

MIDDLESBROUGH TOWN INVESTMENT PLAN



MIDDLESBROUGH

Can do people
Can do place

JOIN US...

Erimus.

This latin word is Middlesbrough's motto meaning 'we shall be'. And never has it been more apt.

Middlesbrough's industrial legacy is giving way to a renewed optimism and confidence to build a commercial powerhouse, helping to transform lives and futures.

Little more than a hamlet at the start of the 19th century, Middlesbrough boomed into one of the global centres of the iron and steel industries – an 'Infant Hercules' in the words of Gladstone, during a visit to the town.

Our optimism and belief has already laid solid foundations creating a vibrant urban hub – brought about through partnerships between the public and private sectors and delivering real and lasting results.

But our story doesn't end here. Now is the time to be bold.

We are seizing this opportunity to work as a town to achieve our ambitions set out in this document. We'd love you to join us on our journey.



MIDDLESBROUGH TOWN DEAL BOARD



Andy Preston – Chair of Town Deal Board and Elected Mayor of Middlesbrough



Ben Houchen – Mayor of the Tees Valley



Andy McDonald MP for Middlesbrough



Clr Mieka Smiles – Executive Member for Culture and Communities



Tony Parkinson – Chief Executive, Middlesbrough Council



Zoe Lewis – Principal and Chief Executive Middlesbrough College



Tom Smith – Chair of Empower Middlesbrough



Gary Macdonald – Group Director of Finance and Resources
Teesside Valley Combined Authority



Rachel Anderson Assistant Director - Policy (Tees Valley and Energy)



MIDDLESBROUGH TOWN DEAL BOARD

Paul Cronev – Vice Chancellor of Teesside University

Ian Wardle – Thirteen Housing Group

Marie Kiddell – Homes England

Nicholas Baumfield – Arts Council England

Mark South – Double11/LEP/DigitalCity

Simon Clarke – Member of Parliament for Middlesbrough and East Cleveland

Gary Dawson - (AV Dawson's logistics)

Stephen Black – Tier One Capital / GB Bank

Alex Bell – Marks and Spencer Manager

Robin Bloom / Neil Bauser - Middlesbrough FC

Nick Knox – MD Arriva NE / Northern

Cath Robson - Job Centre Plus

Richard Lewis – Cleveland Police

Paul Wright – New River Retail



CONTENTS

1. Who are we?
2. Context Analysis
3. Strategy
4. Engagement and Delivery



1. Who are We?

We'd like to tell you more about our town.

Middlesbrough has a local resident population of 140,600. We serve as a district centre for the Tees Valley City Region, which has a population of 664,000, rising to circa 2.7 million, within 60 minutes' drive time.

These catchment numbers are a substantial asset and opportunity. However, they also present a challenge in how to encourage a higher proportion of the catchment to embrace and use the town more regularly and to consider it as a place in which they want to spend their time for leisure, work and shopping.

Transformation of the economic structure of the area is well underway but the opportunity afforded by the Towns Fund programme brings significant resources which can catapult the scale and scope of local ambitions and deliver real change.

Middlesbrough's **Town Investment Plan (TIP)** captures the wants and needs of the local population, addressing those issues which the business and resident communities have told us are important to them.

We have brought together some of the most influential business heads, community leaders, public institutions and educational leaders, to shape our business case which will drive public and private investment. These professionals comprise **Middlesbrough's Town Deal Board** each of whom has access to resources and influence which can be aligned.

Middlesbrough's capacity to grow and prosper depends on its ability to continue to attract the new businesses, entrepreneurs and investment that will drive job creation and long-term prosperity. The TIP plays a critical role in facilitating and financially-enabling private investment, encouraging partnership working, drawing on a range of complementary national investment programmes and working with the Tees Valley Combined Authority to stimulate commercial investment.

Middlesbrough has a strong record of delivery. Over the last few years Middlesbrough has delivered a transformational regeneration programme characterised by contemporary architecture, pioneering entrepreneurial spirit and forward-thinking investment. Council resource, coupled with partner investment, has attracted new businesses and helped in retaining a deep pool of local talent.

In transforming the local economy and creating new opportunities, the true measure of success is reflected by the extent to which we can match those new jobs, new skills and new businesses, with our resident population; ensuring that the maximum investment benefit is retained locally. This is a key tenet of Middlesbrough's approach and will be the foundation of successful delivery.

The COVID-19 pandemic has undoubtedly added a layer of complexity to the challenges faced by the area, but it has also brought into sharp focus the urgent need to adapt and transform the local economy. This prospect makes the case for intervention more powerful and urgent. The Town Investment Plan, provides the strategic framework against which the area can tackle the economic and societal challenges which have been amplified and exacerbated by the COVID-19 pandemic.

Middlesbrough's TIP is based on five key pillars of regeneration. They are:

- Transport and Connectivity
- Urban Communities and Placemaking
- The Middlesbrough Experience
- Building a Knowledge Economy
- Enterprise Infrastructure

These five themes underpin all of the economic ambitions and reflect what is important to the people of Middlesbrough. Coherently designed as a package of interventions Middlesbrough's TIP aims is to rebuild the economic and social fortunes, from the ground up.

Middlesbrough's TIP goes beyond the funding available with the Towns Fund programme. It is a £1b ambition to lead Middlesbrough to 2030, and beyond.

2. Context Analysis

Middlesbrough Boundary and Intervention Area



The Centre for Cities report 'The Geography of the Tees Valley Economy' (April 2017) confirmed that Central Middlesbrough plays the role of the primary city centre of the wider Tees Valley economy. However, in spite of this, the report showed that the town centre performs poorly compared to other British city/town centre economies. While accounting for just 0.2% of all land, it accounts for 5.9% of all jobs in the Tees Valley, and 12.8% of all knowledge-based services jobs.

Middlesbrough has good transport connectivity, albeit with scope for significant improvement. Major transport infrastructure initiatives are delivered on a Tees Valley level and are aligned to enhance the economic growth potential of the area. The imminent introduction of direct train services to London are of huge significance as this opens a direct route to the capital, opening new markets and opportunities for the area; as well as a boost to the visitor economy.

As an authority area spanning just four miles wide by six miles deep, Middlesbrough is restricted in terms of its options to diversify its economy. It is densely populated and land availability is limited. To reflect this, the TIP has adopted an approach of targeting high-density, high-value, knowledge intensive businesses; as a commercial base, which are synonymous with higher than average wages and disposable incomes. This is the precise demographic profile which, if increased, can underpin and enhance a vibrant economy, increase critical mass, support stable trading and create viability for diversification of economic uses.

In addition, central Middlesbrough is home to Teesside University, Middlesbrough College and soon to host the Northern School of Arts (NSoA). Major employers in their own right, these facilities

educate and upskill the wider population. Critically, NSoA has committed £14.5m to locate in the town centre. Middlesbrough is also the transport hub and interchange which links areas as diverse as Whitby to the south and Newcastle to the north. The rail station has passenger patronage pushing 1.5m per annum and there is also bus patronage around 1m per annum. These figures are set to grow as the prospect of a direct London rail link and enhanced public transport services are rolled out to 2021. Therefore putting the town in a strong position to attract inward investment and further development.

Additional contextual, demand and demographic information has been provided in the TIP appendix.



Economy



59,000

Jobs in Middlesbrough

56%

Jobs undertaken by local people

7%

Local unemployment rate

Local businesses
>4,000

Highest rate of business startups in North East region

Current top three sectors:

40%

Public administration, education and health

18%

Distribution and hospitality

12%

Financial services

Employees in Digital business sector
7,000



Expanding into other growth sectors including advanced manufacturing and leisure



Housing and infrastructure



Households
62,000

70%
Council Tax Band A-B

Owner occupied housing
57%

19%
privately rented
34%
social housing

Social housing waiting list
4,800



Direct rail link to London 2020



Teesport third largest port in UK



Durham-Tees Valley Airport 20m away

Investment



Middlesbrough investment prospectus
£625m

5,000
new jobs

5,500
new homes

10

Top 10 in small cities in Europe for investment

Middlesbrough's Main Challenges

Considerable market intelligence, due-diligence, and economic mapping has established the economic baseline for Middlesbrough. This process has allowed Middlesbrough's Town Deal Board to develop an acute understanding of the economic performance of the area and the constraints which restrict the fulfilment of our full economic potential. The town currently suffers from:

A notable lack of a balanced residential market in central Middlesbrough. The town centre has no urban living offer. Middlesbrough has identified that there is a particular deficit in urban living opportunities and residential accommodation.

Deprived Demographic and limited reach to Premium Demographics. Middlesbrough's is the 7th most deprived authority in England. Reflecting a large area of significant social deprivation around a central core; giving a lower than average spend per visit to the high street. However, within Middlesbrough's wider catchment, a wealthy demographic exist with significant disposable income.

An imbalance in the retail to commercial floor space ratio. Approximately 65% to 35% in favour of retail and this represents a significant structural imbalance. Centre for Cities analysis of the local market notes that a healthy high street economy would be based on the reverse of this relationship.

A significant decrease in retail turnover of Middlesbrough Town Centre in recent years. The extent of this decline is illustrated by a comparison of retail turnover in Middlesbrough town centre in 2008 and in 2016. Convenience spend reduced by over 33% (£49.5m to £33.1m), whilst comparison spend reduced by 40.8% (£503.4m to £298.2m). (Knight Frank)

Rapidly decreasing footfall in Central Middlesbrough. Footfall in high street areas has decreased by 4% between Q1 2016/17 (1.87m) and Q1 2017/18 (1.79m); with indicators anticipating a further fall.

A very limited visitor economy. Although hotel stays are relatively robust during weekdays (£74.67 ADR @ C.90% Occ) shoulder nights (Friday to Monday) are particularly weak (£53.11 ADR @ C.79% Occ), indicating an immature visitor economy. (Bilfinger, GVA)

Distressed Property Market - With property owners being forced into ever-diminishing yields, coupled with extreme pressure to fill space, at any cost (necessary to displace the residual business rates burden on vacant space), the values of retail property are spiralling down and there is simply no viable case for owners (often pension funds and institutional investors), to reinvest in the properties; this situation further sustains the decline.

Middlesbrough understands the market failure conditions which prevail in the local and national economy; and that these strains are likely to be exacerbated by the COVID-19 pandemic. This understanding has informed the development of Middlesbrough's TIP, outlining a targeted package of interventions which will address these shortcomings and, crucially, increase the propensity for the market to operate effectively in the long term.

Middlesbrough knows that:

- Development of vacant and low value sites for residential purposes is critical to successful placemaking. New housing strengthens community ownership of town centres, creates vibrancy throughout the day and generates footfall to sustain retail, leisure and other uses. Housing diversifies the High Street and helps rationalise the amount of retail to more sustainable levels. Upper floors can be converted to bring back into use difficult to let, poorly accessible retail spaces.
- The retail economy is out of equilibrium with the commercial economy – we need to rebalance and have more commercial employment in the area to sustain our retail offer.
- The scale, availability, efficiency and quality of commercial accommodation is a key constraint to the attraction of major employers to the area.
- We are under-represented in our leisure and food & beverage offer and this will be key to creating a destination and sense of place.
- There is market failure in the commercial property markets and the flow of institutional capital.
- It is critical to link residents with the high-value employment opportunities created.
- Efforts can be focused on key growth sectors with high GVA outputs.
- Connectivity and strategic transport links are critical to future success.
- The skills pipeline (attraction and retention) is key to economic sustainability.
- Major partners such as Teesside University, other educational institutions, TVCA and advocates within our sector-specialisms are key to ensure alignment of effort and joined-up approach to economic reform.
- Diversity of economic offer will broaden Middlesbrough's offer and appeal.
- The sense of Place and a comprehensive offer in terms of the entire Live, Work, Play offering are key factors in securing major inward investment and providing a compelling reason to invest and locate in the area.

Evidence of Need

A generation ago many UK city centres were unappealing places. Now, they are among the most desirable areas of the country to live. Cities like Manchester, Liverpool and Birmingham are home to new buildings for urban living with the high street full of cafes, bars, restaurants and gyms serving their often young and affluent customers. The reversal that has taken place in other parts of northern England demonstrates an urban renaissance and a shift in how people want to live. In big cities, more than half of the people living in the centre work in high-skilled professional occupations.

Council investment in the Centre Square office development and Tees Advanced Manufacturing Park (TeesAMP) have opened up employment opportunities, unseen in decades, for Middlesbrough residents. A real and sustainable catalyst for change has been created. The knock on effect of increased job vacancies within the heart of the town, allows for a host of mutually-sustaining services to be made available to the workforce, including housing, leisure, entertainment and community facilities.

To access these opportunities in the labour market, people need to be well-connected and have appropriate skills and qualifications.

Transport and Connectivity

An efficient and capable transport network is an integral part of the 'package' that attracts prospective investors, allowing them to develop their businesses in cluster areas, appropriate to both their businesses and customer needs. In line with all urban centres, the town requires a well-planned, efficient, attractive fully integrated transport network which complements the town's physical, social, economic growth and status.

Middlesbrough has ambitious plans for growth, within its transport network, based on sustainable investments which will result in a carbon reduction. This is via significant investment in the rail station improvements, and a co-ordinated package of measures to improve the overall central bus offer. This will improve transport access across the town, as well as improve traffic flows, and circulation in the wider area.

Urban Communities and Placemaking

The largest area of investment in the TIP is targeted to urban living, demand for which has been evidenced through market studies.

Commissioned by TVCA, the Northern Housing Consortium published their study titled 'Tees Valley Local Housing Markets' (2018). The report covered a range of issues including the challenges and opportunities of the local housing market, focussing on the neighbourhoods which are characterised by low demand and unpopular stock.

Although, Middlesbrough has been successful in increasing housing delivery in recent years, this has been focused on increasing mid-market homes in suburban locations which to some extent has driven a greater gap between the different housing sub-markets.

In a wide functional economic market area, it would be expected that there would be a greater range of neighbourhood types and housing submarkets. The report states that: “There is a little of the multiculturalism and diversity associated with big cities except for very small pockets in Middlesbrough and Stockton”

This observation needs to be taken in the wider context of the characteristics of the housing market and challenges associated with diversifying the current housing choice. It does however highlight the opportunity for housing market diversification and the opportunities the town centre could offer.

Increasing the urban resident population has been achieved elsewhere, driven through a diversification of the housing choice available. In Newcastle there has been a c.70% increase in the population of the city centre in the period between 2011 and 2017, in comparison to only a 9% growth in Middlesbrough. In terms of tenure, the centre is limited in terms of housing choice; 65.8% of properties are social rented, 22.3% privately rented and only 8.3% owner-occupied.

Town centre properties are largely 1 and 2-bedroom properties; over half 1-bedroom and 32% 2-bedrooms. This differs from the Middlesbrough average which is dominated by 3-bedroom properties (50.9%) and 2-bedroom properties (25.8%). Highlighting a very limited housing choice within the centre of Middlesbrough at present.

Development of vacant and brownfield sites for residential purposes needs to be an important component of successful placemaking. New housing strengthens community ownership of town centres, creates vibrancy throughout the day and importantly generates footfall to sustain retail, leisure and other uses. This aligned, with environmental improvements, will create desirable places to live.

The Middlesbrough Experience

Whilst a buoyant economy is key to long term sustainability, Middlesbrough’s real asset is its people and visitors. Without first class facilities, a pleasant, clean and safe living/urban environment and a range of leisure activities there is little to retain and attract people to the town. Despite significant investment, Middlesbrough still suffers from unacceptable levels of deprivation and ward level intervention is required to ‘level-up’ these areas with the rest of the town.

Middlesbrough has major cultural assets in the Town Hall and Middlesbrough Institute of Modern Art (MIMA). There is a clear acknowledgement of the social and economic value of the cultural sector. Further investment in this area has the ability to deliver growth and drive regeneration. These impacts can range from growth in tourism, creative and cultural sectors, to enhancing individual skills, knowledge and confidence, to strengthening community pride and perceptions.

Through public consultation the Towns Deal Board have a clear vision of the improvements and amenities residents and businesses would like to see.

Building a Knowledge Economy

There are positive economic returns to formal education for the individual, the employer and the economy as a whole. The effect of educational attainment can be particularly strong when this leads to completion of a qualification, resulting in potential for higher wage returns. Regarding vocational qualifications, positive wage returns have been found specifically for qualifications and apprenticeships at Level 3 and above.

Middlesbrough College, serves 20,000 students in all sectors of the economy from entry level to level 7. Of the full time 16-18 year olds students, approximately half are studying at level 3.

The number of school leavers is increasing by circa 50% across the Middlesbrough, therefore increasing demand for college places. In light of the rising demographics a report was commissioned that concluded that Middlesbrough College is currently operating much more efficiently than the sector average and that it required circa 8,000m² of additional space over the next decade.

Enterprise Infrastructure

Attracting and retaining more knowledge-based industries (KBIs) is becoming increasingly important in enhancing economic performance. New economic activity builds supply chains and supports ancillary businesses such as retail and leisure. The business sectors targeted for the office accommodation, pay higher than average wages and generate greater disposable income for their staff. This spend circulates through the economy and generates a significant impact through direct and indirect multiplier effects.

As cited by KPMG in 2016, Middlesbrough's private sector economy shows signs of fragility due to no marketable Grade A office space and insufficient representation of professional services. Over the last few years there has been little or no appetite from developers to return empty offices back to their original use. These buildings do not provide the type of accommodation in terms of floor plates, design, energy efficiency, etc. that professional service companies require; and their conversion is either technically difficult or cost prohibitive. As a result, a number of vacant offices have been redeveloped for an alternative use. Consequently, there remains an essential need for premium quality office accommodation.

In addition to KBI office space, many businesses based in the Boho Zone (Middlesbrough's digital, creative and business hub) have expanded and their current accommodation is too small for their requirements. They wish to move into larger, contemporary space that will accommodate their expansion needs, whilst fulfilling their desire to remain the established digital cluster.

Through detailed, sector-led consultation, a plan has been developed to establish a spatial and functional vision for the Boho Zone, which garners significant sector support and encourages long-term growth opportunities. It will accelerate the growth of Middlesbrough's most successful digital businesses, support the next generation of start-ups, and provide a flagship development capable of attracting businesses and new investment from outside Tees Valley, all in a unique campus environment, to create a thriving collaborative cluster.

Middlesbrough's Assets and Strengths

The Towns Deal Board sees real potential for the town. Rather than looking at short-term solutions, strategic partners have been investing resources to boost the local economy. Lessons have been learned from historical programmes that focussed on short-term, neighbourhood-level intervention that could not be sustained. This process has informed the development of the TIP.

Over recent years Middlesbrough Council along with partners such as TVCA and Teesside University have worked tirelessly to kick start Middlesbrough's economy. With millions invested to date, some of the highlights include:

- The DigitalCity initiative which has gone from strength to strength, through the nurturing of start-ups to multi-million pound businesses. This has included £20m of investment in specialist business centres.
- The £22.6 million TeesAMP offers a prime location for innovative manufacturing companies, creating an industry-leading cluster of businesses.
- The Centre Square development provides 107,000 sqft of Grade-A, BREEAM Excellent office space set across two buildings in the heart of Middlesbrough. Centre Square is a centrepiece for the town and home to the internationally acclaimed MIMA and the historic Town Hall.
- Middlesbrough's railway station sits in the town's historic quarter and Enterprise Zone and is a vital link between the town's commercial and retail centre. Working with the rail industry a £35m package of improvements has been developed that will greatly enhance the stations capacity.
- Over £270m invested in the development of Teesside University Campus since the introduction of its 10 year £300m campus masterplan in 2017. The University have invested a further £100m in new buildings designed to attract more students into the area, including the Business School, Student Life Building and new Student residential accommodation. Additional developments are planned over the next 5 years, to expand and enhance the campus further promoting digital development and research facilities.
- The University is planning to grow student numbers during the next 5 years with the overarching aim of attracting more students from the UK and overseas, which will generate further inward investment for Middlesbrough.
- The University has supported the council and played a key part in maintaining and developing MIMA since 2015, promoting the arts and leisure sector, with the introduction of many new community initiatives, helping to attract the wider community into the town centre.
- Teesside University Enterprise Zone builds on an exceptional track record, developed over 15 years, of nurturing and launching new companies, many of them digital, and supporting them through a coherent network of services offered by the University and other partners, to create a cluster of digital companies which is now nationally recognised. The two key initiatives driving this activity are Launchpad business incubator, and DigitalCity, providing support to tech start-ups through innovative fellowships, technical mentoring, space, access to expertise, and scale-up support. Both work in tandem, with the strong support of businesses and stakeholders across the Tees Valley, an extensive pool of experts, mentors

and coaches to draw upon, and a wide network of digital enterprise alumni in and beyond the region.

- In 2017/18 through both Launchpad and its start-up support programme FUEL, 26 new businesses were supported, creating 55 jobs. DigitalCity supported tech start-ups through its Fellowship Programme and its cluster development work supporting the wider tech business community. The University works closely with Boho, where many Teesside University graduates (currently 190) run/work in tech companies, a large proportion of which started on campus.

Through this investment Middlesbrough has built the foundations for future economic growth. However the town still lacks some key components to ensure its long-term sustainability, these are (1) a suitable urban living housing product (2) a critical mass of commercial workspace and (3) a robust leisure economy which appeals to businesses, workers and residents, as part of a comprehensive lifestyle offer.

The TIP is considered the appropriate strategic vehicle which allows the different strands of Middlesbrough's vision to be pulled together and integrated; connecting the separate elements to create real change for the town's residents and delivering long lasting economic transformation.

Strengths

- Land available for housing and office developments
- Vibrant university and colleges producing future workforce
- Demand for further office space
- Collaboration between companies
- Expanding companies
- Development of rail station/historic quarter and town centre
- Passionate community input and buy-in
- Growing reputation for arts and cultural infrastructure
- Historic buildings primed for restoration

Key Opportunities for Middlesbrough

Middlesbrough envisions a bright future based on building a new urban community in the heart of Middlesbrough. By bringing more people to live in central Middlesbrough (an offer which does not currently exist), the strategy meets the transformational objectives of:

- meeting housing demand both now and in the future;
- driving reliable footfall into the heart of the High Street;
- converting, adapting and diversifying a chronic oversupply of retail space;
- attracting and retaining skills and talent;
- building an increasingly, economically-active consumer base which will provide the necessary demand to sustain the transformation to a balanced leisure economy; and,
- the development of further business work space for: digital business / advanced manufacturing and high grade offices for professional services.

Middlesbrough Council cannot deliver these ambitions in isolation. A range of development partners are already actively working with the Town Deal Board on schemes that form part of the TIP. Through a range of financial models, funding mechanisms and Public Private Partnerships, projects will be pump-primed to enable the private sector to co-invest in a way which addresses entrenched market failures and encourages an incremental journey whereby public sector stimulus is a diminishing requirement.

Opportunities

- Significant untapped potential of the proposed Urban Living product
- Direct rail line to London 2021
- Strong tech cluster
- Growing skills base
- Gap in market for high quality office space
- An agile College and University with industry networks
- Economic diversification
- Growth sector specialisms
- Increasing GVA
- Skilled and available labour market

3. Strategy

By 2030, Middlesbrough will be transformed.

People make places. New urban communities will grow throughout the town centre, bringing modern and convenient living options for all ages and demographics. Urban living sites will be set in a safe and welcoming environment, flowing with open public spaces, inspirational architecture and green urban areas which promote personal wellbeing and spaces to breathe.

A growing population will be employed in a wide range of skilled and well-paid professional services roles, within a modern commercial cluster in the centre of the town.

Middlesbrough will attract new talent and investment into the local economy, as well as stopping the leakage of skills from our economy and retaining more of our home-grown graduate workforce; in a nurturing entrepreneurial environment.

Middlesbrough's residents will be the primary beneficiaries of new opportunities. The economy will be driven by a talented, indigenous workforce who have the skills and experiences which employer's desire. Any Middlesbrough resident, regardless of background or deprivation, will be able to fulfil their career potential, with world-class opportunities, on their own doorstep.

Our educational institutions, focused in the town centre, will expand their scope as the skills pipeline for the Tees Valley economy. Students will acquire market-leading skills and experiences in the best educational facilities, anywhere. Businesses will thrive as sector-specialisms are further developed in engineering, advanced manufacturing, digital and creative services; with co-designed, bespoke courses tailored to meet technological advances.

Middlesbrough will be 'the digital city', with a campus-based, integrated digital cluster, which is the envy of the UK. Digital technologies will increasingly touch upon every aspect of life and Middlesbrough's mature digital cluster will lead the world in developing technologies to boost business, innovate and entertain; all while creating wealth and employment. Our communities and businesses will have access to the most advanced broadband connectivity and 5G (and successor) wireless services.

Central Middlesbrough will buzz with activity, day and night. Middlesbrough will be alive for business, education and retail during the daytime and a focal point for people's precious recreation time. Middlesbrough will shift to an experiential economy where culture, leisure and the arts permeate throughout every aspect of life; where visitors from near and far will engage with their surroundings and the rich cultural legacy of the area.

Middlesbrough's cultural offer will be the cornerstone of a thriving visitor economy. Whether enjoying a concert, live music, bars, restaurants or sporting activity, we can offer it all with an expansive and regular programme of cultural events and some of the biggest names in show business. Our hotels will welcome visitors from afar and our proud heritage attractions will tell the story of how Middlesbrough built the world; and continues to do so, through our modern industries.

Travelling to, and getting around within Middlesbrough will be seamlessly-integrated, instinctive and affordable. Public transport services will be frequent and accessible, connecting people to more places, more conveniently, including their workplaces, homes and leisure services; at all times of the day. Middlesbrough will have dedicated networks for cycling and walking, giving visitors and residents a real choice of how they travel.

Middlesbrough will align all available resources to deliver this programme of transformation. We will grasp the opportunities afforded by the Tees Valley Devolution settlements, government agencies such as Homes England, Department for Transport and Communities and Local Government; to address market failures and invest strategically. The TIP, aligned with Future High Street Fund and Council investment will form part of a £1b package of public and private investment to 2030. In order to achieve this £25million is required from the Towns Fund.

Analysis and Rationale

Middlesbrough's TIP brings together the delivery of strategic economic interventions, coupled with matters which are of significant importance to its people and businesses.

Middlesbrough's approach avoids short-term, cosmetic interventions and fundamentally aims to reshape the economic dynamics of our local economy. Market failures dominate the commercial landscape, with private investors unable to achieve full, independent development feasibility by reconciling the cost and value of development; within the current market place. This has created a 'property paradox' whereby development cannot be delivered wholly-commercially and much of the existing commercial property is in a spiral of decline, without incentive for new investment.

This builds a strong case for public sector 'pump-priming' intervention.

In recent years, Middlesbrough has built its commercial credentials by successfully enabling development and private sector leverage through direct market intervention. A range of financial tools have enabled development. This has ranged from direct investment, Tax Increment Financing, headleases / income strips / council covenant, equity finance and traditional gap funding. This flexibility allows for the appropriate financial instrument to be deployed to suit the specific characteristics of each development and create a mix of risk and reward, which is proportionate.

However, Middlesbrough is conscious of creating the circumstances which could develop an unhealthy reliance on public sector intervention, being a precondition for private sector development. This needs to be a pragmatic journey whereby, as market demand is demonstrated and speculative viability is strengthened, the proportion of public sector investment and risk is incrementally withdrawn.

This approach is already bearing fruit as the local market rate has grown for quality commercial office space and advanced manufacturing space, whilst demonstrating that there is ample demand at a price point which delivers financial viability, for private sector investors. The public sector has provided the proof-of-concept and this has encouraged the private sector to follow.

With respect to the TIP, Middlesbrough also wants to promote cyclical investment which is sustainable and can be reinvested for the long term. Our approach of investment creates the prospect of returns on investment and financial yields, which can be recycled and reinvested into complementary economic growth developments.

Delivery Rationale

Middlesbrough's TIP is based on five key pillars of regeneration:

- Transport and Connectivity;
- Urban Communities and Placemaking;
- The Middlesbrough Experience;
- Building a Knowledge Economy; and,
- Enterprise Infrastructure.

These five themes underpin all of the economic ambitions of Middlesbrough and reflect what is important to its people. Middlesbrough recognises that there is a symbiotic relationship between all aspects of the strategic priorities. For example, it is clear that businesses want to locate where people have the talent and skills, people want a modern housing offer, with high-quality public amenities, as well as a range of entertainment and cultural experiences; everything is linked and interdependent. Together, and as a coherently designed package of interventions Middlesbrough's TIP forms the strategic framework against which all future funding opportunities will be aligned.

The planned programme of interventions is wide-ranging and will have economic and social benefits across the borough and beyond. The development of workspace will attract new and expanding businesses to locate in Middlesbrough, bringing about direct employment. The higher volume of people will have a knock on effect for supply chain and service industries, therefore creating further employment opportunities and bringing additional spending to the town. The Towns Deal Board is passionate in promoting the 'spend local' agenda and supports independent businesses who know and love Middlesbrough, and as such have a hugely positive impact on what can be collectively offered.

Urban living is focussed in the heart of the town centre, this will drive footfall in the centre and will provide a much healthier housing offer across the town as a whole. The construction phase will create further jobs and evidence suggested that although not initially the value of existing surrounding land and properties have the potential to increase as a result of the investment.

There is a clear acknowledgement of the social and economic value of the cultural sector, and its ability to deliver growth and drive regeneration. These impacts can range from growth in tourism, creative and cultural sectors, to enhancing individual skills, knowledge and confidence, to strengthening community pride and place image. Planned activity will be accessible to all Middlesbrough residents and its broad range of social and economic impacts.

Programme Summary

Theme	Activity	Outcome	Towns Fund	Other Funding	Total Cost
Transport and Connectivity	Enhancement of Middlesbrough Railway station. Improved walking and cycling opportunities. Enhanced public transport, including the introduction of Superstops. Implementation of 5G.	Rail Station capacity increased. Direct London Link and Regional Services. Increased Public Transport Patronage. Reduced pollution. 5G Capacity and coverage	£0	£35,000,000	£35,000,000
Urban Communities and Place Making	Building of C.1500 homes across 7 sites. Housing will be both new build and conversion of existing properties, to broaden the existing offer and bring vibrancy to the town centre.	Create a new urban community in the heart of the town centre. Drive footfall. Support the retail sector. Develop a market for leisure activity. Animate the town centre.	£15,750,000	£106,250,000	£122,000,000
The Middlesbrough Experience	Create a an attractive and well serviced environment for Middlesbrough's residents through tree planting, creation of a nature reserve, development of community facilities, ward initiatives and repurposing of historical building to better meet the needs of Middlesbrough's residents.	Improve the visual appearance of the town, provide services at a neighbourhood level, support resident autonomy to deliver the right intervention for their area and make better use of existing council facilities.	£3,350,000	£4,950,000	£8,300,000
Building a Knowledge Economy	Contribution to the expansion of the Middlesbrough College Campus and creation of town centre presence.	Skilled workforce pipeline - sector targeted employment growth. Attract and retain talent. Further investment in the Middlehaven regeneration area.	£1,175,000	£12,000,000	£12,175,000
Enterprise Infrastructure	Renovation and restoration of historic buildings as part of DigitalCity campus. Additional phase of commercial quarter for Middlesbrough - mixed use Live Well development. Development within Boho Campus of amphitheatre and Plaza to complement the DigitalCity development and BohoX. Conversion Queens Square - gap funding to match private investment to address viability	Historic buildings restored - integrated into modern campus additional 60k sqft office development. C.100 residential units, Winter Gardens destination (160,000 visitors pa) Economic Growth / placemaking. Conversion to SME office space - renovation and let - approx 35,000 sqft. Accommodate 500 jobs.	£4,725,000	£69,750,000	£74,475,000
Programme Total			£25,000,000	£227,950,000	£252,950,000
Advanced Funding					
Enterprise Infrastructure	Accelerate the development of the Boho 8 modular build.	Create 11,000 sqft of office space.	£1,000,000	£1,500,000	£2,500,000

Middlesbrough's Town Investment Plan includes:

Transport and Connectivity

Modern communications are the bedrock of any developed economy. They are critical to connect our conurbations and open up market places for employment and commerce. Middlesbrough, and the Tees Valley, need to enhance all travel modes to ensure that businesses and residents have genuine options when it comes to transport; in terms of frequency, quality and reliability.

As a partner in the Tees Valley devolved authority, many of the transport interventions benefit from collective scale and influence. As such, many of the largest-scale network enhancements are coordinated at a Tees Valley level, to delivery strategic transport links across the poly-centric Tees Valley conurbation.

Delivery priorities

- Prioritise the enhancement of Middlesbrough Rail Station to provide enhanced local / regional services, provide additional platform capacity, customer facilities and enable the delivery of a direct London link during 2021.
- Accelerate a programme to encourage increased active travel and modal shift. Enhanced cycle corridors, connected walking routes and new technologies (such as E scooters) will connect people from their homes to their workplaces, shops or leisure. This approach will capitalise on the positive behaviour changes, necessitated by the COVID-19 pandemic, to increase the use of cleaner transport modes and personal health and wellbeing.
- Deliver measures to increase the frequency and utility of public transport services. Enhance routes and earlier / later times, and a network of 'superstops' coupled with improved stock, will connect our communities and open up more opportunities for education, employment, leisure and commerce.
- Implement 5G (or successor) infrastructure. The minimum expectation for businesses and the enablement of 'smart cities', will be the most advanced network capacity available. Digital connectivity should be a core consideration in all development ambitions, including an active consideration in commercial and residential planning.

Urban Communities and Placemaking

Middlesbrough aims to grow and retain its population and talent by providing the best opportunities in terms of housing, employment and lifestyle to deliver a compelling offer which attracts people.

Middlesbrough will invest in the delivery of high value and high density opportunities within our area. Expanding its role as the commercial epicentre of the Tees Valley and reshaping the town centre economy to provide more skilled employment, more residents and more fun things to do.

The COVID-19 pandemic has exacerbated the distress of traditional high street areas and this has increased the urgency at which we must adapt and repurpose our urban economy.

Middlesbrough will transform its economy through a programme to deliver new urban communities, new employment accommodation and a broader leisure mix. Together these factors will draw life and vibrancy back into the town and create new opportunities and experiences for our visitors and residents. These developments will be on brownfield sites, in sustainable locations, with iconic architecture and design.

Delivery priorities

- Embark on a vast urban living programme to bring in excess of 2,000 units to the centre of Middlesbrough, homing 4,000 residents. We will build new communities and amenities which attract all ages and demographics and drive critical footfall to central areas.
- Rebalance the town centre economy and bring new educational and employment opportunities, delivering a new commercial quarter to host a range of skilled and professional services roles. An overreliance on traditional retail uses will be balanced with more hospitality and leisure attractions and a diversification to bring more community facilities into the high street.
- Middlesbrough's digital cluster will be expanded with a purpose-built business campus. Middlesbrough will be at the forefront of digital technologies and the modern entrepreneurial spirit, in an environment where businesses can network, collaborate, knowledge-share and innovate. The sector will create the jobs of the future and provide unlimited opportunities for graduates and residents.
- The Middlehaven area will continue to deliver a broad range of commercial, educational and residential opportunities. The post-industrial landscape has been cleared, assembled and is primed for development. The waterside frontage offers huge opportunity to build a commercial and leisure presence in a large urban landscape on the fringes of the town centre.
- Gresham will be redeveloped to provide a new urban village.
- Environmental improvements to enhance the quality of urban life, including the planting of 10,000 trees.

The Middlesbrough Experience

An experiential economy is increasingly important to the structure of Middlesbrough's economy. However, the capacity of hospitality and leisure services is not the only measure of success. People experience places on how it makes them feel and how connected they are to their environment and communities. The aim is to make Middlesbrough the key destination in the Tees Valley.

How connected a population is to its civic spaces, public services, community resources, heritage and environment, is the true measure of a culturally-rich experience. By building capacity and ownership in these areas, we create a tangible uplift in local pride, cultural

engagement and quality of life. The impacts are wide spread and this renewed confidence is infectious. It challenges negative perceptions and unfounded criticism and visitors to the area are left with a positive image of the character, passion and charm of Middlesbrough.

Even in times of economic hardship, people are fiercely protective of the time and money they commit to entertainment, activities and leisure; often travelling great distances to enjoy their time. The local economy has the capacity to deliver an enhanced cultural and experiential offer on the doorstep, which would be of great appeal to local residents and visitors to the area.

Delivery priorities

- Dedicate resources to deliver a range of community priorities, at a local level. Through the appropriate consultative bodies, such as community councils, areas will be given resources to design and deliver those measures which are most important to residents.
- Invest in the creation of a number of community hubs / assets for communities which need capacity. Enhancing community engagement and delivering vital community resources at an estate level.
- Enhance Middlesbrough's growing reputation for arts and cultural infrastructure to give people more reasons to engage with their high street by creating impressive accessible visual arts event.
- Rebalance the economic mix by converting 25% (c300k sqft) of our retail floorspace (oversupply) into alternative uses; and strengthening the viability of the entire retail estate.
- Create the largest single leisure destination in the Tees Valley (and for a 50 mile radius) (C. 300k sqft) by converting much of this space to a modern, dedicated, family-friendly leisure hub; including activities such as cinema, bowling, competitive socialising, sports; and a complementary mix of hotel space and independent / national food and beverage retailers.
- Support a range of community uses to co-locate in central Middlesbrough, creating a vibrant hub for communities to congregate, access services and host a range of events. From community gatherings to faith groups; public libraries and archives; to health services and public agencies.
- Embracing Middlesbrough's heritage assets and bringing them back into use will restore a connection with our foundations and a strong narrative of where we have come from and where we are going. This can be delivered in parallel with the re-greening of our urban areas and the creation of spaces where people can relax and engage with the environment.
- Drive a programme of public events to entertain, inspire and attract people to our town.

Building a Knowledge Economy

Skills and opportunity are the most significant factors in the improvement of the quality of life and outcomes for residents. A skilled population drives economic growth through

business start-up rates, investment, employment creation and wealth generation. Skills need to be matched with appropriate local employment opportunities, to retain the benefits of education in the local talent pool.

Middlesbrough has a track record of educating people to deliver their potential. We have strong institutions which are recognised and well regarded, with excellent relationships with businesses and an agile approach to delivering to market demands. However, we struggle to attract and retain graduate talent within the local economy. By building a coherent and compelling package of lifestyle, residential, education and employment opportunities.

The jobs of the future lie in building on our comparative advantages and developing sector specialisms in growth sectors. Middlesbrough's land availability does not lend itself to large-scale industrial uses, so focus will lie with high density high value employment in sectors such as advanced manufacturing, engineering, digital and creative sectors and professional services.

Care must be taken to retain as much of the benefits of growth and match the opportunities with the local population. Middlesbrough hosts large levels of employment and is a net importer of workers. Those workers take the majority of their spending power and benefits back home with them. For people to feel connected to this investment plan, measures must be taken to ensure that the local population is prioritised and not merely a host for external employment.

Delivery priorities

- Work collaboratively with our educational institutions to invest in the quality and quantity of educational provision. We will invest in our educational infrastructure to increase the attainment levels of our population.
- Expand our commercial ecosystem to create a critical mass of businesses clustering together and sharing the benefits of colocation. The quality of environment, amenity and wellbeing will be critical in attracting and retaining talent within the local economy.
- Prioritise the contracting of local businesses and the employment of the local workforce. New inward investment will provide more, and better, local employment; increasing the average weekly income of Middlesbrough households.
- Invest in the strategic growth sectors where sustainable employment is anticipated to expand in future years. Continue to develop comparative advantages in sectors such as advanced manufacturing, engineering, digital and creative sectors and professional services.
- Create a knowledge-share ecosystem to champion innovation. Work will expand to create ever-stronger links between business networks, local supply chains, sector collaborations and research. These measures develop new products, technologies and jobs, contributing to gross value added in the economy, business turnover and the benefits from intellectual property.

Enterprise Infrastructure

Middlesbrough has made the first steps in re-establishing a strong commercial economy. The development of Centre Square, Albert Road and the Boho Zone have combined novel approaches to build a mix of new, grade A accommodation, sensitive heritage renovations and adapt vacant, dilapidated buildings in central Middlesbrough. This has been supplemented by the development of the TeesAMP close to the town centre, providing 200,000 sqft of high quality floorspace.

Covid-19 has not dampened the appetite for office space to the degree which might have been anticipated. Indeed, leases have been progressed and some businesses / sectors are seeing an uplift in trading conditions.

Of more importance is the skilled and well-paid jobs that these facilities accommodate and the ancillary impacts that this economically-active footfall has on the town centre services and retail economy. The commercial areas will be seamlessly integrated with the retail and hospitality areas, to maximise the benefits of colocation.

Middlesbrough will deliver commercial space to enable additional employment. This space will be integrated within the new town centre economy and include modern features which promote wellbeing and health. The accommodation will be serviced by the best technologies and broadband connectivity, with a range of transport options to connect people to places.

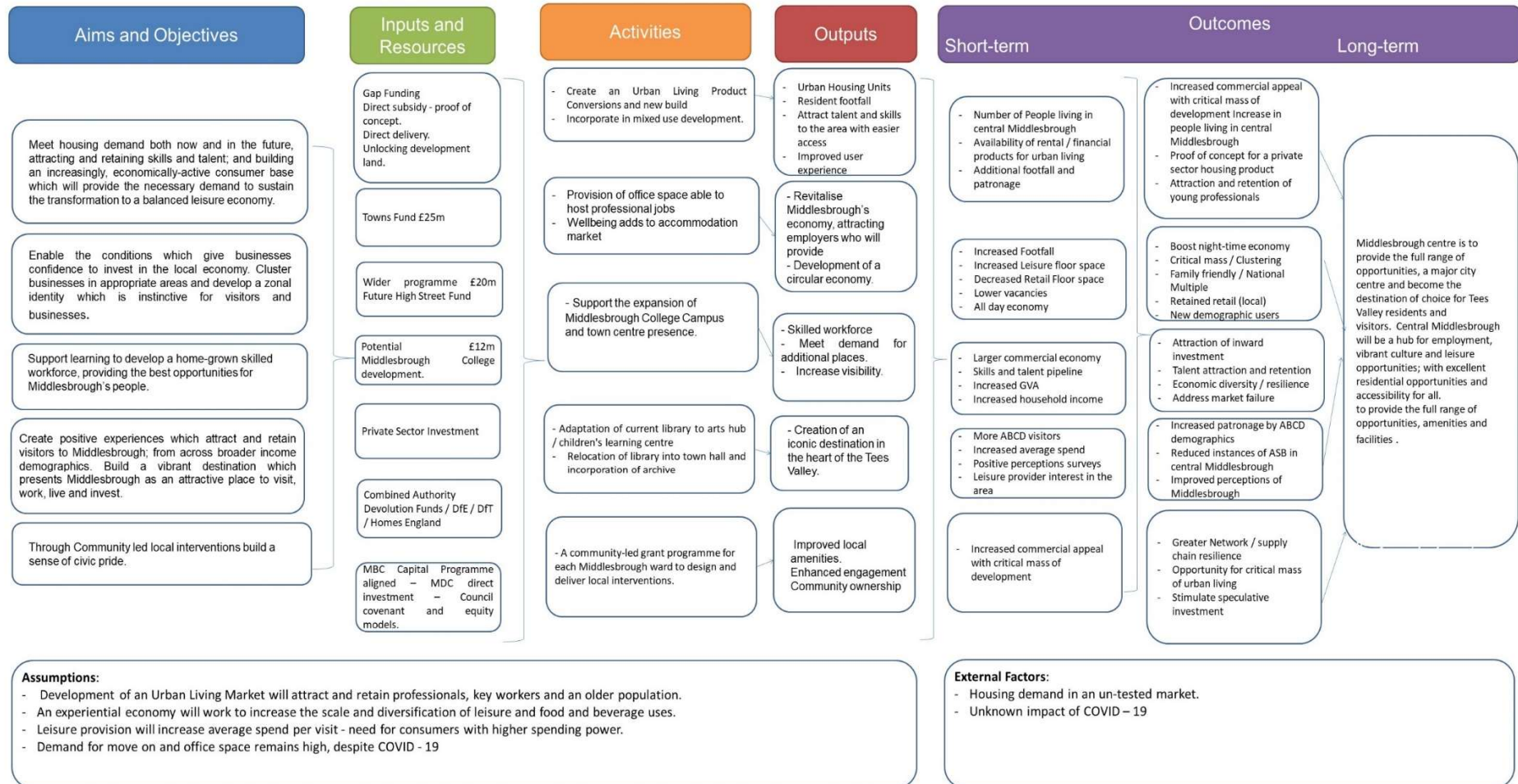
Delivery priorities

- Centre Square and the commercial area to the east of the town will be further progressed to achieve C.500,000 sqft of mixed use – residential and office accommodation. This will bring C.2,000 jobs and 500 residential units, into an area just 200m from the town centre. Centre Square's unique selling point will be the integration of the culture, arts, architecture and wellbeing in the central area of Middlesbrough.
- Invest to expand the Boho Zone to create a new Digital Campus. This dedicated area will increase the cluster density and free up the pipeline for the next generation of digital entrepreneurs to innovate in a campus environment. By integrating apartments and homes in the site, we will create a tech community that can truly enjoy the live work ethos. The Council has appointed international developer, BCEGI as a development partner for this scheme.
- Capitalise on the central relocation of the NSoA to deliver an educational cluster in central Middlesbrough, driving valuable talent and footfall into town centre areas. We will encourage businesses to link with educational institutions to develop links for mutual benefits.
- Support the expansion aspirations of Middlesbrough College, ensuring it has the breadth of educational offer to appeal to an ambitious student population. Collaboration with Middlesbrough College will ensure that students have the best experience, environment, education and equipment, to secure and exceptional education and fruitful career.

- The delivery of a new campus for the Northern School of Art in the town centre.
- Capitalising on the success of the TeesAMP for a further phase of development.
- Teesside University is at the frontline of Middlesbrough's perception buy the outside world and industry. Sector specialisms have borne fruit in the local economy and has generated employment and wealth. Middlesbrough will continue to support Teesside University to attract and retain talent in the local economy as well as deliver its ambitious estate strategy, including incubation spaces and the University Enterprise Zone.

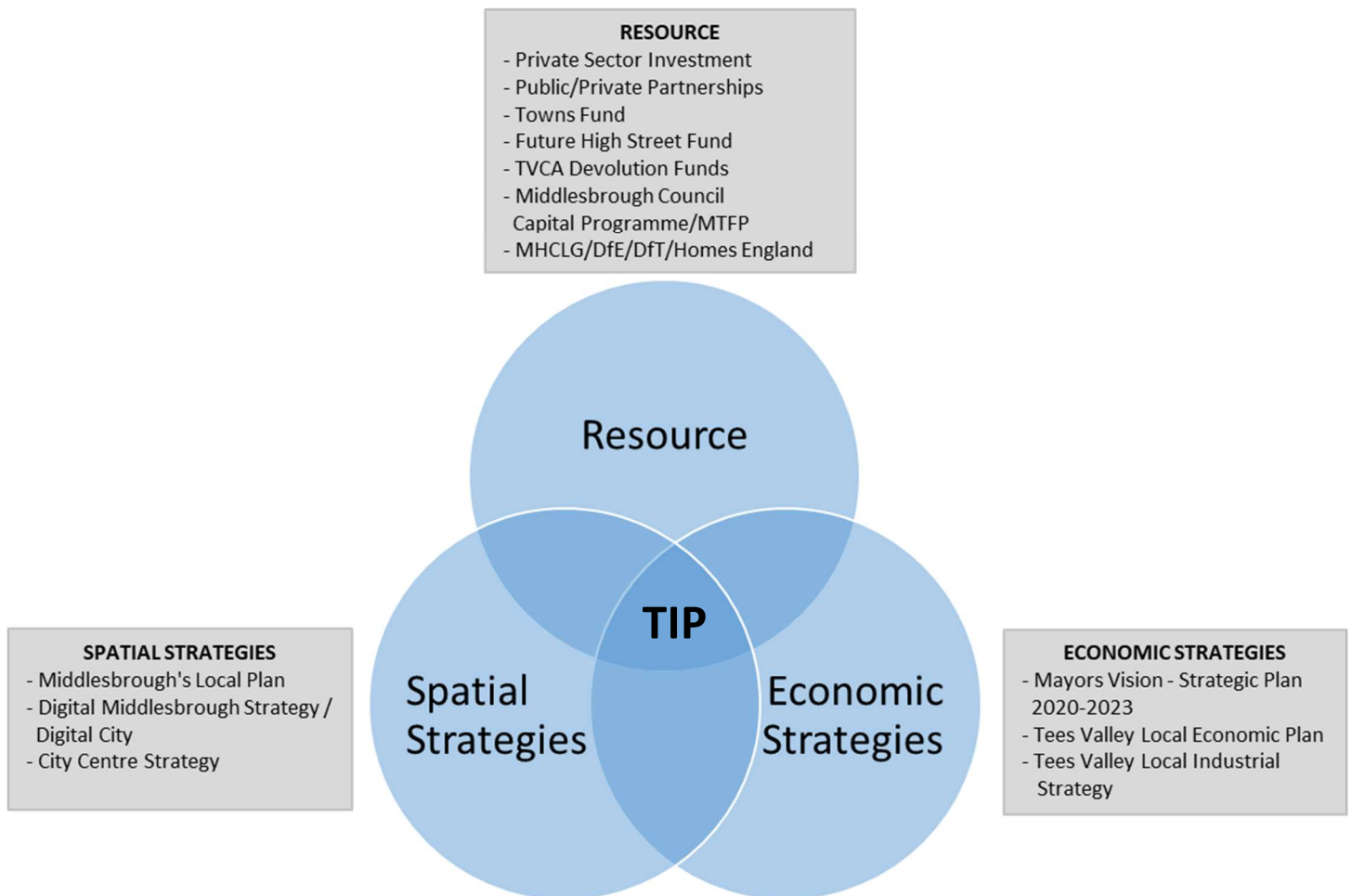
Logic Model

Rationale: * Gap in viability for Urban Living products. * Very immature / untested market. * Limited land availability. * Substitution effect with nearby suburbs - no price differential. * No private sector market / marginal RSL market. * Perceptions of poor offer and antisocial behaviour require challenge. * Visible gap between daytime and night time economy. * Little suitable move on space for digital businesses. * Demand for modern office space. * Increased numbers of school leavers and demand for training. * Cultural events driving visitor numbers.



Strategic Mapping

Middlesbrough's TIP draws on the fundamental principles of a range of strategic documents, plans and resources; at both a local and national level outlined below (details of each can be found in the TIP Appendix).



The TIP has been designed exclusively to meet the particular economic circumstances in Middlesbrough and the underlying challenges and opportunities. This means that many of the interventions are deliberately town centre based. Middlesbrough is a compact authority area as such, every aspect of life is driven by, and emanates from the centre. Focusing on the town centre area ensures that the benefits are condensed in to a mutually-sustaining economic area; whilst the benefits reach broadly across our communities.



The strategic framework is underpinned by improving the economic fortunes, lifestyles and achievements of residents, through a package of measures which introduces structural change to the economy. This approach is entirely consistent with the strategies, and is built on a foundation of the cross-cutting objectives of the clean growth agenda; and, mitigating the impacts of the COVID-19 pandemic.

The TIP also draws on some of the local social and community capacity issues which, through ongoing consultation, have been highlighted as of special importance to the resident population. Whilst some of these issues are more abstract in terms of their direct economic benefits, they are no less important. In addressing some of these perception issues, we aim to improve the sense of ownership, pride and engagement people feel. This pride and confidence saturates the area and is manifested in the confidence, ambition and commitment of the people and businesses of Middlesbrough.

COVID-19 Response

Prior to COVID-19, developed economies faced a common challenge: whilst GDP and employment were growing, places like Middlesbrough still suffered from entrenched poverty, low quality jobs, and stagnating income and living conditions. In light of COVID-19, lockdown measures, and a sudden drop in economic activity, there is a danger that the ingrained inequalities will widen, and that those left behind by traditional models of growth will suffer the most from the economic fallout of this global crisis. Middlesbrough intends to utilise TIP activity to reduce the impact and build a buoyant future for the town.

COVID-19 is having an unprecedented impact on the UK's society its economy and the global economy. The full impact for Middlesbrough has yet to be seen, however to date the following has been identified:

- Increased use of Foodbanks
- Referrals to the local Community Support Team (Crisis Team) increased
- Businesses requiring support

The Towns Deal Board has put recovery at the heart of its response with a group specifically dedicated to supporting the town centre. This includes pro-active action planning and working alongside key partners.

Emphasis is now being placed on accelerating the urban living programme in terms of both scale and sequencing. Businesses will be immediately supported to build resilience and adapt to a new trading environment, increasing the ability to maintain business continuity through any future disruption from a similar public health and economic shock.

Building a stronger leisure economy is also part of Middlesbrough's wider vision. Programme timescales are now reflective of the time the leisure and hospitality sector requires to restore a new equilibrium, whilst demand is augmented by an enhanced volume of new town centre residents. Private sector appetite remains engaged and bullish, confident that the fundamental demand profiles for leisure and urban living will stabilise and recover.

The initial plans for the Towns Fund was predicated on the need for the public sector to facilitate the private sector development through interventions such as site enablement or gap funding to make schemes viable.

It is understood that the aims of project are going to be more challenging and the risk appetite for the private sector will be fragile in the short term. However, the principles of public sector facilitation remain unaltered. The programme therefore reflects the commercial reality based on assessing the individual components and providing an investment mix which includes private sector partners, registered social landlords and the prudent deployment of public sector covenant in terms of investment and risk share. Given the progression of proposals in Middlesbrough, there has been the ability to reflect on COVID-19 impact in development appraisals and values.

Market trends and commercial advice gives the Board the comfort that the housing market is proving robust; having relatively inelastic demand and frustrated local demand in terms of a modern housing mix – including Urban Living and apartments. Central Middlesbrough has significant well paid jobs, a buoyant student population and a range of leisure facilities but lacks a commensurate housing offer.

£1m Towns Fund Advance - Boho 8

Boho 8 is an immediate opportunity to release the 'pressure valve' by investing £2.5m in 11,000 sqft of permanent additional space through modern modular construction; whilst detailed designs and construction takes place on the wider estate. The balance of the funding is secured and funded by Middlesbrough Council and TVCA.

This creates a short term 'plug and play' option, to enable the urgent expansion needs of Boho tenants. This represents an 'early win' for the cluster and allows for short term expansion whilst a long terms solution is delivered.

The development has the benefit of approved planning approval and can be on site in August 2020 (groundworks), with the units delivered and installed by the end of November 2020.

Full details can be seen in the Towns Fund Project Template.

4. Engagement and Delivery

Buy-in from Local Businesses and Communities

Middlesbrough's Town Investment Plan captures the wants and needs of the local population, addressing those issues which the business and resident communities have told us are important to them. This direction and ownership adds real weight to the strategic objectives and improves deliverability, in having a common purpose.

Public consultation has been augmented by bringing together some of the most influential business leaders, community leaders, public institutions and educational leaders, to shape the commercial and economic business case which will drive public and private investment. These professionals comprise Middlesbrough's Town Deal Board and each has access to resources and influence which can be aligned to enable strategic investment. We are committed to carrying out further consultation with residents and businesses throughout the delivery process.

During the development of this strategy significant consultation was carried out with the local community, including through the use of the #MYTOWN initiative, a sample of quotes can be seen below:

Events to stimulate the local economy *"Many people travel quite a lot for shopping, entertainment and days out with the family, if the right facilities are available people are able to spend money within the community significantly benefiting the local area, helping businesses to grow and creating employment opportunities."*

Higher quality housing

"Offer higher quality housing and working areas. Make the town centre a place where people WANT to be."

Town centre

"Town centres need to move away from commerce and toward a more community, culture and family focus."

Improved training for displaced industries

"Middlesbrough is a town that has seen large-scale displacement of jobs from declining industries, leading to a flocking of people to lower-skilled manual labour."

The town could benefit significantly from improved funding for businesses to train and employ people into higher-value digital sector roles."

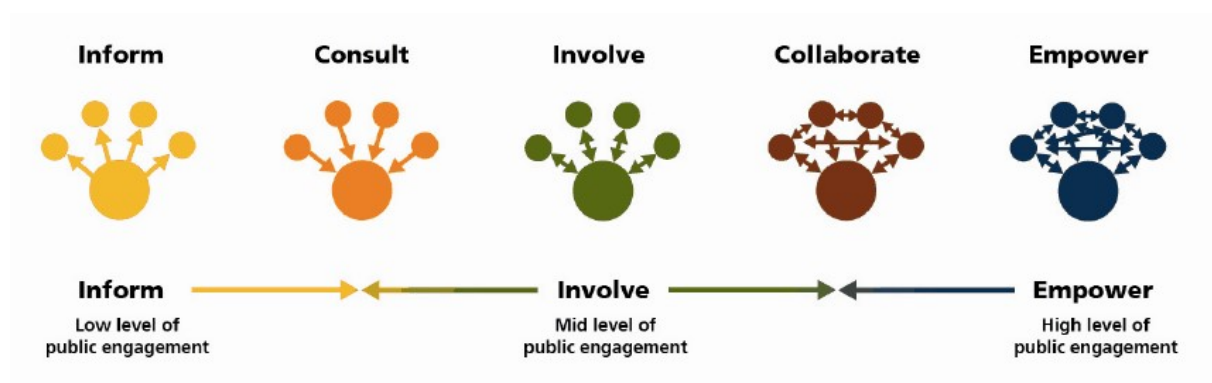
Community development

"Creating more to do for the youth and helping improve how the rest of society sees the youth will create a butterfly effect on society so in the future we will have less crime because they have been taught better, kids will be able to have fun without being labelled."

This consultation resulted in residents wanting to see a quality place that attracted visitors, enhanced the town, inspired them, provided new opportunities and investment and better connection to the high street and the rest of the town.

This process has provided key data which is invaluable in identifying strengths and weaknesses within the local economy and, critically, recommendations for how Middlesbrough can fulfil its potential.

Continued and meaningful engagement will take place through the work of the Towns Deal Board disseminating information and obtaining feedback from each of the areas they represent, working alongside Ward Councillors to hear and respond to the needs of local residents, through engagement activity, utilising the Council's well established social media channels and when necessary using methods of public consultation, therefore ensuring town wide opportunities for all stakeholders to have their say and obtain collective buy-in.



To date the Towns Deal Board's consultation has ranged from Informing to Involving, going forward in to the design phase of some schemes, residents and other key stakeholders will very much be Empowered.

Private Sector Commitment and Ambitions

Public funds cannot deliver the ambitions of the TIP in isolation. Through a range of financial models, funding mechanisms and Public Private Partnerships, the investments made will pump-prime and enable the private sector to co-invest in a way which addresses entrenched market failures and encourages an incremental journey whereby public sector stimulus is a diminishing requirement.

It is understood that as a result of COVID-19 the aims of programme are going to be more challenging and the risk appetite from the private sector will be fragile in the short term. The TIP reflects this commercial reality and provides an investment mix which includes private sector partners, registered social landlords and the prudent deployment of public sector covenant in terms of investment and risk share.

The Towns Fund provides gap funding but it is marginal in scale, the Towns Deal Board acknowledges the advantages of the periodic and prudent deployment of non-cash financial tools such as Council covenant. Covenant only goes so far and the council needs to keep within prudential borrowing limits. Middlesbrough Council may seek to enable private sector investment to partially de-risk investment in a relatively immature urban housing market in the centre of Middlesbrough, as to collaborate with institutional finance and build strengthened commercial viability, over time.

Delivery Plan

COVID-19 has changed the commercial landscape and has introduced a fundamental level of additional uncertainty. However, Middlesbrough has compiled a programme of interventions which is well structured and robust in terms of long term resilience.

Within the wider programme of activities the following has happened to date:

- Planning permission for 145 new homes was submitted by Thirteen in May 2020, with a planned start on site in early 2021. Sites outlined in this proposal are assembled and cleared.
- As of June 2020, Heads of Terms have been agreed with a regionally established food and beverage operator looking to establish a c10,000 sqft food offer, this will act as a catalyst for other interested parties.
- Middlesbrough Council's £10.5m acquisition of the Captain Cook Shopping Centre and House of Fraser building. This forms part of a wider investment programme which will drive activity and footfall into central Middlesbrough.

The Towns Deal Board can draw on resource from Middlesbrough Council's Regeneration department; to aid the timely delivery of the programme of proposed interventions. This means that the main body of works can progress with minimal disruption and the completion of delivery milestones are within the direct influence of the Board. These departments have considerable experience of successfully delivering complex multi-million pound projects, involving partners and stakeholders. Similarly, the service can draw on a pool of specialist talent such as architects, engineers, quantity surveyors and framework supply chains, to provide challenge and secure value for money.

As the delivery programme commences, and commitment from the Towns Fund programme is demonstrated to third party investors / funders, negotiations will accelerate with investors to secure the co-funded / privately funded elements of the delivery programme. Contractual agreements with third party co-funders / investors are anticipated to be contractually binding during 2020 calendar year.

The proposed projects have undertaken significant planning both internally and through the utilisation of external consultants and specialists to ensure the schemes can adhere to timescales, are deliverable within budget and achieve the objectives set out in the TIP.

While a project team has been established to deliver the day to day operation of the project, the Governance arrangements will be overseen by the Town Deal Board.

Third party housing providers and developers will be involved in the project and appropriately procured in accordance with their interests and the form of investment gap funding, headlease etc. These arrangements will be managed through robust legal agreements and are scoped to form part of a more substantive joint venture across multiple assets.

The housing element of the proposed programme is ambitious, albeit deliverable. There is no comparable market for urban living of such a specification and this is reflective of the scale of gap funding required to enable the delivery of the housing units outlined. Through the novel use of gap funding, direct council investment and the prudent and selective use of the

council's financial covenant, provides comfort that the creation of a completely new urban community and housing product can be delivered on an affordable basis and at a price point which will generate the necessary demand for a stable occupancy. In addition, Middlesbrough's local plan and associated housing demand assessments shows that the local economy requires a housing supply of C. 500 units per annum.