

THE EXECUTIVE

A meeting of the Executive was held on 17 March 2020 at in .

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

PRESENT AS OBSERVERS: A Hoy

INVITEES: Councillor J Thompson

ALSO IN ATTENDANCE: Councillors D P Coupe, J Hobson and J Rathmell

OFFICIALS: S Blood, R Horniman, K Parkes, T Parkinson and E Scollay

APOLOGIES FOR ABSENCE: Mayor A Preston and Councillor D Davison

DECLARATIONS OF INTERESTS

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

19/82 **WELCOME AND EVACUATION PROCEDURE**

The Chair and Chief Executive made a statement in relation COVID-19. It was explained that a substantial amount of work was currently being undertaken to ensure that the Council was well-prepared to deal with the impact of COVID -19 and in a position to maintain vital services. It was identified that the Council's planning was led by a 'Gold' command group, which was supported by a 'Silver' operational Group. It was conveyed that further information and guidance would be issued to staff in due course.

Councillor A Waters commended the work that had been undertaken by officers to assist businesses in dealing with COVID-19.

19/83 **MINUTES - EXECUTIVE - 18 FEBRUARY 2020**

The minutes of the Executive meeting, held on 18 February 2020, were submitted and approved as a correct record.

19/84 **BOHO NEXT GENERATION: CREATING THE DIGITALCITY**

The Mayor and the Executive Director of Growth and Place submitted a report for the Executive's consideration. The purpose of the report was to seek approval for the ambitious vision and plans for the delivery of Boho DigitalCity Campus.

On 12 March 2019, the Executive had agreed to invest in Middlesbrough's burgeoning Digital Cluster, approving the £20m allocation of Tees Valley Combined Authority (TVCA) programme funds.

Since March 2019, work had progressed to advance the design detail of both Boho 8 and Boho X. However, the development of Boho X had undergone a transformational review focused on creating a more visionary, strategic and iconic expansion of Middlesbrough's digital sector through the creation of The DigitalCity master plan, which had been launched by the Mayor in Autumn 2019. The plan included major new business development, residential and also an urban farm. It was typified by iconic architecture and in initial phases planned to include three tall buildings, each 20 stories tall, being landmarks setting out the ambitious nature of the vision.

The first phase of the development was planned for summer 2020, with construction on-site of a modest modular workspace scheme, Boho 8.

By autumn 2020, it was planned that work would commence on Boho X - a campus headquarters for Middlesbrough's Digital Cluster. The scheme was a hugely iconic, ambitious scheme and planned to put Middlesbrough's digital cluster on a genuinely national / international platform. The total cost of Boho X and Boho 8 was £30m.

Illustrative imagery of the Boho 8 and Boho X developments were included at Appendices A1, A2 and A3 of the submitted report.

A detailed business case had been prepared in collaboration with TVCA, in support of the £20m funding commitment and the £6.2m allocation from the Tees Valley Indigenous Growth Fund (IGF). That process had articulated strategic outputs, outcomes and milestones, which were detailed in the submitted report. Information in respect of the commercial demand analysis and the overall £30m funding package, were also outlined in the submitted report.

OPTIONS

A detailed SWOT analysis had been developed for the proposal, in development of the business case. That had been the basis against which alternative options had been developed. The SWOT analysis and associated options were set out in Appendix B of the submitted report.

The following options had been shortlisted for further consideration:

- **Option 1: Status Quo Option (Do Nothing): That had been shortlisted as although it did not meet any of the criteria, in line with the Green Book, it had been considered in order to assess additionality;**
- **Option 4: The Project as submitted;**
- **Option 6: The Project as per the original Expression of Interest (EoI) (different physical configuration); and**
- **Option 9: The Project as submitted and open to all sectors.**

The following options had not been shortlisted for further consideration for the associated reasons:

- **Option 2: Utilising existing commercial space: not shortlisted as it did not permit area regeneration on the Middlehaven site;**
- **Option 3: Alternative Use for the site (Opportunity Cost): not shortlisted as it did not permit the development of a digital cluster;**
- **Option 5: The Project as submitted: Using an Alternative Site: not shortlisted as it did not permit area regeneration on the Middlehaven site;**
- **Option 7: The Project as submitted - Larger scale (BoHo 8, 10 and Subsequent Phasing): not shortlisted as there were concerns about the levels of take up and possible displacement of such a large investment coming online in what was in essence a still immature labour market; and,**
- **Option 8: The Project as submitted- led by private sector developer (longer leases, market rents, less public space and no sector specification): not shortlisted as it did not permit the development of the digital cluster.**

In summary, Option 4 scored highest, as it was both sufficiently iconic and was focused on supporting the digital media sector.

ORDERED

1. **That the project proposals, as set out in the report, be endorsed.**
2. **That the overall project delivery budget, of £30m, be approved.**
3. **That the acceptance of the Tees Valley Combined Authority (TVCA) grant funding offer, of £20m, be confirmed.**
4. **That the allocation of £6.2m Indigenous Growth Fund (IGF), for the delivery of the project, be approved.**
5. **That an allocation of £3.8m of Middlesbrough Council capital expenditure, vired from previously outlined capital allocations, within the existing capital**

- programme (see paragraph 34), be approved.
6. That the additional enhancements to the project budget and estate masterplan, where eligible, funding support be secured from the Town's Fund / Town Investment Plan.
 7. That the project progression to the appointment of all construction contractors and associated design team be approved.
 8. That any changes to - the substantive project business case (only where that had a positive net effect on costs of the development); all operational decisions and contractual arrangements; the eligibility criteria for tenant businesses; and, all arrangements for marketing and site management be delegated to the Executive Director for Growth and Place, and Director of Finance, Governance and Support in consultation with the Executive Member for Regeneration and the Executive Member for Finance and Governance.

REASONS

The Boho Next Generation Vision supported Middlesbrough Council's strategic outcomes and formed an integral part of Middlesbrough's investment priorities as outlined in the 2017 Middlesbrough Investment Prospectus.

The business case appraisal had highlighted significant demand for commercial accommodation to satisfy immediate and long-term expansion plans, starter style units as well as larger floor plate options.

Consultation with key Boho based digital sector companies had been undertaken as part of the project development.

19/85

SCHOOL MEAL PRICE INCREASE

The Executive Member for Environment and the Director of Environment and Commercial Services submitted a report for the Executive's consideration. The purpose of the report was to seek agreement to increase school meal prices charged to parents, with effect from April 2020. The report recommended that school meal prices be set at the lowest level of the other Tees Valley local authorities and that moving forward the school meal price would track that level.

The submitted report outlined that, financially:

- an increase in price from £1.90 to £2.05 on primary school paid meal price would provide an increased income of £61,355 per year; and
- an increase in price from £2.00 to £2.15 on secondary school paid meal price would provide an increased income of £13,154 per year.

The proposal had been subject to a full consultation process. 406 answered the question in relation to school meals in the wider budget consultation. Of those 29% were in favour of the proposal, 35% disagreed with it.

OPTIONS

Not increasing the price could have required a reduction in the quality of a school meal.

While the consultation feedback had been noted, given the disparity between current charging and other Tees Valley local authorities, it was recommended that Executive agree to increase school meal prices as set out at paragraph 12 of the submitted report.

ORDERED

1. That the school meal price increase (as outlined in paragraph 12 of the submitted report), be approved and implemented from April 2020.
2. That future year increases be processed in line with inflation.

REASONS

The proposed price increase ensured that school meal prices reflected increased costs associated with the provision of school meals and ensured the service was sustainable going forward.

19/86

PROVIDING FUTURE HOMES FOR 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 seek the Executive's approval for the approach to bringing forward the sites and premises needed for housing development in the town, and the commencement of work to bring forward additional urban living sites in and around the town centre.

The report set out the approach to be taken around housing following a commitment to review (and subsequently withdraw) the proposed 2020 Local Plan, and consideration of issues raised by the existing 2014 Local Plan - specifically around the development of housing in the south of the town.

The current offer for people wishing to live in the centre of Middlesbrough was severely limited, and did not fulfil the needs of more aspirational (predominantly young) people, who preferred to live near to their place of work, cultural and leisure opportunities, bars, restaurants and transport hubs. That lack of an urban living offer was leading to graduates, young professionals and key workers moving out of Middlesbrough and either commuting in, or finding alternative employment in other places. It also detracted from the ability to attract inward investment. The national and global trends around young people gravitating towards living in urban centres needed to be reflected in a more balanced housing offer locally. It was therefore proposed that provision would be made for an additional 2,000 dwellings to be built in central Middlesbrough with a target of 4,000 additional people living in the town centre, which would also support the area's overall economic vibrancy.

Providing for urban living sites in addition to those sites allocated for housing in the statutorily adopted 2014 Local Plan should provide sufficient housing to meet required levels of growth, and meet existing Medium Term Financial Plan (MTFP) targets.

The new approach to developing future housing in Middlesbrough was based on a new set of objectives:

1. providing new housing, wherever possible, on brownfield land;
2. supporting new homes being developed in the town centre area;
3. supporting regeneration schemes in areas such as Grove Hill, Newport and Middlehaven;
4. providing quality homes that improved living standards;
5. providing sustainable homes that minimised their impact upon the environment;
6. providing homes that met local need, based on thorough community engagement;
7. continuing modest population growth to support the wider aspirations of the Town;
8. reducing the reliance on greenfield or edge of town sites, beyond existing allocations;
9. making provision for the infrastructure needed to support housing; and,
10. providing a balanced portfolio of homes that reflected the town's needs and aspirations.

Further details in respect of bringing existing allocated sites forward, disposal objectives and urban living sites were contained in the submitted report.

A map showing the sites allocated in the 2014 Local Plan was included at Appendix I of the submitted report.

OPTIONS

There were significant implications of any options that involved the Council not taking forward housing sites and not disposing of those sites for housing development. The

overall integrity of the 2014 Local Plan and the MTFP depended upon the land supply identified within it being made available and developed. The Council would have been open to significant challenge from the housebuilding industry if options were pursued that reduced that supply significantly.

There was a limited number of ways that sites could be disposed of, ranging from a simple upfront sale, through to the formation of joint ventures with developers. The preferred method of disposal would normally be an open market sale through a formal tender process, once the site had an outline planning permission in place, and an appropriate masterplan or design guide directing what happened on the site. There were however, many reasons why different routes were required, including size of site, likely infrastructure requirements and neighbouring ownerships.

ORDERED

1. That a new approach to the provision of new housing developments be approved, balancing an increased urban living offer on brownfield land, with more sensitive development of existing allocated sites.
2. That the Middlesbrough Local Plan Review be progressed to the preferred options by summer 2020.
3. That extensive community engagement be undertaken on the principles of development for all major allocated housing sites.
4. That the process commence to bring forward urban living sites in the town centre, including the sites identified in paragraph 25.

REASONS

The Council owned a range of sites that were critical to the supply of land for housing development. That housing development was in turn critical for supporting economic growth in the town.

The sites allocated in the 2014 Local Plan needed to be brought to market to avoid the Plan being compromised, and potentially challenged by developers if the Council was seen as constraining the overall land supply.

Each of the sites therefore needed to be brought to the market in a way that achieved the optimum balance between the capital receipts secured, the timing of construction, the potential for green space, the impact on infrastructure and the quality of place making.

19/87

RAIL STATION AND HISTORIC QUARTER - HIGH STREET HERITAGE ACTION ZONE (HSHAZ)

The Executive Member for Regeneration and the Executive Director of Growth and Place submitted a report for the Executive's consideration. The purpose of the report was to inform the Executive about the plans and ambitions for the Historic Quarter and seek approval to expend grant money from Historic England in the Historic Quarter Conservation Area. Middlesbrough's Historic Quarter was located between Boho and Middlehaven to the north and retail centre to the south (see Appendix 1 of the submitted report).

The area was crucial as the key thoroughfare between Middlesbrough's retail heart and the Boho Zone / Middlehaven. The area attracted significant footfall due to the position of the railway station - approximately 1.3 million people used the station per annum - and, as a transport gateway, the area was many people's first impression of the town. As such it was imperative the area portrayed Middlesbrough in a positive way.

The Railway Station was at the heart of the Historical Quarter and was itself subject to major enhancements. Phase One restoration was completed in 2018. Phase Two was likely to comprise of a £6m restoration of the undercroft and main entrance with work commencing in 2020. Finally a £20m platform enhancement would be provided in 2021/22.

In July 2019, Middlesbrough Council submitted an Expression of Interest (EOI) for funding from Historic England (as part of the Future High Streets Fund) to make the Historic Quarter a High Street Heritage Action Zone (HSHAZ). The EOI was successful, giving the Council the opportunity to further develop its plans into a HSHAZ programme design, which was submitted to Historic England in December 2019.

The programme design stage was non-competitive and an opportunity to work up detailed plans for the area. An official announcement on the HSHAZ funding was expected in late March 2020. Middlesbrough Council planned to match fund that by aligning an existing, approved allocation of £1m (£500,000 for property grants and £500,000 for the public realm; both of which had Executive approval).

Should the Council's programme design be satisfactory to Historic England, the HSHAZ programme would commence in April 2020 and be delivered over a four year period (April 2020 - March 2024).

OPTIONS

Do nothing - that option was not recommended as it would have led to further deterioration of the Historic Quarter, increasing the risk that properties remained / became vacant, leading to a decrease in business confidence and poor first impressions of the town.

Expend Council funding only (£1m) - that would have benefitted the area, but would have had less of an impact on the Historic Quarter, resulting in a risk that the investment only brought short-term benefits, incapable of truly changing the area's fortunes.

Make the Historic Quarter a HSHAZ and expend Historic England grant (£xm) - that would create the largest impact, delivering the greatest outcomes for the Historic Quarter and as such was recommended. It planned to provide the catalyst the Historic Quarter needed to revitalise the area, positively influencing business and visitors' perceptions of Middlesbrough.

ORDERED

1. **That the aspirations for the Historic Quarter be approved.**
2. **That the principles of the HSHAZ programme be approved.**
3. **That the appointment of project staff, on a fixed term contract, be approved.**
4. **That the planned expenditure of grant money from Historic England, as match-funded by existing Council capital commitments, in the Historic Quarter Conservation Area, be approved.**
5. **That any changes to the delivery programme and the annual profiling of funding, where necessary to maximise the match funding secured by Historic England (as requested/approved by Historic England) be delegated to the Executive Director of Growth and Place, and Director of Finance, Governance and Support in consultation with the Executive Member for Regeneration and the Executive Member for Finance and Governance.**

REASONS

As highlighted in the submitted report, the Historic Quarter Conservation Area had been in steady decline for a number of years. The buildings and public realm identified as part of the HSHAZ programme urgently required investment to prevent further decay, restore them to their best advantage and perhaps most importantly, bring them back into use. That offered Middlesbrough Council and partners an opportunity to coordinate a comprehensive programme of improvements, whilst simultaneously changing local and visitor perceptions.

Middlesbrough Council's Executive had already approved expenditure of £1m from its Capital Programme to help regenerate the Historic Quarter, and that would be aligned

with / complemented by funding from Historic England, allowing the Council to deliver a more comprehensive programme of interventions, which in turn provided the greatest chance of creating long-term transformational change.

The funding from Historic England would be accompanied by a funding agreement, which would be a legally binding document stipulating how the funds must be spent. As with any funding agreement, if there was any element of non-compliance, there was a risk Historic England would clawback some, or all, of the funding.

Historic England had said that there would be limited scope for altering the agreed spend profile set out in the programme design (see paragraph 32 of the submitted report), so if the money was not spent according to the spend profile, the funding was at risk. Any variation to the spend profile would require written approval from Historic England. Funding could be brought forward into a different year, if the Council wished to cover the capital cost and be reimbursed in subsequent years.

Stakeholder consultation had been undertaken as part of the process. The Executive Member for Regeneration and the Executive Member for Culture and Communities were briefed prior to submission of the EOI. Key property owners had been consulted and were supportive. A HSHAZ community stakeholder group, with representation from a business and property owner; the railway station; Middlesbrough College; Teesside Archives, a local historian and resident had been established and they were enthusiastic about helping to deliver the community engagement outcomes.

The subject had not been examined by the Overview and Scrutiny Panel.

19/88

BEECHWOOD DISPOSAL - PART A

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 consider the proposal to dispose of the Council's freehold interest in land at Beechwood.

Beechwood had been identified in the Local Plan in 2014 for the development of housing. On 18 December 2018, the Executive agreed that the site would be developed by the Council's Housing Delivery Vehicle, MHomes. On the 20 December 2019, the Executive was advised that there had been developer interest in Beechwood and the decision was made that MHomes would no longer bring the site forward for development.

Shown edged on the plan attached as Appendix A of the submitted report, the subject parcel of land measured 3.133 Acres (1.267 Hectares). Rectangular in shape, and situated within the Local Plan Framework development boundary, the site comprised an open and vacant area of land.

A high quality of development would be secured through the statutory planning process and would be expected to:

1. comprise three and four bedroom detached and semi-detached dwellings and bungalows;
2. provide access to the site from Kirkham Row (no through route, except for pedestrians and cyclists);
3. maximise the potential benefits provided by the surrounding open space (e.g. suitable access, appropriate layout of dwellings etc.);
4. not be dominated by car parking;
5. have visitor parking incorporated into the design of the highway; and,
6. form a transitional development between public amenity space to the south and existing development of Beechwood, with no harsh boundary edge to the south.

It was anticipated that, upon approval of the report, the developer would commence pre-application discussions with Development Control, prior to formally engaging with the local community and the submission of a detailed planning application.

Part of the site was historically used as allotments and a restriction on the title required initial consultation with the National Allotment Society and an application to the Secretary of State to gain consent to dispose of statutory allotment land.

The application to the Secretary of State was submitted on the 14 February 2020 and a decision was expected within 13 weeks.

OPTIONS

1. **Re-use for operational purposes - No Council operational service requirement had been identified.**
2. **Other uses - Beechwood had been allocated for housing in the Local Plan 2014 so, not appropriate for other use.**
3. **Do nothing - The property would have remained in its present state. Whilst the subject land would have been retained for potential Council use in the future, the liability and responsibility for maintaining and holding the property would have remained with the Council in the interim.**

ORDERED

That the proposal to proceed with the disposal of the Council's freehold interest in land at Beechwood, as detailed within Part B of the report, be approved.

REASONS

In order to meet the Council's requirements to generate capital receipts, increase annually recurring revenue streams and to bring forward housing development.

The disposal of the subject parcel of land as proposed would generate a capital receipt.

The disposal as proposed supported delivery of the Council's Medium Term Financial Plan (MTFP).

19/89 EXCLUSION OF THE PRESS AND PUBLIC

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

19/90 CONFIDENTIAL - BEECHWOOD DISPOSAL - PART B

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 consider the proposal to dispose of the Council's freehold interest in land at Beechwood.

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.