



Teville Gate Update

Report by the Director for Place

Officer Contact Details

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Executive Summary

1. Purpose

- 1.1. The purpose of this report is to update Members with the progress made by officers with the completion of the Teville Gate marketing materials and assessment criteria; and specifically to set out the aspirations for the Council to sell its freehold interest in the site to Homes England to deliver a housing-led regeneration scheme.

2. Recommendations

- 2.1. That the Joint Strategic Sub Committee delegates authority to the Director of Place to:
 - a) Finalise the terms for working with Homes England as set out in section 6.
 - b) Enter into formal negotiations to sell the Council's freehold interest in Teville Gate to Homes England subject to the receipt of an acceptable financial offer and conditions.
 - c) Consult with, and regularly update, the Leader and Cabinet Member for Regeneration on the negotiations with Homes England.

d) Provide a progress report on the negotiations and terms of a financial offer to the December 2023 Committee meeting.

- 2.2.** Should negotiations or terms not be reached with Homes England, that the Joint Strategic Sub Committee delegates authority to the Director of Place, in consultation with the leader and Cabinet Member for Regeneration, to issue the Teville Gate Marketing Brochure to secure a development partner and report progress back to this Committee.

3. Background

- 3.1.** Teville Gate site is a key development site in Worthing and the site's development has been a prominent issue affecting residents and businesses in the town for a long period. Since 2006 there have been a number of development proposals for the site from private sector investors, none of which have been delivered to date. The Council now has an opportunity of working with Homes England, who wish to proceed at pace in 2023, to bring forward a housing-led regeneration scheme. The site is a cornerstone of the Council's 2016 Investment Prospectus, is one of the most significant housing allocations in the adopted Local Plan for the town. Development of the site relates to two of the missions identified in Our Plan "Thriving Places" and "Thriving Economy".
- 3.2.** In 2018, the Council was successful in receiving £2.09 million of funding from the [Coast to Capital Local Enterprise Partnership](#) immediate demolition of the multi-storey car park (MSCP), and the surrounding, derelict buildings, as well as the provision of a temporary surface car park. The social, economic and environmental outputs that the funding agreement enables are required to be delivered by March 2025. The development of the site will fulfil important regeneration and housing objectives for the town and solve a significant blight in the town, providing confidence for further economic growth and investment.
- 3.3.** The Committee considered and approved a report on 12th January 2023 on the proposed marketing of the Teville Gate site and approval for the assessment criteria for any bids received for the site.

4. Marketing Brochure and Development Principles

- 4.1.** The Council's property advisors, CBRE, has been retained to advise on the purchase, enabling, and disposal of the site in line with the Council's agreed strategy of bringing in a suitable development partner to deliver the site. CBRE has now completed the marketing brochure for the site which is appended to this report.
- 4.2.** The marketing brochure sets out seven key development principles for the site which were discussed and agreed during a workshop with the cabinet and chair of the planning committee. These development principles were agreed by the Joint Strategic Committee at its meeting on 12th January 2023 and are summarised below:
- Worthing's front door – delivering high quality architecture that reflects the local character of Worthing.
 - Housing – housing-led regeneration to create a more mixed, inclusive and sustainable community.
 - Better public spaces – including green public realm connecting the train station to the town.
 - Getting about – providing accessible public transport to the town.
 - Inclusion and participation – involving residents in the design process.
 - Jobs and enterprise – providing jobs, skill and training opportunities for local residents.
 - Sustainability and environment – sustainable building and design to meet climate change and zero carbon ambitions.
- 4.3.** Officers will work with Homes England to explore the opportunity for Teville Gate to be a carbon zero development.

5. Current Position

- 5.1.** Whilst the marketing brochure and assessment criteria for the regeneration of Teville Gate were being finalised, officers entered into an initial dialogue with Homes England to consider a more direct intervention to secure development of Teville Gate. This followed the Council's successful Housing Conference held earlier in the year, attended by Homes England representatives and which included a site visit to Teville Gate.

- 5.2.** Homes England is the Government's housing and regeneration agency which aims to accelerate the delivery of new homes in England and improve the affordability of housing. The agency has recently published its new five year [Strategic Plan](#) (2023-2028). The plan is under-pinned by five main objectives, with these being:
- Supporting the creation of vibrant and successful places that people can be proud of, working with local leaders and other partners to deliver housing-led mixed-use regeneration with a brownfield-first approach.
 - Facilitate the creation of the homes people need, intervening where necessary to ensure places have enough homes of the right type and tenure.
 - Build a housing and regeneration sector that works for everyone, driving diversification, partnership working, and innovation.
 - Promote the creation of high-quality homes in well-designed places that reflect community priorities by taking an inclusive and long-term approach.
 - Enable sustainable homes and places, maximising their positive contribution to the natural environment impact.
- 5.3.** Working directly with Homes England provides a greater opportunity for the Council to secure the delivery of its housing-led regeneration ambitions for the site with lower commercial risks.
- 5.4.** Homes England are keen to work with every organisation across the housing and regeneration sector, including Local Authorities, with the plan committing the agency to working in a way that is more place-based.
- 5.5.** Officers have held a number of positive meetings with Homes England to progress this opportunity and have set out draft terms for partnership and collaboration to bring forward a housing-led regeneration scheme at Teville Gate.
- 5.6.** In support of helping unlock the stalled opportunity at Teville Gate, in June 2023 Homes England has confirmed that it would be prepared to purchase the freehold ownership of Teville Gate from the Council subject to an appropriate sale price being agreed. Any such arrangement to work toward the sale of the site would be formalised in an exchange of letters prior to the development and exchange of

Heads of Terms and contracts, which are subject to due diligence and Homes England's approvals.

- 5.7.** The key benefits of working with Homes England is their access to funding to help build new affordable homes and the potential for a capital receipt in 2023/24 which would negate the need to repay debt and interest on the funds used to purchase the site (see financial implications in section 9). In addition working with Homes England will provide:
- Alignment of regeneration and development objectives with Worthing Borough Council as set out in Homes England's Strategic Plan.
 - Extensive expertise and resource in delivering quality design through development on regeneration sites, both in house, through extensive consultant panels and through joint ventures with development partners.
 - Available funding, subject to the necessary approvals, to support due diligence and acquisition of the site, and post acquisition, works and planning to facilitate subsequent development.
 - Use of, and familiarity with, Homes England's Dynamic Purchasing System framework for disposal to developers providing certainty of delivery to a contracted developer to delivering proposals, to agreed timescales.
 - Ability to defer receipts from developers to support their cash flow.
 - Access to a number of tools to support regeneration, including Home Building Fund, Brownfield Infrastructure and Land Fund, and Affordable Housing Grant.

6. Terms of Working with Homes England

6.1. Primary Objectives:

- a. The Council and Homes England have agreed to collaborate with each other to facilitate the acquisition by Homes England of Teville Gate (Site) to enable the delivery of this key stalled development site for the town;
- b. Homes England and the Council shall work collaboratively and in good faith to perform the following activities, in so far as the activities are relevant to the Site, within an indicative timescale as set out in the below programme for acquisition; and

- c. Where reasonable and practicable to do so, the parties will seek to maximise the benefits that will arise from regeneration of the site, including recycling of receipts to support further regeneration opportunities within Worthing.

6.2. Homes England agrees to undertake:

- d. Complete technical and legal due diligence to establish development constraints, their costs and inform solutions;
- e. Work up a scheme in principle through feasibility that works within the constraints and which the development market would be able to take forward, while retaining flexibility to respond positively to changing market interest, whilst ensuring quality of design and placemaking;
- f. Develop robust and comprehensive financial appraisals of the proposed scheme which reflect realistic availability of public and private sector funding;
- g. Recognising the strategic location of the Site, proactively identify opportunities within or adjacent to the Site to enhance its setting and the regeneration benefits of its development to the wider area; and
- h. Agree an exit strategy, ensuring alignment with Homes England's own disposal and delivery policies, and maximising the attractiveness of the development opportunity to the market.

6.3. Worthing Borough Council agree to:

- i. Provide resource from their planning department to support and advise the Homes England team in fulfilling the Primary Objectives to ensure their support for the proposed development in line with local policies;
- j. Facilitate discussions with stakeholders and local market interest in end use of the site including retail and commercial occupiers; and
- k. Act as the Local Planning Authority in determining a future planning application in line with the adopted Local Plan.

7. Programme

7.1. The key next steps in working with Homes England are set out below:

August 2023 to October 2023:

- On-going negotiation dialogues.
- Complete technical and legal due diligence.
- Feasibility and viability studies and scheme design.
- Workshop with Local Planning Authority officers.
- Discussions with stakeholders and local market interest.
- Discussions with HMRC on alternative car parking provision (see para 10.3)

November 2023:

- Final negotiations on financial offer and any conditions precedent.

November 2023 – December 2023:

- Internal approvals for Homes England.
- Worthing Borough Council JSC report to consider the final Homes England offer based on due diligence and exit strategy.
- Subject to the outcome of due diligence and approvals to contract on acquisition/disposal of the site.

8. Alternative Options

- 8.1.** Teville Gate remains of high interest from the local, regional and national development market and investors with officers receive approaches on a monthly basis.
- 8.2.** Therefore, if at any time during the negotiations with Homes England, should the Council or Homes England fail to reach a satisfactory agreement on the freehold disposal of the site, officers can quickly issue the Marketing Brochure to the development market and seek offers and regeneration proposals, however the indication is that any offers in the current market would be on a deferred payment basis which would mean the current debt would continue to incur interest until repaid.

9. Financial Implications

- 9.1.** Worthing Borough Council previously agreed to release capital funding of £8.12m to fund the acquisition of the Teville Gate report, and within

the same report agreed that £50,000 of reserves could be used to fund any revenue costs associated with meanwhile use of the property.

- 9.2.** The final cost of the acquisition was £7,452,550.
- 9.3.** As approved at the December 2021 JSC meeting ground works costing £300,000 were approved which are funded from the overall budget for Teville Gate acquisition.
- 9.4.** The Council purchased the site with a view to holding the site for a maximum of three years. The Council's Minimum Revenue Provision (MRP) policy allows that for the first three years, no MRP is made on the expectation that the site was purchased for resale to an appropriate partner. The Council is currently only funding interest costs which will be £298,100 in 2023/24 and contained within the Treasury Management budget.
- 9.5.** If the land is not sold within three years, then the Council will also need to provide for the repayment of debt and the annual cost will increase to £346,920. At the point at which the land is sold, the council will be able to reduce the associated borrowing costs or potentially eliminate them depending on the amount received.
- 9.6.** As part of any land deal, the Council will be disposing of the freehold of the land to Homes England. The final consideration for the land is yet to be determined but will be supported by the expert independent valuation. The proposed approach will ensure that aspirations for the site are reflected in design and commercial decisions which will ensure that the Council's investment is recouped within the planned timescale.
- 9.7.** Members should be aware that the final price for the land may be a lesser amount than that paid for it depending on prevailing market conditions, the quantum of housing and commercial space to be delivered, and other community benefits and how the Council's aspirations (as set out in section 4) influence the final use of the land. This may be mitigated to an extent by the pace at which Homes England are able to move to make the acquisition.
- 9.8.** The cost of any marketing exercises can be funded from the associated capital receipt if needed using the capital flexibility regulations as the disposal will enable the Council to reduce borrowing costs.

- 9.9.** The development of the site will have multiple financial benefits for the Council in terms of increased Council Tax, business rates and increased supply of affordable housing which should have a beneficial impact on the future costs associated with homelessness.

Finance Officer: Sarah Gobey

Date: 15th August 2023

10. Legal Implications

- 10.1.** s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 10.2.** Section 123 Local Government Act 1972 places an obligation on local authorities to dispose of land for best consideration, which is not limited to the monetary purchase price, but may include other elements in the transaction, provided those have a quantifiable commercial or monetary value.
- 10.3.** The Council lease 50 car parking spaces at the north of the Teville Gate site to HMRC. To enable vacant position of the site to Homes England or any other prospective purchaser, it is incumbent on the Council to find suitable alternative parking arrangements that are no more than 15 minutes' walk from the existing car park. Colleagues in Parking Service are supporting major project colleagues to identify suitable alternative sites.

Legal Officer: Andrew Mathias

Date: 15th August 2023

Background Papers

- [Report to the Worthing Joint Strategic Sub-Committee dated 12th January 2023 - Teville Gate Regeneration - Marketing for Development Partner](#)

Sustainability & Risk Assessment

1. Economic

- The project is strategically interlinked with a planned wider investment programme connected with future developments at other key sites in Worthing.
- Redevelopment of the Teville Gate site will contribute to the creation of an enhanced entrance to the town and town centre, providing an economic boost to existing businesses, and encouraging an increase in investment across the town as the most visible regeneration challenge gets addressed.
- Economic and financial risk to the Council if the site remains undeveloped includes further interest payments and further delays in the delivery of economic benefits, new homes and jobs for the Borough's residents.

2. Social

2.1 Social Value

- The delivery of much needed new homes, including affordable homes, to meet the needs of the Borough.
- The promotion of sustainable travel opportunities and reducing the need for car parking.
- Development on the site would send a positive message to the community, visitors, commuters and business, that change is taking place in Worthing and improvements to the built environment will be realised in the near future.
- The existing cleared site and hoarding does little to enhance this part of Worthing from road or rail, and redevelopment of this important gateway site to enhance the street scene and act as a catalyst for the regeneration of the wider area.

2.2 Equality Issues

- Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

- Works will be managed under the Construction Design & Management (CDM) Regulations 2015.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- It is intended that redevelopment will bring forward a high quality development in a sustainable town centre location. Noise, dust and highway obstructions will be kept to a minimum using industry standard techniques, and monitored by the Council throughout the works.
- The project aligned to the council's strategic approach to Climate Emergency.

4. Governance

- Matter considered and no issues identified.