

Thursday, 9 September 2021

Report of the Leader of the Council

Homes England - Memorandum of Understanding

Exempt Information

None

Purpose

1. To update Cabinet on all activity that has been undertaken with regards bringing the Gungate Masterplan site forward for delivery since January 2020.
2. To update Cabinet on developing a working partnership with Homes England and to set out the principles of how the two organisations choose to work together in order to bring forward Borough wide sites for Regeneration, through a Memorandum of Understanding (MoU).

Recommendations

Cabinet are asked to approve the following recommendations

It is recommended that:

1. Cabinet notes the update against progress of key work streams for supporting the regeneration of the Gungate site.
2. The Chief Executive sign the non-legally binding Memorandum of Understanding between the Borough Council and Homes England.
3. In consultation with the Leader of the Council, Officers actively explore and develop all relevant opportunities for Homes England to support the Council in bringing forward sites for Regeneration at an accelerated pace, to the benefit of the wider Borough and its residents
4. To keep Cabinet and relevant scrutiny committees up to date on a regular basis.

Executive Summary

Since the completion of the work on the Gungate Masterplan at the end of 2019, Officers from across the Council have been engaged with numerous stakeholder groups, both public and private to bring forward opportunities for developing the wider site. The Gungate Masterplan document is **not** a plan for actual development but rather a set of guidelines that indicates such things as:

- What uses are suitable for the site;
- Where these uses could be best placed;
- Restrictions for massing and types of buildings on the site based on known constraints – e.g. conservation area, almshouses, residential areas.
- What is viable on the site – what will need additional funding support / what can be delivered by the commercial market.
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The Masterplan allows the Council and its partners to focus resources on realistic market deliverable activities and uses, rather than following ideas that are not practical.

The Gungate site is a large programme of Regeneration with multiple, complex issues. As such Officers have approached this in the form of three distinct workstreams;

- **Programme** - aspects of delivery that cover the whole site area.
- **Gungate North** – the properties North of Spinning School Lane under multiple ownerships;
- **Gungate South** – the site south of Spinning School Lane, comprising Council owned land currently large surface car parks.

The following is a brief update on the work carried out to date and that is in progress, on each workstream.

1. Programme:

Consultation on Masterplan – the Council conducted public consultation on the Gungate Masterplan throughout the whole of February 2021. This was delayed from 2020 due to the pandemic. The consultation was targeted both at receiving views from the public and from the commercial market. This activity has raised the profile of the Council's plans significantly both in terms of public understanding of proposals and active interest by developers. **See appendix 1.** The Masterplan was very positively received with constructive, useful comments that have been used to form the basis of project plans.

The results of this completed consultation were taken to Infrastructure, Safety and Growth Scrutiny committee (ISAG) and Cabinet in April 2021. The main recommendations arising from this process was to note that some uses detailed in the consultation;

- will no longer be likely to come forward due to the pandemic (e.g. hotel)
- will need further detailed studies, e.g. a leisure centre

Councillors agreed that the site should have a primary focus on mixed use development with minimal reliance and focus on retail.

Future High Streets Fund / Homes England

Due to the significant success of the Council in being awarded one of the highest national allocations from Government for its Future High Streets Fund projects (£21.65million) this has had a considerable affect in accelerating opportunities for Gungate. As a result of FHSF, Homes England is now actively interested in the opportunities Gungate offers for wider Regeneration in the Borough. More detail follows later in this report.

2. Gungate North:

Buzz Bingo building: Prior to the pandemic the Council were in active negotiations with the owner of the building to take over the property and lease it back to the operator on a short flexible lease. The pandemic has had the affect that the operator has now gone into administration and handed the building back to the Council in early 2021 at no premium to the authority. The Regeneration team have undertaken significant work with colleagues in Assets to understand the risks and constraints of the building. This building is physically linked to the neighbouring night club Atik and legally connected via a sublease, which is being evaluated in terms of potential risks and opportunities.

Youth Centre: The former Tamworth Youth Centre is in the stewardship of Staffordshire Council of Voluntary Youth Services (SCVYS). There is a restriction similar to a restrictive covenant on the property that allows for re-provision of youth services in Tamworth if the building were to be disposed of. Regeneration / sale of this building cannot be undertaken without the restrictions in the covenant being met. On 15th June 2021 SCC colleagues took a report to their Charities and Trusts committee that was agreed, proposing any proceeds from the sale of the building be put into an ongoing fund that would be used by SCVYS to grant money towards youth activities from relevant groups and organisations in Tamworth. The sale would reduce financial pressures for running and maintaining the building and see a

consistent, but defined amount of money spent on targeted local provision. **See appendix 2 for details about charitable scheme / “covenant”**

This proposal will now be taken formally to the national Charities Commission for approval, which is expected early in 2022.

Police station: Over the last three years, the Council have been in active contact with Staffordshire Police over the option to purchase the building. A valuation of the building was carried out by the Council and offers made to Staffordshire Police on the basis of those recommendations. Despite offers from the Council, Staffordshire Police put the site up for sale with a commercial agent, to test the market. The new, private developers of the Police station approached the Local Planning Authority in July 2021 for high-level discussions on the development of the site.

County Council: The Council has continued to proactively engage with the County Council at all levels on its land ownerships on the North part of Gungate, particularly, the former Connexions building, the former courts, and the linked Youth centre. There are strong relationships and channels of communication between both parties, with regular monthly briefings. The County Council is in the process of carrying out a joint red book valuation of all properties owned by both parties to enable discussion about plans for each building. This is due to be completed and discussed in September 2021.

3. Gungate South

NCP restructuring – As part of the sale of the Gungate South site to the Council in 2018, Henry Boot plc included a long lease on a large portion of the site to NCP. Over the past 2 years several discussions have taken place with NCP on an informal basis to explore possible options for their lease including such things as; transferring their lease, reducing its duration or terminating the agreement completely.

As a result of the pandemic NCP as a wider company has been put under extraordinary financial pressures. Earlier this year, NCP entered into the process to start a formal restructuring plan which graded car parks nationally by category and proposed different strategies for each classification. Officers spent considerable time understanding the ramifications of the restructuring plan, which was later withdrawn by NCP. Since that time, it is understood that there are several parties looking to purchase the NCP business. As part of the abortive process undertaken by NCP, the Council now understands that NCP viewed the car park on Gungate as productive and categorised it to retain as profit making. Engagement with NCP is a priority for the immediate future.

Car Park demand study – based on the above and the proposals in the Masterplan to explore options around future car parking provision, officers are currently undertaking a high level car park demand study in conjunction with Homes England. This will cover the following:

- Baseline information – previous and current car park usage
- Usage forecasting and scenario testing based on forthcoming projects / feasibility studies (introduction of a College to Town Centre / potential introduction of a leisure centre to Town Centre / activity to enable development at Gungate South.)
- High level feasibility study on the provision of multi storey car park (must take into consideration principles established in Gungate Masterplan)

This report will then allow the Council to make decisions about future investment in car parking infrastructure and support any future bids for Town Centre funding opportunities such as the Government levelling up fund.

Leisure Centre feasibility study – as outlined in the Masterplan, a specific report to explore the feasibility and need for leisure provision is critical at this point in time, to support any future funding applications and to understand how the wider site might need to be split. The

Masterplan simply outlined the benefits of such a use whereas a detailed feasibility and supporting studies will allow the Council to:

- fully understand the exact scope and scale of provision needed
- what delivery method is appropriate for such a facility
- what financial models for delivery are at the disposal of the Council.

Approval for this study and an indoor and outdoor strategy was agreed at Cabinet in July. This work is currently going through procurement with an aim to be contracted by November.

Homes England

In addition and indeed in conjunction with the above, over the past 12 months the Assistant Director Growth and Regeneration with support from the Head of Economic Development and Regeneration has been in active discussions with Homes England about opportunities for supporting the development of sites across Tamworth Borough with an initial focus on immediate opportunities in the Town Centre, following a very detailed site meeting in June 2021. The success of drawing down significant investment from the Government led Future High Streets Fund (FHSF) has drawn attention to opportunities and raised the profile of the Town and its ambitions substantially.

Officers have outlined Regeneration plans and opportunities for sites under its control across the Borough and discussed other opportunities not under its control. Homes England, whilst focused primarily on delivering housing is now expanding its remit into Regeneration, whereby housing can unlock wider regeneration potential with a particular focus on mixed use Town Centres. Homes England can see the potential in Tamworth with the FHSF investment complimenting the much larger Gungate site and the way in which new town centre uses will support the recovery of the high street. Seeing this potential in Tamworth, they now wish to enter into an informal, non-legally binding agreement, which establishes how the two organisations will work together in partnership.

Homes England can support the Council through its experience, knowledge, specialisms and contractors to de risk sites, with the intention of bringing them forward for development at a much more accelerated pace than the Council could on its own.

Homes England has an ability to structure land deals in a multitude of ways to maximise land value, scheme delivery and flexibility, in order to accommodate short to medium term operational requirements by vendors. Its activities and support can include:

- **Land Acquisition** – following suitable due diligence Homes England can look to acquire land on a conditional or unconditional basis. Unconditional purchases can unlock a risk adjusted upfront cash payment, with future net value uplift captured through an overage arrangement.
- **Master Developer** – Homes England would seek to assemble land or invest monies into infrastructure delivery to unlock development potential and seek to recover investment collaboratively with its partner(s).
- **Enabling & Promotor Activities** – this comprising of strategy development and undertaking de-risking works to achieve a positive planning position, recovering investment through the sale of the land.
- **Affordable Housing** – When not acquiring land the Homes England Affordable Housing team can assist in affordable housing delivery and enhance development viability through affordable housing grant.
- **SME Developer Financial Support and Equity Investment** - Homes England investment function works collaboratively with Small and Medium sized developers providing loan finance and equity investment to support diversity within the marketplace.

A Homes England partnership often involves a mixture of the above interventions – working collaboratively with the landowner the most appropriate tool to unlock mutually beneficial outputs will be utilised.

In return Homes England can contribute to accelerated redevelopment with a willing Borough Council. The ambitions of the authority and the initial discussions with officers have been positive and as such Tamworth is being touted as a pilot which if successful, can be rolled out to other parts of the Country where opportunities exist.

Options Considered

The following options have been considered:

- 1. Do nothing:** The Council can choose not to work with Homes England, but this is not recommended. Homes England have both funding in various forms and access to in house and external specialist skills that the Council can draw down from to realise Regeneration aims for the benefit of all of Tamworth. As the MoU is a non-legally binding document, not working with Homes England would actually have a detrimental effect on regeneration opportunities across the Borough.
- 2. Work with Homes England informally outside of an agreement:** As stipulated above, the MoU is a non-legally binding agreement, but it does give both organisations confidence and clarity over expectations of roles in delivering regeneration. Not signing the agreement would have the same effect as doing nothing, as would most likely be seen in the same manner as highly detrimental to the future of regeneration opportunities across the Borough.
- 3. Agree and enter into a Memorandum of Understanding with Homes England:** this option is recommended as it allows both parties to understand their roles, what they are bringing to the wider project and allows the drawdown of skills and specialist knowledge from Homes England. Entering into this agreement will support the wider regeneration aims of the council and allow it to accelerate delivery, creating a prosperous Town Centre economy.

Resource Implications

At the time of writing this report, the final document is still in the process of being finalised however; Homes England would seek to enter an MoU with the Council which would set out the framework to establish principles for partnership working and sharing of resources along a common aim, to include the following:

- Formation of a working group and governance structure to assist in driving forward partnership projects. This will likely comprise forming a steering group and project team.
- Homes England would dedicate a project team resource led by its acquisitions function but would include specialists from planning & enabling and disposals, housing, investment and technical services. Key personnel from Tamworth Borough Council will also form part of the steering group and project team.
- Information will be shared between Homes England and Tamworth Borough Council on an open book basis and may include existing and historic surveys, reports, assessments and other such works in relation to land included within the MoU.

The immediate focus of the partnership after entering into the MoU would be the Gungate site, as defined by the public consultation on the site Masterplan in February 2021. This is evidenced by the parking demand study which is already commissioned and under way.

Entering in to an MoU with Homes England will allow the Council to make more efficient use of its resources, specifically as follows:

- Procurement – Homes England has robust and tested procurement frameworks to draw down relevant multi-disciplinary teams for commissions in much shorter timescales than the Council would be able. This will allow much quicker decision making and collation of vital information.
- Skills and experience – Homes England has a very specific focus on land based strategies and as such has developed considerable knowledge and expertise in this field. As such their experience of other sites is invaluable in both upskilling Council officers, identifying issues quickly and resolving them at pace through the use of specialist both within and contracted to their organisation.

Legal/Risk Implications Background

The Memorandum of Understanding is not a legally binding document. The MoU is a set of principles and guidelines that set out how the two organisations will work together. There is no commitment through this process for the Council to sell land interests to homes England.

Equalities Implications

None

Sustainability Implications

None

Background Information

See executive summary.

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List of Background Papers

FHSF BID July 2020

Cabinet Report – Gungate Consultation – March 2021

Appendices

Appendix 1 – Gungate masterplan consultation

Appendix 2 – Staffordshire County Council report Charity and Trust Committee – 15th June 2021.