

**OVERVIEW AND SCRUTINY BOARD**

**2 FEBRUARY 2016**

**FINAL REPORT OF ECONOMIC  
REGENERATION AND TRANSPORT  
SCRUTINY PANEL- ALBERT ROAD  
REGENERATION**

**PURPOSE OF THE REPORT**

1. To present the interim findings of the Economic Regeneration and Transport Scrutiny Panel in respect of its examination of the topic of Albert Road Regeneration.

**BACKGROUND**

2. Middlesbrough's Albert Road is one of the town centre's main thoroughfares. Historically, it has provided a mix of commercial, retail, pub and business uses and is an important north south link in the town, particularly as a main pedestrian link to and from the railway station. It also provides connections to the emerging and ongoing developments at Middlehaven.
3. However, despite recent developments and improvements in some areas, Albert Road has declined over recent years. This has been particularly the case for the section running northwards from the Corporation Road junction, where an increasing number of buildings have become disused and unoccupied.
4. In this context, the scrutiny panel sought to examine the Council's involvement in the issue, future plans and progress made. This report sets out the scrutiny panel's findings.

**TERMS OF REFERENCE**

5. The scrutiny panel agreed the following terms of reference as the basis of its investigations:
  - a) To examine current proposals for Albert Road regeneration, particularly Middlesbrough Council's involvement and how the authority is working to secure improvements.
  - b) To consider the involvement and participation of third parties and property owners and how the Council can best work with them to improve the area.

- c) To investigate how proposed or future schemes could be financed, including any funding requirements from Middlesbrough Council.
- d) To examine whether successful regeneration schemes elsewhere could be used as a model for Albert Road improvements.
- e) To consider how best to deal with empty properties and to examine how/whether these can be brought back into use; including examination of the position concerning liability for/exemption from payment of National Non-Domestic Rates (NNDR).

## **METHODS OF INVESTIGATION**

- 6. The scrutiny panel investigated this topic over the course of meetings held between October and December 2015. A Scrutiny Support Officer from Democratic Services co-ordinated and arranged the submission of written and oral evidence and arranged witnesses for the investigation. Meetings administration, including preparation of agenda and minutes, was undertaken by a Governance Officer from Democratic Services.
- 7. A record of discussions at panel meetings, including agenda, minutes and reports, is available from the Council's Egenda committee management system, which can be accessed via the Council's website at [www.middlesbrough.gov.uk](http://www.middlesbrough.gov.uk).
- 8. This report has been compiled on the basis of information submitted to the scrutiny panel by Council Officers and relevant outside bodies/organisations.

## **MEMBERSHIP OF THE SCRUTINY PANEL**

- 9. The membership of the scrutiny panel was as follows:

Councillors N Hussain (Chair), J Blyth (Vice-Chair), R Arundale, S Biswas, JG Cole, T Lawton, P Purvis, M Saunders and A Shan.

## **THE SCRUTINY PANEL'S FINDINGS**

- 10. The scrutiny panel's findings to date are set out below in respect of each of the agreed terms of reference.

**TERMS OF REFERENCE: *"To examine current proposals for Albert Road regeneration, particularly Middlesbrough Council's involvement and how the authority is working to secure improvements" and: "To examine whether successful regeneration schemes elsewhere could be used as a model for Albert Road improvements."***

- 11. Due to areas of overlap, the above terms of reference are covered together in the following sections of the report.
- 12. The scrutiny panel received an overview of the current position concerning Albert Road. Teesside University is a key business for Middlesbrough, with the main University Campus located at the southern end of Albert Road. The Council is currently discussing the possibility of refurbishing the Tower Building with the university.

13. From a wider regeneration perspective, the aim is to attract students and university staff into the town centre. Any increase in footfall impacts positively and can encourage businesses to move to the town.
14. The successful refurbishment of Bedford Street and Baker Street, which join Albert Road, is almost complete, with the street occupied by a mixture of independent retailers and businesses. Work was undertaken by the Council's Economic Growth, Business Rates and Transport and Infrastructure teams to attract businesses to both streets and this is now a thriving area.
15. A private developer has almost completed the redevelopment of Bedford Street to house eight new independent food and beverage businesses. The Council is to carry out public realm improvement works, including pavements and the road surface. It is anticipated that the businesses, which will include retailers, a micro-pub and a restaurant, will open in spring 2016.
16. Moving further down Albert road, the new Holiday Inn Express hotel opened in summer 2015. Indications are that booking levels at the hotel are very positive. As a result, an increased number of visitors is being brought into the town and the business sector is also using the hotel. The hotel has transformed the facade of the Cleveland Centre. Work is ongoing with developers in respect of the ground floor of the building and there has been interest from national chains in opening a restaurant.
17. At the time of its investigation, the scrutiny panel queried whether there are any plans to reopen an entrance to the Cleveland Centre from Albert Road. It was advised that the centre was under new ownership and discussions were ongoing with regard to this issue. An Albert Road entrance to the centre opened in January 2016.
18. Members also referred to Permanent House, the empty, run down building opposite the Town Hall. It was explained that the building is currently in the process of being sold with a view to redevelopment.
19. Reference was also made to current plans to develop the Town Hall as a major arts and performance venue. Heritage Lottery Funding is already in place for the project and work is due to commence in 2016. In addition to improving the performance venue, this work will also improve public access and engagement with the Town hall as a major local heritage asset. Works will take place in respect of the concert hall and parts of the original Municipal Buildings. These will concentrate on the heritage of the original courtroom and its associated areas, plus the former fire station and the carriageway linking the two parts of the building.
20. Members made particular reference to the condition of some buildings in the central section of Albert Road - ie between Corporation Road and Wilson Street. A number of these properties are empty and are falling into disrepair. Reference was made to the poor impression that this can give to visitors arriving by train and using Albert Road to access the town centre. Reference was also made to the current condition of the railway station, which is often the point of arrival for visitors coming into the town centre or going to Middlehaven.

21. The scrutiny panel also referred to street cleansing standards in Albert Road. It was suggested that cleansing frequencies/standards may be less than those of other areas in the town centre with the result that the road can appear neglected. It was considered that this issue adds to the poor impression that has been referred to earlier.
22. With regard to the railway station, the scrutiny panel was advised that relevant Council officers are in discussion with Network Rail regarding the repair and refurbishment of the station. In addition, the former Cornerhouse public house, which is an integral part of the station, has major structural problems. It is understood that Network Rail is looking to resolve this issue, as well as undertaking improvements to the railway station itself.
23. In addition, the Council has submitted a bid to the Heritage Lottery Fund (HLF) for Townscape Heritage Funding to carry out public realm works in the town's Historic Quarter Conservation Area, which includes the railway station.
24. If approved, the funding would be likely to be made available from early 2017. In that case, it is likely that this would enable the Council to lever-in additional monies, with the intention of encouraging property owners to bring disused properties in the area back into use. In such cases, owners can receive up to 75% HLF funding for refurbishment schemes.
25. A sub-regional bid for Enterprise Zone status, which covers part of the town centre, has also been made. If successful, this would enable occupiers/prospective occupiers to benefit from rate relief. It is hoped that this could assist in attracting tenants to commercial office space in the town centre, which has deteriorated relative to other more modern areas, such as Teesdale in Stockton.

**TERMS OF REFERENCE: “To consider the involvement and participation of third parties and property owners and how the Council can best work with them to improve the area” and:**

**“To investigate how proposed or future schemes could be financed, including any funding requirements from Middlesbrough Council”**

26. Due to areas of overlap, the above terms of reference are covered together in the following sections of the report.
27. The scrutiny panel heard, due to Middlesbrough Council's difficult financial position, it is unlikely that funding will be identified to make significant improvements in Albert Road. The Council will, in the main, need to act as a facilitator to encourage private investment by property owners, such as has been the case in the ongoing, and successful, redevelopment of the Baker and Bedford Streets area of the town centre.
28. In terms of the regeneration of Bedford Street, the businesses involved are all private enterprises. The Council has acted as a conduit to put prospective occupiers in touch with property owners. Essentially, the Council has funded improvements to the public realm and the property owners have funded redevelopment schemes.
29. While unable to provide direct funding, the Council can assist business owners by advising them on, and directing them to, support and initiatives that are available to assist them. These include Small Business Rate Relief; Business Retail Relief; Business Rates Reoccupation Relief; the Business Rates Incentive Scheme; Empty Shop Refit Scheme; and business mentoring

30. Members were also informed that there is a possibility that further grant funding could also be sought in conjunction with the improvements/refurbishment that are/is planned for the Town Hall.
31. The panel spoke to a representative of Jomast, a local property development company that has an interest in a number of properties on Albert Road.
32. The Company's Commercial Property Director informed the scrutiny panel that Jomast currently owns six or seven properties on Albert Road between Corporation Road and Wilson Street. This includes Sun Alliance House (a seven storey building which has been the subject of a recent £500,000 refurbishment); Sun Alliance House; Prudential House (which was modernised in 2010); 8-10 Albert Road; the Barclays Bank building; and Wilsons Courtyard (which is currently a mix of residential and business uses).
33. Some of the company's buildings are currently occupied by commercial businesses, while others are empty and will be improved to attract tenants. The company is hoping to attract a mixture of businesses to Albert Road, including restaurants, cafes, coffee shops and independent retailers. It is considered that there is the potential to improve Albert Road's restaurant and leisure offer.
34. Jomast informed the scrutiny panel that the company is committed to investing in and improving its Albert Road property portfolio. It is recognised that empty properties and the dilapidated state of some buildings does not entice tenants to the town. In addition to improvements that have been carried out to date, it is intended that work will begin in early 2016 to improve the four buildings opposite Sun Alliance House. This work will commence following completion of the company's current scheme at Bedford Street. The same team from that scheme will undertake the Albert Road works.
35. The panel queried whether the Commercial Property Director had any suggestions regarding how Middlesbrough Council could assist Jomast in the regeneration of Albert Road. In response, it was indicated that the company has a good working relationship with the Council and the authority's assistance and support in respect of the Bedford Street improvements has been appreciated. In respect of Albert Road, any assistance from the Council would also be welcome, particularly in respect of funding or grants. Improvements to the public realm, such as seating, paving or planting would also be welcomed.
36. During the discussion with Jomast, reference was also made to car parking. The scrutiny panel notes that this is an issue for all town centre businesses, including those on Albert Road. While there is a need to promote the use of public transport, cycling etc, it is acknowledged that there is still a reliance on the private car. Jomast confirmed that tenants continue to be attracted to out of town locations with easy parking and to town centre locations that have safe/secure staff parking. The company indicated that parking in central Middlesbrough is problematic for businesses and that, in order to alleviate the issue, attempts have been made to purchase land for car parking from the Council. However, it has not been possible to progress this issue to date.
37. Reference was also made to the need to balance car parking/use of the car with the Council's obligation to promote the use of public transport, cycling and walking.

38. While not part of this scrutiny investigation, reference was also made to Jomast's significant interest in other regeneration projects in Middlesbrough. These include Gurney House, Church House, Queens Square, Zetland Road and Bedford Street. A brief update was provided on progress on each scheme.

**TERM OF REFERENCE: “To consider how best to deal with empty properties and to examine how/whether these can be brought back into use; including examination of the position concerning liability for/exemption from payment of National Non-Domestic Rates (NNDR).”**

39. The first aspect of the above term of reference (in terms of bringing empty properties back into use) has been covered in the previous sections of the report.

40. The scrutiny panel was also interested in the position concerning National Non-Domestic Rates (NNDR) and empty properties in Albert Road. Members were particularly concerned to find out whether rates that are due on empty properties are being paid and to ascertain whether any exemptions are applicable.

41. The panel heard from the Council's Revenues Services Section Manager.

42. It was advised that where a property that is liable for payment of NNDR becomes empty, Government Policy is applied nationally, as follows:

- In the case of non-industrial properties (e.g. shop or office), a ratepayer is entitled to a three month void period, with no payment of rates required. After that time, a 100% empty charge (full rates) is due until the property is occupied.
- For industrial properties (e.g. factories, workshops), a ratepayer is entitled to a six month void period, with no payment of rates required. After that period, a 100% empty charge (full rates) is due until the property is occupied
- Where a property that was previously empty changes hands but remains empty, no new exemption period is awarded. In such cases, the new owner is liable for the 100% empty charge (full rates) immediately.

43. The panel heard that there are a number of exemptions which can be awarded. Although these are open-ended, they depended on certain criteria being met, as follows:

- Occupation prohibited by law - e.g. Health and Safety Legislation or Compulsory
- Purchase Order;
- Listed Building;
- Ancient Monument;
- Rateable Value below £2,600;
- Personal Representative of a Deceased Person; or a liquidator
- Insolvency.

44. If a property remains in the Rating List but has a zero rateable value, no charge is due - for example where work is ongoing to split or merge a property. The panel was advised that, at the time of its investigation (December 2015), there were 14 properties on Albert Road listed under this category.

45. Information was also submitted in respect of other empty properties on Albert Road. At December 2015, there were 23 other empty properties, of which five were paying rates. The remainder had no charge due to the fact they were in the middle of the statutory three month void period, after which the 100% empty charge (full rates) would become due.

46. Once a property becomes occupied, other types of Business Rates Relief are available:

- Properties with a rateable value up to £6,000 receive 100% rate relief following an application for Small Business Rates Relief, subject to meeting qualifying criteria;
- Properties with a rateable value of £6,000-12,000 receive relief on a sliding scale, subject to meeting qualifying criteria;
- Properties with a rateable value of £12,000-18,000 would have bills calculated using the small business non-domestic rating multiplier, subject to meeting qualifying criteria;
- Retail Relief - The Government provides rate relief of up to £1,500 to occupied retail properties with a rateable value of £50,000 or less;
- Re-Occupation Relief - The Government provides a 50% business rates discount for 18 months for businesses moving into previously empty retail premises that have been empty for 12 months or more without claiming any relief. This can be claimed in addition to Retail Relief.
- NNDR can also be paid over a 12 month period, rather than the usual 10 months.

47. Other types of relief available include:

- Registered Charities or Community Amateur Sports Club (CASC) can apply for mandatory rate relief. This reduces their rate liability by 80%. The Registered Charity or CASC can also apply for relief on the remaining 20% of their liability.
- Organisations can apply for discretionary rate relief if the organisation is not established for profit. A maximum of 100% relief can be awarded.
- Hardship Relief is available to businesses experiencing trading difficulties. The business is required to provide information to substantiate the application, including reasons why the business was experiencing hardship, action taken and number of employees affected by the hardship.

48. It was explained that Middlesbrough Council is allowed to retain 50% of all National Non-Domestic Rates collected. It is therefore in the Council's interest to ensure that properties are occupied. Measures are in place to ensure that all amounts due are collected and the authority's NNDR collection rate for 2014 was 98.9%. This equated to approximately £42.2m.

49. The Panel was advised that the Council's Revenues Services works in close liaison with Regeneration/the Town Centre Steering Group. There is a pro-active approach to ensuring that businesses are advised of the different options available to them in respect of business rate relief.

50. Investigators from Revenue Services also regularly visit empty properties to check on occupancy. Buildings that qualify for NNDR exemptions are brought back into the rating system as soon as possible to maximise income.
51. If a business fails to pay its business rates, the process for recovery of the rates is similar to that for Council Tax. A reminder is sent initially, followed by a summons and liability order. This is followed by enforcement action where necessary.
52. In response to a query with regard to action when a business goes into liquidation, the scrutiny panel was advised that the Council would apply to the liquidator for the payment of outstanding NNDR. In such cases it is likely that only a small proportion of the rates would be ultimately received.
53. The scrutiny panel was pleased to hear of the level of NNDR collection in Middlesbrough and of the steps that are taken to check and ensure that due payments are made in respect of empty properties.

## **CONCLUSIONS**

54. Having considered the submitted information, the Economic Regeneration and Transport Scrutiny Panel reached the following conclusions:
  1. Albert Road is one of Middlesbrough town centre's main thoroughfares and provides an important north-south link in the town, particularly as a main pedestrian route to and from the railway station. However, in recent years, it has suffered problems of gradual decline and an increased number of empty properties. Action is needed to arrest this decline and address the issue through inward investment. Of particular concern is the impression given to visitors to the town who arrive by rail.
  2. Middlesbrough Council would be unable to provide direct financial assistance to local businesses to make improvements in Albert Road. However, recent successful improvements such as the new Holiday Inn Express Hotel and the refurbishment of Baker and Bedford Streets (which are adjacent to Albert Road) are positive examples of what can be achieved by the Council involving itself in promoting and facilitating such developments. The Baker and Bedford Street schemes in particular illustrate that it is possible to regenerate an area through the development of independent small businesses that improve both the daytime and night-time economies.
  3. There is a need to involve all property owners and occupiers in any improvement proposals for the area. Only by engaging all parties will it be possible to develop a concerted and comprehensive approach to redevelopment. On a wider note, involvement of other retailers and town centre businesses should also be encouraged as any increase in footfall in Albert Road would be beneficial to the town centre as a whole.
  4. The condition of Middlesbrough railway station (for example the closed car park and structural issues relating to the integral public house) is an ongoing concern. Action in conjunction with Network Rail is imperative to rectify the issue.



5. While it is envisaged that the council would act mainly as a facilitator in promoting development, there may be an opportunity to review areas of possible capital investment in Albert Road, such as improvements to the public realm, or improvements in car parking. Improved car parking arrangements could result in Albert Road becoming a more attractive proposition for businesses locating there.

## RECOMMENDATIONS

55. Following the submitted evidence, and based on the conclusions above, the Economic Regeneration and Transport Scrutiny Panel's recommendations for consideration by the Executive are as follows:

1. That, Middlesbrough Council continues its lead role of promoting the regeneration of Albert Road and develops a master plan, or vision, that outlines possible development proposals as well as assistance that the Council can provide or direct businesses towards (eg the various forms of rate relief and incentives, assistance with refitting empty shops and business support/advice). This information should be communicated to all business and building owners.
2. That the recent successful regeneration of Bedford and Baker Streets is used as a possible model for the regeneration of Albert Road for mixed business/commercial and possible residential uses, with the scrutiny panel's preferred option being to promote/encourage local independent businesses and small to medium enterprises (SMEs) that bolster the daytime economy in particular.
3. That a steering group or consultation group is established to include Albert Road businesses and building owners to engage them in discussion on how improvements can be best achieved. An invitation to participate or comment should also be extended to other town centre retailers/businesses.
4. That the Council continues discussions with Network Rail to secure the mutual benefits that would result from improvements to the current condition of Middlesbrough railway station. This should include exploring all possible sources of funding, including submission of joint bids to external funding/grant sources, where appropriate.
5. That the authority also continues to explore all possible sources of external/grant funding in respect of the regeneration of Albert Road, and how these might best be used to encourage property owners to make improvements.
6. That improvements to the public realm in Albert Road are considered for future inclusion in the Council's Capital Programme and that, in the interim, street cleansing standards are improved.
7. That work is undertaken on how or whether the Council can assist existing Albert Road businesses, or businesses locating there, in improving car parking arrangements. This could include examining the possibility of the lease of Council-owned land.
8. That, while recognising the need to ensure adequate/suitable car parking in order to encourage occupation of Albert Road premises, the Council's commitment to carbon reduction is reaffirmed and provision is also made to promote cycling, pedestrian traffic and the use of public transport.

## **ACKNOWLEDGEMENTS**

56. The Economic Regeneration and Transport Scrutiny Panel would like to thank the following people for their assistance with its work:

- R Dowson - Middlesbrough Council
- M Hill - Jomast
- M McPhee - Middlesbrough Council
- A Plews - Middlesbrough Council

## **BACKGROUND PAPERS**

57. The following sources were consulted or referred to in preparing this report:

- Reports to and minutes of the Economic Regeneration and Transport Scrutiny Panel meetings held on 7 and 20 October, 18 November and 17 December 2015.

## **COUNCILLOR NAWEED HUSSAIN**

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