

The Harworth Way:

Partners

In this section, we identify our key stakeholders and explain how we engage with them and have had regard to their interests when making strategic and significant operational decisions during 2020. Whilst the Board recognises its statutory obligation to do so under the Companies Act 2006, our engagement and collaboration with stakeholders is not merely a matter of statutory compliance. It is fundamental to creating sustainable places where people want to live and work.



The Board continues to monitor the effectiveness of the Company’s engagement with its key stakeholders, with a detailed review of our stakeholder “map” now an annual Board activity and one which we undertook ahead of Lynda Shillaw’s appointment in November and which has informed the extensive stakeholder engagement programme she has undertaken since joining the business. In 2020, we concentrated on embedding stakeholder impact into Board project appraisals. We have updated the project business case templates which are presented to the Board to focus discussions on: how each project supports the delivery of our Purpose and aligns with our strategy; the environmental and societal impact of each project; the impact of each project on our external stakeholder groups; and resourcing for each project.

Section 172 statement

Stakeholders	How we engage	How have we “had regard” to their interests?
Our People	See the People section on pages 58 to 63 of the Strategic Report.	Resourcing is an important aspect of our project appraisals. Against the unprecedented backdrop of the COVID-19 pandemic, it has been more important than ever that we resource the business appropriately and look after our people. You will see on pages 58 and 59 the steps we have taken to look after our employees’ physical and mental wellbeing during this challenging period.
Investors	Two of our Non-Executive Directors, Martyn Bowes and Steven Underwood, are conduits for engagement with two of our largest shareholders. The CEO, CFO and Head of IR meet with existing and prospective investors, including following our preliminary and interim results announcements. The Chair also meets regularly with our largest shareholders. During 2020, the Chair and SID sought the views of our largest shareholders on the terms of Owen Michaelson’s retirement. The Board receives regular feedback from our brokers and the Executive Directors on the views of existing and prospective shareholders. It also reviews quarterly reports on the main changes to the composition of the Company’s share register and copies of notes prepared by analysts. When restrictions are lifted we hope to host another Capital Markets Day at one of our project sites.	Delivering long-term sustainable returns for investors is a key objective and underpins all project appraisals. During 2020, the Board has been mindful of the volatility of the share price and its discount to the Company’s EPRA NDV. Narrowing that discount remains a priority through strong trading, delivery against the strategy, and clear communication to existing and prospective investors. This remains at the forefront of the Board’s mind. When making share awards in, and determining the bonus outturn for, 2020 the Remuneration Committee had regard to the economic backdrop and shareholder experience.

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Communities	<p>Over the following pages we explain our approach to consultation and collaborative working with the local communities where we are transforming sites. This includes: early and ongoing engagement with the public on all planning applications; liaison with key community groups on all Major Developments as they mature; and careful management of the public open space on our residential development sites including regular communication with residents.</p>	<p>During 2020 we have embedded into project appraisals a detailed review of the impact of each project on all stakeholders but particularly the communities we create and work alongside. Presentations include a briefing on our “placemaking” proposals for each site. This is best demonstrated by the growing maturity of our Waverley site, where a new primary school opened in September and we are finalising our plans for “Olive Lane” which will become the new heart of the site over the coming years, with a supermarket, medical, retail and leisure facilities.</p>
Government	<p>We engage with central Government and MPs formally, via participation in consultation exercises on policy proposals such as the Planning White Paper, and informally on national initiatives, such as decarbonisation and the levelling up agenda, and site-specific matters. We do this both collectively, with bodies such as the British Property Federation, and individually. We are also in regular contact with HS2 about the safeguarding of two sites.</p> <p>We engage with local Government and LEPs when working collaboratively with officers and members from local planning authorities ahead of planning application submissions and on the discharge of planning conditions; bidding for grant or loan monies from local authorities and LEPs for infrastructure investment; and promotion of long-term strategic land projects with local authorities.</p>	<p>Harworth has an important part to play in supporting some important Government (and societal) priorities over the coming years, both at a national and regional level, including the climate change and levelling up agendas, persistent housing shortages and trends in retail and logistics. These are prominent considerations for the Senior Management Team and Board when setting our strategy and making operational decisions. Housing shortages within local planning authorities and central and local Government priorities for infrastructure investment will continue to be factors which inform project appraisals. Project delivery is increasingly influenced by climate change initiatives.</p>
Suppliers	<p>We apply a consistent “take-on” approval process for all suppliers. Whilst we operate a long list of approved suppliers typically we engage small groups of trusted consultants and contractors on a repeat basis, fostering strong relationships. The frequency of our engagement with contractors and consultants depends on the type of works being undertaken, a project’s status and the number of assignments a supplier is undertaking at any one time. Where there is heavy use of certain suppliers, we employ a regime of regular financial checks and reporting and relationship management to monitor performance. In the period following the outbreak of the COVID-19 pandemic, our engagement with contractors intensified, as we worked with them to pause and assess projects and then restart them in a COVID-Secure environment.</p>	<p>The momentum we maintained on projects during 2020 demonstrated our strong relationships with suppliers. The safety of our contractors was extremely important as the Senior Executive Team, with support from the Board, navigated the early stages of the pandemic. So too was the financial health of our suppliers. We paused on all projects initially but, having consulted with our active contractors, restarted quickly, at all times in line with Government guidance. We were consistent but pragmatic when it came to contractual matters, payment terms and cashflow, mindful of the financial uncertainty and pressures faced by all businesses at that time.</p>
Customers	<p>The principal customers of our Capital Growth segment remain housebuilders and commercial developers/occupiers. Engagement is mainly transactional, although we maintain regular contact outside of deal cycles, both directly and via residential and commercial agents.</p> <p>The customers of our Income Generation segment are principally Business Space, Natural Resources, and agricultural tenants. Typically, day-to-day engagement with tenants is via our managing agents and we identify where direct involvement and engagement is needed via our monthly meetings with the agents. During 2020 our direct engagement with tenants was more intensive. This was in part due to the pandemic, which necessitated more active negotiations about rent payments for those tenants acutely affected. We also needed to manage carefully the impact of the 2021 insurance renewal, which has meant our passing on significant premium increases to tenants.</p>	<p>Rent collections were a prominent factor in the operational performance of the business in 2020 and, as such, the financial position of and negotiations with tenants were a focus of management time and Board discussions during the pandemic period. The impact of significant insurance rent increases on some tenants already enduring tough economic conditions has also been high on the agenda for the Senior Management Team during the insurance renewal process.</p>
Advisers	<p>Our principal advisers comprise external auditors, valuers, managing and sales agents, legal panel, corporate brokers, tax advisers, communications advisers, remuneration consultants and insurance brokers. Our engagement with each of them will vary depending on their role and periods of activity and inactivity by the business on certain matters. For example, our engagement with the legal panel, agents, corporate brokers and communications advisers is relatively consistent during the year and includes regular meetings as well as liaison on specific transactions and activities. Our engagement with the auditors, valuers, tax advisers, remuneration consultants and insurance brokers will be more intensive at certain points in the year. Like all businesses we have had to find virtual ways of engaging with our advisers during 2020.</p>	<p>We have been mindful throughout the pandemic period of the capacity and logistical pressures faced by most businesses, including professional firms, with COVID-19 restrictions in place. We have factored this in when spreading the work around our legal panel, for example, and into the deadlines we have set for our advisers.</p>

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Funders	Typically, we schedule relationship meetings with our senior lenders (currently NatWest and Santander) every six months but have a regular dialogue with them throughout the year when providing management information and making requests for transaction consents. Engagement was more regular during 2020 following the COVID-19 outbreak given the macro-economic backdrop for all businesses. Our positive relationship with them was reflected in their willingness to increase our RCF in May 2020, at the height of macro-economic and social uncertainty caused by the pandemic, affording operational flexibility and additional capital for opportunistic acquisitions.	The Senior Executive Team have recognised the importance of maintaining open lines of communication with our senior lenders during the pandemic, having regard to their need for regular updates and assurances about operational and financial performance of which, understandably, the lenders were keen to remain apprised given the macro-economic climate.
Joint venture parties	We have applied a consistent approach to governance across all our joint venture arrangements, which includes formal JV board meetings, agreed approval levels and processes, and secure and collaborative document sharing. Within this consistent governance framework, we tailor our engagement for each joint venture, informed by the approach of our partners on, and the status of, each project. Typically, on top of our formal governance structure, we overlay regular dialogue via telephone and face to face meetings (albeit these have been held virtually in recent months), particularly during periods of heightened promotion, development or transactional activity.	During 2020 we agreed to purchase Hallam Land’s 50% share in one of our joint ventures, following an open and transparent dialogue resulting in a mutually beneficial outcome for both parties. We remain partnered with Hallam Land on one other joint venture project.
Regulatory bodies	We are proactive in our engagement with the Environment Agency (EA), the regulatory body we interact with the most in the ordinary course of our business. Our Environmental Manager takes the lead on our engagement with the EA. He hosts EA regional officers on regular site visits and inspections, supplemented by regular, informal telephone contact with them to discuss permit compliance, monitoring results and variations. Monitoring results are reported regularly for certain sites to comply with permit conditions. When issues do arise (infrequently) our engagement with the EA is proactive and collaborative. There is regular, largely informal, engagement with the Health and Safety Executive, led predominantly by our Associate Director of EES and typically ahead of projects with a particular health and safety dynamic. We have, for example, worked closely with the HSE on the demolition of the former Ironbridge power station and, in 2020, when filling a shaft at a site in Nottinghamshire. We also have infrequent, but proactive, engagement with the Forestry Commission, typically via our ecologists.	We have regard to feedback from the EA on site restoration and permit compliance and from the HSE on projects about which we consult with it. During 2020, we supported the EA in its investigations into activities by a third party on one of our sites.

Our engagement with local communities

In our role as Master Developer, our approach is one of active engagement and consultation with many local communities and groups, including residents, statutory bodies and many voluntary and charitable organisations. Ultimately, we believe that wide engagement with those who have an interest in our plans and in the intended end-use of our land is crucial to the success of our developments. We believe that by positive, constructive and meaningful public engagement, local stakeholders will take an active part in the process and that this adds value for all parties, including Harworth, and will ultimately lead to the creation of high quality developments and better places to live and work.

Given the long-term nature of many of our developments, it is important for us to have a robust, ongoing engagement process with all our stakeholders throughout the period of development and beyond. As part of our ongoing Master Developer and site custodian role, we create a management company to look after the public open space on each site over the life of the development, before control is eventually passed to residents or a dedicated third party, such as Lands Trust. We have employees who are responsible for each of our Major Development and income producing sites and a key part of their role is to maintain a regular dialogue with key stakeholder groups throughout the lifecycle of development to update them on progress and to obtain feedback from them on how development is progressing.

Our Seven Stage Process

We have previously described the seven-stage process that we typically follow for a Major Development to achieve meaningful, ‘real’ consultation which is both inclusive and effective. This is perhaps best illustrated by the events we have hosted at our Ironbridge Major Development site over the past three years before submitting an outline planning application. A timeline of the process is illustrated on page 67, starting with Harworth’s purchase of the 350-acre site of the former Ironbridge coal-fired power station in June 2018.

Prior approval for the demolition works on the site, including the former cooling towers, had been granted in 2017. By the end of 2019, we had submitted an outline planning application for the total redevelopment of the site to include: up to 1,000 houses, a retirement village, employment land, allotments, sports pitches, a railway link, leisure facilities, a new primary school, a park and ride facility, and routes and tracks for walkers and cyclists. The process outlined below and on the following page summarises how Harworth engaged with the local community and other stakeholders.

Stakeholder Workshop

In September 2018, 60 guests attended a full-day workshop at Ironbridge hosted by Harworth. They included officers and councillors from Shropshire, Telford and Wrekin councils, as well as representatives from five neighbouring parish councils, and a number of local and national organisations, including: Network Rail, the National Trust, the World Heritage Steering Group, Shropshire Wildlife Trust and Ironbridge Railway Trust, as well as a range of local business owners and landowners. The event included a presentation on the site, its opportunities and its challenges. We hosted workshop sessions on different subjects and attendees were all given the opportunity to participate in a guided tour of the whole site.

Public Exhibition

A public exhibition was held at Ironbridge in October 2018 which was attended by nearly 550 people. This allowed local residents to view the emerging proposals for development being displayed using Computer-Generated Imagery on exhibition boards and to put their questions to representatives from the development team.

Harworth has always placed a very high importance on ensuring that the consultation process with the local community at, or around, our Major Development sites involves as many people as possible, particularly those who might not normally get involved in planning matters. We are delighted to welcome members of the public to our arranged site visits as part of the consultation process, as we believe that seeing the whole site allows the scope and scale of the development to be appreciated.

Details of the consultation process were distributed to the local community as widely as possible: leaflets were distributed to local residents and interest groups. We also created a dedicated website for the development, so that local residents could follow the progress at Ironbridge and view the emerging masterplan.

Second Stakeholder Presentation and Public Exhibition

A second presentation to stakeholders was held in May 2019 at Ironbridge, as well as a second public exhibition which was attended by around 250 people. At these events the emerging preferred masterplan was presented to the attendees.

The results of our consultations

A variety of different events were therefore held to reach out to local residents, community groups, and stakeholders, and to seek their views on the development of this landmark, but derelict site. Harworth was able to use the feedback and comments from the various events to inform and shape the creation of the site masterplan. Our masterplan recognises many of the views of local residents, including the retention and expansion of the existing rail connections, the opportunities for leisure activities, and the provision of healthcare and educational facilities on the site.

Priorities for 2021

We will maintain our long-term commitment to early, detailed public consultation events to ensure effective scrutiny, challenge and support on all future major developments.

We will maintain an effective digital profile through each individual development website to provide the public and interested stakeholders access to up-to-date information about our sites and our emerging masterplans.

We intend to continually widen and diversify the many different stakeholder groups, both national and local, with whom we will work on our developments to support our placemaking ambitions. As well as national and local government, these include: universities, major employers, charities, and environmental groups. We also intend to work with our partners in 2021 to encourage and support our communities and residents to be more active.

We plan to extend our responses to key Government consultation programmes, including low-carbon energy and decarbonising travel and freight. We will provide a consistent company response across a multitude of national and regional Government policy areas that are aligned with our Purpose.

Design Timeline

