

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

The Old Town Hall and Clock Tower

Deputy Mayor and Executive Member for Resources: Councillor David Budd

Executive Director of Neighbourhoods and Communities: Kevin Parkes

Date: 10th April 2014

PURPOSE OF THE REPORT

1. To inform on a proposal to provide an "option" for the possible leasing of the Old Town Hall in St. Hilda's to Tees Valley Community Foundation, for its restoration, refurbishment and future use.

SUMMARY OF RECOMMENDATIONS

2. It is recommended that the Executive Property Sub-Committee supports:
 - a) a one year lock out arrangement to the Tees Valley Community Foundation for the building, which will allow exclusive rights to progress their proposal. This will be renewable for a further year if it is demonstrated that progress is being made in developing the scheme; and,
 - b) that, subject to a satisfactory scheme being developed, the Council will lease the building for 25 years at a peppercorn on a full repairing and insurance (FRI) basis", this period being a minimum requirement of the proposed funders.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

3. It is over the financial threshold (£150,000)
It has a significant impact on 2 or more wards
Non Key

4. For the purposes of the scrutiny call in procedure this report is

Non-urgent
Urgent report

If urgent please give full reasons

BACKGROUND

5. The Grade 2 listed Old Town Hall and the Clock Tower were designed by W L Moffatt of Doncaster and built in 1846, together with the Market House, which surrounded the base of the Clock Tower.
6. The buildings were erected at the centre of the new Middlesbrough town grid-plan or layout.
7. The Old Town Hall accommodated a Police Station on the ground floor, and a large public meeting hall with gallery on the first floor for the civic and municipal functions of a rapidly growing "Infant Hercules".
8. The civic functions of the Old Town Hall were then replaced when the existing Town Hall and Municipal Buildings were opened in 1889.
9. Since then the buildings have housed a variety of functions such as a Market Provision Hall, Police Station, library, nursery, community development and community council functions.
10. The market in St. Hilda's finally ceased in 1959, with the Old Town Hall no longer in use from 1996, although the "Under the Clock" Community Centre, which replaced the old Market Hall, continued operating until finally closing around 1999.
11. The building, situated close to the new Myplace facility, has stood empty and derelict ever since, now requiring major restoration works, and is a boarded up eyesore in Middlehaven.
12. Survey work has demonstrated that the restoration costs for this Grade 2 listed building would be considerable. Such costs are likely to be prohibitive in respect of the building being brought into use through the open market.

PROPOSAL

13. The Council has been approached by Tees Valley Community Foundation (TVCF) with a proposal to restore the building as an investment project on behalf of the Foundation.
14. Currently TVCF have considerable resources under management, and would now like invest in local initiatives and get a broader social return, as well as a return on their investment.
15. It is proposed that TVCF could invest a considerable amount to a regeneration project, where the finished scheme could bring a return.
16. It is anticipated that TVCF could use their own resources to bring in other match funding from other sources.
17. The initial proposal is that the building will be used for office use and workspace.
18. TVCF would manage the building, and depending on the type and amount of grant support the proposal may attract, the finished building could offer office and/or start up incubator space.

19. TVCF would expect that such a programme would create, and protect, a number of job opportunities depending on the scale of the completed building.
20. TVCF would require the Council to provide a one year lock out arrangement with TVCF for the building, which will allow the security of exclusive rights to progress their proposal, with a repair and maintenance leasehold arrangement proposed, on a “peppercorn” rental basis over a period of a minimum of 25 years, this period being a minimum requirement of both the proposed funders.

FUNDING

21. This proposal would “fit” with the Heritage Lottery Fund’s new Heritage Enterprise Scheme, which supports enterprising community organisations across the UK to rescue neglected historic buildings and sites and unlock their economic potential, with grants available from £100,000 to £5,000,000.
22. TVCF’s proposal has also been presented to the European Regional Development Fund (ERDF) team at the Department of Communities & Local Government (DCLG) and Tees Valley Unlimited with a view to the new 2014-2020 EU Programme.
23. TVCF’s proposal is at a very early stage, with projected timescales of discussion with other interested agencies and the development of the proposal spread through 2014/2015.

IMPLICATIONS

24. The building is presently a major liability to the Council and its capital programme, especially due to its historic and listed status, with no other real options or commercial interest for its future use and maintenance.
25. The costs of renovation and re-use are anticipated to be in excess of £1M.

NEXT STEPS

26. A Project Enquiry Form is to be submitted shortly to the Heritage Lottery Fund by TVCF to commence the dialogue process as to whether the project meets HLF eligibility and to discuss the way forward.
27. At the same time an ERDF funding application to support this proposal will be prepared.

IMPACT ASSESSMENT (IA)

28. An Impact Assessment is not applicable at this stage, but future consideration will be made as the project progresses.

OPTION APPRAISAL/RISK ASSESSMENT

29. As previously mentioned this Grade 2 listed building is a future liability to the Council with resultant major financial implications to its capital programme.

30. The options available to the Council are :-

Option 1 - Do nothing; the building remains derelict with no impending commercial interest, whilst falling into a greater state of disrepair resulting in future financial risk implications to the council's capital programme, principally due to its historic value and listed status. The building would become an eyesore and have a detrimental impact upon the Council's wider regeneration aims in Middlehaven and across Middlesbrough.

Option 2 - The Council refurbishes the building at a considerable cost to the capital programme, although a future use for the building would need to be determined and required.

Option 3 - The Council could seek external funding support to refurbish the building, again a future use for the building would need to be determined and required. The Council would also need to provide some financial input, as most funding providers require the commitment of some level of match funding from applicants.

Option 4 - The Council supports the future development of this proposal, by providing:

- a) A one year lock out arrangement with TVCF for the building, which will allow exclusive rights to progress their proposal. This will be renewable for a further year if it is demonstrated that progress is being made in developing the scheme; and,
- b) An agreement to lease the building for 25 years at a peppercorn on a full repairing and insurance (FRI) basis", this period being a minimum requirement of the proposed funders.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

31. **Financial Implications** - Support of this proposal would remove the future liability and resultant major financial implications to the Council and its capital programme.

32. The Council would also benefit from the income received from payment of business rates by TVCF.

33. **Ward Implications** - Refurbishment of the building would encourage further economic activity and future inward investment to the area.

34. The development of the building would be subject to future extensive local consultation with the community by the developers as part of the planning process. Ward members and the local community have not yet been consulted in the preparation of the development guidance for the site due to the early stages of project development.

35. **Legal Implications** – The Council would have to enter into an agreement to a repair and maintenance leasehold arrangement, on a "peppercorn" rental basis, over a period of a minimum of 25 years.

36. This arrangement would protect the Council's asset and future interests, and would meet the minimum requirement of proposed funders.

37. As TVCF would be the Accountable Body with the HLF, there would be no financial liability to the Council. A contract would be between the HLF and TVCF, therefore repayment of the grant would not default to the Council.

RECOMMENDATIONS

38. It is recommended that the Executive Property Sub-Committee supports:
- a) a one year lock out arrangement to the Tees Valley Community Foundation for the building, which will allow exclusive rights to progress their proposal. This will be renewable for a further year if it is demonstrated that progress is being made in developing the scheme; and,
 - b) that, subject to a satisfactory scheme being developed, a repair and maintenance leasehold arrangement, on a “peppercorn” rental basis over a period of a minimum of 25 years, this period being a minimum requirement of the proposed funders.

REASONS

39. Success of this proposal would see the resultant restoration of a building of major importance in Middlesbrough’s history and heritage, subsequently improving the image and future potential of the Middlehaven Regeneration site.
40. Refurbishment of this Grade 2 listed building would remove the future liability and resultant major financial implications to the Council and its capital programme, and provide additional income from the future business rates from TVCF.
41. Success of this proposal would see TVCF as the Accountable Body with HLF, therefore no financial liability to the Council. A contract would be between HLF and TVCF, therefore repayment of the grant would not default to the Council.

BACKGROUND PAPERS

42. No background papers were used in the preparation of this report.

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