

**PART A – SUMMARY REPORT**

**1. SUMMARY OF MAIN PROPOSALS**

- 1.1 Over the past 12 months Enterprise Telford – the Council’s investment brand has continued to successfully attract investment into both commercial and residential development. Described by the UK Department of International Trade (DiT) as ‘*the beating heart of foreign direct investment right now*’ the Borough welcomed the single largest new overseas investment in the last 10 years to T54. This success is underpinned by the Telford Land Deal and the Council’s £50m Growth Fund. The investments secured as a result are delivering new and higher skilled, local job opportunities, growth and security in the supply chain and new homes, and are central to the Council’s budget strategy and ongoing commitment to ‘creating a better Borough’.
- 1.2 The Council entered into a unique 10 year Land Deal with Homes England (HE) (formerly known as Homes & Communities Agency) in March 2016. 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.
- 1.3 **Since the Deal was established gross land sales of c £25.1m have been secured, enabling the delivery of 614 new homes and over 953 new jobs. Over the past 12 months through the Deal, gross land sales of c. £17.9m have been secured enabling the delivery of 359 new homes and 553 new jobs.**
- 1.4 Amongst the most high profile investment is Magna International’s new plant at T54. This alone is set to deliver over 600 jobs over 2 phases and represents the most state of the art lightweight automotive body parts manufacturing plant in Europe. Further high profile investments include Polytec’s new manufacturing plant at T54 set to deliver 243 new jobs over 3 phases and the sale of land to Maiden’s of Telford at Donnington to create additional storage and a warehouse distribution centre of 2323sqm (25,000sqft) at their current premises. Construction works on these new developments are benefitting local companies and new investors are stimulating further growth in the supply chain.
- 1.5 Cumulatively, by the end of 17/18, **the Deal had also delivered c £3.1m in local profit share.** Under the Deal, these profits are retained locally for investment and not returned to the Treasury. **In 18/19 a proportion of this profit share is being channelled back into delivering new incubation units for start up companies – future proofing employment and growth in key new sectors including digital and agri technology.** Over the next 3 years it is anticipated that the Deal will deliver a further £2.4m in local profit share.
- 1.6 Over the next 12 months investment through the Deal, will also **support the delivery of NI Park – the Borough’s new flagship Agri Tech Innovation Park in Newport.** In partnership with Harper Adams University this will provide opportunities for start ups and larger companies to invest, benefit from the University’s knowledge and reputation and partnership with key industry partners including JLR and Caterpillar. **Reflecting the strength of this sector and the local investment offer – Telford was recognised as one of the first 3 national ‘High Potential Opportunity’ pilots – for Agri Tech – launched by the Minister last month. The Borough and Park are now being promoted to investors worldwide by DiT.**

1.7 The Report also provides an update in respect of the transfer of the Homes England residual sites (i.e. those that have no development value) which was a condition of the original Deal.

## 2 RECOMMENDATIONS

2.1 That Cabinet note the outcomes achieved since the Land Deal was completed as is set out in section 4 of this report.

## 3 SUMMARY IMPACT ASSESSMENT

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Co-operative Council priorities?									
	Yes	<ul style="list-style-type: none"> <li>Protect and create jobs as part of a “business supporting, business wining council.”</li> <li>Regenerate those neighbourhoods in need and work to ensure that local people have access to suitable housing</li> <li>Ensure that neighbourhoods are safe, clean and well maintained</li> </ul>								
	Will the proposals impact on specific groups of people?									
	Yes	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.								
<b>TARGET COMPLETION/ DELIVERY DATE</b>	The use of profit share monies will occur during the 10 year Land Deal.									
<b>FINANCIAL/ VALUE FOR MONEY IMPACT</b>	Yes	<p>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:</p> <table border="1"> <tr> <td>Profit Share Homes England</td> <td>15%</td> </tr> <tr> <td>Profit Share TWC</td> <td>85%</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Within 85% TWC Profit Share</td> <td>First £2m earmarked for constrained /liability sites 15% to the Marches LEP</td> </tr> </table> <p>Since the start of the Land Deal, Telford &amp; Wrekin Council has spent some £15.1m in bringing forward sites for development. Over the first 3 years of the deal (until end of 2017/18) the total Profit Share delivered was £3.9m The Telford and Wrekin gross share of which was £3.1m, £1.1m after the £2m set aside for constrained/liability sites. The Land Deal Board has final authority to determine investment of both the TWC and Marches LEP Profit Share.</p> <p>The 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.</p> <p>DR 5/6/18</p>	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
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<b>LEGAL ISSUES</b>	Yes	Legal Services will continue to provide advice and support as necessary in connection with the transfer of the remaining sites.  EH/CW 21/06/18
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	No	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 will 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. 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 Leader) 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.
<b>IMPACT ON SPECIFIC WARDS</b>	No	Borough wide impact.

## **PART B – ADDITIONAL INFORMATION**

### **4. ACHIEVEMENTS**

- 4.1 Over the last 12 months of the Telford Land Deal, the **Deal has delivered the sale of 8 commercial sites and 3 sites for residential development**. This achieved a gross sale income **£17.9 million**. These sales will support the delivery new employment floor space of 35,464 sqm (381,731 sqft), anticipated **job numbers of 553 and 359 new homes**. **These developments will generate business rates of circa £700,000 and council tax of circa £444,000.**
- 4.2 During the last three years, the Deal has delivered the sale of a total of **17 commercial sites and 9 sites for residential development, achieving a gross sale income of £25.1 million**. The sites have enabled the delivery of Employment Floor Space (EFS) of 70,968 sqm (763,893 sqft) and **614 new homes and supported commercial premises delivering 953 new jobs**, many in engineering and manufacturing adding skilled job opportunities for the Borough's communities. These developments will generate business rates of circa £1.50 million and council tax of circa £761,000.
- 4.3 During 2018/19 2 commercial sites sales have already completed, achieving a gross sale income of £0.588 million and a further 4 commercial sites and 2 residential sites are currently being negotiated and are anticipated to achieve a gross sales income of c. £3.41 million. These will deliver in total additional employment floor space of 27,744sqm (298,633 sqft), and anticipated job numbers of c.362 and 53 new homes.
- 4.4 The Deal alongside the Council's Enterprise Telford business pledge and the Councils ability to provide land, build and lease bespoke properties and offer a full turnkey solution through its £50m Growth Fund continues to drive a high number of enquiries. The Borough is still seeing significant interest from the automotive and advanced manufacturing sector, and more recently companies connected to battery and auto light weighting.

- 4.5 Other related sectors that are active and expanding include food processing and agri tech. The Borough has been identified as one of the first 3 High Potential Opportunity Pilot areas in the UK. The only one in Agri Technology. NI Park, Newport, a new 10 Ha Agri Innovation Park - part funded by the Land Deal – is now be promoted internationally by the Department of International Trade to companies looking to invest in this sector.
- 4.6 The investments coming forward are still dominated by new investors entering the Borough or existing companies expanding taking additional floorspace/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 over 300 industrial units within the Property Investment Portfolio. The demand for starter units and grow-on space remains strong and evidenced through the pre-lets secured ahead of completion of the Councils new investment of 15 units at Plot 2 Hortonwood West.
- 4.7 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 ‘creating a better Borough’.

**4.8 Examples of Investments**

Details of the achievements 2017/2018 are included in the annual Status Report produced under the Deal for the Ministry for Housing, Communities & Local Government (HCLG) (Appendix 1). This Report will also be shared with Tom Walker, Deputy CEO of Homes England when he visits Telford and tours the Land Deal sites on 12<sup>th</sup> July – a visit that reflects the unique nature and national success of the Deal and the Borough’s proactive approach to landing investment.

Specific examples of investments delivered through the Deal and the Council’s £50m Growth Fund include:

**T54 – Flagship Automotive and Advanced Engineering employment site:**

Plot 6 – Completion of the new 24,163sqm (260,088sqft) plant at T54 by **Magna International, delivering 295 new jobs in phase 1 with over 300 in future phases.** Magna have also worked with the Council’s recruitment service and Telford College holding an open day that attracted over 1000 participants and led directly to local recruitment.



Plots 2 & 3 – Completion of a new 7734sqm (83,248 sqft) manufacturing plant at T54 by **Polytec, delivering 100 new jobs in this first phase. The development will comprise 3 phases in total delivering 12,687sqm (136,561 sqft) of floorspace and a total of 243 jobs.** The initial investment is £20 million rising to £32 million at the end of the third phase. Their UK base is currently at Bromyard in Worcestershire which is very constrained and having won a major contract from JLR they cannot service those requirements from their existing facility. They are looking to make the Telford site their primary UK base.

The new plant will include a new paint plant and assembly hall, then progressing to a manufacturing facility and finally an additional assembly hall.



Plots 3, 5a & 5c – **Sites acquired by TWC where through investment from the Council's £50m Growth Fund two new industrial units** will be delivered totalling 4365sqm (46,984sqft), one pre-let to an existing Telford company to support a business expansion and the other to be built speculatively. The investment will deliver a long term revenue return to the Authority alongside additional business rates.

Plot 5b – Land sale agreed with an existing Telford company to support a business expansion which will deliver a unit circa 1000sqm (10,763sqft).

**Hortonwood West – New Industrial estate extending to 55 acres and delivering 65,000sqm (700,000sqft) of new employment floor space**

Plots 3, 4 & 5 – **Site sold to Craemer UK Ltd, an existing Telford business for a new additional manufacturing facility which will deliver circa 14,000sqm (150,000sqft) in two phases.** First phase of 7183sqm (77,317sqft) is due to complete December 2018. This facility is in addition to their existing premises and will allow Craemer to become the only producer of Eurobins in the UK. The second phase of their development is proposed to be a metal pressing facility for another Craemer business linked to the automotive industry.



**Craemer – Hortonwood West**

Plot 6 – **Site sold to Baker Bellfield an existing Telford Business for new additional manufacturing facility delivering 1921sqm (20,677sqft) t. Baker Bellfield design and manufacture commercial furniture for the rail, airport, office and education sectors. This is an additional premises and will allow the expansion of their production facility on Hortonwood.**

Plot 2 – Site acquired by TWC for the **development of 15 units for small businesses and grow-on space with investment through the Council's £50m Growth Fund.** The development will deliver 3254 sqm (35,025sqft) in total. This is being delivered in direct

response to market demand and such is the strength of that demand that **pre lets are being achieved ahead of completion.**



### **TWC Units at Hortonwood West**

Plot 2a – Site sold to **Kensa Creative Ltd, a small graphics and marketing company currently in Telford who need to expand.** Their new development will comprise a new 418 sqm (4500sqft) unit.

Plot 9 – Completion of a new 6262sqm (67,403 sqft) industrial building by TWC, with investment from the £50m Growth Fund, to support the **relocation of Rosewood Pet Products Ltd a Shropshire business creating 60 new jobs.**

Plot 10 – Completion of a new 3156sqm (33,970 sqft) **industrial building with investment from the £50m Growth Fund TWC and let to Eden Horticulture Ltd.**

### **Donnington Business Park**

Site 2 East – Site sold to **Maidens**, an existing Telford business, to create an **additional storage and warehouse distribution centre** of 2323 sqm (25,000sqft) together with storage of HGV vehicles

Site 2 West – Land sale agreed with an existing Telford company to support a business expansion.

### **Hadley Park**

Plot B – Site sold to **Eurogarages for a mixed use development** including petrol filling station, ancillary retail unit, drive through coffee shop and trade counter / light industrial units totalling 3431sqm (36,930sqft).

Plot E – Land sale agreed to provide in the region of 5000 sqm (53,819sqft) of trade counter floor space.

### **Residential Outcomes**

The Land Deal also includes a number of residential sites across Telford ranging in size from 0.36ha (0.88 acres) to 37.74ha (93.26 acres). Work is on going to undertake due diligence work such as ground investigations, ecology reports and planning layouts to ensure the sites will be de risked as far as possible prior to going to the market.

Key sales within the last 12 months which cumulatively will deliver c. 360 new homes, include:

### **Land at Snedshill**

Sold to Nuplace Ltd for a development of 39 houses for market and affordable rent. The sale not only delivered a receipt into the Land Deal and element of profit share, but has enabled Nuplace and the Council to deliver an ongoing revenue stream through the rent of properties. The Housing Investment Programme is subject to a separate Cabinet Report. Work started on site in March this year with all units pre let despite first completions not due until early 2019.

### **Apley**

Sold to Kier Living Ltd for the development of housing for sale with a range of 100 x 2-4+ bed houses. Twenty percent of the properties will be affordable and available to purchase via shared ownership. Work started on site in October 2017 and is progressing well with some units due to complete in July 2018.

### **Priorslee**

This site was sold to Lovell Partnerships for the development of 220 dwellings comprising a mix of 165 open market units, 45 affordable rental units and 10 shared ownership units to be delivered over a 5 year phasing plan. Work started on site in November 2017 and is progressing well with some units due to complete in July 2018

## **5. Investment of Locally Retained Profit Share**

- 5.1 The financial success of the Deal to date has meant that a cumulative profit of £3.9m has been achieved up to 31 March 2018. Telford and Wrekin Council's proportion of this cumulative profit is £3.1m, after a £197k distribution to the Marches LEP. Under the terms of the Deal the first £2m has to be set aside to support delivery of constrained/liability sites leaving £1.1m to reinvest into supporting further growth.
- 5.2 The key principles underpinning how the investment of local profit share will be made were agreed as part of the Land Deal. Central to these is that the investment directly supports the objectives of the Land Deal which is to deliver new homes, new jobs and increased commercial floor space. The Agreement also sets out:-
  - That Investment supports wider policy objectives of the local authority, Homes England and Government to drive growth, economic development and regeneration
  - That the appraisal of proposals is proportionate to the level of investment being sought and sufficiently flexible to allow for a range of investment opportunities
  - That proposals be supported by a business case reflecting treasury guidelines
  - That investments accord with local authority procurement rules
  - That monitoring and evaluation of the impact of the scheme is in place

Delegated authority was previously agreed by Cabinet for the selection of projects for investment of profit share. The Land Deal Board, established as a requirement of the Deal to oversee its delivery, has the final authority to determine investment of profit share by the Council.

The first investment approved by the Board for an allocation from this profit share was £1.0m as part of a larger investment to develop the 15 small business starter units at Plot 2 Hortonwood West, Telford, referenced above.

## **6. Transfer of Residual Homes England Sites to TWC**

- 6.1 A condition of the Land Deal was that within 12 months of signature an Agreement would be reached for the transfer of all other Homes England residual (i.e. undevelopable) sites to TWC ownership. In accordance with the approved delegations set out in the March 2016 Land Deal report, the first tranche of sites transferred to the Council in March 2017 and the second tranche completed in March 2018. This has been complex task due to the number

of property titles involved. Over 600 property titles have been transferred each one being relatively straightforward to deal with. The third tranche is due to be transferred prior to March 2019.

- 6.2 The Agreement reached includes the receipt of a dowry of £3 million in capital funding from Homes England (£1.2m in 16/17 and the balance of £1.8m in 17/18) together with the agreement to use £1m of the £2m local profit share (that had been originally ring fenced to be invested into Homes England constrained sites). Full payment of the dowry and local profit share element has now been received.
- 6.3 Initial evaluation of the sites transferring indicated a need to spend an initial c.£750,000 from this pot on the transferring sites. With the majority of the spend being used to bring roads up to an adoptable standard as well as a small proportion for general maintenance works.
- 6.4 This leaves approximately £3.25 million of the 'dowry' to be held to cover future maintenance costs. Given the strength of return on investment of the £50m Growth Fund and opportunities in the market, Cabinet approval was obtained to invest the balance of capital money into property asset(s), generating an ongoing revenue stream to meet ongoing revenue costs. A number of potential investments are currently being considered to provide this revenue stream.
- 6.5 In view of the number of residual assets that have been transferred and the anticipated number of competing requests for maintenance support, the ongoing revenue stream from the property assets (s) will be used to establish a 'liability budget' that can be used to cover both planned and reactive maintenance work. The Service Delivery Manager for Estates & Investments is the budget holder and will work with SDMs particularly from Neighbourhood Services to establish a programme of priority expenditure to be agreed at the beginning of each financial year.

## **7. PREVIOUS MINUTES**

Cabinet – 11 January 2011, CB-110  
Cabinet – 17 October 2013  
Cabinet – March 2015  
Full Council – 3 March 2016, CB-79  
Cabinet – 13 July 2017  
Full Council – 21 September 2017, CB-42

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