

EXECUTIVE

Date: Tuesday 5th October, 2021
Time: 1.00 pm
Venue: Council Chamber

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes - Executive - 21 September 2021 3 - 4

THE MAYOR AND LEAD MEMBER FOR CHILDREN'S SOCIAL CARE, ADULT SOCIAL CARE AND PUBLIC HEALTH

4. Youth Service: Overview of Progress, April 2021 - June 2021
(Quarter One) 5 - 12

EXECUTIVE MEMBER FOR ENVIRONMENT AND FINANCE & GOVERNANCE

5. Community Environmental Initiatives 13 - 18
6. Council Tax Reduction Scheme 2022/23 19 - 30

EXECUTIVE MEMBER FOR REGENERATION

7. Fountain Court Refurbishment and Fit-Out Budget 31 - 36
8. Middlesbrough Development Company (MDC): Business Plan Update 37 - 50
9. Centre Square Investment Opportunity - Part A 51 - 58
10. Any other urgent items which in the opinion of the Chair, may be considered.
11. Exclusion of the Press and Public

To consider passing a Resolution Pursuant to Section 100A(4) Part 1 of the Local Government Act 1972 excluding the press and public from the meeting during consideration of

the following item on the grounds that if present there would be disclosure to them of exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

12. **EXEMPT - Centre Square Investment Opportunity - Part B**
3

59 - 66

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Monday 27 September 2021

MEMBERSHIP

Mayor A Preston (Chair) and Councillors B Cooper, S Hill, E Polano and M Smiles

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Chris Lunn / Georgina Moore, 01642 729742 / 01642 729711, chris_lunn@middlesbrough.gov.uk / georgina_moore@middlesbrough.gov.uk

EXECUTIVE

A meeting of the Executive was held on Tuesday 21 September 2021.

PRESENT: Mayor A Preston (Chair) and Councillors B Cooper, S Hill, E Polano and M Smiles

ALSO IN ATTENDANCE: E Craigie (Teesside Live)

OFFICERS: C Benjamin, S Blood, M Brown, G Field, R Horniman, A Pain, T Parkinson and J Weston

21/52 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item/Nature of Interest
Mayor A Preston	Pecuniary	Item 4 - Future Development of Middlehaven, business interests in Middlehaven.

21/53 **MINUTES - EXECUTIVE - 7 SEPTEMBER 2021**

The minutes of the Executive meeting held on 7 September 2021 were submitted and approved as a correct record.

21/54 **FUTURE DEVELOPMENT OF MIDDLEHAVEN**

Following a declaration of interest in respect of the following item, the Mayor left the meeting at this point. For the remainder of business, Councillor Smiles chaired proceedings.

The Executive Member for Regeneration and the Director of Regeneration and Culture submitted a report for the Executive’s consideration. The purpose of the report was to set out the approach to be taken for the development of Middlehaven, and the agreement proposed to enable BCEGI to facilitate the development of over 500 new homes at St Hilda’s.

In summary, the approach planned to focus on developing four distinct, but overlapping zones that would have their own characteristics and their own target markets, but blend to form a single cohesive community. The four zones were identified as:

- Digital & Creative Hub (see paragraph 12 of the submitted report);
- St Hilda’s Neighbourhood (see paragraph 13);
- Education Quarter (see paragraph 14); and
- Middlehaven Docks (see paragraph 15).

To enable the coherent delivery of the next phase of development at Middlehaven, it was necessary for the land at St Hilda’s to be formally made available to BCEGI as the Council’s strategic partner. As a result, a five-year option agreement had been prepared that planned to allow BCEGI the certainty to commit significant funds to further design, planning and preparatory work that would be essential to taking forward the construction of new housing and commercial space within that zone.

The basis of the option agreement was outlined at paragraphs 20 to 25 of the submitted report and Appendix II outlined the area covered by the agreement.

ORDERED

1. That the planned approach to the development of Middlehaven be approved.
2. That the granting of an option agreement to BCEGI to facilitate the development of St Hilda’s be approved.

3. That agreement of the final terms of the agreement (and any variation to those set out in the submitted report) be delegated to the Director of Regeneration and Culture and the Council's Section 151 Officer.

REASON

The redevelopment of Middlehaven was key to the future economic growth of the town. The funding identified to deliver the Council's aspirations at Middlehaven was now available, but needed to be applied to a coherent strategy and phasing plan, and delivered in partnership with an organisation that was capable of taking it forward.

21/55 **EXCLUSION OF THE PRESS AND PUBLIC**

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

21/56 **EXEMPT - MIDDLESBROUGH COLLEGE**

The Executive Member for Regeneration and the Director of Regeneration and Culture submitted a report for the Executive's consideration.

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.

Report of:	The Mayor and Lead Member for Children’s Social Care, Adult Social Care and Public Health - Andy Preston Director of Children’s Care - Rachel Farnham
-------------------	--

Submitted to:	Executive - 5 October 2021
----------------------	----------------------------

Subject:	Youth Service: Overview of Progress, April 2021 – June 2021 (Quarter One)
-----------------	---

Summary

Proposed decision
That Executive notes the overview of progress made by the new Youth Service which was given approval to be established by Executive in June 2020.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Information and discussion	Yes, as all wards are affected by the need to provide services to young people.	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
We will contribute to promote the welfare of our children, young people and vulnerable adults and protect them from harm, abuse and neglect. We will transform children’s services to allow more families to stay together where it is safe for them to do so and reduce the need for children to be looked after.	We will work with our partners to help create a safer environment for families to live in, by supporting young people who are meeting in areas where there are concerns involving vulnerable young people, exploitation or anti-social behaviour.	

Ward(s) affected
All wards are affected as the need to deliver Youth Services for children and young people

¹ Remove for non-Executive reports

1. What is the purpose of this report?

This update report was requested by Executive members, following six months of the commencement of the new youth Service. This report is to provide an overview of the actions undertaken, following approval in June 2020 to develop a Youth Service.

The report sets out the context in which these actions have been carried out as this is a key priority within the Children's Services Improvement Plan 2020/23 and the Early Help Strategy 2021–2024. The overall aim is to improve outcomes for Middlesbrough's vulnerable children and young people by providing effective Early Help through Youth Services.

2. Why does this report require a Member decision?

This report does not require a member decision. The report provides Executive members with an overview of the new Youth Service delivery.

3. Report Background

- a. A commissioning process commenced in July 2020, following approval from Executive in June 2020, and this invited bids from key voluntary and community sector organisations to deliver Youth Services in partnership with the Council. Bids were identified and prioritised on the basis of match funding, tangible community benefits, youth work quality and outcomes with a specific focus on supporting young people through Early Help, with key transition points and positive activities.
- b. This required a number of Youth Centres being identified across Middlesbrough through utilising existing Council buildings. This includes community hubs and community centres and allocated space has now been identified for young people to access youth club activities. In addition, spaces within buildings operated by the voluntary and community sector organisations have also been identified.
- c. There are three key elements to the Middlesbrough Youth Service model including universal, targeted and transition youth work.

4. Universal Youth Work – delivered by The Linx Youth Project

	April	May	June	Total
Total number of attendees	111	151	266	528
Total number of sessions	27	26	34	87

- a. Three open access youth clubs have commenced during quarter one with limited capacity, due to Covid-19 restrictions and the implementation of Covid-19 risk assessments. The areas of indoor delivery include Breckon Hill Community Centre, Newport Community Hub and Coulby Newham at The Beacon, Langdon Square which is a church facility
- b. In the localities where there has been no indoor access to youth clubs due to Covid-19 restrictions, groups have been able to engage in outdoor sports activities. The areas of outdoor delivery include the following wards; Ayresome, Hemlington and Grove Hill.

- c. In addition, detached sessions have been delivered to engage with those young people who could not attend the sessions due to Covid-19 restrictions placed on the number of people able to access the building at any one time.
- d. Young people have been involved in community and social action projects, such as a community litter pick and gardening. Within the youth clubs, outdoor and detached sessions, the young people have been educated around different subjects including refugee awareness, climate change, LGBTQ+, racism and anti-social behaviour. These subjects and activities are all influenced by the young people who are empowered to have their voices heard as they are invited to co-design the sessions based on their interests and current affairs.
- e. There have been some challenges in delivery as some young people have been refused entry for not adhering to Covid-19 rules because they did not want to wear a mask inside the centres. In addition, some delivery venues' risk assessments meant that not as many young people were allowed into the centres. Small groups have been trialled but these were not always well attended as the young people preferred to be in larger groups. Therefore outdoor based sessions have been delivered, weather dependable.
- f. The factors linked to Covid-19 have meant that service delivery has not yet reached its full potential and with the lifting of restrictions the services will expand.

5. Targeted Youth Work – delivered by The Junction Foundation

	April	May	June	Total
Total number of attendees <i>Note: The totals are not based on individuals as a young person may access more than one session</i>	62	694	363	1119
Total number of sessions delivered	3	30	62	95

- a. This involves detached and outreach delivery of Youth Services within all wards of Middlesbrough. This model can be utilised to move around different wards according to the level of need and targeted at identified hot spot areas, working in partnership with Community Safety Teams. A representative from The Junction attends the multi-agency Active Intelligence Mapping (AIM) meetings in order to focus on those areas where young people are meeting, where there are concerns about risk taking behaviour and exploitation or there is identified anti-social behaviour.
- a. Detached Youth Work has been delivered in order to build relationships with young people and communities to enable a tailored response to needs and presenting issues, involving project work and social action within communities. This is delivered four evenings a week to those communities with the highest level of identified need, which are currently Trimdon, Newport, Thorntree and Grove Hill. The number of attendees for detached youth work were less during June when compared to May due to a number of factors. There were fewer young people on the streets due to European Football matches and the detached team were starting to identify groups with the highest need and develop project-based work with them.

- b. **Trimdon** – There is regular attendance from young people within this area and diversionary activities delivered are well attended. Project work is being explored with young people such as social action projects focussed on the environment e.g. litter picks and self-image. In addition, young people are also supporting the development of the Salvation Army's future neighbourhood youth club/space.
- c. **Newport** – The street based youth boxing project is addressing physical activity, confidence, self-esteem, health and wellbeing and anger management. It aims to reduce community tensions and improve community cohesion. The young people regularly attend each week and are looking to submit a funding application with a view to grow the session.
- d. **Thorntree and Brambles Farm** – There is regular weekly attendance from young people within these sessions and they are becoming more involved in diversionary activities. Young people are exploring project work such as social action projects around the environment e.g. why do young people set fires. The team are also supporting the Brambles Farm Social Club to create a junior youth club for young people aged 8 – 10 years, with a possible extension to older age groups.
- e. **Grovehill** – Currently within this community the team are developing relationships with the young people and are not in a position as yet to discuss development work with them, as there is no consistency of young people attending as the young people in this area are quite transient. It has been observed that young people in this area are harder to engage, possibly due to the level of enforcement which has taken place over the years within the neighbourhood. However, each week more young people are engaging in divisionary activities and relationships are beginning to grow.
- f. One to one support is available for young people if they would benefit from goal-based action planning through the development of trusted relationships through Early Help where the threshold falls below specialist Social Work intervention. During quarter one (April to June) one to one support was offered to 25 young people referred from Middlesbrough Multi Agency Childrens Hub. The average intervention length is a three-month period of personalised one to one support.
- g. Small structured group work has been delivered with young people based on identified needs and emergent issues within these groups. Needs and issues are identified by the young people themselves through community-based provision, partner agencies discussions with the targeted team, or through emerging needs of the one to one caseload. Average programmes last 6 – 8 weeks.
- h. Structured group work has commenced within a secondary school in Middlesbrough with groups taking place consisting of 18 Key Stage 4 students. This was at the request of the school via Middlesbrough Childrens Services Risk and Resilience Team. The group sessions deliver healthy relationships covering a wide range of topics including; respectful friendships, appropriate and inappropriate behaviours, harassment, sexting and relationship abuse. These sessions are being well received with regular attendance from all young people who engage well and say they would recommend the sessions to their friends.

6. Targeted Transition Youth Work – delivered by Middlesbrough Football Club Foundation

	April	May	June	Total
Total number of referral received	5	19	52	76
Total number of interventions delivered	5	57	236	298

- a. The teenage years are a critical period of growth and an important time for making significant life choices and decisions. This can lead to changes in the nature of the relationship between young people and their parents or carers, often making it more difficult. These difficulties are for most, the normal pressures of growing up and do not lead to detrimental outcomes and most young people make the transition successfully to adulthood. However, some children and young people struggle at key transition points where there is significant change in their lives which is why there is a focus in the Youth Service model on these transitions. This can include changing schools, or moving from primary to secondary school, as well as the transition from school to next steps in education or employment following year 11.
- b. If a child or young person struggles with transition it can have a negative impact on their wellbeing, attendance, behaviour, academic achievement and future life chances. Research shows that the transition from primary to secondary school in particular can result in the widening of academic gaps between vulnerable children and their peers. Access to trusted adults via targeted transition programmes can support children both pastorally and academically, this involves identifying those children and young people who are most likely to need support. This is most effective when strong relationships are fostered and support is given through the transition period and beyond.
- c. The targeted transition programme delivered by MFC Foundation is known as **'Switch It'** and has been flexible in terms of delivery models to enable a variety of sessions to suit each individual, including 1-1 intervention, small group work and detached sessions across a number of locations such as schools, homes, Riverside Stadium, sports clubs, youth centres and even a tour around Middlesbrough.
- d. Curriculum followed has varied from academic KS3 support within a classroom setting, covering aspects of Personal, Social, Health and Education (PSHE) whilst preparing young people for their transition to secondary school, and also linking self-regulation techniques and strategies.
- e. Communication and engagement with schools and other education settings has varied, but positively all eight secondary schools have engaged.
- f. Young people have been signposted to evening and community provision such as Premier League Kicks, National Citizenship Service, Tees Valley Mohawks and The Linx Youth Project. Home visits have been completed alongside partners to enable staff to gain a better insight into the safety and environments of young people.
- g. There have been challenges as a result of Covid-19 which have resulted in meaningful encounters during interventions being missed and time being lost. Staff self-isolating internally and external staff and colleagues has also impacted delivery. The referrals have been growing due to high demand, popularity and positive feedback from partners.

7. Quality and Performance

Youth Services in Middlesbrough are underpinned by qualified, motivated, and enthusiastic youth workers, working to professional standards and each service provider is expected to provide the following within the contract specifications:

- a. Representation on the Partnership and Prevention Board and provision of quarterly performance reports to this Board to demonstrate a commitment to continuous improvement.
- b. Receive announced and unannounced visits from Middlesbrough Council.
- c. Record sessions/interventions on Middlesbrough Council's case management system (Liquid Logic's Children's System/Early Help Module).
- d. Provide feedback from service users (via satisfaction surveys) resulting in service development where applicable.
- e. Be quality assessed by children and young people, young assessors and the Council's Commissioning Team.
- f. Adhere to standards of service provision, performance indicators and monitoring criteria as outlined in the service specification and contract. These may be subject to continuing negotiation during the course of the service development and delivery with the service provider.

8. Governance and Partnerships

- a. The three Youth Service providers are members of the Partnership and Prevention Board and support delivery of the Early Help Strategy. This board reports progress and ongoing delivery of the Youth Service on a quarterly basis to the Childrens Trust.
- b. All three providers are collaborating regularly and effectively with each other to co-ordinate delivery plans and referral criteria to ensure there is no duplication of services and that the youth offer is comprehensive. A key activity moving forwards is to promote the full youth service offer across Middlesbrough and for this to be available and publicised on the Middlesbrough Children Matter website for young people to access.

9. What decision is being asked for?

That Executive notes the overview of progress made by the new Youth Service which was given approval to be established by Executive in June 2020.

10. Why is this being recommended?

It is important that members of the Executive have a line of sight into the strategic and operational work being undertaken in line with the Multi Agency Children's Services Improvement Action Plan 2020/21.

11. Other potential decisions and why these have not been recommended

No other potential decisions at this time.

12. Impact of recommended decision

a. Legal

This report does not ask for a decision but is to provide members of the executive an overview of the work undertaken in the development and delivery of Middlesbrough Youth Service. There is no additional directly related legal implications. The decision of the Executive to provide a new youth service model (June 2020) relates to the Statutory Guidance for Providing Youth Services 2012 (Section 507B, Education Act 1996).

b. Financial

As this report does not ask for a decision but is to provide members of the Executive an overview of the work of Middlesbrough Youth Service over quarter one, there are no additional directly related financial implications.

c. Policy Framework

This decision does not have any impact of the Council's Policy Framework.

d. Equality and diversity

The Youth Service will not result in policies and practices that impact inequitably on individual or groups because they hold one or more protected characteristics. Ensuring that Youth Services to children and young people are effective and appropriate for all including those who hold one or more protected characteristics is a key responsibility for the service and will be monitored at all times.

e. Risk

Provision of effective Youth Services will ensure that the Council is not at risk of failing to meet its statutory duties to provide Youth Services. Children and young people will receive support through the Youth Service and vulnerable children and young people will have risks identified and be provided with Early Help to prevent escalation to Children's Social Care.

13. Actions to be taken to implement the decision(s)

None.

14. Appendices

None.

15. Background papers

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

Contact: Gail Earl
Email: gail_earl@middlesbrough.gov.uk

This page is intentionally left blank

Report of:	Executive Member for Environment and Finance & Governance: Councillor Barrie Cooper Director of Environment and Community Services: Geoff Field
-------------------	---

Submitted to:	Executive - Tuesday 5 October 2021
----------------------	------------------------------------

Subject:	Community Environmental Initiatives - To support community environmental initiatives to aid improved local environmental standards
-----------------	--

Summary

Proposed decision(s)
That Executive approve the proposal for the ask of £150,000 revenue (£50,000 per annum over three years) to support Community involvement in wide reaching Environmental Initiatives, to improve local environmental standards across their communities and across Middlesbrough.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision	Yes, impacts two or more wards	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
Business	Place	People
It will support the Councils Strategic plan, Green Strategy and locality working.	The Proposal does not directly impact on the Councils Physical Regeneration strategic objectives. However it looks to support and encourage more Community Groups and Volunteers on improving open spaces and the wider Environment, having a positive impact on the local environment	It supports the Strategic Plan as we will be working with communities and other public services to improve the lives of our residents.

¹ Remove for non-Executive reports

Ward(s) affected

The proposal impacts across all wards

What is the purpose of this report?

1. To seek approval from the executive on the funding of ancillary equipment and support to assist Community and Volunteer initiatives throughout Middlesbrough.

Why does this report require a Member decision?

2. The proposal affects more than two wards and therefore is considered a key decision requiring approval by the Executive.

Report Background

3. Community Groups and Volunteers provide important additional Environmental support to the councils services and are increasingly valued. Their work is integral to keeping Middlesbrough's environment to a good standard and further encouraging community participation.
4. This is especially important as Middlesbrough moves forward on its green agenda, striving to reaching carbon neutrality and increasing the level of bio diversity of the Town. Supporting community involvement and engaging with them in the wide reaching Environmental Initiatives, is fundamental to enhance and to continue the great work that they do. The authority need to further acknowledge and support these efforts and shared way we can to improve local environmental standards across our communities within Middlesbrough.
5. The supportive approach is leading to a growing numbers of volunteers, who are now networking with each other, leading to far reaching linked projects across the town. As well as promoting the groups projects/initiatives via social media, we can offer resource assistance by way of purchasing and holding a stock of consumable supplies so that these groups can readily access tools, equipment and technical support to deliver initiatives which are of benefit to the Environment, improving aesthetics and the well-being of residents.
6. Key milestones are to be incorporated into the plan, to enable a measurement of performance against the intended outcomes:
 - Develop a communications and marketing plan
 - Develop an education plan to raise awareness of responsible waste management and recycling
 - Develop a plan to work with Community Groups and Volunteers
 - To provide continual support and provision of equipment as required.

What decision(s) are being asked for?

7. That Executive approve a spend of £150,000 (£50,000 per annum over three years) to provide adequate support to ensure Community Groups and Volunteers have the right training, guidance and equipment to safely carry out their activities.

Why is this being recommended?

8. The proposed changes would support the Councils commitment to working with our communities and partners to ensure that we share ideas and resources to achieve our joint goals.

It will also go toward meeting our aims in our 2020-2023 Strategic Plan:

- People working with communities and other public services to improve the lives of our residents.
- We will work with communities to improve local health and wellbeing, focusing in particular on tackling obesity, poor mental health and substance misuse.
- We will work with local communities to redevelop Middlesbrough's disadvantaged estates, and introduce locality working with our partners, placing services at the heart of communities.

Other potential decisions and why these have not been recommended

9. To not supply equipment, advice and support to Community and Volunteer Groups is not an option. It would impact on our green agenda and groups would lose heart and faith in the authority and eventually lose interest in improving Middlesbrough.

Impact(s) of recommended decision(s)

Legal

10. There are no legal implications.

Financial

11. There would need to be an allocation from the MTFP of £150,000, (£50,000 p.a as from 2021/22).

Policy Framework

12. The report sets out a proposal in accordance with the Council's approach to the delivery of efficient services.

Equality and Diversity

13. An Impact Assessment has been carried out

Risk

14. The risk is that if the proposal is not accepted then there would be a steady decline in Community Groups and volunteers in turn having a detrimental impact on standards throughout Middlesbrough.
15. We would not be aspiring to a greener Middlesbrough in line with our emerging Green Strategy and therefore not meet the Mayors ambition of ensuring our town is an absolute leader on environmental issues.

Environmental

16. If the proposal is agreed there will be a number of environmental benefits:

- A reduction in litter and fly tipping across the town
- Improve the Environment, helping local wildlife to thrive.
- Will contribute toward the Councils emerging Green Strategy.
- Will support the Councils aim to become Net Carbon Neutral by 2029
- Will improve the community ownership of their areas
- Increased awareness of Environmental benefits.

Actions to be taken to implement the decision(s)

17. Agree to approve the proposal

18. A Communication, Marketing & Education campaign will be undertaken informing residents of the drive/campaign and how they can contribute.

19. To link this with colleagues in Stronger Communities so as it is picked up through the Locality working initiative.

Appendices

20. Equality impact assessment.

Contact: Philip Shaw

Email: Philip_Shaw@Middlesbrough.gov.uk

Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	To support community environmental initiatives to aid improved local environmental standards			
Coverage:	Middlesbrough Council and all volunteer groups throughout the borough (residents/businesses)			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input checked="" type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input checked="" type="checkbox"/>	Revision of an existing approach:	<input type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input type="checkbox"/>
Description:	Supporting Community involvement in wide reaching Environmental Initiatives, to improve local environmental standards across their communities and across Middlesbrough.			
Live date:	August 2021			
Lifespan:	Continuous			
Date of next review:	August 2023.			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposal will not impact on human rights.
Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposal will not have any adverse differential impacts on groups or individuals.
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not directly relevant to decision. There are no concerns the proposals could impact on community cohesion.
Next steps: ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

Assessment completed by:	A.Mace	Head of Service:	A.Mace
Date:	19/08/2021	Date:	19/08/2021

* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Report of:	Executive Member for Environment and Finance & Governance - Councillor Barrie Cooper Director of Finance - Ian Wright
-------------------	---

Submitted to:	Executive - 5 October 2021
----------------------	----------------------------

Subject:	Council Tax Reduction Scheme 2022/23
-----------------	--------------------------------------

Summary

Proposed decision(s)
<p>That Executive approve the commencement of consultation on a maximum Council Tax Reduction Scheme of 90% with the following :</p> <ul style="list-style-type: none"> • with Major Preceptors on the proposed changes to the working age Council Tax Reduction (CTR) scheme with effect from 1st April 2022 (as required by the Local Government Finance Act 1992); and • with the public on the proposed changes to the working age Council Tax Reduction (CTR) scheme with effect from 1st April 2022 (as required by the Local Government Finance Act 1992)

Report for:	Key decision:	Confidential:	Is the report urgent?¹
Decision	Yes	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
The purpose of the change is to implement a new working age CTR scheme which will not only provide additional support to low-income families but also improve current administration, make it easier to claim and to assist in the collection of Council Tax within the area.	N/A	N/A – applies to domestic premises only.

Ward(s) affected

All wards are affected by the decision to change the CTR scheme.

What is the purpose of this report?

1. The purpose of this report is to request permission to undertake a consultation (a requirement of schedule 1A of the Local Government Finance Act 1992) with both the public, and the Major Precepting Authorities in respect of proposed changes to the Council's CTR Scheme with effect from 1st April 2022.

Why does this report require a Member decision?

2. The amendment to the scheme affects all wards. As Middlesbrough Council are proposing to make changes to the CTR scheme for working age claimants (the scheme for pension age claimants is prescribed by Central Government), as required by the legislation a full consultation with both Major Preceptors and the public is necessary. As such, this requires a member decision to consult on changes to the 2022/23 scheme.

Report Background

3. Council Tax Reduction (CTR) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:
 - Placed the duty to create a local scheme for **Working Age** claimants with billing authorities;
 - Reduced initial funding by the equivalent of ten per cent from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and
 - Prescribed that persons of **Pensionable age** would be dealt with under regulations set by Central Government and not the authorities' local scheme.
4. Pensioners, subject to their income, can receive up to 100 per cent support towards their Council Tax. The Council has no power to change the level of support provided to pensioners and therefore any changes to the level of CTR can only be made to the working age scheme.
5. When CTR was introduced in 2013, for working age claimants, the majority of Councils including Middlesbrough broadly adopted the previous means tested Council Tax Benefit scheme as the basis of awarding support. Due to the reduction in funding from Central Government, the Council also required all working age claimants, even those on the lowest income, to pay a minimum payment of 20%.
6. Since that time the minimum payment required has reduced to 15% and only slight changes have been made to bring the scheme into line with either Housing Benefit or Universal Credit (UC).

The current scheme

7. There are some areas within the current scheme which can be amended which in turn will provide a differing level of support to low-income taxpayers, and will also help the Council to provide the service in a more efficient manner. The main areas are as follows:

- The need to further assist low-income households and assist in the collection of Council Tax;
- The introduction of UC for working age claimants; and
- The need for a simplification of the scheme.

8. Each of the above are examined in detail below.

Assisting low-income households and the collection of Council Tax

9. In 2013, 80% maximum support was provided to working age claimants. In 2018/19, this increased to 85% maximum support to working age claimants.

10. A number of authorities have and are making changes to the CTR scheme (see appendix a), for reasons such as;

- More support for claimants on passported benefits;
- Simplification of the scheme;
- Reduction in the administrative burden collecting from those households with limited means;
- Reduction in the provision made for bad debtors;
- Reduce if not remove the high level of rebilling that occurs throughout the year due to benefit changes which ultimately leads to a delay in cash collection.

Middlesbrough's proposed scheme will equally address these underlying concerns.

Council Tax Reduction and the roll out of Universal Credit

11. The introduction of UC within the area has, as experienced in all other areas, brought a number of significant challenges to both the administration of CTR and also the collection of Council Tax generally. Many Councils have experienced the following:

- The reluctance of UC claimants to make a prompt claim for CTR leading to a loss in entitlement;
- A high number of changes to UC cases are received from the Department for Work and Pensions requiring a change to CTR entitlement. On average 40% of UC claimants have between 8 and 12 changes in entitlement per annum. These changes result in amendments to Council Tax liability, the re-calculation of instalments, delays and the demonstrable loss in collection; and
- The increased costs of administration through multiple changes with significant additional staff and staff time being needed.

12. It is clear that the existing means tested CTR scheme, which is too reactive to change, will not be viable in the longer term now that UC has been rolled out fully within the area and with the massive increase in UC claimants due to the COVID-19 crisis. Giving weight to these circumstances, it would be appropriate to move to a more efficient scheme from 2022/23.

The need for a simplified approach to the Council Tax Reduction Scheme.

13. Notwithstanding the introduction of UC, the existing scheme is based on a 'pre-dated' means-tested benefit scheme:

- It is difficult for customers to understand and is based on a complex calculation of entitlement;

- The administration for staff is very convoluted, with staff having to request significant amounts of information from claimants;
- Staff have to undergo extensive training to be proficient in processing claims;
- The timescales for processing applications is lengthy, mainly due to the complexity and evidence required to support the applications; and
- The administration of the scheme is costly when compared to other discounts for Council Tax.

14. There is a need to simplify the scheme, not only to mitigate the effects of UC, which have been fast tracked as a consequence of Covid, but also make it easier for customers to make a claim, reduce the likelihood of fraud, and to reduce the costs of administration.

The proposed approach for the 2022/23 Council Tax Reduction Scheme

15. It is proposed that an alternative approach be taken from 2022/23, through the redesign of the scheme to address all of the main areas highlighted in this report.

16. Work has been ongoing since early this year on a proposed alternative scheme which is now complete. Consultation now needs to be undertaken with the public and the Major Precepting authorities. If accepted by the Council, the proposed alternative scheme will take effect from 1st April 2022.

17. The proposed alternative scheme has a number of features as follows:

- More support shall be given to those households on the lowest of incomes than in the current scheme;
- The changes can **only be made to the working age schemes** as the current schemes for pensioners are prescribed by Central Government;
- The grid below represent weekly amounts.
- The current means - tested schemes will be replaced by a simple income grid model as shown below:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
WEEKLY Income Ranges							
Band 1*	90%	£0 - £100.00	£0 - £160.00	£0 - £220.00	£0 - £140.00	£0 - £205.00	£0 - £260.00
Band 2	72%	£101.01 - £180.00	£160.01 - £240.00	£220.01 - £295.00	£140.01 - £240.00	£205.01 - £281.00	£260.01 - £340.00
Band 3	36%	£180.01 - £215.00	£240.01 - £255.00	£295.01 - £350.00	£240.01 - £290.00	£281.01 - £320.00	£340.01 - £400.00
Band 4	23%	£215.01 - £255.00	£255.01 - £280.00	£350.01 - £450.00	£290.01 - £340.00	£320.01 - £370.00	£400.01 - £430.00
	0%	Over £255.00	Over £280.00	Over £450.00	Over £340.00	Over £370.00	Over £430.00

- *If the claimant is in receipt of a 'passport benefit' such as Income Support, Jobseeker's Allowance (Income Based) and Employment and Support Allowance (Income Related), it is proposed (as outlined above) that the maximum level of support will be 90% (Band 1);
- All other discount levels are based on the claimant's (and partner's if appropriate) net weekly income;
- The scheme allows for variation in household size with the levels of income per band increasing where a claimant has a partner, and / or dependants. Couples with 2 or more children are all combined into the same income level. This means the income band is the same regardless of whether a claimant has 2 children or more;
- There will be no charges made where a claimant has non-dependants living with them. This is a significant change and means that the administration of the scheme will be more straightforward whilst also protecting low-income families where adult sons and daughters, for example, remain at home;
- To support claimants in or into work, the first £25 per week of the claimant / partner's net earnings will be disregarded before comparing the level of weekly income to the income grid. This will take the place of the current standard disregards and additional earnings disregards.
- Disability benefits such as Disability Living Allowance and Personal Independence Payments will continue to be disregarded;
- Where any claimant, their partner or dependant child(ren) are disabled, a further disregard will be given, thereby maintaining the current level of support to those with disabilities;
- Carer's Allowance and the Support Component of Employment and Support Allowance will be disregarded;
- Child benefit and Child Maintenance will be disregarded;
- An amount in respect of the housing element, limited capability for work elements, carers element and disabled child elements within UC will be disregarded;
- The total disregard on war pensions and war disablement pensions will continue;
- Extended payments will be removed; and
- The current scheme has a capital limit of £16,000, this will reduce to £6,000 with no tariff (or assumed weekly income) being applied. Based on current data, only 106 claimants out of almost 18,000 would be impacted by this.

How the proposed alternative scheme will address the problems with the current scheme

18. With the simplification of the proposed alternative scheme, it will address the following:

- **Claiming process.** Claimants will see a reduction in the claiming process and, where appropriate to do so, CTR will be awarded automatically. For UC claimants *any* UC data received from the Department for Work and Pensions (DWP) will be treated as a claim for CTR. Where information is received from DWP, the entitlement to CTR will be processed automatically without the need to request further information from the taxpayer. These changes will have the following distinct advantages namely:
 - **Speed of processing** – all claims will be able to be calculated promptly and largely automatically without the need to request further information which inevitably leads to delays;
 - **Maximising entitlement to every claimant.** As there will no requirement for UC claimants to apply separately for CTR, and for all other claimants, the claiming process will be simplified, and backdating will be kept to a minimum;

- **Maintenance of collection rates** – the proposed alternative scheme will avoid reissuing of demand notices and re-setting instalments, and support the approach to the improvement of collection rates. The increased level of CTR support will mean those claimants on the lowest levels of weekly income will pay less Council Tax;
- **The income bands are sufficiently wide to avoid constant changes in discount.** The current CTR scheme is very reactive and will alter even if the overall change to the person's liability is small. The proposed alternative scheme, with its simplified income banding approach will have the following advantages:
 - Only significant changes in weekly income will affect the level of award;
 - Council Tax payers who receive CTR will not receive multiple Council Tax demands and adjustments to their instalments; and
 - The proposed alternative scheme is designed to reflect a more modern approach, where any discount changes will be effective from the day of the change rather than the Monday of the following week.

Transition to the proposed alternative scheme and the Exceptional Hardship Scheme

19. Any change in scheme or a transition to a proposed alternative scheme may result in a change to the entitlement of certain claimants.
20. The changes to the scheme, will mean those regarded as the most vulnerable will gain in award, with others (as shown above) having a reduced award (i.e. those with capital over £6,000). It is proposed that the alternative scheme will contain additional provisions to protect individuals who experience exceptional hardship. Where any claimant is likely to experience exceptional hardship, they will be encouraged to apply for an exceptional hardship payment. The Council will consider all applications for exceptional hardship on an individual basis, taking into account available income and essential outgoings. Where appropriate further support will be given to the claimant.
21. This approach will enable individual claimants to be dealt with in a fair and equitable manner. The Exceptional Hardship Scheme will form part of the CTR scheme and fall to be paid through the Collection Fund.

What decision(s) are being asked for?

22. That Executive approve the commencement of consultation on a maximum Council Tax Reduction Scheme of 90% with the following :
 - with Major Preceptors on the proposed changes to the working age Council Tax Reduction (CTR) scheme with effect from 1st April 2022 (as required by the Local Government Finance Act 1992); and
 - with the public on the proposed changes to the working age Council Tax Reduction (CTR) scheme with effect from 1st April 2022 (as required by the Local Government Finance Act 1992)

Why is this being recommended?

23. The proposed changes, will simplify a complicate scheme, further assist low income households and support the collection of council tax, whilst also fulfilling the obligations on Local Authorities to support the roll out of Universal Credit.

24. Any changes to the existing scheme are subject to full consultation which will likely run from the middle of October 2021 for a period of 6 weeks and will inform the scheme from 1 April 2022.

25. See **Appendix B** – How Middlesbrough will consult.

Other potential decisions and why these have not been recommended

26. The alternative to introducing a proposed alternative scheme for CTR from 2022/23 is to leave the existing scheme in place. This would be a short-term option; leading to increasing costs of administration; and in the longer term, significantly affect the collection of Council Tax and the effectiveness of the scheme to support households within the Council's area.

27. Modelling (see below) has also been done on an alternative 'income grid' scheme with 85% maximum support and 100% maximum support. The principles of this scheme are exactly as described earlier in this report (Para 17), however given weight to the options appraisal/rationale (**Appendix C**) these are not recommended.

Option	Scheme / Support	Cost / Saving to the Council	Support	Recommended / Not Recommended
1	Income Banded Scheme – 85% maximum support	£700,000 saving	85% - similar to existing support	Not recommended – See Appendix C
2	Income Banded Scheme – 90% maximum support	£70,000 saving	90% - 5% increase on existing support	Recommended – See Appendix C
3	Income Band – 100% maximum support	£1,000,000 cost to the council	100% - 15% increase in support	Not recommended – See Appendix C.

Impact(s) of recommended decision(s)

28. The Council will obtain the views of the Major Preceptors and the public on the proposed alternative scheme and will be able to take those views into account when deciding whether to adopt the scheme with effect from April 2022.

29. Any decision whether to change the scheme will need to be approved by full Council.

Legal

30. Schedule 1A (3) of the Local Government Finance Act 1992, states:

Before making a scheme, the authority must:

- consult any Major Precepting authority which has power to issue a precept to it,
- publish a draft scheme in such manner as it thinks fit, and

- consult such other persons as it considers are likely to have an interest in the operation of the scheme.

31. In addition, in order to set a new scheme, the Council is obliged to make a resolution by **11th March** of the year prior to the scheme coming into place.

Financial

32. The current CTR scheme budget is **£19.1m** which is borne by the Council's Collection Fund. Costs are shared between the Council and the Major Precepting Authorities in the following proportions:

- Middlesbrough Council (83.55%);
- Police and Crime Commissioner for Cleveland (12.63%)
- Cleveland Fire Brigade (Fire and Rescue Service) (3.82%).

33. Based on current modelling, were the proposed alternative scheme to be in place at the current time, the costs of this scheme is estimated to be a small saving of £71,000 (this figure is subject to change as claimants move on and off the scheme over the remainder of the year). This saving is intended to be used for the Exceptional Hardship scheme mentioned in paragraphs 19-21.

34. The proposed scheme has been costed on the current number of active claims as at July 2021. It does not assume any further impact to the scheme brought about by changes to claimant circumstances (for example, as a consequence of furlough ending). It is not possible to estimate the impact of any unforeseeables, hence the model has been costed on the current position.

35. The changes brought about by the simplified scheme, should generate capacity to undertake age debt collection (leading to a reduction in bad debt), and compliance (which would reduce potential fraudulent claims).

Policy Framework

36. The CTR scheme does not change the Policy Framework.

Equality and Diversity

37. Any proposed alternative scheme shall be implemented in accordance with the Council's equality and diversity policies.

Risk

38. This policy will impact positively on the following risks.

- 08-059 Incorrect assumptions in the MTFP;
- 08-075 Reduction in Council Tax Collection;

Actions to be taken to implement the decision(s)

39. That Executive approve the consultation on the Council Tax Reduction (CTR) scheme with the following :

- with Major Preceptors on the proposed changes to the working age Council Tax Reduction (CTR) scheme with effect from 1st April 2022 (as required by the Local Government Finance Act 1992); and

- with the public on the proposed changes to the working age Council Tax Reduction (CTR) scheme with effect from 1st April 2022 (as required by the Local Government Finance Act 1992

40. Following approval, consultation will progress, feedback which will influence the future shape of the scheme. Any changes will be made before a final report for adoption of the CTR scheme for 2022/23 will be progressed.

Appendices

41. Appendix A – Other CTR schemes in the area and future plans
Appendix B – Examples of likely consultation questions
Appendix C – Options appraisal - Rationale

Background papers

42. There are no background papers associated with this report

Contact: **Janette Savage - Head of Revenues and Benefits.**
Email: Janette_savage@middlesbrough.gov.uk

Appendix A – Council Tax Reduction Schemes

Council	2021/22 Scheme	2022 / 23 Plans
Stockton	80% - means tested	100% - Income Banded – out to consultation
Darlington	80% - means tested	No plans to change.
Hartlepool	88% - means tested	Considering options but expect to stay the same.
Redcar & Cleveland	82.5% - means tested	Considering options
Durham	100% - means tested	No plans to change
Newcastle	90% - Income Banded	Looking to increase support to 100%. Retaining Income Banded scheme – considering options
Gateshead	91.5% - means tested	No plans to change
Hambleton	90% - Income Banded	No plans to change – minor tweaks to existing scheme
North Tyneside	85% - means tested	No plans to significantly change
Northumberland	88% - means tested	No plans to change
South Tyneside	70% (or 15% if vulnerable) – means tested	No plans to change
Sunderland	91.5% - means tested	No plans to change

* - means tested schemes are similar to the type of scheme Middlesbrough currently operate where the whole of a claimant and their partner's income is compared to an allowance and the entitlement is worked out based on this comparison. It is similar to the way Housing Benefit is currently calculated.

** - Income Banded scheme is a scheme calculated in the way proposed in this report for Middlesbrough going forward. Broad income ranges are set based on a claimant and their partner's circumstance, and a set discount is given based on an income range.

Appendix B – Examples of the likely consultation areas / options.

As the Council is proposing a number of changes to its existing scheme and, in line with legislation, we have a duty to consult with residents and provide them with the opportunity to tell us their views on the proposed changes to the Council Tax Reduction Scheme.

Consultation questions will be put to residents through the council's portal in regards to the following:

- Introducing an income 'grid' scheme for all working age applicants replacing the current scheme which was based on the previous Council Tax Benefit scheme. This will provide up to 90% support in certain cases (currently there is a maximum of 85%) **(Option 1)**;
- Limiting the number of dependent children used in the calculation of support to two for all working age applicants **(Option 2)**;
- Removing Non-Dependant deductions **(Option 3)**;
- Disregarding Carers Allowance, the Support Component of the Employment and Support Allowance and the housing element of Universal Credit in the calculation of income **(Option 4)**;
- Removing all of the current earnings disregards and replacing them with a standard £25 disregard for all applicants where they are in work **(Option 5)**;
- Where a person is disabled and in receipt of certain disability benefits, allowing a further deduction from their income before calculating any entitlement to Council Tax Reduction **(Option 6)**;
- Removing the Extended Payment provision **(Option 7)**;
- Making all new claims and changes in circumstances which change any entitlement to Council Tax Reduction on a daily basis rather than the current (benefit based) weekly basis **(Option 8)**; and
- Allowing the discretion to backdate any discount to be commencement of the financial year where a good reason is provided **(Option 9)**.
- Reducing the maximum capital limit from £16,000 to £6,000 **(Option10)**

Appendix C – Options appraisal of the differing support in an income banded CTR scheme.

Scheme	Pros	Cons
85% Income Band	<ul style="list-style-type: none"> • Saving of £700k 	<ul style="list-style-type: none"> • Bad Debt Provision will increase = cost to the council • Increase in the amount of CTR arrears / burden of collection – reduced collection rates • MBC – one of the most income deprived areas in the UK • Further pressure on the courts and additional increases in debt due to court costs • Where schemes have changed, no council has taken money out / reduced support
90% Income Band	<ul style="list-style-type: none"> • Affordable • Provides greater level of support for those on low levels of income • Supports those going back into work and those who are already in work • Links in with other welfare strategies such as Stop the Knock, our Crisis support and other discretionary funds, and is part of our toolkit to respond to differing degrees of poverty • Current scheme requires improvement and proposed scheme seeks to address • the amount left to pay be more affordable = realising a greater opportunity to pay • Scheme is easier to administer = more likely to claim 	<ul style="list-style-type: none"> • Still an amount to pay for the most financially vulnerable
100% Income Band	<ul style="list-style-type: none"> • 100% support for the most vulnerable • Any other payments will go against historical / bad debt • Significant reduction in the administration of collection • Less pressure on courts 	<ul style="list-style-type: none"> • Significant cost to the council – circa £1million+ = affordability concerns.

Report of:	Executive Member for Regeneration - Councillor Eric Polano Executive Member for Environment and Finance & Governance - Councillor Barrie Cooper Director of Regeneration and Culture - Richard Horniman Director of Finance - Ian Wright
-------------------	---

Submitted to:	Executive - 5 October 2021
----------------------	----------------------------

Subject:	Fountain Court Refurbishment and Fit-Out Budget
-----------------	---

Summary

Proposed decision(s)
That Executive considers the building refurbishment and fit-out costs highlighted in the report and approves: a) An additional £4.138m being allocated to the Fountain Court project, giving a total budget of £7m to refurbish and fit-out the building, enabling Council staff to relocate there in 2022.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision regarding fit-out costings	Yes	No	No

Contribution to delivery of the 2021-24 Strategic Plan		
People	Place	Business
The proposals will retain the central workforce within the town centre, alongside the model of staff placed in localities to contribute to the objective that <i>“We will ensure that we place communities at the heart of what we do, continue to deliver value for money and enhance the reputation of Middlesbrough”</i>	The proposals will retain the central workforce within the town centre, and within an unused asset to contribute to the objective that <i>“We will transform our town centre, improving accessibility, revitalising unused assets, developing iconic new spaces and building more town centre homes”</i> .	The proposals will enable the Council to secure high quality accommodation for staff that will enable the most cost effective way of <i>“making sure we work as effectively as possible to support our ambitions for People and Place”</i> .

Ward(s) affected
Central Ward

What is the purpose of this report?

1. That Executive considers the building fit-out costs highlighted in the report and approves:
 - a) An additional £4.138m being allocated to the Fountain Court project, giving a total budget of £7m to refurbish and fit-out the building, enabling Council staff to relocate there in 2022.

Why does this report require a Member decision?

2. The report to Executive on 16th March 2021 identified Fountain Court as the preferred option for the future accommodation of Council staff and approved its purchase. Further survey work has been conducted which has confirmed the budget required to fit-out the building, ready for reoccupation.

Report Background

3. Much has changed since the original specification for Council accommodation was developed. The Covid-19 pandemic has accelerated trends in home working, changed the way that business is undertaken, and changed the expectations of both staff and external contacts.
4. It was very evident from employee and manager surveys that staff found working from home extremely beneficial during the pandemic and would like to continue with home working in the future. It was also evident from the surveys that time spent with colleagues in the office was extremely important and that this impacts on collaboration, knowledge sharing, mental health and wellbeing. With this in mind, eligible Council employees have been offered a blended home/office working approach to enable staff to have the benefits of working from home for a significant part of their working time, balanced with face-to-face interaction and collaboration.
5. As a result of these changing circumstances, the Council's brief for future accommodation has changed:
 - fewer desks are required and for a shorter period of time
 - less formal meeting space
 - more collaboration and 'drop in' space
 - we can apply a looser concept of 'neighbourhood' areas
6. Consequently, and as new building options emerged, additional work was undertaken to re-evaluate the building options available to the Council in central Middlesbrough, and provide the information required to inform a decision on future location. An option appraisal identified Fountain Court as the preferred option and the building was subsequently purchased at a cost of £1.84m (inclusive of Stamp Duty Land Tax).
7. The Executive report on 16th March 2021 highlighted that further due diligence and survey work would need to be undertaken to fully understand the costs of Fountain Court. A condition survey by Billinghamurst George and Partners identified that although the building is in generally sound condition, there are a number of expensive defects which require attention in the short-to-medium term such as full window replacement and an upgrade of the Mechanical and Electrical (M&E) system.

8. In summary, the survey and design work has identified that £7m is required to refurbish and fit out the building. This would allow for the works identified above to be addressed and a high quality furniture and fixtures fit out, which would incorporate the following:
- new furniture and fixtures which promote the Council's values and align with the new blended working arrangements
 - raised access floors for services, needed for flexibility to future proof the building
 - replacement and enlarged windows (the current windows are nearing the end of their life)
 - new internal and external doors
 - new floor and ceiling finishes
 - lift refurbishment/replacement
 - new toilets and kitchen areas
 - ICT fibre connections and equipment
 - signage
 - drainage
 - M&E installation
 - consultant's fees
9. In the report to Executive on 16th March 2021, it was anticipated that the cost of the purchase and fit out of Fountain Court could be accommodated within the fit out budget for One Centre Square, which was £5m, however the report acknowledged that detailed due diligence and survey work needed to be undertaken to fully understand the costs.
10. The due diligence and survey work has confirmed that a budget of £7m is required. This includes an 8% contingency of £520,000 which is required to account for the market fluctuations that are current being experienced throughout the U.K.
11. With regard to utilising the £5m budget for One Centre Square, approximately £600,000 has already been spent on survey, consultant works and purchasing the furniture for the demonstration neighbourhood area, which left a budget of £4.438m. The table below breaks down the expenditure for Fountain Court against this budget:

Expenditure Requirement	Cost
Purchase of Fountain Court including Stamp Duty Land Tax	£1,844,500
Refurb and Fit-Out Requirements	
Survey and due diligence work	£16,000
Consultant's fees (design, costs consultancy and advisory role)	£135,200
Overbury pre-contract services agreement (PCSA)	£160,000
Overbury main contract (CAT A and CAT B fit out)	£4,800,000
ICT fit out	£750,000
ICT black fibre connections	£100,000
Furniture and fixtures (not provided in the Overbury contract)	£550,000
Total Other Requirements	£6,511,200
Contingency at 8%	£520,896
Final Total Other Requirements	£7,032,096
Total Cost Of Acquisition and Fit Out	£8,876,596

Current Available Budget	£4,438,000
Additional Budget Required	£4,438,596
Less Mitigation	
Savings from revised estimate for demolition of Civic Centre	-£300,000
Final Additional Budget Required	£4,138,596

12. It should also be noted that the decision to let One Centre Square instead of the Council relocating there, in conjunction with Centre Square 2, is currently producing an income surplus of £250,000.
13. In summary, the total costs for the refurbishment and fit out of Fountain Court are £7m, the available budget from One Centre Square was £4.438m so the additional budget requested, when considering the £300,000 saving from the demolition of the Civic Centre, is £4,138,596.
14. Mitigating this request is the fact that there are significant savings to be made from relocating from the Civic Centre to Fountain Court. Although the difference between the annual running costs between the two buildings is negligible, the Civic Centre currently has a repair and maintenance backlog of £2m. Relocating staff from the Civic Centre to Fountain Court negates the need for this £2m expenditure.
15. Furthermore, 154 Borough Road and Sandringham House will close as a result of staff relocations to Middlesbrough House and Fountain Court respectively. The combined annual running costs of both buildings is £126,000.
16. In addition, the relocation of staff will permit the onward disposal of these buildings, creating additional capital receipts for the Council.

What decision(s) are being asked for?

17. That Executive considers the building refurbishment and fit-out costs highlighted in the report and approves:
- a) An additional £4.138m being allocated to the Fountain Court project, giving a total budget of £7m to refurbish and fit-out the building, enabling Council staff to relocate there in 2022.

Why is this being recommended?

18. The Executive report on 16th March 2021 identified that further due diligence and survey work would need to be undertaken to fully understand the costs of Fountain Court's refurbishment and fit out. It was anticipated that the cost of the purchase and fit out of the building could be accommodated within the fit out budget for One Centre Square, which was £5m. It was stated that if detailed due diligence subsequently identified that the project could not be achieved for £5.2m, a request for an additional allocation of funding would be made prior to work starting. The survey work has highlighted that the fit out cost is £7m and as only £4.438m remains in the One Centre Square budget (when discounting the One Centre Square expenditure), an additional £4.138m is requested. This will ensure

the building is fitted out to a high standard in line with the new blended working arrangements and Council's values, ready for staff to relocate there.

Other potential decisions and why these have not been recommended

19. The Council could:

Do nothing:

- a) The principle that the Council should relocate to Fountain Court has been established by previous Executive direction. The building is not fit for purpose in its current format and is unfurnished, hence a budget is required for its fit out.

Continue to proceed with the remaining budget:

- b) The remaining budget (£4.438) minus the acquisition of Fountain Court (£1.84m) leaves a budget of £2.59m. This budget would be insufficient to fit out the building to a good standard. All that could be achieved within this allocation is a very basic redecoration and furniture fit out. It would not address the defects highlighted in the condition report, such as the windows being at the end of their life. This would postpone money being spent on the building now, but the issues would have to be addressed in the short-to-medium term hence resources would still have to be allocated for this purpose. It would also result in a raised access floor being omitted, which is required for flexibility and future proofing the building.

Impact(s) of recommended decision(s)

Legal

20. If Executive approve the requested budget, the appropriate contracts will be awarded and work will commence on the strip out of Fountain Court. An additional approval to appoint the main contractor, Overbury, for the main CAT A and CAT B fit-out works will be sought in December 2021.

Financial

21. If Executive approve the report, an additional £4.138m would be allocated to the Investment Strategy for the refurbishment and fit-out works of Fountain's Court.
22. The Council will be able to achieve capital receipts through the relocation of staff at, and the subsequent onward disposal of, 154 Borough Road and Sandringham House.
23. At the point of disposal of the properties, total annual revenue savings of £126,000 can be achieved with a significant proportion of this being realised at the point of relocating the staff.
24. The £2m of costs required in respect of the backlog of repairs and maintenance at the Civic Centre will no longer be required.

Policy Framework

25. The decision will be within the existing policy framework.

Equality and Diversity

26. An Impact Assessment is not required as the proposals will not have an impact on protected groups. In line with building regulations, the final design of the accommodation will be fully accessible.

Risk

27. The relevant risks this decision would influence are cited below, with an explanation as to why they are relevant and how it would affect each risk.

O1-052	Substantial areas of the town have high residential voids/low sales values and high population churn, effectively creating market failure resulting in significant social consequences which in turn have implications for Council resources and service delivery. Such an approach is unsustainable and will result in the need for significant market invention at great cost to the Council.	Fountain Court is currently a void property in the town so its refurbishment and fit out will have a positive impact on this risk.
O8-037	If a large scale emergency incident or business interruption event prevents Departments from functioning or requires diversion of resources, then ability to function and deliver services would be disrupted.	New ways of working such as home working and not needing as much office space will have a positive impact on this risk, because the Council will be more resilient as services can be delivered from home.
O8-027	If the Council fails to recruit or retain staff to key posts, due to perception of the Council or competition from other employers, then this could result in reduced capacity and knowledge, leading to reduced outcomes for local communities. (The predicted recession and further austerity reduces the risk in some areas but not all). The economic austerity reduces this risk in some areas but not all).	Homeworking opportunities/new office accommodation may help recruit and retain staff, thus having a positive impact on this risk.

Actions to be taken to implement the decision(s)

28. If approved, the Council will progress the design work and contracts required to commence the fit out works.

Appendices

29. N/A

Background papers

Body	Report title	Date
Executive	Council Future Office Accommodation – Preferred Option	16 th March 2021

MIDDLESBROUGH COUNCIL



Report of:	Executive Member for Regeneration - Councillor Eric Polano Executive Member for Environment, Finance and Governance - Councillor Barrie Cooper Director of Regeneration and Culture - Richard Horniman Director of Finance - Ian Wright
-------------------	--

Submitted to:	Executive - 5 October 2021.
----------------------	-----------------------------

Subject:	Middlesbrough Development Company (MDC): Business Plan Update
-----------------	---

Summary

Proposed decision(s)
That Executive notes the contents of the MDC Business Plan Update, attached as Appendix 1 to this report.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision	No	N/A	Non urgent

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
The development of housing, will contribute towards Middlesbrough's Housing Growth Programme and increase the quality and quantity of homes available to residents.	Investing in the development of new housing on key sites will contribute towards the regeneration of the town and the priority to make Middlesbrough look and feel amazing.	The MDC Business Plan proposals will support the Mayor's urban living agenda and help underpin the Medium Term Financial Plan, by generating Council Tax.

Ward(s) affected
MDC could undertake projects in any ward.

¹ Remove for non-Executive reports

What is the purpose of this report?

1. The purpose of the report is to provide the Executive with a review of MDC's activities over the past year, and to set out the priorities and anticipated expenditure for the next 12 months.

Why does this report require a Member decision?

2. MDC is a local authority trading company limited by shares, with the Council as the sole shareholder. It is a requirement of the Shareholder's Agreement that the Company will supply the Shareholder with a report setting out the progress of the Company in relation to the objectives and/or milestones set out in the Business Plan and/or the Subsequent Business Plan.

Report Background

3. In September 2020 the Executive considered the Middlesbrough Development Company: Strategic Plan, CSI site and Boho Village report. The report advised that for MDC to achieve its objectives, it needed a Business Plan that set the strategic direction of the company, but was flexible enough to accommodate new projects and opportunities as they arise.
4. The MDC Board had agreed that this could best be achieved by adopting a Strategic Plan, which set out the company's objectives, detailed how new projects would be approved, and, set out its administration, governance and funding.
5. As individual projects were proposed to become part of the Company's workload, the report advised that the detailed delivery of each project would be set out in a Project Plan, which would be approved by the Board of Directors and, if required, the Council as Shareholder.
6. The Executive approved the MDC Strategic Plan and capital borrowing of up to £24m to fund the construction of an apartment development on the former CSI site in the town centre and the Boho Village development at Middlehaven (subject to further sign off from the Council's Section 151 Officer).
7. As it is now 12 months from the approval of the Strategic Plan, it is considered an appropriate time for the Company to provide the Shareholder with a Business Plan Update, which is attached as Appendix 1 and is summarised below.

Progress since September 2020

8. MDC has commenced construction on two projects in its capacity as a developer:
 - a) Boho Village (Middlehaven) – a £6.5m construction contract has been awarded to Engie for the development of 61 new two and three bedroom dwellings, with completion due in July 2022.
 - b) Newbridge Court – a £4.5m construction contract has been awarded to Brims Construction for the redevelopment of the former Tollesby Shops. Work is on site to provide five ground floor retail units with 24 apartments above, and is due to complete in September 2022.

9. MDC is also under contract with a partner developer for the £17m development of a 14 storey residential tower block of one and two bedroom units on the former Cleveland Scientific Institute (CSI) site. An application for planning approval is scheduled to be submitted later in the summer. The delivery of the project is subject to the approval of grant funding from Homes England's Affordable Housing Programme and the Towns Fund.
10. Executive approval has also recently given for a £1m investment that will enable MDC to enter into an Empty Homes Partnership, which will acquire and refurbish empty and dilapidated properties in the Gresham and North Ormesby areas to help stabilise existing communities.
11. MDC has drawn down £2.13m from the Council over the period September 20 to August 21. This is comprised of the following:

General / Admin	£90,000
Tollesby	£315,000
Boho Village	£1,645,000
CSI	£80,000
<u>Total</u>	<u>£2,130,000</u>

Priorities for the next 12 months

12. As stated previously, construction of the Boho Village and Newbridge Court developments are both scheduled to complete by the end of September 2022 and work will commence on the Empty Homes Partnership and CSI scheme.
13. In addition to the above, the Business Plan Update provides details of a number of pipeline projects that MDC are developing in its capacity as a developer or development enabler, that are being considered for delivery over the next year, subject to Board and MBC Executive approval:
 - a) Eyesore sites – development of vacant and unsightly plots of land / buildings around the town.
 - b) Middlehaven – developer or development enabler for several vacant plots in or around this area.
 - c) Former Captain Cook Pub – development enabler to bring forward various options. The Council intend to market the building and will on completion of the remedial work in December 2021 seek interest from developers on a wide variety of proposals.
 - d) Centre North East – development enabler to facilitate a 200 unit apartment scheme.
14. It is anticipated that MDC will draw down between £10m and £15m in funding from the Council over the next 12 months to progress the Boho Village, Newbridge Court, Empty Homes Partnership and CSI projects.

What decision(s) are being asked for?

15. That Executive notes the contents of the MDC Business Plan Update, attached as Appendix 1 to this report.

Why is this being recommended?

16. The Shareholder Agreement requires MDC to provide the Council with a report setting out the progress of the Company in relation to the objectives and/or milestones set out in the Business Plan.

Other potential decisions and why these have not been recommended

17. No other potential decisions have been considered.

Impact(s) of recommended decision(s)

Legal

18. The Council can rely upon the general power of competence within the Localism Act 2011 for its own purpose, for a commercial purpose and/or for the benefit of others i.e. this includes the role of Middlesbrough Development Company Limited. The proposed Council led interventions involve carrying out a commercial activity and must therefore be done through a Company
19. MDC is a local authority trading company limited by shares and operates in accordance with its Memorandum and Articles of Association, Shareholder Agreement, Strategic and Project Plans, and, Loan Agreement.

Financial

20. On the 18th December 2018 Executive approved: the creation of a Housing Delivery Vehicle in the form of a Wholly Owned Company (by Middlesbrough Council) limited by shares; the associated business plan and a funding package of up to £10m.
21. Subsequent Executive approvals have re-allocated funding from the £10m funding package to the Newbridge Court (Tollesby Shops) project and Empty Homes Partnership, and allocated increased capital borrowing to fund the construction of the Boho Village and CSI projects.
22. The Council has secured a £936k grant from Homes England's Affordable Housing Programme for Newbridge Court and is to submit a further bid for up to £5m to deliver affordable units on the former CSI site.
23. The Council funding required to deliver the Newbridge Court, Boho Village, CSI and Empty Homes Projects is already allocated within the Investment Strategy. Any additional Council funding required to fund the pipeline projects listed in Paragraph 13 would be subject to further due diligence and approval by Executive.

Policy Framework

24. The decision will not amend the Council's policy framework.
25. The decision is aligned with the Strategic Plan 2020 to 2023 priority to Investing in the development of new housing on key sites to contribute towards the regeneration of the town and the priority to make Middlesbrough look and feel amazing.

Equality and Diversity

26. The Impact Assessment undertaken in September 20, concluded that the decision to approve the MDC Strategic Plan would not have any disproportionately negative impacts. This report is an update on the actions set out in the Strategic Plan.

Risk

27. The delivery of the approved schemes included in the Business Plan Update would mitigate the following high level risks identified in the Strategic and Directorate Risk Registers.

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.

O1-045 - If delivery of the new housing programme does not meet the projected targets then this can have a negative impact on the assumptions within the MTFP.

Actions to be taken to implement the decision(s)

28. The Council will continue to transfer funds to MDC as required in accordance with existing Executive approvals.

29. Where appropriate, further Executive approvals will be sought in respect of pipeline projects, which are approved by the MDC Board.

Appendices

Appendix 1: MDC Business Plan Update.

Background papers

Body	Report title	Date
Executive	Middlesbrough Development Company: Strategic Plan, CSI site and Boho Village.	1 September 2020

This page is intentionally left blank



UPDATE REPORT:	September 2021
AUTHOR:	Tony Dodds

This report is a review of activity for Middlesbrough Development Company (MDC) from September 2020 to August 2021 and also a forecast of activity for the coming year.

September 2020 to August 2021

During the year we have commenced construction on two projects where MDC is acting as the developer:

- **Boho Village** in St Hildas provides for 61 new 2 and 3 bedroom residential units and a £6.5m construction contract has been awarded to Engie with completion due in July 2022. 52 of these units are pre-sold to Housing Associations with the remaining 9 being marketed for disposal.



Artists impression of the competed scheme



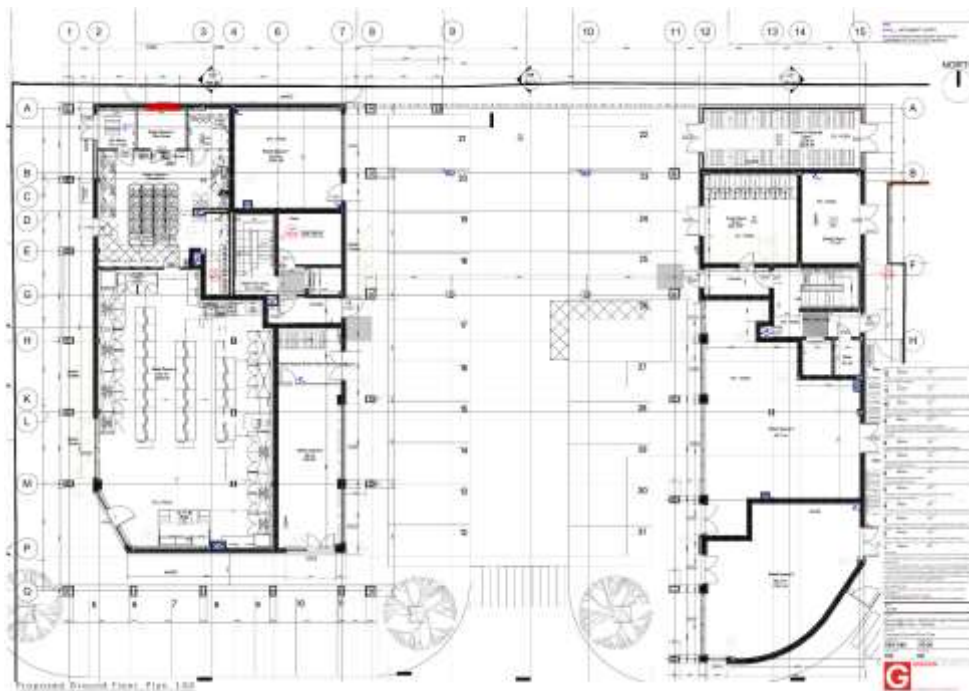
Proposed site layout

- **Newbridge Court** in Tollesby replaces a derelict shopping parade with a new build scheme comprising 5 ground floor retail units and 24 apartments above. A £4.5m construction contract has been awarded to Brims Construction. The commercial and residential units will be let and managed by the MDC in the first instance with a disposal option considered when appropriate.

GRADON ARCHITECTURE



Artists impression of completed scheme



Proposed ground floor layout

A further project is under contract with a partner developer but is not due to start on site until Spring 2022:

- The former **Cleveland Scientific Institute** site, (now Oak Street car park) is the location for a 14 storey residential tower block comprising 131, 1 and 2 bedroom units. Planning is due to be submitted by partners, Chaloner, in the Autumn of 2021 and once granted they will then deliver the £17m scheme using funding provided by MDC.



Artists impression of finished building



Typical floor plans

Cabinet approval has recently been obtained for a further project due to commence imminently:

- The **Empty Homes Project** is a collaboration with partner organisations to acquire existing empty and dilapidated properties in the Gresham and North Ormesby parts of the town and refurbish these for re-letting purposes. MDC will invest up to £1m in the scheme to help regenerate existing communities.



Typical problem property blighting streets and communities

Funding

During the year MBC has drawn down £2.13m in funding to help deliver these projects which is partly equity investment by the Council in the Company and the remainder repayable development loans. By project this is comprised:-

<u>Project</u>	<u>Funding</u>	<u>Funding Type</u>
General / Admin	£90,000	Equity
Tollesby	£315,000	Equity
Boho Village	£1,645,000	Loan
CSI	£80,000	Loan

During the period MDC, through the Council, has also secured £936,000 in Homes England grant funding for Tollesby scheme in return for the residential units being let on an affordable basis.

September 2021 to August 2022 Forecast

The current new build construction projects which are on site will be completed during this period. The Empty Homes Project will commence although it is unlikely this will be completed. CSI will commence on site.

Pipeline projects currently being considered for delivery commencing during this period, (subject to Council Cabinet and MDC Board approval), are:

- **Eyesore sites** – a collection of small vacant and often unsightly plots of land and buildings scattered around the Town in need of redevelopment. MDC are working closely with Council officers to seek solutions for delivery which may involve MDC acting as developer or partnering with landowners and housing associations. A Cabinet report to secure funding for this project is currently being prepared. Two examples are:



Park End Pub / Penistone Hall

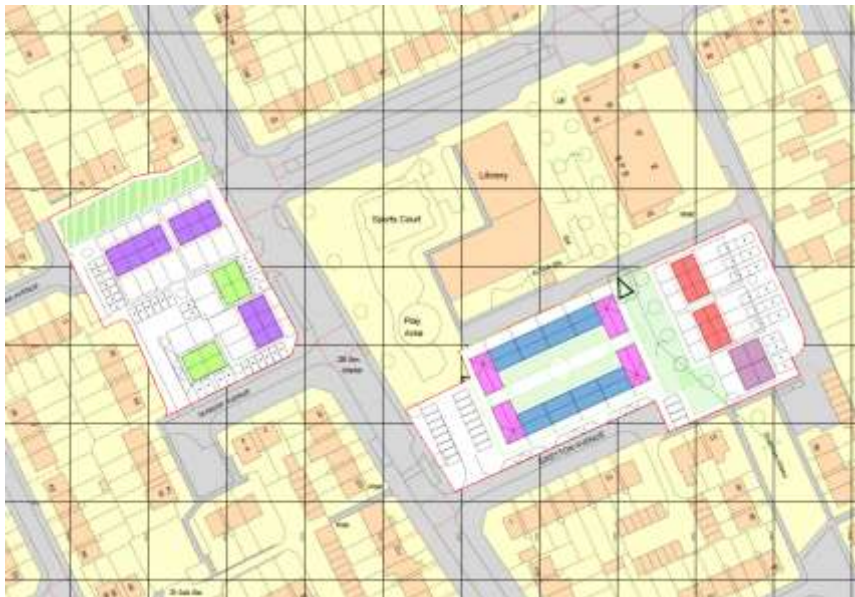


Former Wee Willie PH



Suggested housing layout for Wee Willie site

- **Middlehaven** – MDC is assisting in trying to source development partners for several vacant plots in and around this area. It may also be possible for MDC to step in as developer on appropriate sites subject to funding approval.
- **St Agnes Church, Easterside** – A parcel of Church and Council owned land is available for development and MDC is working with the Church in promoting this site with Housing Associations with a view to delivering a scheme. Again this may involve MDC taking on the developers role or acting as development partner.



Suggested redevelopment scheme of residential units

- **Former Captain Cook PH** - MDC is liaising with a developer who is interested in delivering a mixed use office and residential scheme for the site. This listed building is currently being stabilized by the Council. MDC are assisting in its role as a development enabler.



Pub currently being stabilized by MBC

- **Centre North East** - MDC is liaising with the owner and prospective developers in looking at ways in which this prominent redundant building can be brought back into beneficial use potentially for a scheme of up to 200 apartments. MDC are assisting in its role as a development enabler.



Current building view

Funding

During the coming year MDC will draw down between £10m and £15m in approved funding to continue delivering the Boho Village, Tollesby, Empty Homes and CSI projects which again will be partly equity investment by the Council in the Company and the remainder repayable development loans.

Further funding will be secured as necessary to help realise pipeline projects although many of these, it is hoped, will be deliverable without financial intervention.

MDC, through the Council, will attempt to secure c.£5m in Homes England grant funding for the CSI scheme in return for the residential units being let on an affordable basis.

Report of:	Executive Member for Regeneration - Councillor Eric Polano Executive Member for Environment and Finance & Governance - Councillor Barrie Cooper Director of Regeneration and Culture - Richard Horniman Director of Finance - Ian Wright
Submitted to:	Executive - 5 October 2021
Subject:	Centre Square Investment Opportunity - Part A

Summary

Proposed decision(s)
The following is asked of the Executive: a) that the information contained in Part A of the report be noted; and b) that the decision be taken once all the financial or exempt information contained in Part B of the report has been considered.

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

Contribution to delivery of the 2021-24 Strategic Plan		
People	Place	Business
6 Centre Square is targeted to achieve a minimum top 25% BREEAM 'Very Good' rating for environmental performance... <i>"Ensuring our town is an absolute leader on environmental issues."</i>	Creating a strong, elegant, signature building which will enhance the area and create a legacy of quality design... <i>"Transforming our town centre with new buildings that inspire awe."</i>	Providing a further opportunity to secure commercial tenants with strong covenants... <i>"Winning investment and creating jobs."</i>

Ward(s) affected
Central Ward.

What is the purpose of this report?

1. This report proposes that to facilitate the development of 6 Centre Square, Middlesbrough Council provides TVCA with:
 - i. a capital grant of £2,000,000; and
 - ii. retained business rates in respect of 6 Centre Square to TVCA, ceasing the earlier of a 15-year term, or, when the Government changes the business rates mechanism.

Why does this report require a Member decision?

2. The decision is over the financial threshold of £150,000.

Report Background

3. A KPMG Market Analysis Report commissioned by Middlesbrough Council in February 2016 provided an initial feasibility analysis of a new Grade A Office development in the town centre. With no new office space since the 1980s, the town has struggled to retain and attract new business to the town due to the lack of quality office space available.
4. The report identified the risk that having no quality space available will result in further businesses exiting the town altogether. The Business Case for new buildings at Centre Square was based upon an average 65% occupancy over 35 years at an achievable target rent.
5. On 20th February 2018, the Executive approved a report titled *Centre Square East Office Development – Council Investment and Accommodation [Parts A and B]*, which provided that Middlesbrough Council would take 35-year leases on two new Grade A offices at 60,044 sq. ft. and 33,852 sq. ft. gross internal area (GIA) respectively.
6. The larger of the two buildings was originally intended to provide replacement municipal accommodation, with the smaller building being made available for commercial lettings.
7. Further to practical completion of both buildings in September 2019, the Mayor of Middlesbrough concluded that due to significant commercial interest and potential inward investment; both buildings be made available for commercial lettings with an alternative municipal accommodation solution to be identified. On 16th March 2021, the Executive approved Fountain Court, in the heart of Centre Square, as the preferred option for municipal accommodation, with full refurbishment anticipated to be completed by Summer 2022.

Centre Square Commercial Performance

8. Despite the economic shock caused by the global pandemic and the resultant national trend for downsizing of office requirements, lettings at phase one have progressed extremely well:
 - i. the completion of leases totalling c. 73,000 sq. ft. (78% of Net Internal Area), accommodating Causeway Technologies, XPS Pensions Group, Model T Finance (t/a GBB) and Firstsource;
 - ii. agreed leases, pending legal completion, on a further c. 7,000 sq. ft. (7%);
 - iii. advanced negotiations in respect c. 5,000 sq. ft. (5%) for food and beverage provision;
 - iv. initial discussions with a development consultant on the remaining c. 5,000 sq. ft. (5%) of office space;
 - v. the remaining GIA comprises shared facilities for which a service charge is levied.

Rational for Intervention

9. Further research commissioned by TVCA in 2019 on the availability of Office and Industrial Workspace in Tees Valley, found that in general almost all new build developments are unviable without public sector intervention.
10. The private sector could contribute to the capital costs with some debt or equity finance, however, due to the high commercial and financial risk there are viability challenges. The risk is too high for sources of private finance that would be accessible to the project, which would result in either the inability to access funds or the interest rate to account for the high risk, increasing the viability gap. The risk is not reduced for the public sector, but the rationale and mitigation are the safeguarding of Tees Valley jobs and providing a platform for economic growth.
11. The first phase of the Centre Square development has increased average rents in Middlesbrough significantly. Whilst the rates are still not quite enough for a purely private sector-led development, this development has secured a pre-let agreement which significantly protects the investment of public funds. In time, the density of occupation and demand works to a point where private sector ability to speculatively develop, is incrementally improved.
12. Throughout the pandemic, Centre Square remained an attractive option for professional businesses; principally driven by its competitive value and high-quality. Despite the investment risk, the development has realised a positive return and initiated a new phase of rebalancing the town centre economy towards business, as consolidation and restructuring within the retail sector continues apace.
13. Whilst professional business activity is growing within Middlesbrough as a result of Centre Square; it remains relatively low as a proportion of the town centre economy in comparison to national averages.
14. With the existing development substantially let, commercial agents are no longer in a position to satisfy further larger-scale Grade A office requirements; with the risk that Middlesbrough misses the opportunity to secure further inward investment or retain existing growing businesses, as employers gradually move away from out-of-town business parks, towards town centre locations – ostensibly driven by the benefit of intercity connectivity and modern corporate requirements for environmentally sustainable locations.
15. It should be noted that whilst Middlesbrough Council has developed a longer-term strategic approach to address empty or derelict privately-owned office buildings across the town centre; this does not address the current lack of Grade A office accommodation in the short to medium term.

Revised Masterplan

16. In anticipation of relocating businesses and further inward investment enquiries, Ashall Developments secured Planning approval for Building 6 Centre Square (see appendices 1 and 2) on 9th March 2021; following which a revised masterplan (see appendix 3) for the remaining plots received Planning approval on 22nd July 2021.
17. Ashall Developments owns the site of the former Melrose House Building and has cleared the site in preparation for development of 6 Centre Square. Ashall led on the development of phase one at Centre Square in Middlesbrough – demonstrating the demand and quality for the facilities.

Towns Fund and TVCA Funding

18. On 27th May 2021, the Executive approved a report titled *Towns Fund and Future High Streets Fund*, which allocated £2m towards an “additional 40,000 sq. ft. office”. Therefore the proposals within this report provide an opportunity to realise the previously agreed objective.
19. TVCA has also approved a sum in excess of four times that of the Council to provide a full development budget for the construction of 6 Centre Square. TVCA aims to secure a long term return on investment which can support the delivery of major investments into the future.

Business Rates

20. TVCA’s investment is also subject to the transfer of retained business rates (49% of the levy) outlined in Part B of this report. It should be noted that the proposals contained within this report do not result in the Council losing business rates income, as without the proposed funding package and resultant construction of 6 Centre Square, there would be no such income to collect.

What decision(s) are being asked for?

21. The following is asked of the Executive:
- a) that the information contained in Part A of the report be noted; and
 - b) that the decision be taken once all the financial or exempt information contained in Part B of the report has been considered.

Why is this being recommended?

22. **Economic Growth** - In addition to significant job retention, the prospective anchor tenant is planning the creation of an additional 100-220 jobs in Middlesbrough.
23. **Costs** - Provided all jobs are safeguarded, the Towns Fund grant of £2m, by itself, equates to a cost per job of £4,167. This is considered good value for money in line with existing capital grant schemes.
24. **Benefits** - The retention of a significant town centre employer will be critical to the recovery of the high street in the post pandemic period, protecting 480 jobs.
25. **Stakeholders** - Heads of Terms have been agreed with the prospective anchor lessee at Centre Square. The success of the first phase is demonstrative that the development meets the accommodation requirements of professional businesses. Residential stakeholders were engaged as part of the planning process which approved both the revised masterplan and 6 Centre Square specifically.

Options Appraisal

Options	Strategic Fit	Achievability	Affordability	Value for Money	Conclusion
Do nothing	No	Yes	No	No - would lead to significant job loss in the local community.	Discard
Middlesbrough Council covers entire development cost	No – high leverage for Middlesbrough Council at Centre Square.	No	No	No - high risk for Middlesbrough Council to proceed with scheme as sole liable party.	Discard

Options	Strategic Fit	Achievability	Affordability	Value for Money	Conclusion
TVCA act as lead investor with supporting grant funding from Middlesbrough Council	Yes	Yes	Yes	Yes - significant Value for Money return in event of prudent occupancy assumptions.	Proceed

Impact(s) of recommended decision(s)

26. **Legal** – An agreement between Middlesbrough Council and TVCA is required to ensure the grant award is subject to the Towns Fund grant conditions and change control processes; assigns responsibility for project management, delivery and risk to TVCA; and, provides for appropriate clawback mechanisms.
27. **Procurement** – The grant proposal does not represent the procurement of goods or services.
28. **Financial** – Provided all jobs are safeguarded, the Towns Fund grant of £2m, by itself, equates to a cost per job of £4,167. This is considered good value for money in line with existing capital grant schemes. The retention of town centre employment will be critical to the recovery of the high street in the post pandemic period.
29. It should be noted that the proposed Towns Funds allocation does not represent Council capital or borrowing.
30. **Policy Framework** – The proposal is within the existing policy framework.
31. **Equality and Diversity** – An Impact Assessment is not required as the proposals will not have an impact on protected groups.
32. **Risk** – The grant award by Middlesbrough Council will be protected by a funding agreement with TVCA, which as lead investor, will concurrently protect its investment in the construction of 6 Centre Square by acquiring the freehold.
33. **Actions to be taken to implement the decision(s)** – As outlined at paragraph 26.

Appendices

Appendix 1: 6 Centre Square – Site Plan

Appendix 2: 6 Centre Square – Southerly and Westerly Elevations

Appendix 3: Centre Square – Revised Masterplan

Background papers

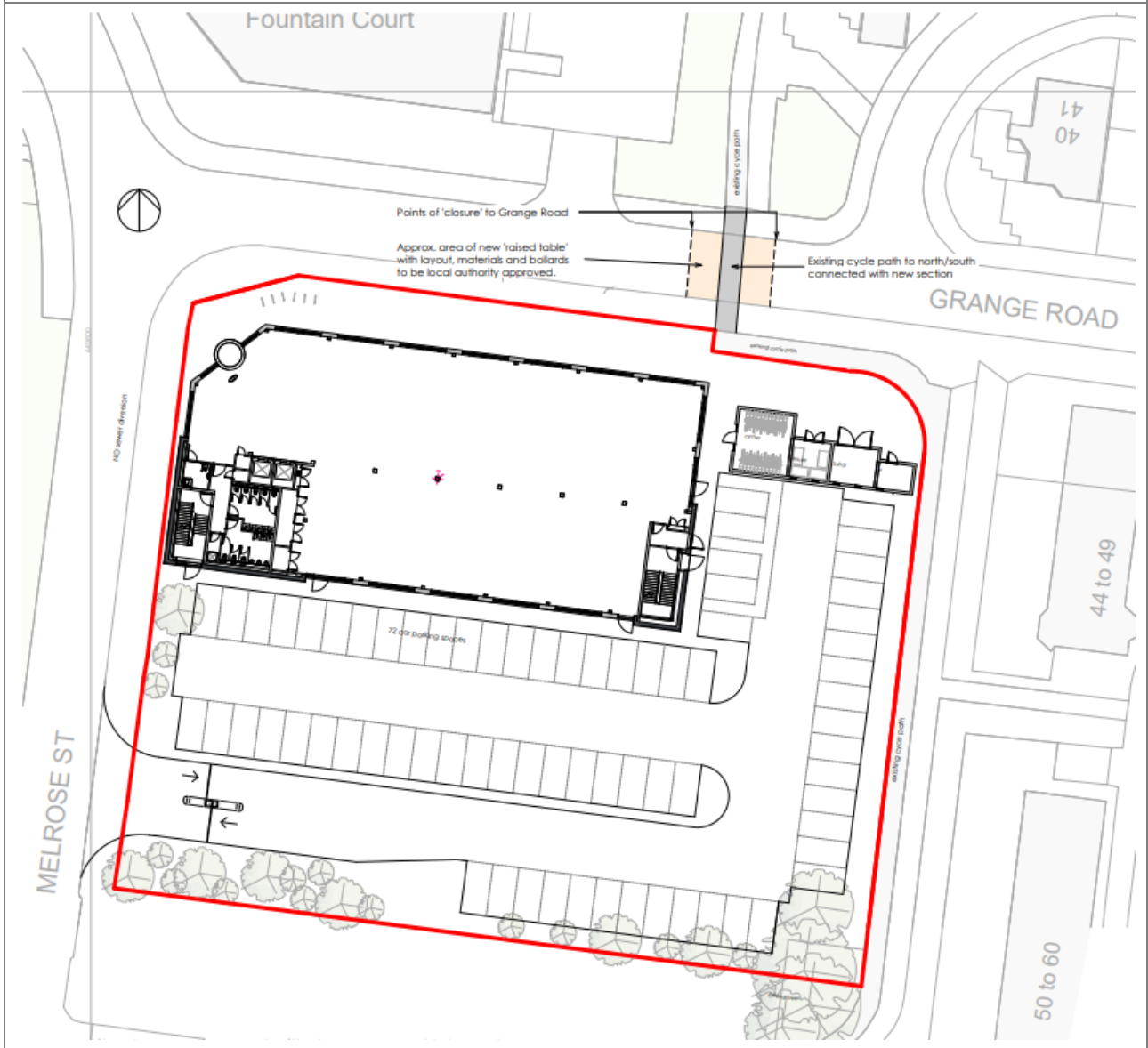
Body	Report title	Date
Executive	Centre Square East Office Development – Council Investment and Accommodation [Part A]	20 th February 2018
Executive	Centre Square East Office Development – Council Investment and Accommodation [Part B]	20 th February 2018
Executive	Council Future Office Accommodation - Preferred Option [Part A]	16 th March 2021
Executive	Towns Fund and Future High Streets Fund	27 th May 2021

Contact: Andrew Cain (Economic Growth and Infrastructure)

E-mail: andrew_cain@middlesbrough.gov.uk

APPENDIX 1

6 Centre Square – Site Plan



APPENDIX 2

6 Centre Square – Southerly and Westerly Elevations



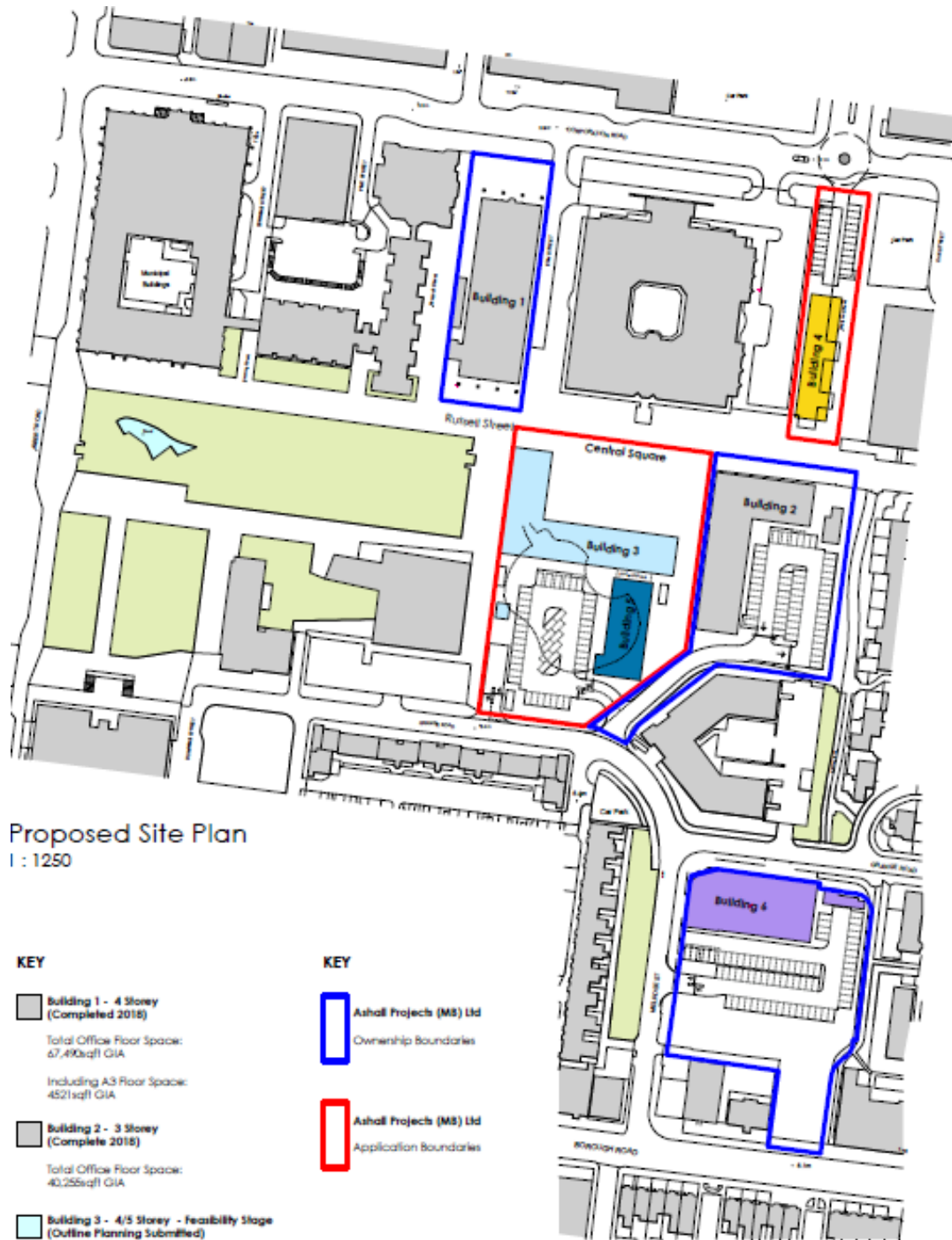
GA - South Elevation
1 : 100



GA - West Elevation
1 : 100







APPENDIX 3

Centre Square – Revised Masterplan



Proposed Site Plan
1 : 1250

KEY

-  **Building 1 - 4 Storey (Completed 2018)**
 Total Office Floor Space: 67,490sqft GIA
 Including A3 Floor Space: 4521sqft GIA
-  **Building 2 - 3 Storey (Complete 2018)**
 Total Office Floor Space: 40,255sqft GIA
-  **Building 3 - 4/5 Storey - Feasibility Stage (Outline Planning Submitted)**
 Total Office Floor Space: 84,417sqft GIA
 Including A3 Floor Space: 5,807sqft GIA
-  **Building 4 - 3 Storey - Feasibility Stage (Outline Planning Approval)**
 Total Office Floor Space: 18,600sqft GIA
-  **Building 5 - 4 Storey - Feasibility Stage (Outline Planning Submitted)**
 Total Office Floor Space: 25,518sqft GIA
-  **Building 6 - 4 Storey - Planning Stage (Planning Approved 2021)**
 Total Office Floor Space: 46,789sqft GIA

KEY

-  **Ashall Projects (M8) Ltd**
 Ownership Boundaries
-  **Ashall Projects (M8) Ltd**
 Application Boundaries

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank