

EXECUTIVE MEMBER REPORT TO COUNCIL Wednesday 24th January 2018

1. Centre Square

In September 2016, Executive approved the conditional freehold disposal of land to the East of Centre Square to Ashall Projects Ltd. To best protect the Council's interests, Executive approved that the contract of sale is governed with a number of conditions which must be met prior to the sale completing. Since then, work has been ongoing to progress the conditions and prepare the site for the development to commence.

The Centre Square (East) Office Scheme will not only generate direct jobs to be accommodated in the City Centre, but the staff working there will make a major contribution to the longer term future viability of Middlesbrough. It is a fundamental part of the Investment Prospectus and is moving closer to becoming a reality.

The development will be delivered in a phased programme. The first phase will comprise of two buildings, 1 Centre Square and 2 Centre Square. The second phase will comprise of three buildings, 3 Centre Square, 4 Centre Square and 5 Centre Square, as well as a medium level capacity car park and the re-provision of a new water feature and new civic square. Potentially other plots could be added to the scheme, adding to it's overall success. The attachments show the overall development masterplan and a site plan identifying plots.

Plots 1a and 1b will now be transferred to Ashall Projects Ltd. subject to agreement of cost

Ashall Projects Ltd. has already carried out a significant level of development work at their own cost and risk to meet Middlesbrough's ambition to develop modern, efficient Grade A Office space with high architectural merit.

Full planning permission for phase 1 (plots 1a and 1b) and outline planning permission for phase 2 (plots 2a and 2b) was obtained in May 2017. Following this, phase 1 was fully costed and marketing consultants were appointed to create a website and marketing material. To minimise risk, early discussions have been undertaken with utility companies regarding supplies to the site.

Phase 2 includes the creation of a new civic square with water features, this was included in the outline planning permission for phase 2, however it falls outside of Ashall's scope. To inform this element of the design, the Council commissioned Colour (urban designers) to initially undertake a high level design, a detailed design specification and costings are to follow.

Ashall Projects Ltd has appointed CBRE to act as their agent to assist with marketing. In addition they have also appointed marketing consultants. This has resulted in considerable user interest, Ashall's has received a significant number of investment enquiries, whose size requirements total more than the current scheme. Although lets are not yet secured, the development is clearly generating momentum.

Early discussions have commenced with Tees Valley Combined Authority (TVCA) and Teesside Pension Fund (TPF) regarding potential investment in the scheme. The Council is also exploring potential opportunities for its own investment in the scheme.

2. Council Accommodation

As part of the Council's longer term financial planning there is a need to reduce and realign the Authority's property costs.

The Civic Centre requires significant investment to bring it up to a modern day working environment and the current working environment is limiting the delivery of key Council policies such as Agile Working and the delivery of property savings under the Change Programme. Analysis of detailed costing models has shown that a new build gives the best value for money in terms of cost and benefits compared to the other options, with the highest end of life value and the most flexible design to accommodate future Council needs. In addition, a new build would release the Civic Centre site for redevelopment with the option to continue the planned Grade A office scheme on Centre Square. This development would bring additional economic benefits to the town and create and city scale development unparalleled in the Tees Valley.

On 19th December 2017, Executive approved that the Council vacates the Civic Centre once an alternative location is found. Work is now underway to bring a proposal to Executive for a new building with the objectives of avoiding future expenditure, supporting Agile Working, producing revenue savings, contributing to the town centre economy, improving staff productivity and improving customer satisfaction.

I look forward to providing you with an update in the forthcoming months.

3. TAMP External Funding

Formal approval has been secured for the external match funding required to support the development of C.180,000 sqft premium business accommodation at Tees Advanced Manufacturing Park (TAMP).

It is intended that the AMP will be a specialist business park accommodating high value engineering companies, building on the success of the investment by TWI at the site.

In late December 2018, Tees Valley Combined Authority (TVCA) approved funding of £7.65m and The SSI Taskforce approved a further C. £2.3m. Combined with Middlesbrough Council's investment (approved at Executive of 19 December 2017), this represents a £22.46m funding package to accommodate a new cluster of advanced manufacturing businesses within Middlesbrough.

The funding is subject to standard contractual requirements and a due diligence process which is being urgently progressed between Middlesbrough council and TVCA. Pre-construction preparations are now progressing and works are schedule to commence on site in early summer 2018.

The ambition for TAMP is to create an technologically-advanced business cluster, hosting up to 1,000 jobs and creating well-paid, skilled employment for the people of Middlesbrough and the wider Tees Valley. New inward investment activity is targeted to bring new opportunities to our residents, utilising the wealth of engineering and manufacturing skills from our recent history, whilst leading the way with innovative new specialisms and technologies for the future.

New industries and skills are critical for the growth of the local economy. Increased disposable incomes drive our service and retail economy and underpins Middlesbrough's city-scale ambitions. These plans place Middlesbrough ahead of the curve in modern industrialisation and present significant opportunities in terms of developing integrated supply chains, export market growth and research and innovation; particularly with our educational establishments.

4. Splash Utilities

Water Utilities brokerage Splash Utilities has located to Middlesbrough in December 2017. Following the deregulation of the water utilities market the company provides a brokerage service and develops new technologies to enable businesses to review their water provider and save money. The business is set to create more than 100 jobs including apprenticeships and traineeships.

The company chose Middlesbrough due to a number of factors: Location (rail, road links) employment base with transferrable skills, Middlesbrough's investment ambitions, plus support from Middlesbrough Council's Economic Growth.

The company has located into 8,000 sqft premises in Royal Middlehaven House (opposite Boho 1), they have 30 staff already in place, the Council is supporting them with their recruitment drive; linking them into our Economic Working Group to ensure co-ordinated support is received from DWP, Middlesbrough Community Learning, College etc.

Press releases and publicity have been issued by the company and the Council about the new company and its recruitment drive.

5. Town Centre Update

Albert Road

Jomast have commenced work to bring their properties, 15 to 25 Albert Road back into use. This will include external works to the frontage of the buildings including new windows, roof and brick work repairs, as well as the installation of new shop fronts. Internal works will be carried out to the ground floor of each of the properties enabling them to be brought back into use as businesses. The works will rejuvenate this area which acts as a key link between the Railway and Historic Quarter and Centre Square.

The Council will be working with Jomast to attract future occupiers to the buildings and promote the wider area.

Lane 7

This latest addition to Albert Road's leisure offer opened its doors to customers on Friday 15th December. The boutique bowling alley which has seen an investment of over £400,000 aims to provide a unique experience to visiting customers including retro arcade games and high-end late night drinks. The five lane venue has created around 25 full and part time jobs; it brings a valuable addition to the overall offer in the area.

St James House

The redevelopment of the four storey office building is well underway to provide office space to the ground floor and 59 student apartments above with some external alterations. The development will retain existing commercial space on the ground floor whilst the upper levels will retain the original brick with window openings being enlarged to create light in the new living spaces. Works are scheduled for completion by the end of June, breathing new life back into this prominent town centre building which has stood empty since October 2015.

6. Tuxedo Royale

Around mid-December, Able set up cabins on site in preparation for the dismantling of the boat. Throughout December a number of surveys were carried out on asbestos, and related matters, as required prior to finalising the dismantling method. The dismantling is due to commence next week (pending outcome of the final asbestos surveys) and the programme will then be finalised. Able

confirm, subject to work commencing in the next week, all works should be concluded by early spring 2018.

It is acknowledged that it is sad to see the demise of this former cross-channel ferry. However, the ship has stood derelict, resting on the floor of the river for several years, gradually corroding. It has been subject to some serious damage, most recently by fire. Whilst there have been campaigners wishing to remove and restore the ship over the years, no funded business plan has been provided.

The ship is a potential hazard and risk, and detracts from the image of the wider Middlehaven area. The sad conclusion is that its inevitable scrapping needed to be taken forward by Able UK. The Council has worked with Able UK to facilitate this.