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## **ECONOMIC DEVELOPMENT, ENVIRONMENT AND INFRASTRUCTURE SCRUTINY PANEL**

A meeting of the Economic Development, Environment and Infrastructure Scrutiny Panel was held on Wednesday 24 March 2021.

**PRESENT:** Councillors M Saunders (Chair), B Hubbard (Vice-Chair), D Branson, D Coupe, T Furness, L Lewis, M Storey and S Walker

**OFFICERS:** S Lightwing, Cowley, C Orr, S Gilmore, R Horniman, L Antill, J McNally and D Johnson

**APOLOGIES FOR ABSENCE:** Councillor R Arundale

### **20/49 DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

### **20/50 MINUTES - ECONOMIC DEVELOPMENT, ENVIRONMENT AND INFRASTRUCTURE SCRUTINY PANEL - 23 FEBRUARY 2021**

The minutes of the meeting of the Economic Development, Environment and Infrastructure Scrutiny Panel held on 23 February 2021 were taken as read and approved as a correct record.

### **20/51 MIDDLESBROUGH REGENERATION POST COVID-19 SCRUTINY REVIEW - LOCAL IMPLEMENTATION PLAN (LIP)**

The Transport and Infrastructure Manager and Infrastructure Programme Manager provided an overview of the Middlesbrough Local Implementation Plan (LIP) and the plans for public consultation.

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The Local Implementation Plan was formerly the local transport plan and set out how the Council would implement its transport and infrastructure programme at a local level. The Tees Valley Combined Authority's (TVCA) Strategic Transport Plan had received formal approval and all five Local Authorities would be following that plan to ensure that their LIP dovetailed into the hierarchy of the wider TVCA Plan.

The LIP was a statutory requirement for all Highways Authorities to complete and set out the Council's transport ambitions, objectives and goals. It improved the changes of securing future funding from external sources including the Department for Transport (DfT) and the TVCA. The Council engaged stakeholders to shape its transport policy.

The TVCA's Strategic Transport Plan was an investment plan for different travel modes and how they helped deliver the key outcomes for the region. The LIP would do the same but on a local level and the key drivers were:

- The Mayors Vision.
- Investment Prospectus.
- Housing Local Plan.
- Network Management Duty – to make sure a suitable transport network was delivered.
- Transport Asset Management Plan – to ensure assets were maintained with the funding available.
- Medium Term Financial Plan.

The key components of the LIP focussed on:

- Reducing the number and severity of casualties on the Borough's highway network.
- Minimising congestion and managing traffic flow on the highway network.
- Improving highway network reliability and resilience.
- Improving local air quality.
- Removing transport as a barrier to accessing jobs, education and training, leisure and retail opportunities.
- Providing targeted interventions and measures to assist mode shift and allow highway users to make informed travel choices.

A hierarchy of need had been identified to help with a change in behaviour or modal shift, to encourage people to use cars less. Improvements would be made to encourage more walking, cycling and use of public transport. Roads would be used in the best way possible to make improvements for freight and goods, which in turn would improve the local economy and help local businesses to succeed. It had been identified that building more roads was not sustainable as this would induce further demand. If road building continued people would use cars all the time and this would not help the aims and objectives of the Council in terms of the green agenda to be met. There was also a desire to get people as physically active as possible.

Traffic congestion was one of the major causes of economic decline, as the movement of people and goods was disrupted. Building more vehicular infrastructure for cars was not sustainable and only achievable at the expense of public space. This did not mean that vehicular improvements would stop, but ensure a more holistic approach was adopted for everyone.

All schemes would consider highway users in a priority order to ensure that sustainability was ingrained in projects to ensure that the Council would:

- Meet sustainability targets.
- Meet road safety targets.
- Meet economic growth targets.
- Improve accessibility for all.
- Help behavioural change.

There were nine outcomes outlined in the LIP:

- Reduction in the incidence of accidents.
- Minimal congestion and managed traffic flow.
- Improved network reliability and resilience.
- Increased public transport patronage.
- Ensuring that the highway network was fit for purpose and there were no structural failures.
- Improved local air quality.
- More accessible transport network.
- Fewer people unemployed.
- More businesses registered in Middlesbrough.

The ambition was to use transport to try and offset some of the impacts of these agendas and the outcomes that the Council was trying to achieve. The outcomes of the LIP would be monitored over the short, medium and long term.

Following Executive approval, the LIP would follow a similar six week consultation process to the TVCA Strategic Transport Plan consultation. It would predominantly be online due to restrictions currently in place as a result of the covid-19 pandemic. A questionnaire was being developed which would be circulated to all statutory consultees, community councils and other regular channels of engagement. Copies of the LIP would be available in public buildings and there would be opportunities for people to call in or discuss via telephone. There was also potential to host drop in sessions if the pandemic restrictions were lifted. This would give people the opportunity to help shape transport policy. The results of the consultation would be presented to the Executive with recommendations and the final LIP would then be published.

The significant drop in the number of bus services was highlighted and it was noted that government had recently announced £3 million funding to improve bus usage. It was confirmed that the Transport and Infrastructure Group, on which all five Local Authorities were represented, had agreed that the best way to access the funding was to apply as a Strategic Transport Authority. The Quality Bus Partnership in Middlesbrough would also be refreshed.

Investment was planned for cycle routes over the next few years and the Council was working with consultants on mobility corridors. This would look at how improvements could be made for public transport, pedestrians and cyclists along key transport corridors and throughout the town. Key junctions would be identified to make improvements to connect everything more efficiently.

A suggestion was made that the Council should consider low traffic neighbourhoods, in line with the LIP's hierarchy of need which put pedestrians first. Careful consideration would need to be given as to where the traffic would re-route to avoid further congestion.

It was also highlighted that buses and trains need to be connected by transport hubs and ensure that trains were available that would take cycles.

The Chair thanked the Officers for their attendance.

**AGREED** that the information provided was received and noted.

20/52

## **MIDDLESBROUGH REGENERATION POST COVID-19 SCRUTINY REVIEW - UPDATE ON HIGH STREETS FUND AND TOWNS FUND**

The Head of Economic Growth and Infrastructure provided an update on Middlesbrough Council's successful bids for the High Streets Fund and Towns Fund.

This funding opportunity dated back to 2019 when the government set out £3.6 billion across the UK to upgrade towns to allow them to have a meaningful say as part of the national levelling up agenda. The two main funding programmes that Middlesbrough was eligible to apply for were the Future High Streets Fund (FHSF) and the Towns Fund. The FHSF was launched in 2019 and Middlesbrough Council submitted an expression of interest in summer 2019 to outline its proposal in a competitive bidding process to help high street areas. FHSF was a bespoke programme and specific high street areas had to be identified in the bid with a strategic case to fundamentally transform and upgrade high street areas. With the benefit of the strategies that Middlesbrough Council had: the Town Centre Strategy that was extant at the time, emerging strategic and political developments across the Tees Valley and cross cutting themes with the Council; these plans provided themes to compiling the bid.

There was an acceptance that online shopping would be a challenge to the high street and that diversification was required to bring town centres into the centre of communities as had been the case historically. Town centres originally emerged as a centre for people gathering, trading, conducting business and social community functions.

In line with the Future High Streets Fund, in late 2019/early 2020, the opportunity for the Towns Fund presented itself. It was less of a competitive process. There was a lot of work on business case and very detailed analytical work was behind it. Principally Middlesbrough's eligibility was based on indices of multiple deprivation and the characteristics of its resident population. Equally, Middlesbrough still had to make a strong case encompassing some of the changes that were required in the local economy and equally bringing the local community into active participation in the design and engagement in some of the funding programmes.

The FHSF bid was a Council led bid and it was Council business based on strategies developed over the years. The Towns Fund bid had certain conditions, including that a Town Deal Board had to be established and a Town Deal Plan which was developed in 2020. The Board was formed from representation from key stakeholders from the business, political and institutions such as colleges, universities, had come together with a remit to help to steer, shape, design and co-ordinate delivery of Middlesbrough's regeneration priorities. Whilst the Council was the accountable body of the Towns Fund it was a partnership bid with a partnership governance structure.

The FHSF was administrated and overseen by the Ministry of Housing Communities and Local Government (MHCLG) and was based on how towns could reinvent themselves to make sure high street areas had more relevance in modern society. High streets had traditionally become more retail orientated meaning that they were much more susceptible and vulnerable to economic shocks and changes in behaviour that had come about from the rise of online retailing and the fact that leisure markets and commercial activities were starting to come back into town centre areas.

The experience economy was a big part of what was driving town centres and Middlesbrough was massively dominated by 1.1million square feet of retail floor space. In relation to the size of Middlesbrough's economy and population, this was a huge oversupply of retail floor space and created long term structural deficits in the economy contributing to a race to the bottom in terms of rates and rents. As a consequence, landlords could not invest because it was a buyers' market in terms of retail floor space and therefore the fabric of the buildings generally deteriorated over time. It then required an economic intervention or shock to disrupt that market place and change the dynamics.

The proportionate floor space in terms of residential uses was quite low in the town centre area, and leisure uses were similarly under-represented. Notwithstanding the covid-19 pandemic, there was still a strong appetite in that market and other community and commercial uses. Functional economic activity and societal activity needed to be driven into the centre of town to have the spin-off effect of mutually sustaining one another, whether it was shops, restaurants, coffee shops, bars, businesses, retention of skills and knowledge and the skills pipeline. It was critical to attract people who wanted to work for companies in areas that were discerning on the well-being and the extra-curricular side of activities, such as where they were going to live, or what the social life was like and what activities were available on an evening. These were long-held ambitions in Middlesbrough and the pandemic had amplified and accelerated that process. The slow decline of the high street would have occurred over 5 to 10 years but the pandemic had changed that scenario. Distress in the retail market had accelerated and a faster response was required. So the principles of the bid were sound, notwithstanding covid, and the programme had been adapted to reflect that. The economic trends and the pent up demand that people had for leisure and urban living opportunities and town centre working and living, were still strong and fundamentally sound.

The Council submitted a bid for £20.5m to the FHSF from a cohort of over one hundred town centres nationally. Middlesbrough was awarded £14.1m. Seventy towns had been successful so far and whilst some towns got the full amount it appeared there was an arbitrary spread of the funding to 70% for the vast majority, to make the money stretch as far as possible. It was a competitive process and many town centres were unsuccessful. Some elements of the programme had been redesigned to fit the funding available. Following the final sign off from MHCLG and approval and endorsement from the Council's Executive, it was anticipated that delivery would commence early in the 2021/22 financial year.

A breakdown of the FHSF was provided as follows:

- Conversion of Captain Cook Square to a leisure hub £9,100,000
- Boho residential gap funding 2,500,000
- Residential gap funding £1,000,000
- Pavement widening and trading adaptations £500,000
- Safety, security and cashless town centre £300,000
- Covid Grants £250,000
- Cycling infrastructure £250,000
- Events infrastructure £125,000
- Interactive cultural installations 70,352
- Centralising cultural assets 75,000

Some headline and business case work needed to be completed under each of the themes. The Council had purchased the Captain Cook shopping centre and the plan over time was to change that to a leisure hub. A £9.1 million investment would enable the conversion of the current retail units in a managed way over time and without enforced decamp of current tenants. The dynamics would slowly change to make it a leisure led, family friendly environment where people would spend evenings, weekends and throughout the day. There

was a very strong leisure pound in the economy and pent up demand. As soon as any restrictions had been lifted, people had been desperate to get back out.

The Boho residential gap funding, and other residential gap funding, was allocated to develop the town's residential offering. This was a relatively untested market in Middlesbrough and the aim was to bring in apartment and urban living offers. However, some of the private sector business cases had not been tested and were not up to full sole viability without any intervention. The gap funding was therefore required to ensure that schemes were viable. The aim was that this would drive footfall and bring hundreds of people into central areas which would animate the area in an evening and provide footfall and consumption for some retailers. Having more people in town would also help with passive surveillance and reducing anti-social behaviour.

Funding was allocated to improving access and accessibility into the town centre. Some areas would need pavement widening and adaptations in increase opportunities for businesses and smaller traders to be able to operate practically in spill out areas adjacent to their property. This had to be properly managed with appropriate equipment.

Perceptions of Middlesbrough had always been a challenge, particularly in terms of safety and security, although perhaps unfairly. Main routes between car parks and places of work might not feel the safest of areas. There would be investment in safety and security and bright lighting in those areas, so that people felt safe and monitored. There were also opportunities for cashless transactions.

Covid grants would be available specifically in town centre areas for those businesses to make the necessary adaptations to help them recover. This could be grants to allow businesses to convert in the space outside, invest in some of those areas or construct shelters, to make sure that they could continue to trade and perhaps address some of the poor weather issues. Grants would also be available to invest in some resilience - so if an organisation had some ideas or a business case to invest in a capital improvement to their facility that would allow them to trade if there were any future lockdowns or restrictions.

The Council wanted to ensure there was a strong network for cycling and walking which provided seamless north, south, east and west access points for people to travel into central Middlesbrough.

It was also critical to provide reasons for people to visit the town centre by hosting events in Centre Square and ensure the infrastructure in terms of equipment and power sources were available to ensure that third party events could be held and there was a secure events programme in place. There were many different potential angles for interactive cultural installations. They could be anything from public art to make a focal point or a conversation piece to lift the fabric of the area. Centralising cultural assets was another funding stream that also applied to public services, third sector services and health and care services.

The Towns Fund was a distinct project which was aimed at growing the economy of the town with local priorities. The Council had submitted a bid for £25 million and been awarded £21.9 million. The Town Deal Board would be meeting this month to decide on the priorities and modify the programme to trim off £3.1 million.

For each element of the project a business case had to be submitted to the Board for local assurance. Some projects that were already well developed would be submitted within the first three months and others would take three to six months or even longer. The Towns Fund Programme, as set out by the Town Deal Board, would be submitted to Middlesbrough Council's Executive in May 2021 for approval. Delivery would commence immediately after that and it was a three to four year programme. Most of the activity currently scheduled would take place in the first three years, up to mid to late 2023.

The Towns Fund current breakdown was as follows, although as outlined above, this was subject to a reduction of £3.1 million.

- Town centre office conversions £3,750,000
- Dockside residential and commercial gap funding £3,000,000
- Wood Street residential and commercial gap funding £3,000,000
- Shepherdson Way residential gap funding £2,500,000

- Boho residential gap funding £2,000,000
- Centre Square commercial / residential gap funding £2,000,000
- Southlands and Nunthorpe Community Centres 1,250,000
- Middlesbrough College expansion £1,175,000
- Restoration of Old Town Hall and Captain Cook Pub £1,000,000
- Ward based initiatives £1,000,000
- Town Hall and Library adaptations £1,000,000
- Boho campus infrastructure £750,000
- Queens Square property conversions £750,000
- Boho Bright Ideas residential gap funding £500,000
- Centre Square infrastructure £225,000
- Cargo Fleet Nature Reserve £100,000

The contribution towards the Southlands and Nunthorpe Community Centres, was not the full funding – it was split £500,000 for the Southlands and £750,000 for Nunthorpe with other funding aligned to it.

Middlesbrough College was looking to expand its estate and presence in the town with additional services and a new digital school bringing more T level provision. There was a large number of young people in their catchment area aged 12 years and upwards and in the next ten years there was predicted to be a huge spike in the number of college age students that could be attracted to, and retained within Middlesbrough.

There were plans for the restoration of the Old Town Hall and the Captain Cook public house and heritage had been a key part of what was identified and also the cultural elements.

In relation to Ward Based Initiatives, it was good practice to have participatory budgeting and to deliver directly on local priorities. Although the mechanisms had not yet been developed, potentially Elected Members or Community Councils could bring schemes to the table as an expansion of Members Small Scheme allowance.

There was some funding for a potential residential project next to the current Community In A Cube (CIAC) in Middlehaven. Also for Town Hall and Library adaptations, again building on the narrative of how public services and community engagement were brought together and condensed into town centre areas. Similarly the Boho Campus infrastructure and how those areas were integrated. How the commercial and residential areas related to each other and how it could become a campus, and have some amenity value as well.

In relation to Queens Square property conversions - as heritage properties there was often a conservation deficit, meaning it cost far more to restore them and bring them to a commercial use than usual but that should be encouraged.

Boho Bright Ideas was some low density residential work in the Middlehaven area.

Centre Square infrastructure was about how to ensure that the footfall of the occupied office space was translated into people going to and from the town centre, rather than being on the fringes.

The Cargo Fleet Nature Reserve was a scheme previously considered by the Executive. This allocation would provide some of the capital to invest in the Reserve and uplift it as a destination for people to use, visit and enjoy.

Both programmes would be overseen by the Town Deal Board, to ensure that the Board had an understanding of both funding programmes since there was overlap in many of the projects. The business cases for the Towns Fund projects would be developed over the next 12 months and the Government had provided the opportunity to make adaptations due to the covid pandemic. Both Programmes relied on a huge amount of public sector leverage, so some Tees Valley Combined Authority (TVCA) projects, particularly in terms of the transport elements, have been aligned for that. Where gap funding was involved there would be some public sector involvement to get that over the line and get a return for every public sector pound spent.

The programmes that had been established and set out were based on public engagement

and well established strategic priorities that had been developed over time. They were not new principles and had been developed with the strategic priorities. Both programmes would deliver until 2023/2024.

It was highlighted that almost all the funding was directed to town centre improvements and perhaps more funding should be allocated to priorities outside of the town centre. It was explained that there was a high level of density required in terms of building activity with a view that the benefits would emanate to all other areas of the town. It was noted that the heritage requirements in terms of the Captain Cook Public House and the Old Town Hall were not the most commercial of ventures but were of huge significance to the people of Middlesbrough.

In response to a query it was confirmed that there was an element of speculative funding in the dockside site and some sites needed to be marketed with the offer of gap funding to enable development. The nature of gap funding was that it was not about excess profits essentially, it was about bringing rental prices to a point that the market could sustain.

A Member highlighted that the Dorman Museum and the Theatre were not located in the town centre and asked what type of offer would be made given the intention to develop the Captain Cook Square. It had been identified that Middlesbrough was under represented in terms of family friendly activities as well as food and drink. One suggestion from the Panel was for Middlesbrough to have an arena. It was acknowledged that this could be done commercially but could be a revenue drain if not in use every day.

The Chair thanked the Officers for their attendance and congratulated them on the successful bids.

**AGREED** as follows:

1. The information provided was received and noted.
2. Details of the membership of the Town Deal Board would be circulated to all Panel Members.

20/53      **DATE OF NEXT MEETING - 21 APRIL 2021**

The next meeting of the Economic Development, Environment and Infrastructure Scrutiny Panel would be held on Wednesday 21 April 2021 at 10.30 am.

20/54      **OVERVIEW AND SCRUTINY BOARD UPDATE**

The Vice Chair provided a verbal update on items considered at the Overview and Scrutiny Board meeting held on 11 March 2021. It was highlighted that the Panel's Final Report on Pest Control had been approved by the Overview and Scrutiny Board and would be presented to the Executive for consideration on 11 May 2021.

20/55      **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED**

None.