

## THE EXECUTIVE

A meeting of the Executive was held on 20 December 2019 at 1:00 p.m. in Mandela Room, Town Hall, Middlesbrough.

**PRESENT:** Mayor A Preston (Chair) and Councillors B Cooper, D Davison, A High, C Hobson, D McCabe, M L Smiles and A Waters

**INVITEES:** Councillor J Thompson

**ALSO IN ATTENDANCE:** Councillors S Dean, T Furness and J Hobson

**OFFICIALS:** J Bromiley, A Cain, K Parkes, T Parkinson, S Reynolds, E Scollay and I Wright

### DECLARATIONS OF INTERESTS

There were no Declarations of Interest made by Members at this point in the meeting.

#### 19/52 **MINUTES - EXECUTIVE - 19 NOVEMBER 2019**

The minutes of the Executive meeting, held on 19 November 2019, were submitted and approved as a correct record.

#### 19/53 **ELECTED MAYOR'S PRIORITIES FOR MIDDLESBROUGH AND STRATEGIC PLAN 2019-2023**

The Mayor and the Chief Executive submitted a report for the Executive's consideration. Prior to consideration by Full Council, on 15 January 2020, the purpose of the report was to seek the Executive's endorsement of:

- the priorities of the Elected Mayor of Middlesbrough; and,
- the proposed revised Strategic Plan for the period 2020-2023, setting out how the Council would contribute to the delivery of the Mayor's priorities.

The priorities of the Elected Mayor of Middlesbrough planned to replace the Vision for Middlesbrough in 2025 - Fairer, Safer, Stronger as the key, overarching, priority-setting document for the town. The Strategic Plan was the Council's overarching business plan for the medium-term, and was typically refreshed on an annual basis. The refresh responded to the revised mayoral priorities.

Full Council approved a Strategic Plan for the period 2019-2022 on 15 March 2019. In approving the plan, Members were advised that the document was predicated upon mayoral priorities that would be updated following the election of a new Mayor in May 2019, and that in turn would require a review of the Council's Strategic Plan.

The now elected Mayor of Middlesbrough, Andy Preston, had set out his nine key priorities for the term of office. Subject to the approval of Full Council, those priorities would supersede the priorities set out in the previous iteration of the mayoral priorities document (Fairer, Safer, Stronger).

In order to improve communications and strengthen the links between the two documents, the priorities of the Elected Mayor would be set out within the Council's Strategic Plan, rather than within a separate document.

Appendix 1 of the submitted report, set out a revised Strategic Plan for the 2020-2023 period. The plan was organised around three strategic aims of People, Place and Business, and the strategic priorities set out in the plan had been revised to ensure that the Council optimised its contribution to the delivery of the Mayor's priorities.

**OPTIONS**

It was imperative that the Council effectively articulated and communicated an overarching plan to direct activity across Directorates towards the achievement of corporate strategic objectives. The only other feasible decisions therefore related to the structure of the document, and its horizon (i.e. reverting to an annual plan). It was strongly in the Council's interest to plan over the medium-term, in line with the indicative budgets over that period outlined by the Government. The proposed document achieved that while providing an appropriate level of detail for all audiences on the Council's planned activity over that period.

**ORDERED**

That the priorities of the Elected Mayor of Middlesbrough, and the proposed Strategic Plan for 2020-2023, be endorsed.

**REASON**

To enable Full Council to consider a robust and comprehensive plan, for the 2020-2023 period, at its meeting of 15 January 2020.

19/54

**COUNCIL - FUTURE OFFICE ACCOMMODATION**

The Mayor and the Chief Executive submitted a report for the Executive's consideration. The purpose of the report was to present an alternative civic accommodation option appraisal. The report recommended Theakston as the preferred developer. The report also recommended Centre North East as the preferred option in replacement for building one of Centre Square, which was to be made available for commercial letting.

On 20 February 2018, the previous Mayor's Executive approved the commitment to a 35-year wrap lease for building one of the Centre Square development, for the purposes of accommodating Council staff and services as the principal civic building for Middlesbrough.

On 11 July 2019, Mayor Preston announced that there had been significant interest in the building by external businesses. As a result, the previous plans for the Council to move into the new building were paused to allow that to be explored and other accommodation options to be considered.

Good progress had been made in securing paying tenants and it was now confidently anticipated that, by the end of January, lettings would be announced on significant proportions of both new buildings at Centre Square (in excess of 45,000 sq. ft.). That was predicted to generate significant unbudgeted rental income, which could be utilised to fund alternative Council accommodation.

The previous Executive directions provided a rationale which discounted the refurbishment of Civic Centre. That rationale had been reaffirmed, as the refurbishment of the existing Civic Centre was fundamentally unviable given its current occupation. The Council relocating and vacating Civic Centre allowed it to become available for comprehensive redevelopment, potentially into residential use to assist in the target to increase town centre living.

Given several options were being presented, the Council provided prospective developers with a deadline to submit formal proposals to provide the specific accommodation requirements of the Council and to meet the option appraisal criteria. Four developers had submitted proposals. Further information on the options appraisal and the proposals were detailed in the submitted report.

**OPTIONS**

The principle that the Council should relocate to a new office building was established by the previous Executive direction, however, the imperative to attract inward investment within the town centre had necessitated the exploration of alternative

**accommodation proposals.**

**Due to the commercial sensitivities of the respective proposals and the additional diligence required to make a final decision, the determination of a preferred developer had been granted on the face value of the bids submitted.**

#### **ORDERED**

**That Theakston be approved as the preferred developer and Centre North East as the preferred option in replacement for building one of Centre Square.**

#### **REASONS**

**Preferred developer status did not confer a lease as that would be subject to the provisions set out in paragraph 11 of the submitted report, coupled with confirmation from the Council's institutional financiers as to preferred option acceptability from a financial perspective and its sustainability as a long-term accommodation solution for the Council.**

**Given the additional information requirements, a detailed and complete analysis of the preferred option in respect of legality, feasibility, costs, benefits and risks had not been completed as yet. That would be forthcoming in a future report, at the end of the due diligence period outlined in paragraph 11.**

#### **Consultation and Scrutiny**

**The report stipulated that the proposals set out in the report build on those approved by Executive on 20 February 2018. Extensive stakeholder consultation was undertaken with Council staff to develop the 'neighbourhood' plans that were to be implemented within building one at Centre Square. The options contained within the submitted report had been assessed as to their compatibility with the existing 'neighbourhood' plans.**

**The subject of the submitted report had not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel.**

19/55

#### **CALCULATION OF COUNCIL TAX BASE FOR 2020/2021**

The Executive Member for Finance and Governance and the Strategic Director of Finance, Governance and Support submitted a report for the Executive's consideration. The purpose of the report was to set the council tax base for the financial year 2020/2021 by the statutory deadline of 31 January 2020.

The Council had a legal obligation to calculate a council tax base each financial year. The calculation of the council tax base was a part of the Council's budget strategy, which formed part of the Council's Policy Framework, and as such needed to be agreed by Full Council.

The resultant figure (line 1 of Appendix A of the submitted report) was the total equivalent number of dwellings, which were then converted using ratios (in line 2) into the number of Band D equivalents (line 3), specified in the 1992 Act. For 2020/2021, the equivalent number of Band D properties was calculated at 35,235.3.

The council tax base was finally determined by multiplying the sum of the Band D equivalents by the Local Authority's estimated collection rate, which had been assumed at 97.4% for 2020/2021. That was the estimate of the percentage of the 2020/2021 Council Tax set, which would be collected in total, not the expected in year collection rate in 2020/2021. The rate used was re-considered each year and the rate for 2020/21 was unchanged from that used for 2019/20. The resulting council tax base for 2020/2021 for the whole of Middlesbrough (Appendix A) was 34,319, rounded to a whole number.

The regulations also required a council tax base to be calculated for parishes, and similar

calculations had been made for the parishes of Nunthorpe (Appendix B of the submitted report) and Stainton & Thornton (Appendix C of the submitted report). The council tax bases for 2020/2021 were 2,145 and 869 respectively, rounded to whole numbers.

The billing authority was required to notify the major precepting authorities (Cleveland Police and Crime Commissioner and Cleveland Fire Authority) of its council tax base within seven days of making the calculation, or no later than 31 January 2020.

## **OPTIONS**

**Not applicable to the report, as the Council had no option but to calculate a council tax base as it was a statutory requirement.**

## **ORDERED**

1. **That the contents of the report be noted**
2. **That the council tax base for 2020/2021, as 34,319, be endorsed.**
3. **That 2,145 and 869 as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively, for 2020/2021, be endorsed.**
4. **That the report be presented to Council on 15 January 2020, and that following approval the Police and Crime Commissioner, the Cleveland Fire Authority and the Parish Councils be notified of the 2020/2021 council tax base.**

## **REASONS**

**The recommendations were supported by the following reasons:**

1. **The Local Government Finance Act 1992 required a billing authority to calculate its council tax base for each financial year.**
2. **The method of calculation was specified in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which required the calculation to be approved before 31 January in the year proceeding the relevant financial year.**

19/56

## **LOCAL COUNCIL TAX SUPPORT 2020/2021**

The Executive Member for Finance and Governance and the Strategic Director of Finance Governance and Support submitted a report for the Executive's consideration. The purpose of the report was to seek approval for the Council Tax Support (CTS) scheme for 2020/2021.

From 1 April 2013, the Government replaced the national Council Tax Benefit scheme with a new CTS scheme to be designed and administered by local authorities. The Government passed that responsibility to Councils with a 10% cut in the grant funding and prescribed that pensioners must be no worse off under any local scheme. That translated into an effective reduction in funding for working age claimants of 20% and meant that some residents, many of whom had previously been required to pay nothing, now had to pay at least 20% of their Council Tax. Middlesbrough's scheme was approved by full Council on 9 January 2013 and remained unaltered (apart from some minor legislative changes) until 2018/2019 when the scheme was amended to bring regulations in line with the current Housing Benefit scheme, whilst also increasing the amount of support provided to 85% for working age residents. That therefore meant residents claiming CTS had a minimum of 15% of their Council Tax to pay as opposed to the previous 20% charge.

The current CTS scheme was working well with no challenges to the regulations. Central Government made some slight changes to the prescribed regulations in late December / early January each year which would be incorporated into the new scheme. Apart from those minor changes, it was not recommended to alter any other elements.

## **OPTIONS**

The Council could reduce or increase the amount of support awarded. However, as indicated earlier in the submitted report, the Council recognised the financial challenges placed on residents through the Government's welfare reforms when increasing the CTS support for 2018/2019, therefore, that was not considered a viable option.

In addition, the Council was not in a financial position to consider awarding additional support without affecting other Council services. If that were to be considered, a full consultation exercise would also need to be carried out which had not taken place during the current financial year.

## **ORDERED**

That the Council Tax Support (CTS) scheme for 2020/2021 be approved and the report be considered at the full Council meeting of 15 January 2020.

## **REASONS**

The Council recognised the financial challenges faced by some residents due to the Government's welfare reforms when increasing the amount of support provided through the CTS scheme in 2018/2019. The roll out of Universal Credit (UC) in Middlesbrough, which commenced in October 2018, had been a challenge for some residents to claim CTS, although the Revenues and Benefits service had amended its procedures so that UC claimants could be smoothly transitioned on to CTS.

As the only changes to the scheme were minor legislative changes, set by Central Government, no stakeholder consultation had been carried out. Similarly, the proposals had not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel due to the scheme remaining the same.

19/57

## **HOUSING DELIVERY VEHICLE - NEW DIRECTION**

The Executive Member for Regeneration and the Executive Director for Growth and Place submitted a report for the Executive's consideration. The purpose of the report was to seek approval for MHomes (Middlesbrough) Limited to revise its business plan to reflect a change in direction, and to utilise allocated funding to undertake the redevelopment of land at Rievaulx Drive, known as Tollesby Shops.

The shift in strategic priority toward facilitating urban living, had required the Council to rethink how it intervened in the wider housing market. MHomes had therefore considered its current ambitions and how its future priorities could reflect the new objectives the Council required.

The MHomes Business Plan proposed the development of three Council owned sites, Gresham (Phase 1), Beechwood and Hemlington North. The schemes were to deliver 100 units over two years, including 37 units for low cost affordable rent, 35 units for market sale and 28 mixed tenure units respectively.

Development in the town centre was perceived to be commercially challenging with high build costs and lower sales values. In those circumstances, it was considered that the Council could most effectively kick-start the urban living market by working with partners who had both the track record and resources to develop new homes. Subsequently, on 26 September 2019, the Executive had approved the disposal of the Gresham housing site to Thirteen Housing Group on a 999 year lease. Thirteen planned to develop the whole of the Gresham site and not just the limited plot that MHomes was looking to bring forward.

The Council had also now been contacted by developers who had expressed an interest in the Beechwood and Hemlington North sites.

The shift in strategic priority toward facilitating urban living, coupled with the establishment of

the Strategic Housing Partnership and the commercial interest in the Beechwood and Hemlington Grange sites, meant there was no longer a requirement for MHomes to directly build homes on those sites, as was originally envisaged. As a consequence, the approved Business Plan needed to be significantly revised.

Whilst the three sites were identified specifically in the approved business plan for MHomes, a number of other potential projects had emerged since, that would represent core activity for MHomes.

It was intended that a new business plan for MHomes would be presented to Executive early in 2020.

One of the projects that had emerged since the previous MHomes business plan was approved, was the redevelopment of an area at Rievaulx Drive that was currently home to a parade of shops known locally as Tollesby Shops. A plan was included at Appendix I of the submitted report.

The proposed route to MHomes undertaking the scheme was currently that MHomes would buy the site, and implement the existing approved scheme, and either retain the properties for rental, or sell the completed scheme at an appropriate time. The nature of the final agreement would, however, be dependent upon the completion of the detailed business case currently being worked up for the MHomes board.

It was therefore proposed that some of the funding previously allocated to MHomes, for the previous portfolio of sites, be made available to conclude the arrangements. It was estimated that delivery of the scheme by MHomes would cost up to £3.5m, which was well within the £10m allocation previously made by the Executive.

At the meeting, it was advised that MHomes had recently been renamed and was now known as Middlesbrough Development Company.

## **OPTIONS**

**Before arriving at the recommendations of the report, consideration was given as to whether the Mayor's urban living agenda, and the redevelopment of Tollesby Shops could be achieved by Middlesbrough Development Company (formerly MHomes) implementing its approved Business Plan.**

**Although the Mayor retained the ability (as the shareholder) to vary the business plan, it was felt that the changes required were significant enough to justify further consideration by Executive.**

## **ORDERED**

- 1. That a new business plan, for Middlesbrough Development Company (formerly MHomes), be developed to reflect emerging priorities.**
- 2. That the use of up to £3.5m of funding, currently allocated to Middlesbrough Development Company (formerly MHomes), be approved for the redevelopment of land at Rievaulx Drive, known as Tollesby Shops (subject to further sign off from the Council's Section 151 Officer).**

## **REASONS**

**The Elected Mayor of Middlesbrough had an ambition to attract an additional four thousand people to live in the town centre in the next ten years. The establishment of a viable and vibrant city centre living concept planned to give confidence to occupiers, developers and investors that the town centre was a safe, comfortable and well managed place in which to enjoy living, learning/working and leisure time and was key to diversifying the town centre economy. The shift in strategic priority towards facilitating urban living had required the Council to rethink how it intervened in the housing market, and how it used Middlesbrough Development Company (formerly**

**MHomes) to facilitate future development in general.**

**The opportunity to progress the redevelopment of Tollesby Shops needed to be taken, before business planning on the full range of future schemes could be undertaken. That therefore needed a specific, separate approval.**

**The specific objectives that the Council was seeking to achieve with the use of those resources was as follows:**

- 1. enable Middlesbrough Development Company (formerly MHomes) to meet its objectives of delivering homes to buy or rent, that meet the needs of our aspiring population, and creating quality places to live that act as a catalyst for further regeneration and investment;**
- 2. resolve the long term future of the area around Rievaulx Drive;**
- 3. support local residents, who had campaigned for the removal of a significant blight on the area; and**
- 4. secure the income that would be received from the Council Tax and Business Rates secured by the scheme.**

19/58

#### **INTERIM POLICY FOR CONVERSIONS AND SUB DIVISIONS TO CREATE NEW RESIDENTIAL PROPERTIES**

The Executive Member for Regeneration and the Executive Director for Growth and Place submitted a report for the Executive's consideration. The purpose of the report was to seek approval for the adoption of the conversions and sub-divisions policy (policy DM5) of the former Publication Draft Local Plan 2018 as an interim planning policy.

In March 2018, the Executive approved an interim policy on the conversion/sub division of residential properties. The purpose of the policy was to tackle the problems being created in certain areas of the town by the creation of flats through the sub division of residential properties. In a number of circumstances those newly created flats were smaller than national standards and created a poor and unsatisfactory living environment.

The interim policy was superseded by that included in the 2018 Publication Draft Local Plan (policy DM5). The policy amended the interim policy, approved in March 2018, by bringing the conversion of commercial properties into its scope. That strengthened the application of the policy and brought more conversions within its scope giving the Council greater control of the creation of unacceptable living environments.

As the Publication Draft Local Plan (2018) was withdrawn at the Council meeting, held on 23rd July 2019, there was a need to formally adopt a revised interim policy to ensure that an up to date framework was in place. The attached policy at Appendix 1 of the submitted report (policy DM5), taken from the Publication Draft Local Plan, was therefore being recommended for adoption as the interim policy. As that policy had already been the subject to extensive public consultation, as part of that undertaken on the Publication Draft Local Plan in 2018, there was no need to consult further prior to the adoption of the policy.

#### **OPTIONS**

**Not to adopt the interim policy. If the policy was not adopted, the Council would continue to use that approved in March 2018. The scope of that policy did not cover all eventualities where planning permission was required and as such would not effectively control all appropriate sub-division/conversions.**

#### **ORDERED**

**That the conversions and sub-divisions policy (policy DM5), of the former Publication Draft Local Plan 2018, be adopted by the Council as an interim planning policy.**

**REASON**

**To ensure that the Council had in place an effective policy to enable it to control, through the planning system, the sub division of properties to create new residential dwellings in accordance with its aspirations as set out in the Housing Strategy and Strategic Plan.**

19/59

**REDUCING EMPTY HOMES IN MIDDLESBROUGH**

The Executive Member for Regeneration and the Executive Director for Growth and Place submitted a report for the Executive's consideration. The purpose of the report was to highlight the extent of the empty homes issue in Middlesbrough and outline proposals to proactively tackle the problem. The report also sought approval to invest £1.5m in bringing empty homes back in to use in Newport and North Ormesby, and increase the additional premium charged to Council Tax for empty properties.

It was reported that an empty home could have an adverse effect on the surrounding area and in some cases could affect the value of neighbouring homes, or in extreme cases, an entire street or neighbourhood.

Council Tax records (August 2019) showed that Middlesbrough currently had 2,622 empty homes (4.2% of overall stock), of which 1,451 were classed as long term empties (empty for 6 months or more). TS1 had the highest number of empty homes with 708, with 415 being long term.

There were a number of interventions that currently existed, and were regularly used by the Council to tackle empty homes. Those included:

- premiums applied to Council tax;
- enforcement; and
- empty homes funding

Further details on those interventions were contained in the submitted report.

Although those interventions had provided some impact, the rising numbers of empty homes would require intervention beyond what had been achieved to date. It was therefore proposed that a multi-agency response was put in place to work with partners, such as - the Fire Service, Police and major housing providers in the area, to identify and address the individual empty homes causing the greatest blight on communities, particularly in Newport and Gresham.

An action plan would be developed, utilising both the existing tools and a number of additional interventions set out below:

- increased use of management orders, enforced sales and compulsory purchase orders;
- buying or leasing empty homes;
- match empty homes with investors; and
- maximising premiums applied to Council Tax.

Further details on the additional interventions were included in the submitted report.

Although the constant churn of property sales and the volatile nature of the housing market made setting a realistic reduction target across the town virtually impossible, it was intended that the number of empty homes in Newport and North Ormesby could be prevented from increasing further and eventually reduced over a two year period.

**OPTIONS**

**Although the Council already intervened with empty homes issues across the town, the scope of the interventions used meant that the impact was relatively limited.**

Continuing that activity was essential, but needed to be supplemented by other interventions. However, the range of options open to the Council were limited, as was the impact if those were applied only on a town-wide basis. Any approach therefore that didn't increase the pressure on owners to act, combined with increasing the Council's ability to act on specific properties in our most critical communities, would have been rejected.

#### **ORDERED**

1. That proactively addressing the rising number of empty homes across Middlesbrough, through the identified actions, be approved.
2. That the investment of £1.5m, to reduce empty homes in Newport and North Ormesby, be approved.;
3. That increasing the Council Tax Empty Home Premium in April 2020, from 50% to 100% after two years and by a further 100% once the property has been empty for five years, be approved.
4. That the creation of a full time role within the Revenue and Benefits Service on an 'invest to save' basis, to reduce avoidance and increase the collection of Council Tax on empty homes, be approved.

#### **REASON**

As outlined within the submitted report, the area had a large proportion of empty homes that were causing issues within neighbourhoods across Middlesbrough.

A joined up approach was important to take positive steps in stabilising the number of empty homes - particularly in the two communities of Newport and North Ormesby. The Council investing directly in interventions in those two communities was essential to creating an environment in which people want to live.

19/60

#### **TOWN CENTRE ACQUISITION - PART A**

The Executive Member for Regeneration, the Executive Member for Finance and Governance, the Executive Director of Growth and Place and the Strategic Director of Finance, Governance and Support submitted a report for the Executive's consideration. The purpose of the report was to provide an update on the challenges facing the town centre, the work being undertaken by the Future High Streets Fund (FHSF) and to seek approval for the investment in town centre property - for the purposes of (i) rationalisation of the retail floor space; and, (ii) repurposing of some of the town centre to create a more economically viable balance.

The report outlined the strategic case for the Council to acquire freehold commercial and retail property in the town centre. The report also delegated the completion of acquisitions on the identified properties to the Executive Director of Growth and Place and the Strategic Director of Finance, Governance and Support, in consultation with the Executive Member for Regeneration and the Executive Member for Finance and Governance, within the parameters of the report.

Sector specialist (Knight Frank) had provided assurance that the acquisition of properties outlined reflected:

1. value for money;
2. an income stream in excess of Council borrowing requirements; and
3. an operational surplus for at least the first five years.

That opinion was based on the operation of properties continuing as was, and without additional investment. However, work was continuing to align the investment with the significant opportunity with the FHSF. If successful, it was proposed to invest in the properties to further enhance their sustainability and commercial value; further protecting the Council's investment.

**ORDERED**

**That the information contained within the submitted report be noted and considered alongside the content of agenda item 14: CONFIDENTIAL - Town Centre Acquisition - Part B.**

**19/61 EXCLUSION OF THE PRESS AND PUBLIC**

The resolution to exclude the press and the public was agreed.

**19/62 CONFIDENTIAL - TOWN CENTRE ACQUISITION - PART B**

The Executive Member for Regeneration, the Executive Member for Finance and Governance, the Executive Director of Growth and Place and the Strategic Director of Finance, Governance and Support submitted a report for the Executive's consideration. The purpose of the report was to seek approval for investment in town centre property.

**ORDERED**

**That the recommendations of the report be approved.**

**REASONS**

**The decision was supported by the following reason:**

**For reasons outlined in the report**

The decision(s) will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.