

<b>Report of:</b>	Richard Horniman - Director of Regeneration and Culture Councillor Ashley Waters - Executive Member for Regeneration Councillor Chris Hobson - Executive Member for Finance and Governance
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<b>Submitted to:</b>	Executive - 18 August 2020
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<b>Subject:</b>	Disposal of Additional Land to the Northern School of Arts
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**Summary**

<b>Proposed decision(s)</b>
That Executive approves:  a) the disposal of the additional 0.219 acres of land to the Northern School of Arts at nil value to facilitate the proposed campus development.

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?<sup>1</sup></b>
Decision to dispose of Council held property	No	No	No

<b>Contribution to delivery of the 2018-22 Strategic Plan</b>		
<b>Business Imperatives</b>	<b>Physical Regeneration</b>	<b>Social Regeneration</b>
The project will generate £5.1 million GVA for Middlesbrough and the net benefit for the Tees Valley economy will be £24.8 million.	Delivery of a landmark building on a key town centre site, which would support the regeneration of the town centre. Enhancing the visual appeal of Middlesbrough would help create an attractive place to live, work and visit.	The relocation of the college would create job opportunities for local people – 23.5 FTE new jobs and 88.7 FTE safeguarded. It would also provide quality educational opportunities for Tees Valley residents and beyond.

<b>Ward(s) affected</b>
Central Ward

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## **Executive Summary**

1. On 11<sup>th</sup> July 2019, Executive approved disposal of the Denmark Street Car Park to the Northern School of Arts (NSoA), to enable them to relocate their Further Education (FE) facility to the town centre, bringing with it significant economic and regeneration benefits.
2. The original land disposal is complete, however, during the design phase it transpired that additional land was going to be required to achieve the optimum layout for the campus, and as a result, the college were offered an option to purchase the additional land required.
3. Taking on this additional land exposes the NSoA to additional highways costs, that will outweigh the notional value of the additional land, and as such the net value of the land is anticipated to be nil.
4. The NSoA wish to exercise this option at the earliest opportunity in order to progress the project as currently planned.

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

5. The purpose of the report is to consider the disposal of additional Council freehold interest at the Denmark Street Car Park in order to facilitate development.

## **Why does this report require a Member decision**

6. The land approved for disposal by Executive on 11<sup>th</sup> July 2019 has proven to be insufficient for the current design of the NSoA campus, hence Executive approval is required to dispose of the additional land required.

## **Report Background**

7. The NSoA is a significant economic entity and an important part of the education, skills and enterprise infrastructure of Middlesbrough, thereby supporting wider economic activity in one of the area's priority sectors (digital and creative industries).
8. The current NSoA campus is located on Green Lane in Linthorpe and was constructed in the 1960s. The existing buildings are in poor condition and in need of replacement with significant backlog maintenance costs. NSoA wish to move to a new site on the Denmark Street Car Park in Middlesbrough's town centre and build a new FE facility.
9. On 11<sup>th</sup> July 2019, Executive approved the disposal of the Denmark Street Car Park to the NSoA for the FE facility, and the contract is complete. The new flagship building will bring 760 extra people into the town centre; generate £5.1 million GVA for Middlesbrough; create 23.5 Full Time Equivalent (FTE) jobs, and safeguard 88.7 FTE jobs.

10. During design development it came to light that the land identified in the Executive report dated 11<sup>th</sup> July 2019 (see Appendix I), was insufficient for the FE facility to work. Additional land (see Appendix II) was required to achieve a suitable layout.
11. The Council, having recognised the transfer of the additional land was necessary to facilitate the development, offered the NSoA an option to purchase the additional land. NSoA have now confirmed that they wish to activate this option at the earliest opportunity in order to progress with their development.
12. The original site area, totalling 1.40 Acres, was valued by an external chartered surveyor at £315,000, which reflects a capital rate of £225,000 per acre. As cited in the Executive report dated 11<sup>th</sup> July 2019, however, the final price will be determined once site abnormalities are taken into account, which are likely to be significant.
13. The additional land required, totalling 0.219 Acres, would be valued at £49,275 using the value per acre attributed to the original site. However, the additional land is not part of the footprint of the building, but will instead be used for landscaping, a footpath and security fencing, and as such, the value per acre is likely to be lower.
14. Furthermore, taking the land exposes the NSoA to additional Section 278 Highways costs in the region of £71,000, in order to replace signalling equipment on the Newport / Hartington Road junction. As this already exceeds the value set for the additional land, it is considered appropriate that the final value for the transaction is considered to be nil.
15. In recognition of this and the significant benefits of the development (see paragraphs 8 and 17), Executive are asked to approve disposal of the additional land to the NSoA. This will enable the scheme to be delivered in full, and for the NSoA to open its doors to students in September 2022, as planned.

#### **What decision(s) are being asked for?**

16. That Executive approves:
  - b) the disposal of the additional 0.219 acres of land to the Northern School of Arts at nil value to facilitate the proposed campus development.

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

17. The additional land is an essential part of the proposed development – without it, the college will have to compromise on their campus design, which would also result in significant delays and additional costs as planning permission has already been granted on the current scheme.
18. It is in Middlesbrough's interests to expedite the development - in addition to the economic benefits summarised in paragraph 8, a new NSoA building will make a major contribution to Middlesbrough's regeneration ambitions. These include:
  - a) increasing investor confidence, acting as a catalyst to stimulate further growth;

- b) enhancing the visual appeal of the town centre, creating a new iconic building which would contribute to an attractive place to live work and visit;
- c) improving the vitality of the town centre, increasing occupancy and creating additional footfall as a result of students and staff being 'on-site' for shopping and leisure;
- d) increasing the diversity of the business base in the town centre from a largely retail-based offer, complementing the development of the creative industry cluster;
- e) consolidating the strong place brand;
- f) increasing use of public transport as the school extends its reach beyond the Tees Valley;
- g) targeting a younger audience;
- h) re-evaluating the leisure or 'experiential' offer;
- i) identifying how Middlesbrough should perform like a city in all but name; and,
- j) developing a plan for use of public spaces.

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

#### *Do not dispose of the additional land to the NSoA*

19. If the additional land identified is not disposed of to the NSoA:

- a) the college would have to reconsider their planning application and compromise on a less advantageous design, which would at best cause delays and increase costs;
- b) the NSoA's architects may not be able to find an alternative design that can meet the college's needs and planning requirements due to the constrained nature of the site, hence leading to a complete withdrawal from the project; and,
- c) the ongoing financial burden of annual maintenance for the additional land would remain with the Council.

#### *Dispose of the additional land for a capital receipt*

20. For the reasons highlighted in paragraphs 12-13, the land has a value 'on paper' but once other factors such as use and highways costs are taken into consideration, the net value is considered to be nil. The NSoA and its lenders would not be able to justify placing a value on the land since it is considered integral to the original site. If the Council were to insist on a fee for the additional land, the consequences would be as stated in the paragraph above.

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

#### ***Legal***

21. The property would be disposed of freehold with vacant possession in accordance with the standing protocol.

#### ***Financial***

22. Disposing of the additional land for nil consideration reflects the use (it is not part of the footprint for development, but required for amenity land) and additional highways costs that will be incurred by the NSoA. The ongoing financial burden of

annual maintenance for the land, which currently sits with Middlesbrough Council, will also transfer to the NSoA.

### **Policy Framework**

23. The decision would not affect the Council's policy framework.

### **Equality and Diversity**

24. The decision would have no adverse impact upon protected groups.

### **Risk**

25. There is a risk that if we do not dispose of the site to the NSoA, they would have to compromise on a poor design, or completely withdraw from the project, hence the economic and regeneration benefits of the project would be lost.

26. The proposals in this report would have a positive impact on the following Strategic Risk Register risks:

O1-005	If poor economic growth occurs, then this will reduce public and private sector investment in the town, including town centre retail, housing development and business.
O1-050	A continuing national decline in the retailing environment has the potential to manifest further in Middlesbrough's town centre. The withdrawal of major retail brands has the potential to damage Middlesbrough's local economy in terms of business growth / turnover; employment opportunities for Middlesbrough residents; and, the appeal of Middlesbrough as an investor / visitor attraction.

### **Actions to be taken to implement the decision(s)**

27. Subject to Executive approval, the Council:

- a) Completes the disposal of the additional land required to the NSoA.

### **Background papers**

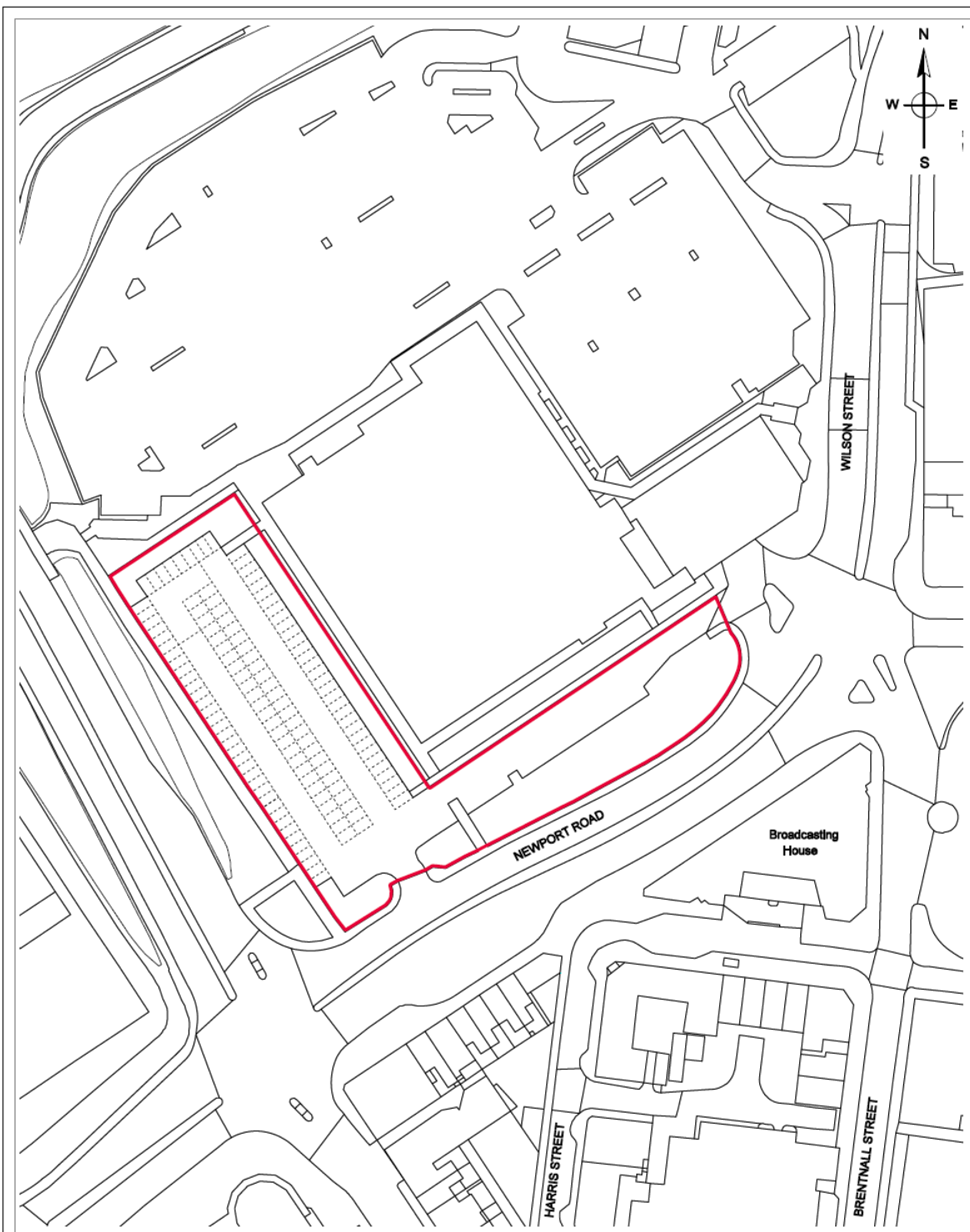
<b>Body</b>	<b>Report title</b>	<b>Date</b>
ERS Economic Assessment	Confidential under Schedule 12a of the Local Government Act 1972	

### **Appendices**

Appendix I Original Site Plan

Appendix II Revised Site Plan and Design

**Appendix I – Original Site Plan**



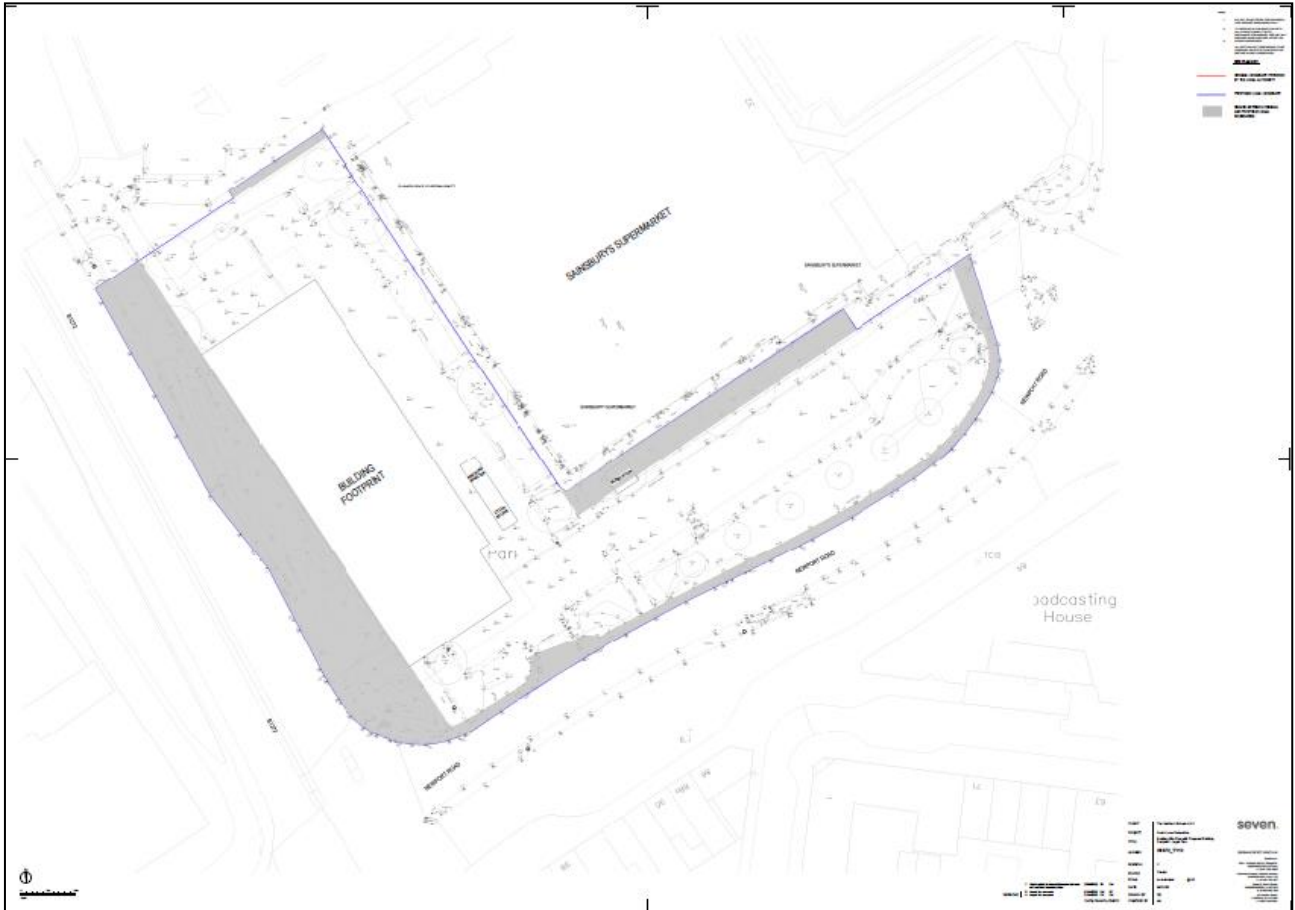
TIM WAKE VALUATION & ESTATES

**DENMARK STREET CAR PARK  
NEWPORT  
MIDDLESBROUGH**

Scale:	1:1250
Date:	17th OCTOBER 18
Drawn:	JMS
Drg No:	VAL 4232 B

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# Appendix II – Revised Site Plan and Design



## Plan Key:

- Grey - additional land required
- Blue line - proposed new site boundary