

EXECUTIVE

A meeting of the Executive was held on Thursday 27 May 2021.

PRESENT: A Preston (The Mayor) (Chair) and Councillors B Cooper, E Polano and M Smiles

PRESENT BY INVITATION: Councillors B Hubbard and J McTigue

ALSO IN ATTENDANCE: Councillors C Hobson, J Hobson and S Hill

OFFICERS: M Adams, C Benjamin, G Cooper, G Field, A. Glover, R Horniman, T Parkinson, S Reynolds, E Scollay and I Wright

21/1

DECLARATIONS OF INTEREST

Name of Member	Type of Interest	Item/Nature of Interest
Councillor E Polano	Non-Pecuniary	Item 10 - Middlesbrough Development Company (MDC): Finance, Ward Councillor
Mayor A Preston	Pecuniary	Item 10, Middlesbrough Development Company (MDC): Finance, Director of MDC.
Mayor A Preston	Pecuniary	Item 11, Towns Fund and Future High Streets Fund, owns properties in Middlehaven.

SUSPENSION OF COUNCIL PROCEDURE RULE NO 5 - ORDER OF BUSINESS

ORDERED that, in accordance with Council Procedure Rule No 5, the committee agreed to vary the order of business.

The Mayor advised that, given the pecuniary interests that he had declared in respect of agenda items 10 and 11, those items would be considered after item 14 at which point he would leave the meeting and proceedings would be chaired by Councillor Smiles.

21/2

STRATEGIC PLAN 2021-24: APPROACH TO DELIVERY

The Mayor and Lead Member for Children's Safeguarding, Adult Social Care and Public Protection and the Chief Executive submitted a report for the Executive's consideration. Following approval of the refreshed Strategic Plan 2021-24 by Council on 24 February 2021, the purpose of the report was to seek the Executive's endorsement of the Strategic Plan workplan and associated outcomes, to assure achievement of the Council's strategic priorities for the 2021-24 period.

The proposed workplan was set out at Appendix 1 of the submitted report, for consideration and approval. In developing the workplan, consideration had been given to the outcome of the 2020 Let's Talk consultation exercise, with further activity being added to improve the following, which in turn would contribute to improved performance against the aforementioned outcomes:

- residents feeling safe outside after dark;
- local satisfaction with road and pavement maintenance;
- local satisfaction with street cleaning; and
- residents speaking positively about the work of the Council.

Progress against delivery of the workplan would be monitored on a monthly basis and reported to all Members quarterly via all-member briefings and as part of the quarterly Strategic Plan update reports to the Executive and the Overview and Scrutiny Board.

In November 2020, as a result of a surge in cases of COVID-19, nationally imposed restrictions and the resulting impact on the local approach to Recovery, the Executive approved the Council's revised approach to COVID-19 Recovery and noted the updated Recovery metrics and measures.

As one of the nine strategic priorities, it had been proposed that all associated Recovery works and activities would be subsumed within the Strategic Plan 2021-24 workplan.

OPTIONS

It was imperative that the Council effectively articulated and communicated an overarching plan which directed activity across Directorates towards the achievement of its strategic priorities. As such, no other options had been considered.

ORDERED

- 1. That the proposed Strategic Plan workplan and outcomes, to assure achievement of the Council's strategic priorities for the 2021-24 period, be approved.**
- 2. That the inclusion of all Recovery works and activities within the Strategic Plan 2021-24 workplan be approved and its proposed adherence to the monitoring and governance arrangements be noted, as outlined in the report.**
- 3. That the delegation of approval for minor amendments to in-quarter timescales to the Chief Executive be agreed. Any significant variation to approach or deliverables would be reported to, and seek approval via, the quarterly Strategic Plan progress reports to Executive.**

REASONS

To provide the necessary detail to demonstrate robust delivery plans of the Council's strategic priorities and assurance of the associated governance.

21/3

REVISED FEE STRUCTURE FOR NEWHAM GRANGE FARM

The Executive Member for Culture, Communities and Education and the Director of Regeneration and Culture submitted a report for the Executive's consideration. The purpose of the report was to seek approval to increase existing entrance fees for Newham Grange Farm, in line with the enhanced facilities and increased programme, and amend the pricing structure for group bookings for the next 3 financial years.

Appendix 1 of the submitted report contained details of the existing and proposed charges increase for the next 3 financial years.

It was considered that the existing charges no longer reflected the true cost of providing the service. The revised charging schedule planned to bring the Council closer in line with that of neighbouring farm/tourist attractions within the Tees Valley and surrounding areas. Newham Grange Farm, however, would still remain significantly cheaper than the closest leisure farm. The comparison farm prices were contained at Appendix 2 of the submitted report.

OPTIONS

Three options had been considered:

- 1. not to increase existing fees;**
- 2. introduce new fees as provided; and**
- 3. set fees in line with competitor farms.**

Option 1 and 3 had been discounted. As stated in the body of the submitted report, fees did not reflect the on-going costs of providing the service and would not have contributed towards delivering the Council's business imperatives. Equally, setting the fees too high would not have allowed the Council to offer a high quality attraction to

some residents in Middlesbrough.

ORDERED

That the increase in, and additional, fees and charges identified (Appendix 1) be approved.

REASON

The level of charges being recommended reflected the costs of delivering the service and brought them more in line with those being charged by other farm attractions within the Tees valley.

21/4

TEESSIDE ARCHIVES

The Executive Member for Culture, Communities and Education and the Director of Regeneration and Culture submitted a report for the Executive's consideration. The purpose of the report was to set out the future operating arrangements for Teesside Archives and to provide information on the funding required to facilitate them.

The Teesside Archives Service had been established in 1974 and acquired, preserved and made available archives created by the four local authorities it served (Middlesbrough, Stockton, Hartlepool and Redcar and Cleveland) and other archives relating to the local area.

The storage of archives (excluding the front of house facilities) currently occupied approximately 700 cubic metres of space in Exchange Buildings, a Grade II listed custodian property in central Middlesbrough, owned under the historic 'custodian' arrangements by the four local authorities.

The Archives cost £241,800 p.a. to operate, which was funded by the four local authorities, with Middlesbrough's share equating to £44,400.

According to national standards, an Archives Service should ideally be housed in a building with stable temperate and humidity levels with no windows in storage areas, over one floor. Exchange House fundamentally failed to meet that requirement and the overall suitability of the building for housing an archive had been further compromised, as its condition had deteriorated over time.

Following an extensive search and costing exercise, a proposal had emerged as the most deliverable short to medium term solution. Information on the proposal, and the cost implications, was detailed at paragraphs 21 to 35 of the submitted report.

OPTIONS

Retaining Teesside Archives within the current building was no longer a viable option. The proposed option should not therefore be measured against the 'do nothing' option or current costed arrangements, but against the other alternatives currently available. As a result, the following options had been considered and discounted:

1. **Refurbishing an existing building - No buildings had been identified that were surplus to requirements and had the size and configuration of space that would have met The National Archives accreditation standard. The requirement for significant floor loadings also ruled some potential buildings out. Ultimately, no suitable buildings had been identified.**
2. **Converting a larger industrial building - Plans had been considered for constructing appropriate storage within an empty industrial building, but the costs were prohibitive, with some options exceeding the costs of constructing a new purpose built facility.**
3. **New build facility - As identified above, the costs of constructing a new archive facility had been identified as prohibitive. The latest designs had been costed in excess of £7m, which would not have been possible to secure for a standalone archive.**

4. **Splitting the archive into four - Returning material to the original local authority area had been considered, and would have been achievable at a cost lower than building a single new facility, but not every authority could have accommodated the stock, and the costs of managing and storing four separate archives would have been prohibitive.**

ORDERED

1. **That the transfer of Teesside Archives stock to commercial storage be approved.**
2. **That the relocation of Teesside Archives staff to the Dorman Museum be approved.**
3. **That the use of up to £325,000 from any subsequent sale of Exchange House be used for relocation of Teesside Archives (subject to confirmation from the three other Custodian authorities).**
4. **That the pursuit of external funding, for the longer term development of new archive storage, attached to the Dorman Museum, be approved.**

REASON

The proposed relocation to commercial storage and the Dorman Museum would enable the Teesside Archives to retain their accredited status with The National Archives. Remaining in Exchange House would not.

21/5

GREEN STRATEGY

The Executive Member for Environment and Finance & Governance and the Director of Environment and Community Services submitted a report for the Executive's consideration. The purpose of the report was to seek approval for the adoption of the Green Strategy, following the public consultation, and the Year One Action Plan.

A report was submitted to Executive on 1 September 2020 that outlined the proposed Green Strategy and sought approval, which was granted, to commence with consultation on the adoption of the emerging Green Strategy.

The Green Strategy had three main aims:

1. To make Middlesbrough Council net carbon neutral by 2029.
2. To ensure Middlesbrough as a town was net carbon neutral by 2039.
3. To make Middlesbrough a lead authority on environmental issues.

The public consultation was launched on 15 November 2020 for a six week period, which had then extended to 31 January 2021 to encourage more responses. The feedback gathered within the consultation was overwhelmingly in favour of adopting a Green Strategy and that Middlesbrough should become a lead authority on green issues. A document outlining feedback gathered during the consultation was included at Appendix 2 of the submitted report.

OPTIONS

The other potential decision was to not adopt a Green Strategy. That was not recommended as the Council had a moral and legal responsibility to address climate change and reduce the carbon emissions of Middlesbrough and therefore taking no action and not adopting a Green Strategy was not a viable option.

ORDERED

1. **That the adoption of the Green Strategy, following the public consultation, be approved.**
2. **That the Year One Action Plan be approved.**

REASON

The Green Strategy set a programme to meet current Government targets for increasing recycling uptake to 40 percent and reducing Greenhouse gas emissions to

net zero by 2050, which was a commitment that the UK made by signing the Paris Agreement which was contained within the United Nations Framework Convention on Climate Change.

The adoption of the Green Strategy was recommended as a vehicle to deliver the Council's obligations to address Climate Change. The implications of climate change were broad ranging and significant and the Council had a responsibility to ensure measures were put in place to mitigate and adapt to climate change.

The overwhelming feedback from the Green Strategy public consultation process was that the majority of respondents (82%) agreed that Middlesbrough should be a lead authority on green issues, which the Green Strategy would achieve.

A summary of feedback from the Green Strategy consultation was as follows:

- 175 respondents in total.
- 145 (82.8%) respondents agreed with the Mayor's ambition that Middlesbrough should be a lead authority on green issues.
- 18 (10.2%) of respondents disagreed with the Mayor's vision, stating a number of reasons. For example, monies would be better being spent elsewhere, such as tackling crime (44%) and building on Green Spaces (20%).
- On average 162 (92.5%) respondents agreed or strongly agreed that the 10 OPL principles were perceived as important.
- 99 (56.5%) of respondents agreed that the proposed strategy would achieve the Mayor's ambitions.
- 97 (55.4%) of respondents provided suggestions about what else could be considered to include in the draft strategy. 24% of those respondents suggested that building on Green spaces ceases and 30% suggested other measures, including: electric vehicle charging points, clean air help with solar power, culture, local produce.
- 105 (60%) of respondents indicated that they were interested in finding out how they could help achieve the vision.
- 102 (58.2%) of respondents indicated what they were already doing, or planning to do, to contribute to the town's carbon neutral proposals.
- 79 (45.1%) of respondents felt that they either didn't know or felt that they needed more information, support or guidance to contribute towards the town's carbon neutral proposals.
- 50 additional comments were made by the respondents, when asked 'Do you have any other comments you wish to make on the draft strategy'.
- The demographic of all respondents was:
 - 145 (83.3%) of respondents - an individual resident of Middlesbrough;
 - 12 (6.8%) of respondents - a community group;
 - 3 (1.7%) of respondents - a business or agency;
 - 14 (8.2%) of respondents - as part of an organisation.

21/6

TREE POLICY (AMENDED FEBRUARY 2021)

The Executive Member for Environment and Finance & Governance and the Director of Environment and Community Services submitted a report for the Executive's consideration. The purpose of the report was to seek approval for Middlesbrough Council's Tree Policy (amended February 2021).

The previous Tree Policy had been adopted by the Council in 2016. The tree policy covered the management of trees within Middlesbrough and provided advice to residents on dealing with all arboricultural issues.

The existing Tree policy had been in use for 5 years and it was important that a review was conducted to ensure it remained effective/compliant with industry best practice.

The policy review looked at changes in legislation to ensure they were all current and still relevant to the policy. It also looked at any ambiguities from the previous policy and clarified the Council's position. The policy now also took into consideration any advancements in technology not included in the previous version, i.e. solar panels and modern telecommunications. There was also a new section on planning taking into consideration any

new housing developments. All amendments were detailed in paragraph 5 within the submitted report.

OPTIONS

Doing nothing was not an option, not having a Tree Policy in place would have placed Middlesbrough at serious risk and target setting opportunities could have been missed.

ORDERED

That the Tree Policy (amended February 2021) be adopted.

REASON

The Tree Policy had been reviewed and subsequently amended to ensure it remained in line with legislation, best practice and offered clear concise guidance to all users.

21/7

JOINT DEVELOPMENT PRIORITIES

The Executive Member of the Regeneration and the Director of Regeneration and Culture submitted a report for the Executive's consideration. The purpose of the report was to see approval to work in formal collaboration with Jomast Developments LTD and to explore development opportunities for key central Middlesbrough properties including Church House, Gurney House, the (former) Barclays Bank building on Albert Road and land on Bridge Street East detailed in Appendix A of the submitted report.

Whilst the joint venture did not amount to a financial relationship, external funding opportunities would be explored to enable investment in, and reuse of, prominent town centre properties. A joint venture relationship did not imply any undertaking for the Council to commit direct investment.

To align with Middlesbrough's strategic priorities and to maintain coherence of vision, Jomast Developments Ltd was keen to work closely with Middlesbrough Council to align visions, market compelling proposals for prospective tenants / investors and explore external funding support to aid commercial viability. The heads of terms agreement, at Appendix A of the submitted report, outlined the purpose and framework of the proposed relationship, although that did not amount to a financial relationship or exclusivity option for any Council-owned land.

Appendix A of the submitted report set out the full scope and conditionality of a collaboration agreement / joint venture.

OPTIONS

Do not enter into a Joint Venture - The Council was not obliged to formalise a relationship with Jomast Developments Ltd, however, missing an opportunity for strategic alignment of priorities and promoting the refurbishment and reuse of properties may have taken much longer to deliver.

Enter into a Joint Venture - Historical collaborative working with the organisation had proved to rapidly progress mutual regeneration objectives for both parties. The properties in scope of that agreement were of local note and were symbolic to the local population. Bringing those properties back into use would provide a significant injection into the urban market for commercial space and residential opportunities, aiding the recovery of our local economy and building on the momentum of recent commercial and residential priorities.

ORDERED

- 1. That the entering into a collaborative joint venture with Jomast Developments Ltd (Jomast) be approved, for the purposes of exploring development opportunities, and external funding, for key town centre assets - as set out in Appendix A.**
- 2. That the recent progress made in regenerating and occupying commercial space on Albert Road North be noted.**

REASON

Private sector input was key to support the future aspirations of Middlesbrough. Church House and Gurney House were of particular local interest and had been vacant for many years. They were prominent properties on Middlesbrough's skyline and were in dire need of investment, activity and animation. Bringing such property back into use would aid the economic ambitions for the area and provide a major boost in raising perceptions in the area.

The proposed relationship represented no financial commitment or obligations and, as such, was of minimal risk to the Council, whilst the strategic benefits could be extensive.

21/8

LOCAL AUTHORITY DELIVERY 2 (LAD2) GRANT APPLICATION AND SCHEME DELIVERY

The Executive Member for Regeneration and the Director of Regeneration and Culture submitted a report for the Executive's consideration. The purpose of the report was to seek approval for the acceptance of the Local Authority Delivery 2 funding award and the procurement of EON as the Council's delivery partner, if the application was successful.

The Green Homes Grant Local Authority Delivery Phase 2 (LAD2) Scheme aimed to improve the energy efficiency of homes of low-income households, help to reduce fuel poverty, phase out high carbon fossil fuel heating and deliver progress towards the UK's commitment to net zero by 2050.

Phase 2 comprised £300m allocated through Local Energy Hubs for regional delivery up to December 2021. The North East Yorkshire and Humber Energy Hub had secured £51.95m in LAD2 funding from the Department of Business Energy and Industrial Strategy (BEIS).

Middlesbrough Council had applied for the full £1,091,161 allocation which BEIS had calculated based on Middlesbrough's fuel poverty figures. That allocation included a maximum 11% allocation for the costs of running the scheme of £108,133.

Middlesbrough Council had been working with the 4 other Tees Valley authorities and all 5 were in discussions with EON to negotiate a contract to deliver the majority of the scheme.

LAD2 would be mainly aimed at homeowners in fuel poverty.

OPTIONS

The alternative would be to not accept the LAD 2 funding of £1,091,161 if the application was successful. The money would have then been offered to other local authorities who felt able to expand their schemes. That would have meant the least energy efficient residential properties in Middlesbrough not receiving energy improvement works, resulting in households remaining in fuel poverty.

ORDERED

That the Local Authority Delivery 2 funding award be accepted and EON be procured as the Council's delivery partner, if the application was successful.

REASON

Due to tight timescales for delivery and lack of internal capacity, appointing a delivery partner was the only way to ensure the Council met the requirements of the grant and avoided any clawback of funding. The 5 Tees Valley local authorities had worked collaboratively with Operational Leads, Procurement, Finance and Legal to ensure the proposed procurement route was compliant with Standing Orders.

The application for LAD2 funding and the delivery of a scheme, if successful, had not been the subject of the Overview and Scrutiny Board or a Scrutiny Panel.

21/9

FINAL REPORT OF THE ECONOMIC DEVELOPMENT, ENVIRONMENT AND INFRASTRUCTURE SCRUTINY PANEL - PEST CONTROL SERVICES - SERVICE RESPONSE

The Economic Development, Environment and Infrastructure Scrutiny Panel had undertaken a review of Pest Control. A copy of the full report was attached.

The scrutiny panel made three recommendations upon which a response was sought from the relevant service area. The Executive Member for Environment and Finance & Governance and the Director of Environment and Community Services submitted a service response to the recommendations of the Economic Development, Environment and Infrastructure Scrutiny Panel. A copy of the Action Plan was attached.

The Vice-Chair of the Economic Development, Environment and Infrastructure Scrutiny Panel presented the final report to the Executive. The Executive Member for Environment and Finance & Governance presented the service response.

ORDERED

1. **That the content of the Economic Development, Environment and Infrastructure Scrutiny Panel's Final Report, on Pest Control, be noted.**
2. **That the Action Plan, developed in response to the scrutiny panel's recommendations, be approved.**

REASON

It was a requirement that Executive formally considered the Scrutiny Panel's report and confirmed the Service Area's response to the Panel's accompanying plan.

21/10

FINAL REPORT OF THE HEALTH SCRUTINY PANEL - OPIOID DEPENDENCY - WHAT HAPPENS NEXT? - SERVICE RESPONSE

The Health Scrutiny Panel had undertaken a review of Opioid Dependency: What Happens Next? A copy of the full report was attached.

The scrutiny panel made 15 recommendations upon which a response was sought from the relevant service area. The Mayor and Lead Member for Children's Safeguarding, Adult Social Care and Public Protection and the Director of Public Health submitted a service response to the recommendations of the Health Scrutiny Panel. A copy of the Action Plan was attached.

The Chair of the Health Scrutiny Panel presented the final report to the Executive. The Mayor and Lead Member for Children's Safeguarding, Adult Social Care and Public Protection presented the service response.

ORDERED

1. **That the content of the Health Scrutiny Panel's Final Report, on Opioid Dependency: What Happens Next?, be noted.**
2. **That the Action Plan, developed in response to the scrutiny panel's recommendations, be approved.**

REASON

It was a requirement that Executive formally considered the Scrutiny Panel's report and confirmed the Service Area's response to the Panel's accompanying plan.

21/11

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.

The Chair agreed for an urgent item to be considered in light of the inquorate meeting of the Mayor and Lead Member for Children's Safeguarding, Adult Social Care and Public Protection that had been scheduled to take place on 27 May 2021 at 10:00 a.m.

Project: Prevention and Promotion Fund for Better Mental Health and Wellbeing 2021-

The Director of Public Health submitted a report for the Executive's consideration. The purpose of the report was to seek approval for the receipt of national investment via an Expression of Interest submission to support Public Mental Health Interventions and to request delegated powers for the Director of Public Health, in the future delivery of interventions to the value of £273,214.00.

The report outlined that on 27 March 2021, the Department of Health and Social Care published the COVID-19 Mental Health and Wellbeing Recovery Action Plan for 2021 to 2022 to mitigate and respond to the impact of the COVID-19 pandemic on mental health. To support implementation of the Plan, national funding of £15 million had been allocated to preventing mental ill health and promoting good mental health in the 40 most deprived upper tier local authorities in England.

Middlesbrough had been selected as an area eligible to submit an Expression of Interest to receive funding which would be distributed as a section 31 grant (Local Government Act 2003) subject to appropriate approvals. There was a need to submit an Expression of Interest form, together with a project plan and proposed budget, to Public Health England by 11.59pm Friday 28 May 2021.

The single year fund was designed to incentivise investment in prevention and promotion interventions for better mental health in the most deprived local authorities. Specifically, to mitigate mental health impacts arising from the COVID-19 pandemic, reduce widening mental health inequalities by targeting at risk and vulnerable groups and ensure adequate distribution of funding to support minority ethnic communities. The impact of coronavirus (COVID-19) and the social and economic consequences of the pandemic had meant that tackling mental health at a population level had never been more important. COVID-19 had been recognised as a public mental health emergency that exacerbates existing mental health inequalities.

The proposed interventions and associated finance were aligned to the services that Tees Esk and Wear Valley (TEWV) mental health trust and Tees Valley Clinical Commissioning Group (TVCCG) were developing as part of the Covid-19 Mental Health Recovery Plan. In summary, the proposal planned to support additional public mental health resilience and capacity to develop and deliver:

- programmes to support emotional health and wellbeing of children young people and families;
- a Wellbeing Network to connect mental wellbeing assets, frontline practitioners and activities;
- perinatal and maternal wellbeing;
- peer mentorship programmes in schools and communities;
- building the capacity and capability across the workforce to prevent mental health problems and promote good mental health within everyday practice;
- promoting wellbeing in the workplaces; and
- promoting parental resilience.

Options

Retaining the status quo and not accepting the funding would have denied Middlesbrough residents the opportunity for significant investment to improving the levels of mental health and wellbeing of the population, to mitigate the mental health impacts of Covid-19 for those at greatest risk of poor mental health and prevent further harm.

ORDERED

1. **That the progression of an Expression of Interest to receive funding from Public Health England – Prevention and Promotion Fund for Better Mental Health, for the period of July 2021 to March 2022, be approved.**
2. **That the Director of Public Health and Director of Finance be delegated authority to allocate available grant for Middlesbrough of £273,214.00**

REASONS

The decisions were supported by the following reasons:

1. **PHE Prevention and Promotion Fund for Better Mental Health presented an opportunity to build on existing programmes across the borough to improve the mental health outcomes for those at risk of poor mental health.**
2. **Spending on public mental health was not currently mandated in the public health grant and its importance could be overlooked locally. However, mental health prevention, promotion and early intervention could reduce pressures on NHS services, social care, education, criminal justice and employers, resulting in economic benefits even in the short-term.**
3. **Mental well-being was fundamental to achieving a healthy, resilient and thriving population. Mental health and well-being were inextricably linked as both a cause and a consequence of physical health, educational attainment, employment and productivity, relationships, community safety, community cohesion and quality of life. Factors that protected mental well-being included - individual control and community ownership, individual resilience and community assets, participation and inclusion. It was likely that all of those factors may have been impacted upon as a result of the Council's national response to COVID-19.**
4. **There were particular challenges in relation to mental health for Middlesbrough. The baseline assessment for Middlesbrough (Mental Health and Wellbeing PHE JSNA data, 2019) had highlighted that mental health disorders (including suicides) were poor when compared to rates across the North East and England. That included a range of risk factors such as children in low-income families, inability to work, and poverty. Protective factors for mental health, including level of employment and physical activity were also lower than average rates. Most, if not all of those factors could be envisaged to be exacerbated under conditions linked to the coronavirus response. Simultaneously, the ability to maintain key protective factors for mental health would also be challenged. The funding could save lives and contribute to improving the mental health and wellbeing of the population and for those at greatest risk of poor mental health.**

21/12

MIDDLESBROUGH DEVELOPMENT COMPANY (MDC): FINANCE

Following a declaration of interests in respect of the following items, the Mayor left the meeting at this point. For the remainder of business, Councillor Smiles chaired proceedings.

The Executive Member for Regeneration, the Executive Member for Environment and Finance & Governance, the Director of Regeneration and Culture and the Director of Finance submitted a report for the Executive's consideration. The purpose of the report was to seek approval for an additional capital allocation to Middlesbrough Development Company (MDC), to meet a funding shortfall caused by a lower than anticipated Homes England grant allocation and increased costs.

In December 2019, the Executive approved the use of £3.5m of allocated funding for the development of land at Rievaulx Drive, known locally as Tollesby shops.

The report had informed the Executive that the vacant parade of shops had been causing significant problems for the local community and were viewed to be 'blighting the area'. It was proposed that MHome (now Middlesbrough Development Company) would acquire the site and utilise an existing scheme, for which planning permission had already been secured by the then owner, to redevelop the site and provide 21 units of affordable residential accommodation and two commercial units.

Since the approval of the December 2019 Executive report, the existing buildings had been demolished and MDC had completed the purchase of the site from the private owner.

The MDC Board approved a Project Plan for the development, which included the

appointment of a professional team to redesign the project and directly appoint a construction contractor, with MDC acting as the developer. The Project Plan included a cash flow and viability assessment for the project, which assumed a total development cost of £4.986m and an Affordable Housing Programme (AHP) grant of £1.5m from Homes England.

A new scheme design provided retail units on the ground floor and a total of 24 flats for affordable rent on the first and second floors, with associated car parking and access provision.

The revised scheme was submitted to Homes England for consideration for funding from the 2016 to 2021 AHP and a grant allocation of £936k was subsequently confirmed.

The MDC Project Plan assumed a scheme cost of £4.986m. The total cost of the project was now estimated to be £5.4m (including a £100k contingency) as a consequence of the factors set out below.

- a) The scheme, which achieved planning was significantly different from the original draft design.
- b) The build costs were now largely based on actual contractor / consultant prices.
- c) Unforeseen costs associated with complex foundation requirements and a new electricity sub-station.
- d) A 2.5% increase in labour and material costs since the original Project Plan was produced.

In order to allow construction to commence, it was recommended that Executive approved additional funding of up to £1,200,000, which would be provided to MDC in part from £700,000 of Section 106 contributions and £500,000 from Council resources, with the latter being provided as a commercial loan.

OPTIONS

In respect of the recommendation for the Council to borrow additional capital in order to fund the Tollesby development, other potential decisions had been considered and were summarised in the following paragraphs.

- 1. Do nothing - In the absence of an additional capital allocation the development would have been undeliverable in its current form. Considerable expense had been incurred in acquiring the site and achieving planning consent, which may not have been recovered.**
- 2. Reduce the scale/quality of the development - The scheme could have been re-designed to bring it within the original budget approval. Considerable expense had again been incurred to gain planning approval for the scheme and the proposals had been subject to consultation with the local community and had been discounted as an option for that reason.**

ORDERED

- 1. That additional funding of up to £1,200,000 to MDC, to facilitate the delivery of the Tollesby development, be approved. The funding would be provided from £700,000 of Section 106 4 contributions and £500,000 of Council resources, with the latter being provided in the form of a commercial loan (subject to sign off from the Council's Section 151 Officer). Both amounts sat within the current approved Investment Strategy allocation to MDC so there would be no additional requirements in that regard;**
- 2. That the Council's Section 151 Officer be given delegated authority to approve the transfer of residual funds held within MDC accounts to the Tollesby project, subject to MDC Board approval.**

REASON

The approval of the additional funding planned to enable the regeneration of the now cleared site to commence in late May/early June 2021, which would:

- a) enable MDC to develop a high quality scheme of apartments and commercial units and secure a long-term future for a site;**
- b) generate a long-term rental income stream for MDC;**

- c) **support local residents, who campaigned for the removal of a significant blight on the area; and**
- d) **secure income, which would be received from Council Tax and Business Rates.**

21/13

TOWNS FUND AND FUTURE HIGH STREETS FUND

The Executive Member for Regeneration and the Director of Regeneration and Culture submitted a report for the Executive's consideration. The purpose of the report was to set out the funding allocations and delivery framework for the recently allocated £14.1m from the Future High Streets Fund (FHSF). A significant proportion of that was proposed to be spent within the Council owned asset, the Captain Cook Square shopping centre, along with strategic investment in urban living, cultural activities, business support, transport and accessibility.

The purpose of the report was to seek the formal approval to deliver the FHSF interventions, in line with the strategic business case and funding criteria, as set out in the successful bid.

The report also set out Middlesbrough's Towns Fund programme, as determined by the Town Deal Board and approved by HM Government. That established the delivery framework for funded project interventions and set out how a coherent investment programme which deployed a combination of Council Capital (previously approved), Private Sector leverage, Towns Fund and Future High Streets Fund would deliver transformational change for Middlesbrough's businesses and residents.

Middlesbrough Council had bid for £20.5m in funding and had successfully secured £14.1m from the FHSF in the budget March 2021. The programme had been adjusted to match the funding offer and that had been approved by MHCLG. The programme now included (see Appendix A of the submitted report):

- i. £3.5m for residential property;
- ii. £1.05m for transport adaptations and improving safety / security of town centre areas;
- iii. £270,352 for cultural animation and experiences;
- iv. £250k for businesses adaptations for covid mitigations; and,
- v. £9.1m for the transformation of Captain Cook Square for leisure uses, incentives, decant compensation, remodelling units, contribution to fit out and adapting public spaces.

Middlesbrough aimed to commence investment immediately and would deliver a programme over the next three years.

ORDERED

1. **That the funding offer for Middlesbrough Council's funding bid, for the investment of the Future High Street Fund (FHSF) allocation, be approved - equating to a total of £14.1m, as detailed within Appendix A.**
2. **That Middlesbrough's Town Deal funding programme totalling £21.9m, as determined by Middlesbrough's Town Deal Board, be endorsed - as detailed in Appendix B.**
3. **That Middlesbrough Council take responsibility as the accountable body for the Towns Fund.**
4. **That the Director of Regeneration and Culture and the Director of Finance be delegated approval to vire allocations beneath the £14.1m FHSF allocation, insofar as the objects of the programme and the outputs be consistent with the objectives of the bid, and subject to grant conditions and change control processes.**
5. **That the Towns Fund and Future High Streets Fund delivery objectives, as aligned with the Town Centre Strategy and the Council's Strategic Plan, be noted.**

REASON

Acceptance of the (combined) funding offer of £36m from the Towns Fund and Future High Street Fund, would enable Middlesbrough to invest in a transformational change in its high street economy, economic base, skills and communities. That would provide

a sound underpinning to create new opportunities for Middlesbrough businesses and residents, alike.

The decision(s) will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures. The report entitled 'Project: Prevention and Promotion Fund for Better Mental Health and Wellbeing 2021-22' was considered as an urgent item and is therefore exempt from call-in procedures.

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