



# Borough of Telford and Wrekin

## Cabinet

### 13 October 2022

#### Telford Land Deal Update

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<b>Cabinet Member:</b>	Lee Carter - Cabinet Member: Neighbourhood Services, Regeneration & the High Street
<b>Lead Director:</b>	James Dunn – Director: Prosperity & Investment
<b>Service Area:</b>	Regeneration and Investment
<b>Report Author:</b>	Dawn Toy – Service Delivery Manager: Regeneration and Investment
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<b>Wards Affected:</b>	All
<b>Key Decision:</b>	Not Key Decision
<b>Forward Plan:</b>	Not Applicable
<b>Report considered by:</b>	Cabinet - 13 October 2022

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#### 1.0 Recommendations for decision/noting:

- 1.1 That Cabinet notes the outcomes achieved during the 2021/2022 financial year and overall since the Land Deal commenced in 2015.

#### 2.0 Purpose of Report

- 2.1 The purpose of the report is to set out the continued achievements of the Telford Land Deal which, with support from the Council's Growth Fund, is delivering new and higher skilled, local jobs, creating growth and security in the local supply chain alongside new homes and central to the Council's Strategy to Protect, Care & Invest into Creating a Better Borough.

### **3.0 Background**

- 3.1 The Council entered into a unique 10 year Land Deal with Homes England (HE) (formerly known as Homes & Communities Agency) which took effect from April 2015. This is set to see £44.5m of land receipts from the sale of agreed HE land assets in Telford recycled back into the local area, supporting the delivery of new homes, jobs and commercial floor space over the life of the Deal. The Council has to date, recycled circa £21.9m back into the local area through upfront investment.
- 3.2 Now seven years in, the Land Deal has continued its success. The unique model allows the disposal of public land (former new town assets set aside for development) through upfront investment into site preparation and marketing of sites. Underpinned by the Council's Enterprise Telford investment offer through its Growth Fund, it has delivered an acceleration in commercial and residential sites sold and raised land values.
- 3.3 Under the Land Deal, the Council has taken ownership of all residual non developable land from Homes England. This has provided the additional opportunity to substantially enhance and grow the Borough's provision of Green Network and Local Nature Reserves alongside providing support to the Great Crested Newt District Licencing Scheme and carbon offsetting.

### **4.0 Summary of main proposals**

#### **4.1 Summary of Outputs for 2021/2022**

<b>Outputs</b>	<b>Since start of Land Deal</b>	<b>Year 2021/2022</b>
Gross sales income	£41.9m	£1.6m
Profit Share to Council	£6.97m	£0.107
Jobs	1926	200
Commercial floor space	143,988m <sup>2</sup> (1,549,873sqft)	13,109m <sup>2</sup> (141,104sqft)
Housing units	1284	343
Brownfield land developed	34.6 ha (85.6 acres)	15.2 ha (37.7 acres)
Private Sector Investment	£323.5m	£31.9m

- 4.2 During the financial year 2021/2022, the Telford Land Deal has delivered the sale of a further 1 commercial site and 3 residential sites. This has achieved a gross sales income of £1.6 million. These sales will support the delivery of new employment floor space (EFS) of 13,109m<sup>2</sup> (141,104sqft), anticipated job numbers of c.200 and 343 new homes.
- 4.3 During the last seven years, the Deal has cumulatively delivered the sale of a total of 29 commercial sites and 23 sites for residential development, achieving a gross

sales income of £41.9 million. The sites have enabled the delivery of EFS of 143,988m<sup>2</sup> (1,549,873sqft), 1284 new homes and supported commercial premises delivering 1926 new jobs, many in engineering and manufacturing adding skilled job opportunities for the Borough's communities.

- 4.4 The financial successes of the Land Deal have meant that a cumulative profit of £8.2m has been achieved by the Land Deal partners up to 31 March 2022. The Council's proportion of this cumulative profit share is £6.97m, (£4.23m after £2m agreed set aside for constrained/liability sites after a £0.75m distribution to the Marches LEP.)
- 4.5 The Council is reinvesting £3.1m of its profit share alongside its Growth Fund to support the delivery of 24 units at Hortonwood being developed by the Council. The profit share is helping in the viability of the scheme the Council will bring forward; schemes such as these are rarely brought forward by the private sector due to the cost of the development. The scheme however is critical in supporting the growth of small businesses and addressing the gap in available stock within Telford.
- 4.6 The Council is also reinvesting £1.4m of its profit share to develop 3 employment units totalling 2,787m<sup>2</sup> (30,000sqft) at Ni.PARK, assisting the viability of the scheme.
- 4.7 During the first quarter 2022/23 (April to June), 1 commercial site sale has completed achieving a gross sale income to date of £0.39m. A further 5 commercial sites and 1 residential site are currently being negotiated and anticipated to achieve an additional gross sales income of £21m in 2022/23. These will deliver in total, additional EFS of 59,192m<sup>2</sup> (637,137sqft) and anticipated job numbers of c.442 and 299 new homes.
- 4.8 The Deal alongside the Council's Enterprise Telford business pledge and the Council's ability to provide land, build and lease bespoke properties and offer a full turnkey solution funded through its Growth Fund continues to drive a high number of investment enquiries. There continues to be a significant increase in indigenous companies requiring new premises to expand and wishing to remain in Telford such as the CEL Group who have recently moved into the new premises built at Plot 1 Hortonwood West and Eden Horticulture Ltd who are looking to expand and build their own premises building on their success over the last 3 years where they have grown from a company with 23 employees to a projected 40 by the end of the calendar year.

*Deborah Mitchell, of Heaven Skincare, said:*

*"We are very much a family business but had outgrown our old headquarters and needed a fresh start. The new units are like a dream come true. These are really*

*exciting times for us as we continue to grow, develop new products and push new boundaries around the world and Telford is a great place to do it from”*

- 4.9 The delivery of Ni Park – the new employment park to the south of Newport, has been identified as one of only 3 national High Potential Opportunity plots by DiT – the only one in agri-tech. The first phase development of 24 units, which is now completed was supported by funding through the Growth Fund and Land Deal profit share with 14 out of the 24 now let. In addition, planning permission has been obtained by the Council for the development of 2,787m<sup>2</sup> (30,000sqft) of employment space as a second phase. One development plot is under offer and the remainder is available for turnkey solutions to address occupier's requirements. Delivered in association with Harper Adams University, overall the park has the capacity to provide circa 38,000m<sup>2</sup> (409,028sqft) of EFS.
- 4.10 T54 continues to thrive with job numbers increasing within the businesses located there and as well as Magna Cosma being the largest foreign direct investment in engineering in the UK in the last 10 years there have been other investments each securing jobs for the borough. Construction work started late in 2021 for the Torus expansion, a third building to add to their growing successful business. Plot 7, the last remaining plot at T54 was recently marketed and received a number of healthy bids.
- 4.11 Hortonwood West, the Council's newest business park has been very successful with all plots now sold and either completed, under construction or due to start construction in the coming months. The largest speculative build at 6553m<sup>2</sup> (70,535sqft) in Telford is also now completed at Plot 7, known as Ore 70, and illustrates developer's confidence in the Telford market. The building is now let to a large global parcel distribution company, UPS. Plot 1 is now let to the CEL Group and Plot 8, which is the last plot to be constructed, is anticipated to start on site late 2022/2023. The Council's own development of 15 small start-up business units which utilised Land Deal profit share and the Council's own Growth Fund, is fully let with regular enquiries received and a waiting list. Since the start of the Land Deal 7 years ago, this new 55 acre industrial park has succeeded in providing much needed employment land and floor space enabling 339 jobs and delivered 34,852m<sup>2</sup> (375,143sqft) of Employment Floor Space.
- 4.12 The residential market in Telford over the last 7 years of the Land Deal has been buoyant and has seen significant new interest from new developers and Registered Providers all keen to gain a foothold in the Telford residential market. 2021/22 saw the marketing of The Hem, one of the largest sites within the Land Deal with an allocation for residential development bringing forward 299 homes. The marketing strategy included for the preferred developer to partner up with not only a Registered Provider in terms of affordable housing, but also an SME house builder for a portion of the site, thereby diversifying the market. Initial expressions

of interest brought forward a significant number of interested developers with the final tender bids being submitted in December 2021. The level and quality of bids was good with no apparent impact in the market from Covid-19. Contracts were exchanged subject to planning in March 2022.

- 4.13 Other sites such as Newcomen Way, Majestic Way and Old Park have progressed well and are either completed or on programme and are notable successes for the Land Deal's first 7 years.
- 4.14 Nuplace Ltd, the Council's wholly owned housing company has also recently invested into another Land Deal site having obtained planning consent at Donnington and started on site in conjunction with Lovells and Wrekin Housing Group with a scheme of 329 units comprising of private rented sector specialist accommodation, affordable, open market sale and a Care Village. The Council secured £3.3m of funding from the Marches Local Enterprise Partnership to deliver enabling works to support delivery of this sustainable development with properties having PV panels and EV charging points. Nuplace also completed their scheme at a site adjacent to the new Charlton School in April 21.
- 4.15 The Land Deal has allowed the upfront work to de-risk challenging residential sites by obtaining planning consents, undertaking necessary infrastructure works and ecological works making them more attractive to the market.
- 4.16 The financial year 2021/22 saw the successful disposal of 3 residential sites, including the Hem, together with a number of smaller single plots which will deliver 343 new homes in total.
- 4.17 During the last 7 years the Land Deal has driven significant local employment opportunities both in construction and long term jobs with an increase in higher skilled jobs and new apprenticeships, the number of jobs enabled through the Deal to date is 1926
- 4.18 The Council continues to monitor jobs safeguarded and created and to work proactively with businesses to provide assistance with training, apprenticeships and recruitment. For example the Council has provided advice on the upskilling fund, promoted apprenticeships, discussed recruitment support and the Quality of Life offer to the companies occupying the Land Deal sites. They have also provided support on the Wheels for Work pilot to support employees in their transport challenges in getting to work.
- 4.19 Details of the achievements for 2021/2022 are included in the annual Status Report produced under the Land Deal for the Department for Levelling Up, Housing and Communities (DLUHC) (Appendix A).

- 4.20 The Land Deal and the Growth Fund are also making significant differences to the people living and working in Telford with examples of how new housing and commercial investment has benefitted individuals as highlighted in Appendix B and C.
- 4.21 Under the Land Deal, the Council has taken ownership of all residual non developable land from Homes England. This provides the additional opportunity to enhance and grow the Borough's provision of Green Network and Local Nature Reserves as well as providing opportunities for carbon offsetting aligning with the Council's commitment to zero carbon.
- 4.22 Specific examples of disposals and investments delivered through the Land Deal in 2021/2022 include:

The Hem, Nedge	Circa 40.47 ha (100 acre) residential development site with outline planning consent for 350 homes.  Contracts exchanged subject to planning.  Start on site expected early Summer 2023.	
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Pool Hill Road, Site D	<p>Circa 2.83 ha (7 acre) site sold to Central and Country for 36 homes.</p> <p>Joint disposal between the Council and Homes England.</p> <p>Start on site expected Jan/Feb 2023.</p>	
Plot 11B Hortonwood	<p>Completed:</p> <p>A new headquarters for Portion Solutions Ltd of 11,482 m<sup>2</sup> (123,592 sq.ft) of floor space.</p>	

## 5.0 Alternative Options

- 5.1 This is an update report on the Telford Land Deal – there are no alternative options.

## **6.0 Key Risks**

- 6.1 The use of uplift monies provides the opportunity for investment to support further growth initiatives, including investments into strategic infrastructure and supporting developments. The Land Deal is based on the devolution to the local area (Telford & Wrekin Borough), of both risk and reward. Homes England receive the 2015 book values for all sites sold before net receipts are shared. On the majority of sites the actual land receipt achieved will be higher than the Homes England book value due to investment into infrastructure etc. and the added value created through obtaining necessary planning permission.
- 6.2 A further risk is the failure to dispose of the sites in accordance with the anticipated values or phasing of delivery to market after the Council has incurred significant capital expenditure. This could for example arise should local or national economic factors impact on the demand for developable land. This risk is mitigated by close scrutiny of the investments being proposed, the market and the role of the Land Deal Board (where the Council is represented by the Cabinet Member for Neighbourhood Services, Regeneration & the High Street agreeing to each land disposal. The Land Deal Agreement also allows for early termination in the event that major economic shocks impacting in delivery arise.
- 6.3 The Land Deal is supported by a risk register and regularly updated milestones which also link into Homes England's project management land disposal processes. The monitoring of land disposals and any changes to milestones dates are reported to the bi-weekly project team and to the Land Deal Board on a quarterly basis.

## **7.0 Council Priorities**

- 7.1 Everyone benefits from a thriving economy.  
All neighbourhoods are a great place to live.  
The investment delivered through the Homes England Land Deal will have a positive impact across the Borough, helping to deliver new infrastructure, deliver new jobs and new homes, support businesses to grow and new investment which will support action to reduce unemployment, increase economic independence and address social inequality.

## **8.0 Financial Implications**

- 8.1 The original Homes England Land Deal funding model set out the following in terms of the allocation of the Profit Share generated through the Land Deal:

Profit Share England	Homes	15%
Profit Share TWC		85%
Within 85% TWC Profit Share		First £2m earmarked for constrained /liability sites 15% to the Marches LEP

- 8.2 Since the start of the Land Deal, Telford & Wrekin Council has facilitated spend of approximately £21.9m in bringing forward sites for development. Over the first 7 years of the deal (until end of 2021/22) the total Profit Share delivered was £8.2m (after reimbursement of the costs incurred). The Telford and Wrekin gross share of which was £6.97m, £4.23m after the £2m set aside for constrained/liability sites, and £0.75m distribution to the Marches LEP. The Land Deal Board has final authority to determine investment of both the TWC and Marches LEP Profit Share.

- 8.3 The accompanying Investment and Disposal plan is continually reviewed with agreement of the Land Deal Board and work will be undertaken to keep updating the 10 year projections to take into account the agreed changes.

## **9.0 Legal and HR Implications**

- 9.1 The Council has the power to carry out the activity referred to in this report, obtained through a number of pieces of legislation, particularly the general power of competence under the Localism Act 2011. Legal Services will continue to provide advice and support in connection with the Land Deal as necessary.

## **10.0 Ward Implications**

- 10.1 The Land Deal is borough wide and impacts across all wards.

## **11.0 Health, Social and Economic Implications**

- 11.1 The investment delivered through the Homes England Land Deal will have a positive impact across the Borough, helping to delivery new infrastructure, deliver new jobs and new homes, support businesses to grow and new investment which will support action to reduce unemployment, increase economic independence and address social inequality.

## **12.0 Equality and Diversity Implications**

- 12.1 The impact of the Land Deal will benefit people with a range of protected characteristics (specific aspects of a person's identify defined by the Equality Act 2010).
- 12.2 The Land Deal advances equality of opportunity, by accelerating the delivery of good quality housing, increasing the choice of housing available locally and delivering a percentage of affordable homes, supporting existing and new businesses, accommodating new jobs and economic independence.

## **13.0 Climate Change and Environmental Implications**

- 13.1 The Land Deal and the developments that are brought forward have been innovative to date incorporating electric vehicle charging points and solar panels ahead of the statutory requirements. Residential developments are assessed using the Building for Healthy Life principles and seek to incorporate over and above the standard climate change requirements through building regulations.

## **14.0 Background Papers**

- 1 Cabinet – 17 October 2013
- 2 Cabinet – March 2015
- 3 Full Council – 3 March 2016, CB-79
- 4 Cabinet – 13 July 2017
- 5 Full Council – 21 September 2017, CB-42
- 6 Cabinet - 12 July 2018
- 7 Full Council - 26 July 2018
- 8 Cabinet – 2 January 2020
- 9 Full Council – 23 January 2020
- 10 Cabinet – 18 February 2021
- 11 Full Council – 4 March 2021
- 12 Cabinet – 7 October 2021

## **15.0 Appendices**

- A Department for Levelling Up, Housing and Communities (DLUHC) 2021/2022 Status Report for the Telford Land Deal.
- B Case study – Heaven at Hadley Park E
- C Case Study – Newcomen Way

## **16.0 Report Sign Off**

<b>Signed off by</b>	<b>Date sent</b>	<b>Date signed off</b>	<b>Initials</b>
Legal	15/08/2022	08/09/2022	RP
Director	15/08/2022	06/09/2022	JD
Finance	15/08/2022	12/09/2022	DR