

<b>Report of:</b>	Executive Member for Regeneration - Cllr Ashley Waters Executive Director of Growth and Place - Kevin Parkes
<b>Submitted to:</b>	Executive - 17 March 2020
<b>Subject:</b>	Rail Station and Historic Quarter - High Street Heritage Action Zone (HSHAZ)

## Summary

Proposed decision(s)
<p>It is recommended that Executive approves:</p> <ul style="list-style-type: none"> <li>a) the aspirations for the Historic Quarter;</li> <li>b) the principles of the HSHAZ programme;</li> <li>c) the appointment of project staff, on a fixed term contract;</li> <li>d) the planned expenditure of grant money from Historic England, as match-funded by existing Council capital commitments, in the Historic Quarter Conservation Area; and</li> <li>e) 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 Executive Member for Resources.</li> </ul>

Report for:	Key decision:	Confidential:	Is the report urgent?
Decision	Yes	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
The HSHAZ programme provides the opportunity to work with communities through the community engagement and cultural programme, providing opportunities for people to learn about their local history and heritage.	The HSHAZ programme will support the physical regeneration of the town – by restoring vacant / part vacant historic properties and the public realm. It will support the wider Rail Station enhancement programme. It will also improve the connectivity between the	The HSHAZ programme will see vacant / part vacant properties renovated, providing new business accommodation. Improving the public realm will create the right environment for further investment and enterprise. Some properties will generate enhanced business rates.

	town centre and Boho / Middlehaven.	
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<b>Ward(s) affected</b>
The Historic Quarter is located in the Central ward of Middlesbrough. The wider regeneration benefits will reach across all wards of Middlesbrough.

**What is the purpose of this report?**

1. The purpose of the report is to inform 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 lies between Boho and Middlehaven to the north and retail centre to the south (see Appendix 1).
2. The area is crucial as the key thoroughfare between Middlesbrough’s retail heart and the Boho Zone / Middlehaven. The area attracts significant footfall due to the position of the railway station - approximately 1.3 million people use the station per annum – and, as a transport gateway, the area is many people’s first impression of the town. As such it is imperative the area portrays Middlesbrough in a positive way.
3. The Railway Station is at the heart of the Historical Quarter and is itself subject to major enhancements. Phase One restoration was completed in 2018. Phase Two is likely to comprise of a £6m restoration of the undercroft and main entrance with work commencing in 2020. Finally a £20m platform enhancement will be provided in 2021/22.
4. 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.
5. The programme design stage is non-competitive and an opportunity to work up detailed plans for the area. An official announcement on the HSHAZ funding is expected in late March 2020. Middlesbrough Council will match fund this by aligning an existing, approved allocation of £1m (£500,000 for property grants and £500,000 for the public realm; both of which have Executive approval).
6. Should the Council’s programme design be satisfactory to Historic England, the HSHAZ programme will commence in April 2020 and be delivered over a four year period (April 2020 – March 2024).

## **Why does this report require a member decision?**

7. The report seeks approval for the aspirations for the Historic Quarter and to expend the anticipated Historic England grant money in accordance with the principles of the HSHAZ programme, outlined in this report.

## **Report Background**

8. The Historic Quarter was designated a Conservation Area in 1989. It is predominantly commercial and retains much of the historic cluster and spatial dynamic reflected in the area's history. It is one of Middlesbrough's oldest, primarily intact, urban areas. Approximately half of the buildings are listed (see Appendix 1).
9. In Middlesbrough's post-industrial years the Historic Quarter's fortunes waned considerably and the intrusion of the A66 in the 1970s reinforced the separation of this area from the rest of the town. Approximately half of the buildings within the Conservation Area are part or wholly vacant and the public realm is in poor condition, lacks identity and detracts from the stunning architecture. The area has suffered from a lack of direction and business confidence, which, combined with the conservation deficit faced by property owners, has contributed to a lack of investment in the historic fabric. The Conservation Area has been on Historic England's Heritage 'At Risk' Register since 2012.
10. Despite these challenges, it is a key town centre area with the ingredients for success – it is home to the railway station and the main thoroughfare between Middlesbrough's retail core and Middlehaven / Boho. The Council and its partners want to create a vibrant environment, conducive for business, resulting in sustainable end uses.
11. At the heart of the Historic Quarter is the Grade II Listed Middlesbrough Railway Station. NetworkRail, Middlesbrough Council, Tees Valley Combined Authority (TVCA) and TransPennine Express are working together to revitalise the station and its surrounding area. The first phase of this will be a scheme for the 'undercroft' element of the station, which is At Risk due to its very poor condition (primarily as a result of structural problems and water ingress). The undercroft is the commercial element of the building at street level that faces Zetland Road and Albert Road. The renovation will bring the units back into use and improve access, reanimating the Historic Quarter. This will be delivered in 2020-2021 and be followed by a c. £20m investment in the station to prepare for the arrival of seven London trains per day. This investment will improve the passenger facilities, commercial space and support usage of a third platform. The implementation of a bus 'superstop' on Bridge Street West would further improve opportunities for interchange and encourage the use of sustainable modes of transport. A further report will be presented to Executive on the Rail Station enhancements later in 2020.
12. In addition, the Council is working with Network Rail on plans for the potential redevelopment of Wood Street Car Park for residential use. A wider masterplan is needed to take this forward, which may include alternative parking provision for Network Rail in the Zetland Multi-Storey Car Park. A separate report will be presented to Executive on this later in the year.

13. The private sector has also been active in starting the renaissance of the Historic Quarter, with the following being brought back into use over the last decade: Boho Four; the Zetland Buildings; Cleveland Buildings; Commerce House; the Zetland Hotel and Exchange Buildings. Most recently the Council has worked with private property owners to develop the Albert North scheme. This has targeted ten vacant buildings on Albert Road to make available business space, with new businesses ranging from interior designers and a yoga studio, to a vegan restaurant.
14. The plans for the Historic Quarter are also aligned with and complemented by plans for the surrounding area. Middlesbrough has a thriving digital cluster, kick-started by the Boho Zone in Middlehaven. The next phase of the Boho Zone is a £30m investment by the TVCA and Middlesbrough Council in offices and a Boho village. There has been an increase in demand for space within the Boho Zone, with the current accommodation nearing capacity. This provides opportunities for newly renovated properties within the Historic Quarter.
15. Likewise, plans for the town centre, including strategic property acquisitions and potential investment from the Future High Street Fund and Towns Fund are complemented by plans for the Historic Quarter. The success of these schemes will be underpinned by having an attractive gateway into the town.
16. Building on the aforementioned schemes and progress, the area requires further intervention to make it a more attractive, engaging and vibrant place for people to live, work and spend time. To this end, the Council submitted an EOI in funding from Historic England to make the Historic Quarter a HSHAZ. The fund is only available to designated Conservation Areas, where extra controls over future changes can be applied. The objectives of the HSHAZ fund include:
  - a) revitalising historic high streets by investing in the repair and restoration of vacant or under-utilised heritage assets and public realm assets;
  - b) addressing changing consumer demands by using the local historic character and distinctiveness to differentiate the high street from competitors and provide unique and memorable experiences;
  - c) adding economic value over the long term by creating and facilitating new employment and training opportunities which can be taken up by local people; and,
  - d) working with local communities to develop a greater understating and appreciation of the heritage on their high streets.
17. Middlesbrough's HSHAZ programme has four key delivery strands:
  - a) The budget can accommodate approximately six property grants for historic and vacant / under-utilised buildings within the Conservation Area boundary (see Appendix 1), to bring them back into sustainable economic use. The grants will be capped at £250,000 per building and the level of funding determined on a case-by-case basis depending upon the overall need and cost of eligible works. The Council,

in conjunction with Historic England, have identified ten priority properties (see Appendix 1) based upon them being partly or wholly vacant, a heritage asset, part of the high street and their overall impact on the Conservation Area. Amongst other conditions, the Council must obtain Historic England's written approval before making offers of grant for projects that include a contribution from Historic England in excess of £50,000.

*Work can be funded for:*

- building repairs – Major repairs to the structure and external fabric contributing to the historic character of the area;
- reinstating architectural features;
- work to bring vacant buildings or portions of buildings back into use; and,
- conversion of buildings into alternative uses that better meet demand of the area.

*Work cannot be funded for:*

- demolitions;
- modernisation unless integral to the conservative repair of the property;
- building services; and,
- free-standing maintenance and repair.

The intention is for the grants to be complemented by a contribution from each property owner. The suggested split is an average of 70% grant: 30% third party contribution, though the intervention rate will be flexible and determined on a case-by-case basis (approximately £1m);

- b) Improvements in the public realm at Zetland Road, extending around to Albert Bridge, to complement the investment in the railway station, and at Exchange Square, to give the areas an identity and create the environment for further investment. Work on the concept designs are still in progress and subject to change, but indicative images are shown in Appendix 2. The brief is to enhance the public realm by upgrading hard and soft landscaping; improving lighting; incorporating high quality new street furniture; make the areas pedestrian friendly and improve the setting of the listed buildings (approximately £1m);
- c) Community engagement and revenue costs, providing the local community with the opportunity to be actively involved in and learn about Middlesbrough's heritage. A part-time officer will be appointed on a fixed-term four year contract to develop and manage engagement, participation, educational and volunteering activities within Middlesbrough's HSHAZ project. This will also include advice from a conservation-accredited architect and updating of the Conservation Area Character Appraisal and Management Plan; and,
- d) A cultural programme which will be delivered by Middlesbrough's Cultural Partnership Board, to revitalise the area through cultural activities. The Cultural Programme will see a series of national and local activities ran across all HSHAZ

areas. By spring 2020 Historic England will share its approach to the Cultural Programme, including specific grant procedures and application deadlines.

18. Restoring the properties and public realm, and enabling new uses, will help sustain and enhance the special significance of the area, allowing a viable economic future. It will ensure a physical and tangible legacy for future generations living, working in and visiting the town. To complement this, the community engagement and cultural programme will provide the local community of businesses and residents with the opportunity to learn about their local heritage, instilling a greater understanding and appreciation of its significance.

### **What decisions are being asked for?**

19. It is recommended that Executive approves:

- a) the aspirations for the Historic Quarter;
- b) the principles of the HSHAZ programme;
- c) the appointment of project staff, on a fixed term contract;
- d) the planned expenditure of grant money from Historic England, as match-funded by existing Council capital commitments, in the Historic Quarter Conservation Area; and
- e) 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 Resources and the Executive Member for Regeneration.

### **Why is this being recommended?**

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

21. Middlesbrough Council's Executive has already approved expenditure of £1m from its Capital Programme to help regenerate the Historic Quarter, and this will be aligned with / complemented by funding from Historic England, allowing us to deliver a more comprehensive programme of interventions, which in turn provides the greatest chance of creating long-term transformational change.

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

23. Historic England have said that there will be limited scope for altering the agreed spend profile set out in the programme design (see paragraph 32), so if the money is not spent according to the spend profile, the funding is at risk. Any variation to the spend profile will require written approval from Historic England. Funding can be brought forward into a different year, if the Council wishes to cover the capital cost and be reimbursed in subsequent years.
24. Stakeholder consultation has been undertaken as part of the process. The Executive Member for Regeneration and Culture were briefed prior to submission of the EOI. Key property owners have been consulted and are 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 has been established and they are enthusiastic about helping to deliver the community engagement outcomes.
25. The subject has not been examined by the Overview and Scrutiny Panel.

#### **Other potential decisions and why these have not been recommended**

26. **Do nothing** – this option is not recommended as it would lead to further deterioration of the Historic Quarter, increasing the risk that properties remain / become vacant, leading to a decrease in business confidence and poor first impressions of the town.
27. **Expend Council funding only (£1m)** – this would benefit the area, but have less of an impact on the Historic Quarter, resulting in a risk that the investment only brings about short-term benefits, incapable of truly changing the area's fortunes.
28. **Make the Historic Quarter a HSHAZ and expend Historic England grant (£xm)** – this would create the largest impact, delivering the greatest outcomes for the Historic Quarter and as such is recommended. It would provide the catalyst the Historic Quarter needs to revitalise the area, positively influencing business and visitor's perceptions of Middlesbrough.

#### **Impact(s) of recommended decision(s)**

29. The HSHAZ will have the following impacts:
- a) revitalise the fabric of the Historic Quarter, using the historic character and distinctiveness to provide greater investor confidence, which will stimulate new private investments in mixed commercial, leisure, residential and community uses;
  - b) add economic value over the long term by creating and facilitating new employment and training opportunities which can be taken up by local people; and,
  - c) the community will be engaged in its heritage, instilling them with a greater understanding and appreciation of the area.

## Legal

30. The Council will have to sign a funding agreement with Historic England which will stipulate how the funding must be spent and the grant terms and conditions. If the Council breaches the agreement, it will be liable for clawback. Legal advice is being sought on State Aid Law to ensure compliance.

## Financial

31. The funding package is outlined in paragraph 17. The exact level of funding from Historic England will be announced in March 2020. The Council had already committed to its expenditure (£1m) and the funding is allocated in its Capital Programme.

32. The indicative spend profile appended to the programme design submitted to Historic England is below:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>TOTAL</b>
Historic England	£66,481	£524,481	£324,481	£70,437	£985,880
Middlesbrough Council	£750,000	£250,000	£0	£0	£1,000,000
Property Owners	£107,143	£107,143	£128,571	£20,940	£363,797
<b>TOTALS</b>	<b>£923,624</b>	<b>£881,624</b>	<b>£453,052</b>	<b>£91,377</b>	<b>£2,349,677</b>

33. The Council will be responsible for administering grants to property owners and confirming that work has been carried out to the agreed standard. They will also be responsible for ensuring proper financial oversight – checking invoices or payment certificate before making grant payments to individual owners, for example – in advance of claiming Historic England’s contribution towards these payments. The Council will need to notify Historic England of all the offers and payment that are made within four weeks of the end of each quarter, in a standard format that Historic England will send to the Council.

## Policy framework

34. The Council’s policy framework will remain unaffected by the decision. The Council match funding is already allocated in the Capital Programme and thus there is no impact on the Medium Term Financial Plan.

## Equality and diversity

35. This proposal is not judged to present any equality and diversity issues to any of the groups with protected characteristics. Any design and access implications will be addressed through the Planning process and associated public consultations.

## Risk

36. The progress in this HSHAZ will be closely monitored as a project under the corporate Governance and Project Management Framework. This will include the maintenance of key project documents such as budget monitoring, risk logs, issue log and project plan.



Progress will be reported regularly and any emergent issues would be escalated as appropriate.

37. There is a risk any non-compliance will result in clawback of some, or all of the funding from Historic England, as described in paragraphs 23-24 and 34. All grant-aided works of repair and agreed activities within the Conservation Area will have to be carried out in accordance with the programme design. The Council require written approval from Historic England to amend the programme design.
38. The HSHAZ programme provides the opportunity to bring about fundamental changes to the Historic Quarter thus addressing the risk that the area continues to decline, vacancy rates continue to increase and business confidence is lost (thus has a positive impact on the Strategic Risk Register – O1-052, O1-005 and O1-050).
39. It will complement the railway station investment and thus have a positive impact on the Strategic Risk O1-048.
40. Lastly, it will facilitate effective partnership working, improving the Council's ability to deliver strategic priorities and thus addressing Strategic Risk O8-008.

### **Actions to be taken to implement the decision**

41. The following key actions will be taken in implementing the decision:
  - a) Historic England make an announcement on the HSHAZ programmes and levels of funding in March 2020;
  - b) the community engagement officer post will be advertised, interviews held and someone appointed;
  - c) further consultation and engagement with the community and property owners;
  - d) further work on the grant terms and conditions, to be signed off by Historic England and internal audit etc;
  - e) further discussions with Historic England to agree how the programme will be monitored and evaluated; and,
  - f) delivery of the project which will commence in April 2020.

### **Appendices**

42. Appendix 1 – Historic Quarter Conservation Area and HSHAZ Boundary with Priority Properties
43. Appendix 2 – DRAFT Concept Designs for Exchange Square and Zetland Road

### **Background papers**

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

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# Appendix 1: Historic Quarter Conservation & HSHAZ Boundary with Priority Properties



## Appendix 2 – DRAFT Concept Designs for Exchange Square and Zetland Road



