



Borough of Telford and Wrekin

Cabinet

Thursday 19 October 2023

Telford Growth Fund 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	
Officer Contact Details:	Tel: 01952 384333	Email: dawn.toy@telford.gov.uk
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 of the Growth Fund investments to date as set out in section 4 of this report.

2.0 Purpose of Report

- 2.1 This report sets out the continued achievements of the Council's Growth Fund investments which are continuing to deliver new and higher skilled local jobs, creating growth and security in the local supply chain, and helping to underpin the Council's Strategy to Protect, Care & Invest into creating a better Borough.

3.0 Background

- 3.1 The Council's Growth Fund allows to Council to support economic growth. Through the fund the Council offers a full turnkey solution to support inward investment, generating jobs and positively contributing to the local economy.
- 3.2 The Fund has supported a range of commercial developments such as Rosewood Pet Products and Eden Horticulture Ltd at Hortonwood West and the expansion of Filtermist International Ltd at T54. Growth Fund Investment at Ni.Park has supported the growth of companies such as TAFE and in response to the lack of supply, delivered a range of units to support small businesses at Leasows Court, Telford. New developments are nearing completion at Orchard Court and Ni.Park and work has recently started on the new Digital and Skills Hub, the first phase of development at Station Quarter.
- 3.3 The approved capital available to invest in Growth Fund assets totals £126.9m (a combination of prudential borrowing, external and grant funding), of which £79.4m has been allocated to schemes in delivery, and therefore £47.5m remains available for investment. Cumulatively, the £79.4m investment committed to date through the Growth Fund is estimated to deliver an ongoing gross return on prudential borrowing of 6.47%, with over 50% linked to long term lettings of up to 15 years. The additional rental income as well as the additional business rates of approximately £0.6m is being invested directly into delivering front line services across all the Borough's communities including older people being supported in residential care or alternatively older people being supported with domiciliary care to remain in their own homes.

4.0 Summary of main proposals

- 4.1 First launched in November 2015, the Growth Fund enables the Council to capitalise on investment demand enabling the Council to acquire land and property, build bespoke premises, invest in strategic infrastructure, and strengthen and diversify the Council's Property Investment Portfolio. The Growth Fund enables the Council's Estates and Investment team to react quickly to secure inward investment opportunities and address market failure. It allows the Council to react to new potential investments that assist in regeneration of the Borough and support businesses and jobs. This unique Council approach and willingness to invest in acquiring land, property or infrastructure is enhanced by our ability to design, build, deliver and provide ongoing building management and business support.
- 4.2 In 8 years over £79.4m has been committed into a range of investments which are anticipated to help deliver approximately 1445 new and safeguarded jobs. These investments are forecast to generate an average ongoing gross return on prudential investment, of 6.47%, (2.02% net of borrowing costs, at an assumed rate of new borrowing of 4.45%), excluding additional business income which will be generated.
- 4.3 The Council's ability to provide land, build and lease bespoke properties and offer a full turnkey solution funded through its Growth Fund alongside the Council's Invest Telford business pledge and the Telford Land Deal continues to drive a high

number of investment enquiries. The Borough continues to attract significant interest from all sectors.

- 4.4 The Council has continued its investment into smaller business units to support business start-ups and provide grow on space. A development of 24 units at Hortonwood, known as Orchard Business Park, is the latest high-quality estate and is already over a third pre-let. The units range from 136m² (1463sq ft) to 976m² (10,502 sqft) and have the benefit of solar panels and EV charging points.

Ni.Park also continues to thrive with 18 of the 24 units let to businesses linked to the Agri industry. With investment through the Land Deal and Marches LEP funding, the completed infrastructure unlocked land with the ability to provide circa 38,000m² (409,000ft²) of new employment floor space providing opportunities for companies leading in this sector. This first phase of development includes enhanced sustainable measures including the provision of EV charging points and Solar panels to each unit. A second phase of development is nearing completion providing three larger units of 930m² (10,000sq ft) which are also equipped with solar panels and EV charging points for tenant use and provide high quality industrial space.

- 4.5 There continues to be a significant increase in indigenous companies requiring new premises to expand and wishing to remain in Telford such as CEL who have recently completed their expansion by moving to Plot 1 at Hortonwood West.
- 4.6 The investments coming forward are still dominated by new investors entering the Borough or existing companies expanding taking additional floor space/premises and is not leading to a major displacement of local companies from other local estates. The void level for industrial premises across all the Borough's estates remains low with Telford & Wrekin Council currently holding nominal voids across the 350 + industrial units within the Property Investment Portfolio. The demand for starter units and grow-on space remains strong as is evidenced through the continuing enquiries for the Councils properties.
- 4.7 A recent market report of Telford's industrial sector by local agents highlights the need for a range of further units from small business units to the larger 10,000m² (100,000ft²+) due to a strong demand. However, whilst there are some speculative schemes coming forward from developers which will assist in plugging the supply gap, demand is still outstripping supply.
- 4.8 The Growth Fund is also supporting the delivery of the new Digital and Skills hub, the first phase of development at Station Quarter. Construction work began this summer with a planned opening date of summer 2024. Part funded from the central governments Towns Fund, the hub will provide education and business startup spaces with Telford College planning to run a range of courses with a focus on innovation and providing skills for some of the region's fastest growing and best-paid business sectors. These will run alongside space occupied by Harper Adams University who will be delivering courses specialising in digital skills, animal diagnostics and health, aimed at benefitting existing firms and making the region more attractive to others.

Telford Growth Fund Update

- 4.9 Investment into the Council's current property portfolio is ongoing, enabling the properties to remain market facing and responsive to new enquiries. Interest in the former Co-op building in Dawley provided an opportunity to subdivide a large retail footprint into 3 smaller units, responding to the need for a smaller convenience food offer which could benefit from longer trading hours. With investment from the Growth Fund, these works are nearing completion with Tesco taking possession of the larger unit in the autumn, safeguarding a local retail provision.
- 4.10 The scale of investment continues to see the Borough established as a major inward investment destination and is delivering infrastructure, jobs and homes that are key to the Council's commitment to 'Protect, Care and Invest to create a Better Borough'.
- 4.11 The Growth Fund is also making significant differences to the people living and working in Telford with examples of how new commercial investment has been attracted and the benefits to individuals are highlighted in Appendix A and B.
- 4.12 In addition to the revenue return from investment the Fund is driving additional fee income to biT (the Council's commercial Property & Building Design Consultancy) and Planning (Development Management) reflecting the attraction to companies of the Council being able to provide turnkey development solutions tailored to investors needs supported by a streamlined planning service.
- 4.13 Recent examples of investments delivered and underway through the Council's Growth Fund include:

Phase 1 Ni.Park, Newport



24 units were completed in Phase 1 with 22 now let, many of whom work in partnership with Harper Adams University. Delivered through the Growth Fund, this first phase will provide new employment space totalling 3838 m² (41,311ft²) for a range of potential occupiers particularly start-ups and smaller businesses.



3 units of 930sqm (10,000sqft) were completed in September 2023 providing additional floor space on Ni.Park and potential grow-on space for the occupiers of Phase 1.

All units in both Phase 1 and 2 have been delivered with solar panels and EV charging points, this is ahead of building regulation requirements and provides sustainable units for businesses.

Orchard Business Park - Plot 12 Hortonwood 40



Telford Growth Fund Update

24 new industrial units were completed in September 2023 totalling 5600sqm (60,000sqft). The investment will deliver a long-term revenue return to the Council alongside additional business rates and provides additional stock for Telford where there is currently a lack of industrial units of this size. The Council identified a gap in the local market for these small industrial units unfulfilled by the private development market. The site was purchased from Homes England through the Telford Land Deal.

Station Quarter - Digital and Skills Hub



4212sqm (45,500sqft) of floorspace delivering education space for FE and HE education providers (Telford College and Harper Adams University) alongside flexible enterprise start up accommodation and driving forward the transformation required in digital and maths skills.

Works commenced in summer 2023 and planned for completion in summer 2024.

Delivery is being supported alongside funding from the central government Towns Investment Fund.

Future Investments

- 4.14 As part of the Council's continued commitment to the Property Investment Portfolio, further allocations from the Council's Regeneration and Investment Fund are proposed, which will further enhance the portfolio. These will provide a range of developments designed to support the market, for example small business/industrial units for which there is still a lack of available stock in Telford

and the delivery of retail floorspace proposed as part of the residential phases of development in Station Quarter.

5.0 Alternative Options

5.1 This is an update report on the Growth Fund – there are no alternative options.

6.0 Key Risks

6.1 The risks associated with each individual investment through the Growth Fund are considered as part of the business case approved as part of the delegated decision making. Where investment is proposed the assessment will be made as to whether the market intervention is required together with an assessment of the level of risk. To minimise exposure there is a cap on revenue liability from speculative new build investments.

6.2 The development of additional units for the market and an ability to support those wishing to invest in commercial property individually or alongside the Council supports growth in new premises and jobs.

7.0 Council Priorities

7.1 The developments supported pursuant to the Growth Fund support following Council priorities:

Everyone benefits from a thriving economy.

All neighbourhoods are a great place to live.

7.2 The investment delivered through the Growth Fund will have a positive impact across the Borough, helping to delivery new infrastructure, deliver new jobs, 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 approved capital available to invest in Growth Fund assets totals £126.9m (a combination of prudential borrowing, external and grant funding), of which £79.4m has been allocated to schemes in delivery, and therefore £47.5m remains available for investment.

8.2 Capital is allocated to sites based upon feasibility criteria with the rate of return for each investment being dependent upon a range of parameters and reviewed by the Council's Finance department on a case-by-case basis. Business case approvals are delegated to the Director, Prosperity and Investment in consultation with the Director, Finance and HR and the Cabinet Member, Council Finance and Governance.

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 Growth Fund as necessary.

10.0 Ward Implications

10.1 The Growth Fund is borough wide and impacts across all wards.

11.0 Health, Social and Economic Implications

11.1 The investment delivered through the Growth Fund will have a positive impact across the Borough, helping to delivery new infrastructure, deliver new jobs and support businesses to grow. New investment 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 Growth Fund 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 Growth Fund advances equality of opportunity, by accelerating and supporting the delivery of good quality commercial property, increasing the choice available locally, supporting existing and new businesses, accommodating new jobs and economic independence.

13.0 Climate Change and Environmental Implications

13.1 The Growth Fund 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, CAB-35
- 9 Full Council – 23 January 2020
- 10 Cabinet - 18 February 2021, CAB-52

15.0 Appendices

- A Case Study - Inward Investment - TAFE
- B Case Study – Social Value - Lego League

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Director	25/08/2023	04/09/2023	JD
Finance	25/08/2023	06/08/2023	DR
Legal	29/08/2023	29/08/2023	JB