



Borough of Telford and Wrekin

Cabinet

Thursday 19 October 2023

Telford Land Deal Update

Cabinet Member:	Cllr Lee Carter - Cabinet Member: Place (The Economy & Neighbourhood Services)	
Lead Director:	James Dunn - Director: Prosperity & Investment	
Service Area:	Regeneration & Investment	
Report Author:	Dawn Toy - Regeneration & Investment Service Delivery Manager	
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Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	SMT – 19 September 2023 Business Briefing – 28 September 2023 Cabinet - 19 October 2023	

1.0 Recommendations for decision/noting:

- 1.1 That Cabinet notes the outcomes achieved during the 2022/2023 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 Councils Growth Fund and the Invest Telford business pledge, is delivering new and higher skilled local jobs, creating growth and security in the local supply chain alongside new homes and is 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.
- 3.2 Now eight 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 business support offer of Invest Telford and 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 a range of programmes including the Great Crested Newt District Licencing Scheme, carbon offsetting and Biodiversity Net Gain.

4.0 Summary of main proposals

4.1 Summary of Outputs for 2022/2023

Outputs	Since start of Land Deal	Year 2022/2023
Gross sales income	£48.6m	£6.6m
Profit Share to Council (gross)	£10.2m	£3.3m
Jobs	2233	307
Commercial floor space	163,871m ² (1,763,892sqft)	19,883m ² (214,018sqft)
Housing units	1535 (684 affordable)	251 (102 affordable)
Brownfield land developed	34.6 ha (85.6 acres)	15.2 ha (37.7 acres)
Private Sector Investment	£441m	£117m

- 4.2 During the financial year 2022/2023, the Telford Land Deal has delivered the sale of a further 3 commercial sites and 1 residential site. This has achieved a gross sales income of £6.6m. These sales will support the delivery of new employment floor space (EFS) of 19,883m² (214,018sqft), anticipated job numbers of c.307 and 251 new homes.
- 4.3 During the last eight years, the Deal has cumulatively delivered the sale of a total of 32 commercial sites and 24 sites for residential development, achieving a gross sales income of £48.6m. The sites have enabled the delivery of EFS of 163,871sqm (1,763,892sqft) 1535 new homes and supported commercial premises delivering 2233 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 £12.1m has been achieved by the Land Deal partners up to 31 March 2023. The Council's proportion of this cumulative profit share is £10.2m, (£7.0m after £2m agreed set aside for constrained/liability sites and after a £1.2m distribution to the Marches LEP).
- 4.5 The Council has in 2022/23 reinvested £3.3m of its profit share alongside its Growth Fund to support the delivery of 24 industrial units at Hortonwood with the creation of Orchard Business Park. 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 has also reinvested £1.4m of its profit share in 2022/23 to develop 3 employment units totalling 2,787m² (30,000sqft) at Ni.Park, assisting the viability of the scheme.
- 4.7 During 2023/24, 3 commercial sites and 1 residential site are currently under negotiation and anticipated to achieve an additional gross sales income of £12.0m. In total, these will deliver additional EFS of 45,167sqm (486,173sqft) and anticipated job numbers of c.260 and 48 new homes.
- 4.8 The Deal alongside the Council's Invest 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 pipeline of enquiries from companies wishing to relocate to Telford or expand their operations such as DHL who have moved to plot 11E in Hortonwood or ATW Couriers Ltd who are based at Halesfield but are moving into one of the new business units at Orchard Business Park.

Adam Welborn, Managing Director of ATW Couriers Ltd, said: "As a growing business in the Telford area, moving to this larger premises enables us to continue to grow further. It's a very exciting time for ATW Couriers."

Not only does the investment by the Council enable ATW Couriers to expand but it also releases their former premises which can then be occupied by another business looking to establish or grow.

- 4.9 The delivery of Ni.Park is another success and the first phase development of 24 units, which is now complete was supported by funding through the Growth Fund and Land Deal profit share with 18 out of the 24 units now let. The Council has also constructed a further phase of 3 units totalling 2,787m² (30,000sqft). One development plot has been sold to RVW Pugh Ltd an agricultural machinery supplier 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 38,000m² (409,028sqft) of EFS.

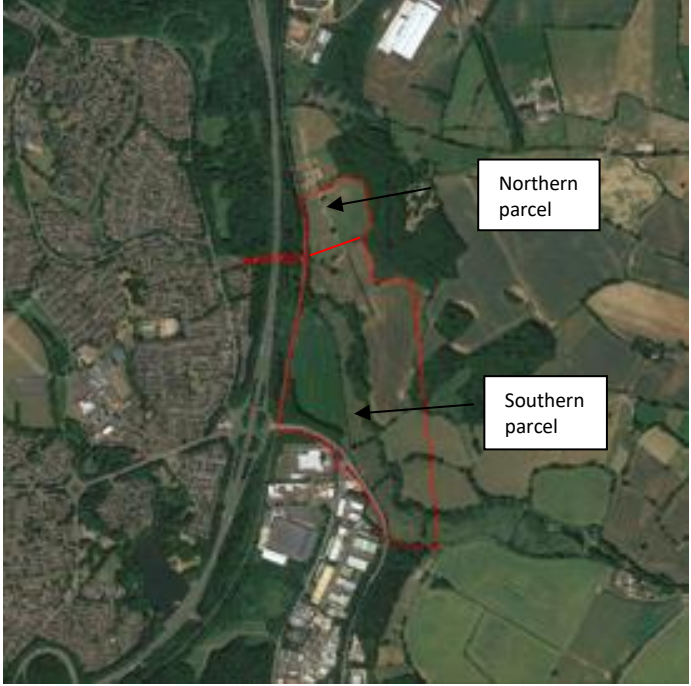

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- 4.10 T54 continues to thrive with job numbers increasing within the businesses located there and as well as Magna Cosma being the largest foreign direct investment in engineering in the UK in the last 10 years, there have been other investments each securing jobs for the borough. Construction work completed in June 2022 for the Torus expansion, a third building to add to their growing successful business. Plot 7, the last remaining plot at T54, has recently been marketed and the purchaser, Arrow County Holdings Ltd are due to submit their planning application for the site in November 2023 to enable their expansion. Arrow have chosen Telford to consolidate businesses currently operating from Shrewsbury and Birmingham.
- 4.11 Hortonwood West, another of the Council's prime business parks has been very successful. Eight years into the Deal and the estate is now mostly completed with Rosewood Pet Products Ltd, Eden Horticulture, Baker Bellfield, Craemer UK Ltd, 15 Council owned starter units, Kensa Creative and more recently UPS and CEL Group all in occupation. Plot 8 at the entrance to the site is due to start construction at the end of 2023, subject to planning consent being granted for an amended application to provide 300sqm (3,229sqft) of additional floor space. 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 eight years ago, this new 55 acre industrial park has succeeded in providing much needed employment land and floor space enabling 339 jobs and delivered 34,852m² (375,143sqft) of Employment Floor Space.
- 4.12 The residential market in Telford over the last eight 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. 2022/23 saw the disposal of The Hem, one of the largest sites within the Land Deal with an allocation for residential development bringing forward 251 homes in phase 1, and 48 to follow in 2023/24. 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. Start on site commenced at the end of March 2023.
- 4.13 Other residential 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 8 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. Work started on a development in conjunction with Lovells and Wrekin Housing Group with a scheme of 329 units comprising a mix 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.

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- 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 During the last 8 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 2233.
- 4.17 The Council continues to monitor jobs safeguarded and created and to work proactively with businesses to provide assistance with training, apprenticeships and recruitment. One example is the Employment and Skills Plan that Vistry have committed to as part of The Hem development and which is monitored externally throughout the life of the development. The Council has continued to provide advice on apprenticeships and provided recruitment support through the Work Local initiative holding employment fairs within community buildings and targeted marketing of local residents. Building on the 'Wheels 4 Work' pilot, the Council has developed and funded the Express 100 service which is a bus route operating across Telford, targeting the business parks and aligning with the shift patterns of businesses.
- 4.18 Details of the achievements for 2022/2023 are included in the annual Status Report produced under the Land Deal for the Department for Levelling Up, Housing and Communities (DLUHC) (**Appendix A**).
- 4.19 The Land Deal is making significant differences to the people living and working in Telford. Examples of how investment has benefitted individuals are highlighted in **Appendix B** and **Appendix C**.
- 4.20 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 enhance and grow the Borough's provision of Green Network and Local Nature Reserves as well as providing opportunities for a range of programmes including the Great Crested Newt District Licencing Scheme, carbon offsetting and Biodiversity Net Gain.
- 4.21 Specific examples of disposals and projects delivered through the Land Deal in 2022/2023 include:

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<p>The Hem, Nedge</p>	<p>Circa 40.47 ha (100 acre) residential development site with outline planning consent for 350 homes.</p> <p>Disposal of the southern parcel completed March 2023. Northern parcel due to complete October 2023.</p> <p>Start on site expected early Summer 2023.</p>	
<p>Plot 11E, Hortonwood.</p>	<p>Sale completed: Sept 2022.</p> <p>A new headquarters for DHL Ltd of 5,785 m2 (62,269 sq.ft) of floor space.</p> <p>Completion June 2023</p>	
<p>Plot 5B, T54</p>	<p>New build of 1000sqm (10,764sqft) to accommodate the expansion of Torus at T54.</p> <p>Completed June 2022</p>	

5.0 Alternative Options

- 5.1 This is an update report on the Telford Land Deal. The Council has obligations pursuant to the Land Deal agreement to undertake the works documented in this report.

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: Place (The Economy & Neighbourhood Services) 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 The schemes supported pursuant to the Land Deal support the following Council priorities:

Everyone benefits from a thriving economy.

All neighbourhoods are a great place to live.

- 7.2 The investment delivered through the 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 Land Deal funding model set out the following in terms of the allocation of the Profit Share generated through the Land Deal:

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

8.2 Over the first 8 years of the deal (until end of 2022/23) the total Profit Share delivered was £12.1m (after reimbursement of costs incurred). The Telford and Wrekin gross share of which was £10.2m, £7.0m after the £2m set aside for constrained/liability sites, and £1.2m 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
- 13 Full Council – 18 November 2021
- 14 Cabinet – 13 October 2022
- 15 Full Council – 10 November 2022

15.0 Appendices

- A Department for Levelling Up, Housing and Communities (DLUHC) 2022/2023 Status Report for the Telford Land Deal.
- B Case study – CEL Apprentice
- C Case Study – Social Value – Orchard Business Park

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Legal	15/08/2023	05/09/2023	RP
Director	15/08/2023	24/03/2023	JD
Finance	15/08/2023	22/03/2023	DR