

Town Centre Strategy



Report to:	Cabinet
Date:	5 June 2025
Portfolio Holder:	Councillor Dan Swords, Leader of the Council
Lead Officer:	Giles Clarke, Executive Director
Contributing Officers:	Jacqui Van Mellaerts, Assistant Director - Finance and Section 151 Officer Daniel Dickinson, Assistant Director – Legal and Democratic Services and Monitoring Officer
Key Decision:	Yes
Forward Plan:	Forward Plan number I018338
Call In:	This item is not subject to call in procedures as it stands as a recommendation to Full Council
Corporate Mission:	Rebuild our town
Wards Affected:	Little Parndon and Town Centre

Executive Summary

- A** The report sets out proposals for the acquisition of the site and buildings known as Terminus House, Terminus Street (“the Property”) owned by Terminus House (Commercial) LLP and Terminus House Harlow Resi LLP, as a key strategic contribution to the regeneration of the town centre in line with the Building Harlow’s Future plan.
- B** The acquisition will take the form of either a purchase of the shares in two special purchase companies that currently own the building or a direct purchase of the underlying property asset. The route will be determined by the relative pricing, risks and benefits of each.

Recommended that Cabinet recommends to Full Council that:

- A** Delegated authority be given to the Leader of the Council in consultation with the Executive Director responsible for regeneration and property, and the Section 151 and Monitoring Officers, to determine and finalise commercial terms up to a total amount (this being the aggregate cost of the purchase price, SDLT and any corporate liabilities and transaction costs) as set out in exempt Appendix A of this report for the purchase of either:
 - i) 100% of the shares of Terminus House (Commercial) LLP and Terminus House Harlow Resi LLP, or
 - ii) The freehold interest in Terminus House, Terminus Street including the existing multi-storey car park, commercial premises and residential units.
- B** Delegated authority be given to the Leader of the Council in consultation with the Managing Director, Section 151 and Monitoring Officers, to complete the acquisition of either (i) or (ii) above, following agreement of legal contractual documentation, and completion of company, commercial, legal and property due diligence.
- C** Delegated authority be given to the Leader of the Council in consultation with the Section 151 to allocate the required budget for the negotiated price (including associated costs) and to finalise any required capital financing in which the Capital Strategy and Treasury Management Strategy are amended to reflect the capital transaction.
- D** The asset be transferred to the Harlow Regeneration Partnership to enable Hill Group to prepare development options to optimise the use of the site.

Reason for decision

- A** The proposals, as further detailed in the exempt appendices, will allow the council to deliver on its corporate mission to 'rebuild our town', provide Harlow homes for Harlow people, and to deliver the regeneration of the town centre.
- B** The property is extremely prominent and represents an important part of the future regeneration of the town centre, and its purchase would provide a strategic opportunity for a comprehensive redevelopment of the site as part of the plan to rebuild our town centre.
- C** The issues related to the current use of the building has been well documented in both local and national media. A purchase and redevelopment that is led by the council provides a route to ameliorate these matters and deliver a positive intervention to the town centre.

Other Options

- A** The council could consider acquiring the Property in conjunction with a joint venture partner. This would reduce the demand on the council's capital requirements to fund its investment programme. However, bringing in a co-investor at the point of acquisition would reduce the flexibility to comprehensively redevelop the site through the Harlow Regeneration Partnership. Therefore, the current proposal is the preferred option as it preserves the flexibility seek an investment partner, after plans have been developed, should this be beneficial at that stage.
- B** Another option would be for the council not acquire the Property at all. This would leave in place the current temporary accommodation-focussed letting operation in sub-standard bedsits and would not allow the council to realise its corporate missions set out in the Building Harlow's Future plan.
- C** Although the council is under no compulsion to acquire the property, there are significant risks from not doing so. These arise principally from an obligation on the current owner to undertake fire safety improvement works before November 2025.
- D** The first risk is that the owner makes a substantial investment in the building and then decides to retain it in its present use to recoup its investment or to then sell it at a higher price. While this would not have a direct impact on the council, it would remove the opportunity to regenerate this part of the town centre, potentially for the long term.
- E** The second risk would have a direct impact on the council. In the event improvements are not completed, there is a significant probability that the fire authority would issue a Prohibition Notice requiring all residents to move out. This would trigger potentially 220 families and individuals presenting themselves as homeless to the council. The council would then have to source its own temporary accommodation (including short term hotels), and then longer-term housing to those to whom the council owes a duty. This would place an indefinite financial burden on the General Fund.

Background

1. The council has adopted a bold corporate policy framework for 2025/26 called Building Harlow's Future. This plan sets out six corporate missions:
 - i) Transform our council
 - ii) Rebuild our town
 - iii) Invest in our housing
 - iv) Renew our neighbourhoods
 - v) Secure our future
 - vi) Protect our communities

2. The mission to 'rebuild our town' includes the following outcomes:
 - i) Complete our programme of acquiring key town centre sites and buildings. This will ensure no area is left behind in Harlow's regeneration and ending the legacy of fragmented land ownership; and
 - ii) Deliver the comprehensive pipeline of town centre redevelopment schemes. Through the Harlow Regeneration Partnership, we will transform all areas of the town centre, introducing high-quality residential, commercial, and leisure spaces that align with the town's long-term vision for growth.
3. In March 2022, the council adopted the Harlow Town Centre Masterplan Framework (HTCMF). The HTCMF provides guidance to inform the future planning and design of Harlow town centre.
4. The HTCMF provides a concise portrait of Harlow town centre and includes a historic overview and mapping of contextual elements alongside spatial objectives and desired outcomes.
5. The HTCMF also identifies key guidance across a series of headings including overarching principles, movement, urban design, public realm and land use and defines guidance around building heights.
6. Additionally, the HTCMF provides guidance for Opportunity Areas within the HTCMF boundary and summarises recommendations to support the delivery.
7. The council's mission to 'rebuild our town' and the associated outcomes agreed for the year ahead are set to ensure the council realises the vision set out in the HTCMF.
8. The council has already made significant progress in the regeneration of the town centre, in line with the HTCMF, including with key strategic acquisitions and commencement of transformational regeneration schemes.
9. Terminus House in its current operable form has been garnered significant scrutiny given the impact to local services caused by the placement of transient residential population that has been placed by London Boroughs.
10. Ensuring a cohesive resident population within the town centre is a key element of the creation of functioning and successful community, and an essential component of place regeneration efforts.

Issues/Proposals

11. In order to regenerate the whole town centre, key assets within Harlow need to be transformed. The acquisition of Terminus House, adjacent to the redeveloped Terminus

Street and enhanced public open space will provide the opportunity to transform the town centre to the east of Broad Walk.

12. The property is one of the most significant opportunities for regeneration in the town centre. Its redevelopment would have a substantial impact on the council's entire programme of activity to deliver the adopted mission to rebuild the town. Equally, doing nothing would leave in place one of the principal impediments to progress.
13. The council and its specialist advisers have been in lengthy negotiations with the current owners of the Property and have agreed for the council to acquire Terminus House by way of a purchase of the companies that hold it.
14. Valuation assurance has been received from the council's external advisers in an RICS Red Book valuation report. This is attached as Appendix B.
15. A key condition of the purchase is that all existing tenants of Terminus House will be re-housed outside the district by the current owner, at the current owner's expense.
16. Notwithstanding the proposal for the council to acquire the shares of the companies that own the asset, which would reduce Stamp Duty Land Tax (SDLT) costs, it would also transfer to the council all liabilities of those companies. These include corporation tax and any claims that could be brought by displaced tenants; a risk that is increased through the introduction later this year of new rental reform legislation.
17. An acquisition of the companies, rather than the underlying property asset, also promotes the risk of subsidy control requirements. In effect, these mean the future cost of financing a redevelopment would be higher than if the council had direct ownership of the property.
18. Therefore, Cabinet should note there will be a requirement to agree either (i) a price adjustment to account for the risks of buying the shares of the companies or (ii) a purchase of the underlying property asset instead of the company shares.
19. This means there could be a small adjustment to be made to the purchase price, which is described in more detail in exempt Appendix 2.

Implications

Equalities and Diversity

There are no Equalities and Diversity impacts arising from the proposal.

Climate Change

There are no direct impacts on climate change arising from the proposal. Any indirect impacts that may arise from a future redevelopment will be addressed by the council conforming to all associated legal requirements.

Finance

Further work is required before the Section 151 Officer will be able to determine the most appropriate method of financing. That work will be completed and reported to the Leader of the Council prior to the exercise of any of the delegations proposed for the Leader of the Council as set out in the recommendations to this report.

The assessment of the financing model will require consideration of the councils' wider financial obligations and will only be determined agreeable by the Section 151 Officer, once the final terms of the transaction are established.

There will be associated interest payable and Minimum Revenue Provision (MRP) implications, and these will need to be precisely quantified within acceptable parameters subject to further financial due diligence of the acquisition options.

It should be noted that the decision to complete the capital transaction is not being sought for financial gain, but for the regenerative benefit of the town to ensure the council fulfils its objectives on wider regeneration through control of key strategic sites.

Author: Jacqueline Van Mellaerts, Assistant Director – Finance and Section 151 Officer

Governance

The council has powers to acquire either land and property or the companies in question, under its general power of competence and specific planning/regeneration land acquisition powers. There are several risks which need to be properly assessed through due-diligence processes and ultimately managed or mitigated through an appropriate transaction structure and legal documentation, which the delegations proposed in this report would allow. Further authorisations may be required once development options to optimise the use of the site are identified.

Author: Daniel Dickinson – Assistant Director (Interim) Legal & Democratic Services – Monitoring Officer

Appendices

Appendix A (Exempt) – Commercial Terms

Appendix B (Exempt) – RICS Red Book Valuation

Background Papers

None.

Glossary of terms/abbreviations used

HTCMF – Harlow Town Centre Masterplan Framework

TA – Temporary accommodation