, increasing use of biobased materials, prioritising local supply chain and local materials where possible, and use of renewable energy on construction sites. While it is promising that Treveth has identified key steps to reducing per-home emissions, we recognise that these plans are subject to various external factors, such as supply of local materials and scheme viability.

Schemes such as Tolgus, where all new completions achieved EPC A in 2023/24, demonstrate it is possible to achieve viability and strong environmental credentials. However, elsewhere – including the Maudlin scheme – viability challenges have led to compromises meaning homes achieved EPC B instead of EPC A.

Treveth progressed its refurbishment of Dudnance Lane, putting sustainability considerations at the core.

**Enhancing natural capital**

Treveth continues to align with the recently introduced national regulatory requirement to deliver at least 10% Biodiversity Net Gain across new schemes. While the company is successfully meeting BNG requirements across its schemes, it isn’t going above and beyond due to current viability challenges. We encourage Treveth to align its biodiversity approach to Cornwall’s Nature Recovery Strategy,<sup>63</sup> which is currently under consultation, to maximise its impact in this area.

**Piloting and scaling up environmental innovations**

Treveth has continued to progress innovative projects including the consideration of hemp insulation panels. However, further innovations including microgrids were put on hold due to feasibility concerns. See the Risk Section of this report on page 28 for further detail.



**Case study: Refurbishment of Dudnance Lane, Pool**

In 2023, Treveth commenced complete refurbishment of the vacant Dudnance Lane scheme. This involved stripping the building to its steel frame and retaining the original foundations. Saving the steel and retaining the foundations resulted in a carbon emissions saving of over 100 tonnes.

Rexel UK Ltd, an electrical distribution company, has since signed a 15-year lease for the 7,319 sq ft unit, relocating from its previous depot in Redruth. The location near the A30 provides Rexel with a larger and more strategically positioned distribution hub for its operations in Cornwall and has enabled the company to hire three more local people.

This project has influenced Treveth’s development strategy, prompting the team to consider sites that may not have been viewed as viable previously. Treveth calculates that it saved approximately £60 per sq ft on build costs by saving the existing slab and steel, which represents a saving of around £400-440k based on a similar sized new build unit.



**Contribution Towards Outcomes**

**Table 3: IMP’s Five Dimensions of Impact**

IMP dimension		Target outcome
		<b>Enriched local biodiversity and environment, with overall carbon reduced</b>
<b>WHAT impact is Treveth having?</b>		Treveth is optimising the sustainability credentials of its sites – including embodied and operational carbon, and biodiversity.
<b>WHO is experiencing the impact?</b>		Local residents and surrounding communities, Cornwall.
<b>HOW MUCH impact is Treveth creating?</b>	Scale	The local environment.
	Depth	Too soon to tell.
	Duration	Long term.
<b>What is Treveth’s CONTRIBUTION to what would likely happen anyway?</b>		Significant role in ensuring high quality and sustainability within its residential projects, with plans to increase the quality and sustainability of commercial properties.

63. Cornwall Council, ‘A Nature Recovery Strategy for Cornwall and the Isles of Scilly’, 2024.



## Deliver a financial return alongside social and environmental impact

### Impact Objective 7: Deliver a financial return alongside social and environmental impact

#### Headline KPIs

Impact objective	Metrics <sup>64</sup>	Result 2022/23	Result 2023/24	Target	
7. Deliver a financial return alongside social and environmental impact	Total income generated	£1,698,000	£2,744,000	£3,507,000	
	% increase in asset value	Residential: +10% Commercial: +43% (since acquisition)	Residential: -1.1% Commercial: +6.7% (in-year)	Not available	
	Overall Loan to Value since acquisition	96.0%	93.5%	<100%*	
	Investment Yield	7.3%	7.1%	>7.3%	
	<b>Commercial</b>				
	% Occupancy	99%	98% (averaged over 4 quarters)	>95%	
	Net return % (cumulative)	52%	77%	>67%	
	% rent arrears/bad debts of total rent due	4.2%	6% (averaged), and by y/e	<5%	
	Loan to Value <sup>65</sup>	63.1%	79.0%	Not available	
	<b>Residential</b>				
	Total number of void days per void	6 days	18 days ave <sup>66</sup>	<14 days	
	% build prices to sales completion price	Not available	72%	<100%	
	% tenants service notice	2%	1%	<5%	
	Loan to Value (Tranche A)	103.5%	94.8%	Not available	
Loan to Value (Perran)	Not available	108.8%	Not available		

\*Stipulated through a covenant from Cornwall Council (Treveth's current funders) rather than an internal KPI. This figure is reported to Cornwall Council on a quarterly basis. Our original report stated this target as 63/1% for 2022/2023, which only related to the Commercial portfolio.

To assess the achievement of this Objective, we consider Treveth's overall financial situation as well as each of the Residential and Commercial portfolios.

Ultimately, Treveth will return profits to Cornwall Council once it achieves a cumulative surplus.<sup>67</sup> Still early in its operational life, in 2023/24 Treveth focused on:

- Delivering legacy schemes
- Ensuring the profitability of new schemes
- Accelerating completions to generate income, and
- Building Treveth's investible strategy to attract additional funding sources going forwards.

The total income generated of £2,744,000 demonstrates that Treveth is progressing to its target income level, increasing by over 60% since last year, although it has not yet reached its target. The Loan-to-Value (LTV) ratio for Treveth's residential properties, including Perran, indicates a higher risk profile. While the residential (Tranche A) portfolio remains within the required <100% threshold set by Cornwall Council as funders, Perran currently exceeds this limit. In contrast, the commercial portfolio shows a moderately healthier LTV ratio. Treveth expect improvements in LTV ratios for both portfolios over time; however, we remain cautious about sector risks, particularly given the collapse of other local authority development companies, as detailed on page 28 of this report.

#### Residential

2023/24 saw Treveth strengthen the profitability of its residential portfolio. Its new schemes have performed well with high sales and occupancy rates, helping to offset some of the profitability issues on legacy schemes.<sup>68</sup> Completions are expected to pick up into the new financial year, and with the implementation of stringent scheme level viability criteria – which also requires Treveth's overheads to be taken into account – we expect to see the residential portfolio continue to perform well.<sup>69</sup>

#### Commercial

The commercial portfolio continued to perform well, with mostly strong occupancy across the units and an increased net return. Asset values also increased by 49% since acquisition as a result of improvement works. We heard this increase was largely driven by steady demand for commercial units, coupled with a lack of supply locally. However, rental income from the commercial portfolio for FY 2023/24 was lower than expected due to two vacant units at the end of Q4, delays in the Dudnace Lane refurbishment, and a 3-month rent-free fit-out period. As a result, rental income from this site is not expected to commence until Q1 FY 2024/25.

#### Viability tensions

Achieving viability in the face of macroeconomic headwinds, political uncertainty, and a difficult development environment remains challenging for Treveth. Progress on Pydar, the regeneration scheme in central Truro, slowed in 2023/24 and will not progress until viability improves.

Treveth has noted the tensions it faces in trying to achieve viability, meet its completions targets, achieve its ambition to deliver homes where they are most needed (which often have more expensive land prices), and meet its sustainability, affordability, tenure and impact commitments.

As noted in the recommendations section of this report, we support Treveth's request for flexibility in managing these portfolio commitments at the scheme level. While, as noted, flexibility does carry some impact risk, this can be effectively managed by clearly outlining Treveth's bottom lines (to be required at scheme level), and portfolio level ambitions and targets. An impact scoring tool could support consistent scheme level investment decisions where such flexibility is required.

64. It is too soon to assess the following KPIs: Profit achieved by Treveth; Profit returned to the Council; net development profit (commercial).

65. In the baseline report, we grouped all Loan to Value results. In this report, we have disaggregated the results to provide a more granular view of financial performance.

66. This increase is due to an issue at one property which took 80 days to resolve. Due to a relatively small number of assets, a single issue does impact averages.

67. Treveth aims to be running within 15 years operations and an overall surplus within 22 years. The latest Business Plan estimated it will be running at a profit by 2028, ahead of target.

68. Maudlin and Bodmin had viability challenges since the collapse of developer Midas.

69. Approved schemes are required to achieve viability plus 3% operational costs.

# 4 / Impact Risks

Table 4: Impact Risks based on the Impact Frontiers' nine types of risk<sup>70</sup>

Impact risk category	Likelihood before mitigation	Severity before mitigation	Description and Mitigation
<b>External risk</b>  The probability that external factors disrupt the organisation's ability to deliver the impact	High	High	Treveth's ability to deliver on time and at cost, alongside meeting targets for its objectives and outcomes, is vulnerable to both short and long-term external factors: <ol style="list-style-type: none"> <li><b>Local politics:</b> Cornwall Council will have an election in May 2025 which will determine the composition of its 87 councillors. Separately, there will be a change in Cornwall Council's Commercial COO soon. This could result in Council priorities shifting, impacting Treveth's delivery. <i>Mitigation:</i> Treveth should continue to engage closely with Council representatives and MPs, and provide transparent reporting, while highlighting strong performance.</li> <li><b>High profile collapses of other DevCos:</b> Across the spectrum of Local Development Companies in the UK, a number have had to grapple with a range of financial, operational and governance challenges. Several of these companies have since folded. Treveth is vulnerable to some of the same conditions that impacted its peers across the country. <i>Mitigation:</i> Treveth and Perran should continue to engage with the wider sector and learn from others' experiences. They should maintain rigorous monitoring to ensure they are well-managed, well-governed and profitable businesses..</li> <li><b>Macroeconomic conditions:</b> Treveth continues to face challenges because of poor macroeconomic conditions, with the inflationary environment necessitating compromises to ensure viability. <i>Mitigation:</i> Refer to the section below on Viability.</li> <li><b>Limited constructor market:</b> Similarly, the UK construction market has been under strain generally, which is anticipated to continue to disrupt the sector. This may impact delivery and the return Treveth can achieve. <i>Mitigation:</i> Treveth should continue its attempt to diversify the contractors it works with across projects, prioritising local SME developers. It should also leverage its contracts to maximise local employment and training opportunities, aligning with the Council's ambitions in this area.</li> </ol>
<b>Execution risk</b>  The probability that the activities are not delivered as planned and do not result in the desired outcomes	Medium	High	Viability remains an ongoing tension for Treveth and risks its ability achieve its delivery targets and outcomes. <p>In trying to balance profitability/viability with its standards for developing high quality, affordable homes, Treveth is considering amending its design guide to allow for homes that are below NDSS (albeit still within Cornwall Council's accepted criteria) to enable and accelerate delivery. It has also compromised on the sustainability of schemes such as Maudlin. To deliver in certain priority locations, it has assessed that it would need to compromise the Affordable tenure targets in order to achieve viability.</p> <p>Policy SEC1 in Cornwall Council's new Development Plan Document further highlights challenges in viability for Treveth from an environmental perspective.</p> <p><i>Mitigation:</i> As noted in the recommendations of this report, a structured impact scoring assessment could help consistent decision-making where trade-offs may be required between impact and viability.</p> <p><i>Treveth's approach to mitigating against the negative impact of its space standards changes by ensuring the right households are allocated to smaller homes should help avoid overcrowding.</i></p>

70. Impact Frontiers, 'Five Dimensions of Impact – Risk'.

# 5 / Conclusions

## Conclusions and Recommendations

### Strengths

- Treveth was successfully certified as a BCorp, achieving a high initial B Impact Assessment Rating of 95.2.<sup>71</sup> This is a positive endorsement of its impact-driven strategy and approach.
- Treveth has significantly accelerated its delivery of high-quality new homes where they are needed. The homes are well designed, in areas of significant local housing need and tenanted by local people.
- Treveth's homes are well-managed with a high level of resident satisfaction. This is evidenced across its open market homes, managed by Treveth's Estate Management function. The establishment of Registered Provider (RP) Perran Housing, provides an opportunity for Treveth to maximise positive impact across the affordable portfolio as well.
- The successful refurbishment of the Dudnace Lane commercial site provides a blueprint for carbon efficiencies and cost savings going forward. Further, the new lease has provided appropriate premises for a national company to expand its local operations.



### Recommendations

- Implement a rigorous approach to setting open market rent levels to ensure they remain financially sustainable for local middle-income households and regularly monitor this:** Last year saw a decrease from 83% to 74% in the share of local middle-income households who would be able to comfortably afford Treveth's homes.<sup>72</sup> While most rents are still within an affordable range,<sup>73</sup> this should be carefully monitored and factored into Treveth's rent-setting policy and monitoring approach – which is under development following our recommendation in the baseline report.
- Use a flexible yet structured approach to balance scheme viability and impact:** Treveth's delivery goals may be hindered by viability risks. We support flexibility in impact requirements at the scheme level to help unlock key sites in areas of high housing need. However, this should be guided by transparent, structured assessments, while keeping overall portfolio targets as the focus. A scoring tool would ensure a robust methodology. This builds on our previous recommendation for Treveth to carry out an impact potential assessment for its developments, to enable consistent evaluation of impact and local needs.
- Leverage the maturing relationship with Cornwall Council to maximise impact:** Treveth is viewed by the Council as capable, well-resourced and with significant potential to drive its local objectives. To maximise gains, both organisations should continue to use the Owners Board and staff in bridging roles to swiftly address development barriers and identify strategic areas for alignment, such as Cornwall's new Nature Recovery Strategy. This should be supported by clear communication and transparent, accurate reporting.

71. The median score is 50.9 and the pass rate 80.

72. The affordability threshold has changed from the baseline report from 30% to 33% in line with Treveth's affordability approach.

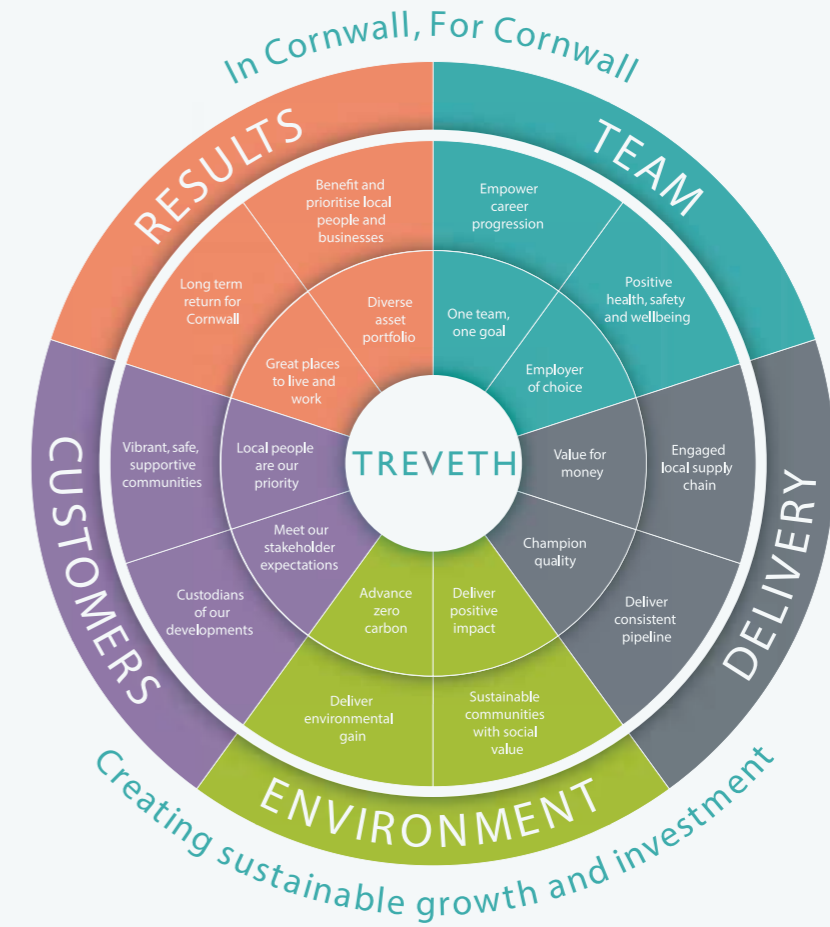
73. The Office of National Statistics (ONS) classifies housing costs as 'affordable' if they represent no more than 30% household income. We consider an affordable range up to 33%, as recognised by the Affordable Housing Commission. Housing costs over 40% household income are considered to surpass an 'overburden rate' with considerable impact risk for residents.



# 6 / Appendix

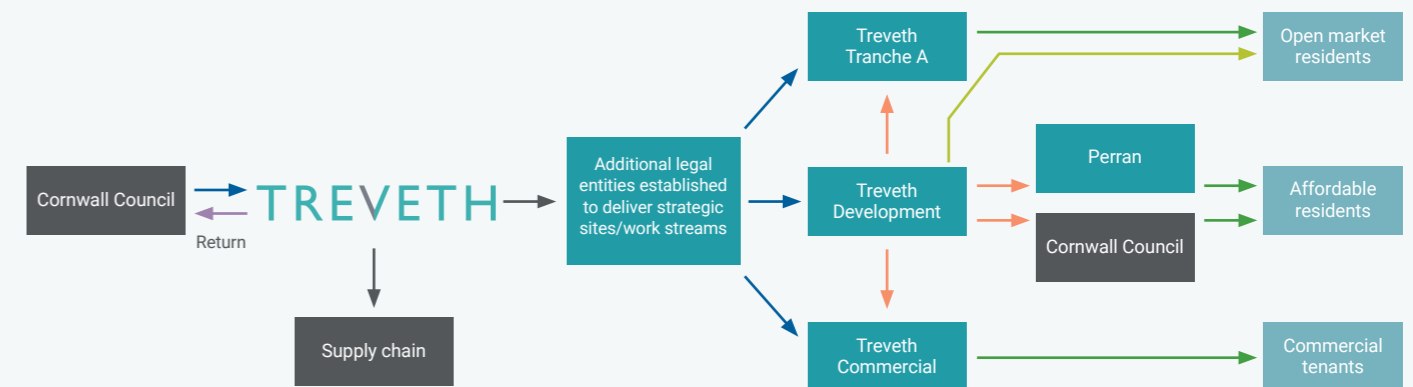
## Appendix 1: Treveth Corporate Wheel

Treveth has internally established a 'Corporate Wheel' which outlines its priorities across a range of areas.



## Appendix 2: Treveth Stakeholder Map

Treveth works with a range of stakeholders to deliver its objectives.



Key:  
■ Treveth ■ External orgs ■ Local community  
■ Investment ■ Return ■ Sales ■ Assets ■ Tenancy/Estate management



## Appendix 3: KPI Table

Impact objective	Metrics	Baseline (April 2019 to March 2023)	2023/24 Total	2023/24 Target
1. Provide good quality, sustainable homes for local people	# of homes developed in-year	100	116	118 <sup>74</sup>
	Average rent as a % of local net median household income	29%	32%	<33%
	# of latent defects per new home within 12 months of practical completion	Ave 12 per new home	Ave 12 per new home	<20 ave per new home
2. Practice good stewardship as a responsible landlord	# of homes in Treveth's managed rental portfolio	78	159	Not available
	% of residents satisfied with the overall service provided	83%	91%	90%
3. Build a dynamic and resilient local economic capable of generating good employment and business	# commercial units managed (broken down by new/maintained/upgraded) (cumulative total)	36 (all maintained)	38* (1 upgraded)	TBD
	Sq ft employment floorspace delivered (cumulative total)	78k sq ft	109k sq ft	+54k/ year once fully operational (to reach profit ambition of £0.5m/ year)
4. Practice good stewardship as a responsible landlord	Achieve BCorp status	On track	Achieved	Target: Q2 2023
5. Make Cornwall investment ready	# strategic partnerships, e.g. local universities, hospitals (cumulative total)	6	7	TBD
6. Drive environmental excellence	Total net GHG emissions, broken down by Scope 1, 2 and 3	1378.2 tCO <sub>2</sub> e Scope 1 (6%) Scope 2 (9%) Scope 3 (85%)	3,138 tCO <sub>2</sub> e Scope 1 (2%) Scope 2 (3%) Scope 3 (95%) <sup>75</sup>	TBD
	GHG emissions per residential unit	Not available	34 tCO <sub>2</sub> e per unit (24 tCO <sub>2</sub> e of biogenic carbon)	TBD

\*Treveth owns 48 units total, but some tenants occupy more than one unit.

74. Once fully operational, Treveth aims to deliver 200 homes per year. Its target for 2023/24 was 118. At its inception, Treveth set a target of 250 homes per year – 10% of Cornwall Council's housing delivery target. It has since revised this down to '200 homes' per year in line with changes in the market and ability to build out its pipeline.

75. Treveth Carbon Footprint Report 2023/24. Of the total, 5,291 tCO<sub>2</sub>e were associated with dwellings, 427 tCO<sub>2</sub>e with non-domestic buildings and 217 tCO<sub>2</sub>e from overheads/own operations. This was offset by 2,808 tCO<sub>2</sub>e 'Module D' emissions associated with the materials used in the construction of the dwellings.

Impact objective	Metrics <sup>76</sup>	Result 2022/23	Result 2023/24	Target	
7. Deliver a financial return alongside social and environmental impact	Total income generated	£1,698,000	£2,744,000	£3,507,000	
	% increase in asset value	Residential: +10% Commercial: +43% (since acquisition)	Residential: -1.1% Commercial: +6.7% (in-year)	Not available	
	Overall Loan to Value since acquisition	96.0%	93.5%	<100%*	
	Investment Yield	7.3%	7.1%	>7.3%	
	<b>Commercial</b>				
	% Occupancy	99%	98% (averaged over 4 quarters)	>95%	
	Net return % (cumulative)	52%	77%	>67%	
	% rent arrears/bad debts of total rent due	4.2%	6% (averaged), and by y/e	<5%	
	Loan to Value <sup>77</sup>	63.1%	79.0%	Not available	
	<b>Residential</b>				
	Total number of void days per void	6 days	18 days ave <sup>78</sup>	<14 days	
	% build prices to sales completion price	Not available	72%	<100%	
% tenants service notice	2%	1%	<5%		
Loan to Value (Tranche A)	103.5%	94.8%	Not available		
Loan to Value (Perran)	Not available	108.8%	Not available		

\*Stipulated through a covenant from Cornwall Council (Treveth's current funders) rather than an internal KPI. This figure is reported to Cornwall Council on a quarterly basis. Our original report stated this target as 63/1% for 2022/2023, which only related to the Commercial portfolio.

76. It is too soon to assess the following KPIs: Profit achieved by Treveth; Profit returned to the Council; net development profit (commercial).

77. In the baseline report, we grouped all Loan to Value results. In this report, we have disaggregated the results to provide a more granular view of financial performance.

78. This increase is due to an issue at one property which took 80 days to resolve. Due to a relatively small number of assets, a single issue does impact averages.

## Appendix 4: Data Sources

Data source/evidence	Overview	Evidence risk	Limitations
<b>Portfolio data</b>	Portfolio data provided to TGE by Treveth. This included unit level information for operational residential and commercial assets in the portfolio, such as address, tenure type, rent charges, square footage, EPC ratings, etc.	Medium	Reliant on accuracy of data provided by Treveth.
<b>Documents provided by Treveth</b>	Range of documents provided to TGE by Treveth, including: <ul style="list-style-type: none"> <li>– 4-year Business Plan</li> <li>– Latest Financial Health Check Report</li> <li>– Housing Design Guide</li> <li>– 2023 resident and commercial tenant survey results</li> <li>– Local lettings plan criteria</li> <li>– GHG data.</li> </ul>	Low	Reliant on accuracy of information provided by Treveth.
<b>Interview with contractor company</b>	Interview with a development company Treveth is currently working with to deliver homes. We asked the representative from this company about their experience working with Treveth, their views on the state of the local construction market, and the extent to which Treveth is contributing to boosting the local economy through its activities.	Low	TGE was only able to speak to one contractor company.
<b>Interviews with key Treveth staff</b>	Interviews with a number of staff at Treveth for updates on key areas of the business, including housing, commercial and mixed-use schemes, environmental performance, housing management and overall strategy.	Low	Reliant on accuracy of information provided by Treveth.
<b>Qualitative interviews with residents in Treveth homes</b>	Interviews with private rent residents currently living in Treveth's homes. In these interviews, we asked participants about their experience in their homes, including their views on the home's affordability, quality, proximity to amenities, and the quality and timeliness of repairs and maintenance services.	Low	TGE was only able to speak to 3 residents (representing three different households). These interviews were organised by Treveth based on resident availability and willingness to participate. The interviewed residents received a voucher for their time.
<b>Affordability calculations for Treveth's private rental homes</b>	TGE performed affordability calculations based on the cost of rent information provided in the portfolio data for Treveth's private rental homes. The affordability calculator is based on the percentage of households which could afford to live a property without being overburdened by rent. It uses government data on income by local authority, which is equalised to bring it to the household level.	Medium	The calculation produces an estimate of the proportion of local households that could afford to live in the properties. It is underpinned by ONS data on household incomes for the area and an assumption of what is affordable and interest rates. For Cornwall, we used data at the unitary authority level as other data is unavailable or too incomplete. This may make the calculations less accurate.

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## About Us

The Good Economy is a leading, independent impact advisory firm. Grounded in theoretical rigour and with a broad range of expertise within our industry-leading team, our services are designed to help clients meet the growing demand for greater confidence and credibility in strategies that create positive impact or pursue sustainability outcomes.

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