

MIDDLESBROUGH COUNCIL	
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Report of:	Director of Regeneration, Richard Horniman
Relevant Executive Member:	Executive Member for Development, Cllr Theo Furness
Submitted to:	Executive
Date:	16 July 2025
Title:	Nunthorpe Community Centre – Next Steps
Report for:	Decision
Status:	Public
Council Plan priority:	Safe and resilient communities
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000
Subject to call in?	Yes
Why:	Non-urgent

Proposed decision(s)
<p>That Executive approve:</p> <ul style="list-style-type: none"> a) the proposed terms of the 25-year lease agreement with a consortium led by Nunthorpe Parish Council for the management of the facility; b) the authority to enter contracts and commence construction of the Community Centre; and, c) delegated authority for the Director of Regeneration and Section 151 Officer to jointly agree any variations between the Heads of Terms and the main lease.

Executive summary
<p>This report is concerned with the development of a new Community Centre at Stokesley Road, Nunthorpe and provides a summary of the Executive approvals granted in a previous report in May 2024</p>

Executive approval is now sought for the proposed terms of the 25-year lease agreement with the consortium led by Nunthorpe Parish Council, and for the authority to enter into a construction contract to build the Community Centre.

Failure to proceed with the construction of the Community Facility would not meet the identified needs of the Nunthorpe community and would be a reputational risk for the Council.

1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

- 1.1 This report seeks Executive approval for the proposed terms of the lease agreement and the commencement of construction of the Community Centre.
- 1.2 The construction of the Community Centre will allow Management Consortium to deliver a programme of activities that will contribute to the achievement of the ambitions as set out in the table below.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
A successful and ambitious town	The Management Consortium will partner with an existing provider to offer a Nunthorpe base for adult education and will offer ecological field trips in partnership with local schools and Our Greenways.
A healthy Place	The Centre will offer a range of healthy living and mutual support groups in partnership with the neighbouring Medical Centre and community support groups already operating in the town.
Safe and resilient communities	<p>The Centre will provide a warm meeting space to help integrate the building and garden users with residents across Nunthorpe, including walking groups, volunteers and young people.</p> <p>Local demand for specific social activities, such as children's parties will also be accommodated.</p> <p>The programme of music and sporting activities previously offered on an evening at the Nunthorpe Institute will also be delivered.</p>
Delivering best value	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.

2. Recommendations

2.1 That the Executive

- a) approves the proposed terms of the 25-year lease agreement with a consortium led by Nunthorpe Parish Council for the management of the facility;
- b) approves the authority to enter contracts and commence construction of the Community Centre; and,
- c) delegates authority for the Director of Regeneration and Section 151 Officer to jointly agree any variations between the Heads of Terms and the main lease.

3. Rationale for the recommended decision(s)

- 3.1 The planning application for the Community Centre scheme was submitted in March 2025 in accordance with the recommendations of the Developing a new Nunthorpe Community Facility report that was approved on the 22nd May 2024.
- 3.2 Further work has been undertaken with representatives of the Management Consortium to agree detailed design aspects of the building to enable the scheme to go out to tender and Executive approval is required to enter into contractual commitments and commence construction.

4. Background and relevant information

- 4.1 In 2024, Executive considered the Developing a new Nunthorpe Community Facility report that provided an update on the progress on the scheme.
- 4.2 The report stated that an option appraisal had been undertaken, which identified the most appropriate location for the Community Centre as being the Council owned land adjacent to Nunthorpe Surgery on Stokesley Road.
- 4.3 The report further advised that a consortium led by Nunthorpe Parish Council with Nunthorpe Community Council and the Nunthorpe Institute had been identified as the preferred operator of the Community Centre following a formal selection process.

Detailed Scheme Design

- 4.4 Since the appointment of the Management Consortium a number of workshops have been held with Council officers to agree minor variations from the layout that was used during the option appraisal process to identify the preferred operator. The variations permitted were limited in order to maintain the integrity of the option appraisal process.
- 4.5 A detailed planning application was submitted in March 2025 for the construction of a single-story building using traditional methods of construction and associated external works comprising, car parking, footpaths and minimal landscaping. The building will have two multi-purpose activity rooms, toilets, stores, kitchen and office space access from a central circulation area. The proposed layout and elevation plans are attached as Appendices 1 and 2.

- 4.6 The detailed planning application was heard at Planning Committee on the 3rd July 2025 and Members approved the development in line with the officer recommendation.

Capital Budget

- 4.7 The initial capital budget for the project was £0.971m and was made up from the following sources:
- £0.756m Towns Fund grant.
 - £0.100m Council capital.
 - £0.115m Section 106 developer contributions
- 4.8 Additional funding of £0.500m was approved by Council on the 19th February 2025 in the 2025/26 Revenue Budget, Medium Term Financial Plan, and Council Tax setting report. The report highlighted that the initial budget may not be sufficient to complete construction of the Centre and the additional £0.500m is to ensure that there are enough available funds to complete the scheme.
- 4.9 The total available capital budget for the project is now £1.471m.

Construction Tender Process

- 4.10 Design Services invited five local contractors from the Middlesbrough Council Select List of which there is a rules-based system that determines which contractors are invited to tender for the works through the North East Procurement Organisation portal (NEPO).
- 4.11 The contractors that were invited to tender have worked with the Authority previously on similar type projects and all have a proven track record of providing the quality of workmanship and behaviours required by Middlesbrough Council.
- 4.12 The tender was published on the 28th May 2025 with a tender return date of 25th June 2025. The return date was subsequently extended by a week to the 2nd July after a number of requests were received from contractors.
- 4.13 The tenders are being assessed by Design Services, to ensure all costs that should be accounted for were included and specifications were complied with. After the financial and quality checks are completed, the total tender costs will be validated, including fees and a contingency amount.
- 4.14 If the recommendations of this report are approved, and the tenders are validated to be deliverable within the approved budget, the construction contract will be awarded, and Legal Services will be instructed.

Proposed Lease Terms

- 4.15 The proposed lease to the Management Consortium will be for a term of 25-years.

- 4.16 The rent payable will be one peppercorn exclusive of business rates and insurance with the tenant wholly responsible for all running costs, insurance, maintenance costs and repair costs associated with the premises.
- 4.17 A whole life costings exercise has identified expected running and maintenance costs for the new facility. The Management Consortium bid demonstrated their ability to run the site sustainably for the 25-year lease period, with no revenue requirements from Council resources.
- 4.18 The draft Heads of Terms are attached as Appendix 3.

5. Ward Member Engagement if relevant and appropriate

- 5.1 The Members for Nunthorpe Ward have been briefed on the proposals and recommendations set out in this report.

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

- 6.1 An option appraisal was previously undertaken, which considered an alternative site for the Community Centre, but Stokesley Road was identified as the preferred location.
- 6.2 Expressions of interest were also sought to identify a preferred management organisation. Three organisations submitted business cases, which were scored against pre-determined scoring criteria, with the consortium led by Nunthorpe Parish Council with Nunthorpe Community Council and the Nunthorpe Institute being identified as the preferred operator.
- 6.3 The scheme has now been submitted for Planning Approval, and the tenders have been returned, but the Executive could determine not to approve the start of construction of the Community Centre.
- 6.4 Failure to proceed with the construction of the Community Facility would not meet the identified needs of the Nunthorpe community and would be a reputational risk for the Council.

7. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	The tenders need to be fully evaluated but two of those received are deliverable within the available budget. If the tender report excludes both of these tenders, then additional funding will need to be identified prior to the construction phase of the project. If the additional funding required exceeds officer delegation, then a further update will be provided to Executive.

	<p>The report of 22nd May 2024 identified two issues which required further assessment, the issues and financial implications are as follows:</p> <ul style="list-style-type: none"> • Council's partial VAT exemption – As the proposed terms of the lease include rent payable at a peppercorn and the Parish Council are financially responsible for all running and management costs associated with the building, there is no impact on the Council's partial exemption calculation. • Accounting assessment of the lease: Although the community centre will be constructed by the Council and legal ownership will remain under the terms of the lease being agreed. The value of the building though will not be part of the Council's assets during the term of the lease. Under IFRS 16 as the community group operating the hub will have sole right to use the asset during the period, the value of the building will transfer to the leasee and will need to be written out of the Council's accounts on recognition. <p>The changes to the design of the building have been assessed by the Council's Valuation & Estates Team who have confirmed that the changes do not have any impact on the Parish Council's ability to run the building without any financial assistance from the Council.</p> <p>The proposed Heads of Terms include the tenants right to surrender the property subject to the following criteria:</p> <ul style="list-style-type: none"> • The required number of trustees can no longer be supported. • The charity ceases to exist. • The charity is no longer financially viable. • A repair / incident occurs to the premises that is beyond the economic means of the charity. <p>The tenant also has the option to break the lease at the end of year 10 subject to serving a break notice of no less than 6 months.</p> <p>In each case, ownership of and liabilities associated with the building would revert back to the Council. In this case, the Council would immediately seek alternative tenants for the building, minimising any revenue costs that the Council would incur.</p>
Legal	The leasehold disposal of this land is subject to the legal matters referred to in the earlier Executive Report dated 22 nd

	<p>May 2024 and any existing land designations (such as whether the land is public open space).</p> <p>The Council must always justify it has used appropriate powers of disposal under Section 123 of the Local Government Act 1972 and the General Consent under Circular 06/03, and the transaction will be documented in accordance with required governance and other legal procedures including, but not limited to the Council's Lettings Policy and Procurement rules.</p> <p>The process of letting this site and the proposed construction shall require continuing support from Legal Services and Procurement.</p>
Risk	<p><u>O1-061 Nunthorpe Community Centre</u> If the Nunthorpe Community Centre is not delivered, due to cost exceeding available budget, this may lead to potential claw back from the Towns Fund, causing reputational damage to the Council.</p> <p><u>Revenue Support</u> A whole life costings exercise has identified expected running and maintenance costs for the new facility. The consortium bid by the Parish demonstrated their ability to run the site sustainably for the 25-year lease period.</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	<p>The proposal is not judged to have any negative impacts on Human Rights, Public Sector Equality Duty and Community Cohesion.</p>
Reducing Poverty	<p>Educational opportunities such as those proposed to be offered in the Nunthorpe Community Centre are one of the most significant determinants in reducing poverty within Middlesbrough.</p>
Climate Change / Environmental	<p>Developments in England must deliver a Biodiversity Net Gain of 10%. This means a development will result in more or better-quality natural habitat than there was before development.</p> <p>As part of the Planning Application for the Nunthorpe Community Centre, a biodiversity assessment was completed and a strategy has been developed to ensure compliance with these requirements.</p> <p>The construction of the new facility will adhere to all current planning and building control requirements and where possible include new renewable technologies, such as Air Source Heat Pumps and Solar Photovoltaics.</p>

Children and Young People Cared for by the Authority and Care Leavers	<p>The proposal would not have any disproportionately negative impacts on Children and Young People Cared for by the Authority and Care Leavers.</p> <p>The provision of the Community Centre would provide a safe meeting space for Children and Young People to integrate with residents across Nunthorpe.</p>
Data Protection	There are no Data Protection issues of consequence for this proposal.

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

Action	Responsible Officer	Deadline
Submit Delegated Authority to Legal Services to initiate the drafting of the Lease.	Angela Cooper	August 2025
Commence Construction	Nicola Norman / Design Services	August 2025
Lease Agreed	Ryan Harwood	March 2026
Complete Construction	Nicola Norman / Design Services	April 2026

Appendices

1	Nunthorpe Community Centre - Layout Plan
2	Nunthorpe Community Centre – Proposed Elevations
3	Heads of Terms

Background papers

Body	Report title	Date
Executive	Developing a New Nunthorpe Community Facility.	22 May 2024

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