

**MIDDLESBROUGH COUNCIL**

<b>Report of:</b>	Director of Regeneration
<b>Relevant Executive Member:</b>	Executive Member for Regeneration
<b>Submitted to:</b>	Executive
<b>Date:</b>	22 May 2024
<b>Title:</b>	Developing a New Nunthorpe Community Facility
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	Safe and resilient communities
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000
<b>Subject to call in?:</b>	Yes
<b>Why:</b>	Non-urgent Report, and place on Executive Forward Work Programme.

### Proposed decision(s)

To seek Executive approval to proceed with the works required to develop a planning application for a new community facility in Nunthorpe, seek planning approval and to proceed with discussions of a 25-year lease with the preferred operational management organisation.

### Executive summary

The report seeks to outline the steps taken since the last Executive Approval to deliver a new community facility in Nunthorpe and seeks approval to proceed to the next stage of the project.

The report requires an Executive approval as the decisions would lead to expenditure that would exceed £250,000.

Other options have been scoped by officers and are outlined within the report. It is believed that the recommendation presented within the report supports the requirements of both the local community and meets the aims and objectives of the Council.

## **Purpose**

1. To seek Executive approval to proceed with the works required to develop a planning application for a new community facility in Nunthorpe, seek planning approval and to proceed with discussions of a 25-year lease with the preferred operational management organisation.

## **Recommendations**

2. It is recommended that the Executive provides approval to proceed to the next stage of the project, which includes:
  - a) the design process and site surveys for a planning application submission
  - b) a tender process to identify a preferred developer partner;
  - c) securing planning approval; and,
  - d) continuing discussions with preferred operational management organisation and to develop 25 year lease agreement.

## **Rationale for the recommended decision(s)**

3. The Council has undertaken an option appraisal process to identify the most appropriate location for a new community facility in Nunthorpe, including a public consultation. The option appraisal identified the location adjacent to the new GP Surgery.
4. Concept designs have been completed followed by a process to identify a preferred operational management organisation.
5. The project is ready to proceed to the next stage.

## **Background and relevant information**

6. There has been a long standing requirement for new community space to be developed within the Nunthorpe area. The need for such space has been communicated by residents, community groups and local elected members for some time.
7. In 2020, Middlesbrough Council, in conjunction with community representatives developed a series of commitments that were intended to ensure that the local community were engaged in the area's future and would ultimately lead to the development of a Neighbourhood Plan. Again, the need for a new community facility was clearly communicated as a priority for the local community.
8. As part of this work, a number of proposals came forward to develop new community space, in different parts of Nunthorpe. One proposal identified a site owned by the Council adjacent to the new GP Surgery off Stokesley Road, and the other identified an opportunity to build on the existing Nunthorpe and Marton Playing Fields Association facilities off Guisborough Road.
9. Also in 2020 a significant allocation of Town's Fund resources was added to the existing Council funds to ultimately provide a budget of £0.971m to deliver a brand new community

facility at Nunthorpe. The facility is anticipated to start construction in early 2025 and complete construction by early 2026.

10. A process to look at specific proposals for each site was undertaken by the Council and other external stakeholders in 2021, but no formal conclusion was reached.
11. A report was subsequently approved by Executive in September 2022, which identified the need for community consultation, and a focus on identifying the most appropriate location for the facility. The report stated that the Council would manage the design and build of the new facility, but a process would also need to be undertaken to appoint an organisation to run it. As there is no revenue budget available from the Council to support the running of the facility, the selected organisation would need to demonstrate a viable, sustainable business plan.
12. As a result, a consultation on the location options was conducted between December 2022 and January 2023 for a period of 6 weeks. The consultation asked members of the public to provide positive and negative feedback for both options and asked which location people would prefer.
13. Following the completion of the consultation, officers undertook an option appraisal which aimed to objectively consider the two locations based on several key factors that would affect whether the location would be suitable for a new facility. The outcomes of the consultation were also fed into the process to ensure the public view had a direct influence on the outcome.
14. As with the community consultation, the option appraisal also identified the land adjacent to the GP surgery as the optimum location. It was therefore proposed that the preferred location for the community facility be identified as the land adjacent to the new GP Surgery.
15. In March 2023, Executive approved the proposed location and granted permission to proceed with early-stage design work and to utilise this to identify an appropriate organisation to operate the new community facility.

### Concept Designs

16. Design Services team worked closely with the Project Manager to develop a scheme that is believed to be deliverable with the available budget. The new Community Facility has been designed as a single storey building and has considered space requirements for future expansion ambitions. The proposed site layout plan can be found within Appendix 1, plus an internal layout of the building can be found within Appendix 2.
17. The proposed new community facility will provide circa 232sqm of internal floor area and will comprise of:
  - a) office space;
  - b) a kitchen and servery;
  - c) x2 multifunctional community rooms;
  - d) toilet facilities; and,
  - e) cleaning/plant and storage space.

18. Externally there are proposals for a new Community Garden, of which will be delivered once construction work is complete. This will be delivered by a separate department within the Council, but it is expected it will be managed and maintained as part of the overall operation of the community facility.
19. Car parking provision has been calculated using planning guidance and will be confirmed when a transport assessment is completed at full design stage.

#### Identifying an Operator Process

20. A two stage process to identify an operator was developed with Valuation and Estates.
21. Stage 1 sought expressions of interest between 19<sup>th</sup> February 2024 and 26<sup>th</sup> February 2024. The opportunity was advertised on the Councils website, social media and a press release was sent to the Evening Gazette.
22. Three organisations submitted expressions of interest, and all were invited to take part in stage 2. Organisations were given between 27<sup>th</sup> February 2024 and 15<sup>th</sup> March 2024 to complete stage 2.
23. Stage 2 of the process asked interested organisations to submit a business case, of which was scored against the following pre-determined scoring criteria:
  - a) Section 1 – Summary of the aims and objectives;
  - b) Section 2 – Scope of activities proposed at the facility;
  - c) Section 3 – Provide evidence of Community Support, to provide information in relation to social regeneration and how the facilities would be accessible for all;
  - d) Section 4 – To outline the proposed management arrangements, health and safety process, safeguarding policy, and what their understanding of planned preventative maintenance and statutory compliance;
  - e) Section 5a – To provide full finance details of how the organisation is currently funded and how they propose to fund the proposal, including copies of accounts, budgets for maintenance and repairs, expected running costs, proposed charging model and programme delivery costs;
  - f) Section 5b – Full financial details of how they proposed to fund the proposal including income generation, ability to raise other funds and marketing proposals; and,
  - g) Section 6 – Evidence of management structure and previous experience in management of buildings.
24. All three organisations submitted stage 2 applications. A scoring panel made up of officers from Housing Growth, Valuation and Estates and Environment, Property & Commercial Services evaluated all bids and have identified a preferred operator.
25. The winning bid was submitted by a consortium led by Nunthorpe Parish Council with Nunthorpe Community Council and Nunthorpe Institute. It was felt that this bid met the requirements of the Council and local community.

26. It is proposed Valuation and Estates will work closely with the Consortium to further develop their proposals further ahead of drafting a 25 year lease agreement. Officers are confident that there will be no revenue support required by the Council to support the sustainability of the scheme. Once Planning Approval is granted, officers will seek present a further report to Executive outlining details of the proposed lease agreements and to seek approval to proceed to construction.

Scheme Milestones

27. The proposed scheme milestones are as follows:

Milestone	Target Completion
Milestone subject to this report	
Complete full construction designs and Site Investigations	September 2024
Submit Planning Application	September 2024
Planning Committee Decision	December 2024
Construction Tender	December 2024
Agree 25 year lease terms	December 2024
Subject to future approval from Executive	
Seek Executive Approval to proceed to Construction Stage and present terms of 25 year lease.	January 2025
Award Construction Contract	January 2025
Start on Site	February 2025
Enter into Lease with Operator	March 2025

**Other potential alternative(s) and why these have not been recommended**

28. There are two alternative options for Executive to consider. These are:

- a) to proceed with an alternative operator; and,
- b) not to develop a community facility in Nunthorpe.

29. It is believed that both these options would not meet the identified needs for the community and/or would be a revenue risk and reputational risk to the Council.

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

***Financial (including procurement and Social Value)***

30. The total capital budget for the project is £0.971m. The funding is contractually secured and no supplementary Council Capital resource is required. Funding is allocated as follows:

- a) £0.756m Town's Fund grant;
- b) £0.100m Council capital; and,
- c) £0.115m Section 106 developer contributions.

31. The management regime assumes that the lease to the approved operator is on a full repair and insure basis; with no revenue requirements from Council resources. This will be validated in the next stage of lease negotiations with the approved operator. There remains

a retained risk for the facility to call on council revenue resources, in the event that the operator defaulted; for whatever reasons.

32. The process to identify a main contractor for the construction project will be undertaken through a competitive tender process, details of which will be presented to Executive before proceeding with the contract award.
33. Should the tenders received be in excess of the available budget a value engineering process will be undertaken to ensure that the project costs are no more than the available funding.
34. The process to appoint an organisation to run the new facility has identified a preferred partner. As part of the process the Council's Valuation and Estates team assessed all business plans provided, including full financial details of assumptions of operating costs and income generation in respect of the community facility. Officers will continue to work closely with this organisation to develop a 25 year lease agreement that will strive to ensure no further ongoing revenue costs will fall to the Council.
35. The Council owns the land that has been identified for the community facility. The operator of the facility will sign a 25-year lease with the Council, there will be no annual payment to the Council in respect of the lease.
36. The finalised lease agreement may have implications associated with the Council's partial VAT exemption and how operational lease arrangements are financed under accounting regulations and guidance. Both issues will be appropriately assessed and the financial implications will be included within the subsequent Executive report.
37. The land is currently designated within the local plan for housing, see Appendix 3. The change in use will have an impact on the value of the land as per the table below.

Table 2 - Impact on the value of the land

	Current Valuation £m	Revised Valuation £m	Difference £m
Community Facility	-0.420	-0.300	0.120
Community Garden	-0.210	-0.150	0.060
Total	-0.630	-0.450	0.180

38. Additionally, the £0.630m capital receipt could be achieved at any point that the Council would choose to sell the land. By accommodating the facility the Council would forego any possible receipt for a minimum of 25 years.
39. At present the stated ambitions for housing on the Nunthorpe Grange site (of which this is part) can comfortably be accommodated on the remaining land. There are also expectations within the Local Plan around the provision of facilities and open space that would be located somewhere within the development. As such, by accommodating the facility on this site there will be no overall deduction in the number of houses created and as such no loss in potential Council Tax.

## **Legal**

40. The process to identify an organisation to operate the facility was undertaken in line with the appropriate Council policy. Any subsequent construction will also follow the local authority's standard procurement processes and a competitive process will be followed to ensure value for money is obtained for design and build.
41. The land is subject to the matters outlined by Legal Services in title reports issued on 11th January and 31st January 2023.
42. The subject land falls within the freehold title CE189247, of which the Council is the registered proprietor. If the project progresses to construction, then the Council would be required to avoid causing any obstruction to the rights granted within the transfer of land for the GP Surgery dated 5th August 2021.
43. The Council will ensure the required processes are followed to appropriate the land for the proposed use.
44. Lease of the community facility to be negotiated between Valuation & Estates and the chosen operational management organisation in accordance with the Lettings Disposal Policy (save for in respect of any concessions which may be agreed to promote any justified community benefit/s). Officers will work closely with Legal Services to develop the lease.

## **Risk**

Table 3 - Risks

<b>Risk</b>	<b>Mitigation</b>
Car parking provision increased following completion of a Transport Assessment.	Scheme submitted to Planning will be designed to meet any recommendations within the Transport Assessment.
Requirement for Revenue Support for facility during the 25 year lease period.	Whole life costings exercise has identified expected running and maintenance costs for the new facility. The consortium bid by the Parish demonstrates their ability to run the site sustainably for the 25 year lease period. Valuation and Estates team will provide ongoing support to the Consortium and once the Council are confident no revenue support will be required, lease will be drafted and presented to Executive.
Reputational risk if facility is not delivered.	Work carried out by Design Services provides confidence that the deigned scheme can be delivered within the available budget. The Council are also confident the proposed operator will have the ability to manage the facility sustainably for the period of the lease.

	Design Services will develop a scheme that will meet all planning requirements.
Tenders or build contract exceed existing budget.	Any subsequent construction phase would be subject to an appropriate competitive tender process.

45. This links to the following key strategic priorities as outlined in the revised Strategic Plan:

- a) improve life chances of our residents by responding to health inequalities;
- b) protect and improve our environment;
- c) promote inclusivity for all;
- d) support for adults to be independent for longer;
- e) promotion of new ideas and community initiatives; and,
- f) reduce crime and antisocial behaviour.

***Human Rights, Public Sector Equality Duty and Community Cohesion***

46. A Level 1 (Initial Screening) Impact Assessment (IA) accompanies this report at Appendix 4, and has found there to be no impact at stage one

***Climate Change / Environmental***

47. As part of the Council’s drive to achieve net carbon and in line with One Planet Living, developers will be encouraged to implement energy efficiency measures in line with building regulations, and to reuse and source local materials and labour to reduce transportation impacts.

***Children and Young People Cared for by the Authority and Care Leavers***

48. The Impact Assessment demonstrated that this development presents no impact on children and young people cared for by the Authority and care leavers.

***Data Protection / GDPR***

49. The proposed decision does not involve the collation and use of personal data.

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

Action	Responsible Officer	Deadline
Complete full construction designs and Site Investigations	Nigel Carr / Nicola Norman	8 <sup>th</sup> September 2024
Submit Planning Application	Nigel Carr / Nicola Norman	15 <sup>th</sup> September 2024
Planning Committee Decision	Planning	22 <sup>nd</sup> December 2024
Conduct Construction Tender	Nigel Carr / Nicola Norman	2 <sup>nd</sup> January 2025
Seek Executive Approval to proceed to Construction Stage and present 25 year lease.	Nicola Norman	31 <sup>st</sup> January 2025



## Appendices

1	Site Layout Plan
2	Internal Layout Plan
3	Wider Housing Allocation
4	Impact Assessment

## Background papers

Body	Report title	Date
Council	Middlesbrough Local Plan	November 2014
Executive Sub Committee for Property	Newham Hall Farm/Nunthorpe Grange Farms – Surrender of Agricultural Tenancies	22 <sup>nd</sup> November 2017
Executive Property Sub Committee	Nunthorpe Grange Farm Masterplan	11 <sup>th</sup> July 2018
Single Member Executive	Nunthorpe Grange Design Code/Masterplan	23 <sup>rd</sup> January 2019
Executive	Proposal to Progress the Development of Nunthorpe Community Centre	6 <sup>th</sup> September 2022
Executive	Developing a New Nunthorpe Community Facility	7 <sup>th</sup> March 2023
Executive	The Disposal of Land at Nunthorpe Grange for Housing - Part A	20 <sup>th</sup> December 2023

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