

EXECUTIVE MEMBER REPORT TO COUNCIL

EXECUTIVE MEMBER: REGENERATION – COUNCILLOR THEO FURNESS

DATE OF MEETING: 16 October 2024

1. The purpose of this report is to provide an update to members on areas of activity within my portfolio including performance against strategic priorities.

UPDATES

Historic Quarter

1. Middlesbrough's Future High Streets Fund (FHSF) programme formally completed on 30 September 2024. A period of financial completion and servicing contractual commitments will continue to the end of the financial year.
2. To date, the programme has transformed over 50% of the 245,000 square ft property into leisure uses and has aided the family and visitor appeal into Middlesbrough.
3. Funding has been secured for additional phases of development, through the Tees Valley Combined Authority Indigenous Growth Fund (IGF). This funding will enable the additional phases of expansion to include a new boutique cinema and the conversion of additional units including former TK Maxx and Shelter unit(s).
4. Works for the new, boutique, three-screen cinema have concluded and the construction contract will commence in late October 2024. The facility will be operational in late 2025.
5. Tenants are reporting positive trading over the summer period, including some settling in and operational changes, for some of the newest arrivals. Visits from family favourites the Gruffalo, Sonic the Hedgehog and Pepper Pig, throughout August, provided a huge draw for families.
6. Members will be aware that one of the Captain Cook Centre tenants, Bazaar, has an ownership association with the operation of the Oven restaurant. It is understood that the operator and landlord of the Oven restaurant premises are in a private tenancy dispute. Upon investigation of the underlying matters, the Council have been assured that this is a discrete dispute and, albeit an unfortunate situation, has no material impact on the Bazaar operations at Captain Cook Square, nor the legal protections secured under the lease agreement.
7. The centre has prepared a programme for the Christmas period which is aligned with the Council's main Christmas light switch on programme.

8. Retail lettings in the centre are progressing well with the announced arrival of TJ Hughes to occupy the former H&M unit. This occupation highlights that retail still has a role in our high streets, albeit at a much-reduced scale. Many visitors and residents are frustrated by the withdrawal of many retail brands from highstreets across the UK. This is an irreversible trend for all but the biggest cities and retail parks and is reflective of our collective behaviour as consumers. Town Centres are evolving their role and adapting to service the wider needs of the community. This is the underpinning principle of the regeneration strategy for the Town Centre.
9. The Live Well Centre refurbishment is progressing well with first-fix fit out being delivered on schedule. A planning application was recently approved by Middlesbrough Mayoral Development Corporation (as Planning Authority) for the changes to the elevations on to Albert Road with a future application for the branding and signage on the Albert Road elevation to be submitted. The completion of the works is on target for December 2024.
10. Designs are progressing with the Middlesbrough Community Learning and Employment Hub relocation to the Cleveland Centre. To be situated in the vacant former Poundland Unit in the Cleveland Centre, the new facility presents an opportunity to relocate the service to the heart of the town centre, addressing the oversupply of retail and helping to rebalance the town centre economy. This move will complement the Live Well's relocation, whereby the services can share facilities.
11. The planning application for the change of use will be submitted to MDC imminently. The works will be tendered for at the end of 2024, with work programmed to start in February and complete in October 2025.

Tees Advanced Manufacturing Park (TeesAMP)

12. The Council completed the disposal of TeesAMP to an institutional investor, in September 2024.
13. It is important to note that this disposal has no material impact on the tenancies, use classifications or lease terms of the tenant companies. It is anticipated that the site will be used, and potentially expanded, in line with its current and intended uses.
14. The development is testament to the Council fundamentally addressing a market failure in the commercial property market, stimulating complementary investment and creating a product which is viable and with significant commercial appeal.
15. Having provided the proof-of-concept that manufacturing businesses will pay premium leases for quality premises, landlords and investors have taken note. A stream of investment in new property, or upgrade of existing stock has been witnessed in Middlesbrough's commercial areas and this is having a strong influence on healthy rental and yield rates in Middlesbrough.
16. The private sector has the confidence in the local market's ability to sustain strong financial returns on speculative development, so it is an opportune time for the Council to withdraw from the market.

17. An additional benefit of this disposal is the significant capital receipt, which will aid investment in the Council's transformation programme. Whilst this comes at a revenue offset, the opportunity cost of forgoing this revenue stream is bettered by the opportunity to invest in measures to create long term structural savings in the Council.

Nunthorpe Grange

18. In September, Executive considered an offer for the disposal of land at Nunthorpe Grange.

19. The Net Present value of the offer was in excess of the independent valuation of the land and the anticipated phasing of the payments for the land.

20. Local concerns with regards a refresh of the site Masterplan, and its weight as a supplementary planning document, were assuaged as the process to review the masterplan has been committed to, and this will precede the planning application for the site.

21. The offer is to be made as a single, lump sum payment in the 2024/25 financial year, which supports the Council's transformation programme. The legal process to transfer the land will complete in the coming weeks.

Middlesbrough Golf Course

22. Middlesbrough Golf Course has now been placed on the market for expressions of interest for sale or rent of the facility.

23. The disposal is covenanted as a going concern and will retain its use as a Golf Course.

24. Interested parties have been instructed to submit tenders for the purchase or lease of the site by 6 December 2024. Following this a process of due diligence will be conducted against the bids and the most advantageous proposal will be forwarded for Executive determination.

Newbridge Court

25. The development of Newbridge Court, Tollesby has provided 24 high quality residential apartments, which are to be let at an affordable rent, and four commercial units including the Onestop convenience store.

26. The Council has successfully let all 24 of the residential units and this is managed by appointed Michael Poole: Estate and Letting Agents to manage the residential units.

27. Two commercial units have been let and are open for trading, they are One Stop Shop and a Barber's shop. Two commercial units remain to be let and are being actively marketing with some level of interest. Officers are exploring options to mitigate some of the extensive fit-out costs (as a newly occupied premises) which are a barrier to some smaller business interests.

Local Plan

28. The Council is continuing to work on the Publication Local Plan, finalising the main document alongside updating the evidence base. A key aspect of this is determining which sites within the Middlesbrough Development Corporation (MDC) area will be progressed now the asset transfer process has been put on hold. The Council remains committed to working with the MDC to support regeneration activity in this area. Despite this, the Local Plan remains on track for consideration at Council in January 2025.
29. In July 2024, the Government consulted on revisions to the National Planning Policy Framework (NPPF), which proposed mandatory housing requirements and a stronger focus on housing delivery and universal local plan coverage across the country. There are proposals to help securing more social rented housing and to strengthen strategic planning at a Combined Authority Level. There are also proposals to increase planning fees and add capacity into local authority planning services. The consultation closed on 24th September 2024. The Council will need to accommodate these changes once the revised NPPF comes into effect and, depending on when this is, this may have an impact on the emerging Local Plan.

NAME: Cllr Theo Furness

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