

# MIDDLESBROUGH COUNCIL

## FINAL REPORT OF THE ECONOMIC DEVELOPMENT, ENVIRONMENT AND INFRASTRUCTURE SCRUTINY PANEL – MIDDLESBROUGH REGENERATION POST COVID-19

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## **AIM OF THE INVESTIGATION**

1. The aim of the investigation was to determine ways in which Middlesbrough Council can support the regeneration of the town physically, economically and socially, following the Covid-19 pandemic.

## **MAYOR'S PRIORITIES**

2. The scrutiny of this topic fits within the following of the Mayor's Priorities:

Covid-19 Recovery: We will ensure the recovery of local communities, businesses and the Council's operations from COVID-19, taking opportunities to build back better.

## **COUNCIL'S THREE CORE OBJECTIVES**

3. The scrutiny of this topic aligns with the Council's three core objectives as detailed in the Strategic Plan 2021-2024<sup>1</sup>:
  - People - working with communities and other public services to improve the lives of our residents.
  - Place - securing improvements in Middlesbrough's housing, infrastructure and attractiveness, improving the town's reputation, creating opportunities for local people and improving our finances.
  - Business - promoting investment in Middlesbrough's economy and making sure we work as effectively as possible to support our ambitions for People and Place.

## **TERMS OF REFERENCE**

4. The terms of reference for the scrutiny panel's review are:
  - A) To examine Middlesbrough Council's current proposals for the regeneration of the town including plans for retail, leisure, housing, urban living, education, enterprise, communication, transport and connectivity.
  - B) To investigate what resources will be required to implement proposed regeneration schemes and what contributions are available and/or required from Central Government, Middlesbrough Council, the private sector and other stakeholders.
  - C) To consider the role and engagement of local communities in shaping a sustainable future for Middlesbrough that will drive social and economic growth and improve the health and well-being of residents.

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<sup>1</sup> Middlesbrough Council's Strategic Plan 2021-2024

## BACKGROUND INFORMATION

5. In line with the terms of reference, the Scrutiny Panel gathered information in relation to Middlesbrough Council's current plans for the regeneration of the town, as well as considering current and planned legislation and other initiatives which might impact on these plans.

### 6. **Future High Streets Fund**

In late summer 2019 an opportunity arose for town centres that were suffering slow decline to apply to a competitive process from the Government. Middlesbrough submitted an initial expression of interest to the Future High Streets Fund (FHSF). The programme nationally is worth £3.6 billion and includes the Towns Fund as a national programme. The FHSF is a discreet competitive process on its own. Approximately one hundred towns were invited to develop a business case on how their town centre can be transformed in light of changes in the sector, the increase in online purchasing, and changing uses in the town centre environment in general.

7. Since 2019, the outbreak of the Covid-19 pandemic has exacerbated many of the issues town centres are already facing. However, the general principle of the FHSF is to encourage towns to invest on a structural rather than cosmetic basis, in terms of how the purpose of the town centre will function in future. Whilst retail will always form a large component of what happens in town centres, it is under distress in terms of the costs of maintaining a physical presence in the town centre compared to online retailers.

8. The way consumers live and work in town centres has changed over the last twenty years and the rise of out-of-town shopping centres and commercial parks has slowly drained footfall away from the town centre. Consumers are now more engaged by an experience-led economy, where they can go out and shop, eat, and visit a cinema or see a theatre show as part of an all-day event.

9. Middlesbrough currently has a major oversupply of retail space which is spread over four disparate owners, and is fragmented in its ownership across the town. A long-term consequence of over-supply, which leads to competitive rents, is that landlords and owners cannot invest further in their properties as they are not making sufficient income from tenants.

10. The proportionate floor space in terms of residential uses is quite low in the town centre area, and leisure uses are similarly under-represented. Notwithstanding the Covid-19 pandemic, there is still a strong appetite in the market and other community and commercial uses.

11. There is a national ambition to bring residential offers into town centres and planning regulations have been adopted to allow for ease of conversion of retail units. The focus is on bringing a new workforce with disposable income into the town centre environment. The average worker coming into the town centre spends approximately £20 per day.

12. Middlesbrough's bid is based on the Town Centre Strategy that was developed in 2018/19. Urban living in the town centre, curtilage, and immediate environs of the town centre forms a large part of the bid. This will drive in immediate footfall in terms of the residents and enliven the area, as well as providing an element of passive surveillance, which will reduce anti-social behaviour and crime in the long term.
13. The slow decline of the high street would have occurred over 5 to 10 years but the pandemic had changed that scenario. Distress in the retail market had accelerated and a faster response was required. Diversification was required to bring town centres into the centre of communities - as had been the case historically. Town centres originally emerged as a centre for people gathering, trading, doing business and social community functions.
14. There is a focus on converting some of the retail floor space into a leisure- dominated facility. In 2020, the Council purchased the Captain Cook Shopping Centre and the iconic House of Fraser building for the purpose of long-term intervention in the market, to enable the restriction of the supply of retail floor space, and to encourage a dedicated and focussed leisure hub at the centre of Middlesbrough, as a way to drive up footfall and sustain the existing retail environment.
15. A report submitted to Middlesbrough Council's Executive on 13 April 2021 highlighted: *"Since the announcement of the purchase of the Captain Cook Shopping Centre, the asset has been inundated with interest from many regional and national leisure operators. This has been extremely positive, particularly as interest has remained strong in the wake of COVID. The operators remain optimistic about underlying market conditions and have bought into Middlesbrough's vision. Many investors appreciate the opportunities available due to the FHSF and this further incentivises operators to relocate in the centre."*<sup>2</sup>
16. According to the report, dialogue has commenced with a number of operators, including proposals for:
  - Bowling alley with associated multi-use leisure attractions.
  - Boutique cinema.
  - Multi-leisure venue.
  - Small-medium scale Breweries.
  - Restaurants and eateries, with proposals to maximise outdoor space.
  - Hosting event(s) – temporary/seasonal usage for central square area.
17. On 21 January 2021, EDEI Scrutiny Panel members attended a presentation from the Chief Executive of the British Esports Association and the Chairman of the Advisory Board to the British Esports Association at a meeting of the Culture and Communities Scrutiny Panel. Esports is organised competitive video gaming and is projected to have a global audience of approximately 645 million people by 2022. Leisure venues associated

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<sup>2</sup> Future High Streets Fund - Town Centre Property and Asset Management (PART A)  
- Report to Middlesbrough Council Executive – 13 April 2021

with Esports, such as Esports Bars are continuing to increase in number and could be considered for Middlesbrough's leisure offer.

18. Some existing retailers have expressed interest in re-sizing or re-leasing in smaller units. With a higher than the national average vacancy rate across the town of approximately 18% in retail floor space, this approach will help to reduce the amount of vacancies in the town. This in turn will lead to a healthier environment, stabilise rents in the long term, and encourage owners to re-invest in their properties and ultimately halt the long-term decline of the town centre.
19. The most recent research by the British Retail Consortium (BRC)-Local Data Company Vacancy Monitor (LDC) found in late April that the UK's overall retail vacancy rate increased to 14.1% in the first quarter of 2021, marking a 1.9% rise from the same period last year. The vacancy rate was also up from the 13.7% recorded in the final quarter of 2020 and marks three consecutive years of increased retail vacancies.<sup>3</sup>
20. The FHSF programme also considers infrastructure: how cycle routes, bus super stops and Covid-19 network adaptations such as pavement widening, can be incorporated. Other measures include improved security and CCTV in car parks and along connecting routes and some modern automated features like the contactless car parking and pay on exit.
21. Since submitting the initial expression of interest, the effect of Covid-19 and the restrictions that have been placed on the leisure and hospitality trades has been reflected in the proposals. Sector specialists are confident that these markets will return as restrictions ease over time and the virus is controlled. There is a three-year timescale for delivery of the FHSF and the timing of a new leisure hub is not at odds with the cycle of the pandemic. People still want an experience-led economy and there is interest from service providers in the leisure sector to be part of this hub in the longer term. In general terms, Middlesbrough is well under-represented in hospitality and leisure as a proportion of its footfall and its demographic and scale. Ten percent of the town centre floor space is dedicated to leisure and those activities, and the industry norm is about 20% of a town centre.
22. Consideration is also being given as to how a range of community services, cultural events and amenities can be integrated into the high street environment. How vacant properties in the street scene can be animated to ensure people have visual stimulus and a pleasant experience, rather than just coming to an area to be transactional, or for work or retail.
23. The original programme has been adapted to look at direct intervention with businesses and existing retailers and any new retailers, for Covid-19 mitigation and preparedness. Businesses are keen to invest in the area but with the experience of Covid-19 and any future pandemic, there needs to be built-in resilience to ensure businesses are best

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<sup>3</sup> <https://www.retailgazette.co.uk/blog/2021/05/how-a-rise-in-retail-vacancies-can-affect-the-uks-high-streets/>

structured and physically configured to be able to trade safely through any period of lockdown.

24. Footfall from the Centre Square Office lettings will be extremely well received in the town centre. The presence of the Northern School of Arts in the town centre and the expansion of Middlesbrough College and new developments in Middlehaven, will also assist in giving the future economy the best possible chance of succeeding.
25. The focus is on a relatively tight high street area, which is defined locally, and is around the Captain Cook Shopping Centre feeding into the Linthorpe Road area and then picking up the House of Fraser area, so the vast majority of investment will fall within that boundary. With the urban living agenda and the options there, there is a 300 to 400 metre radius which is the area of influence, at which those housing developments will drive footfall for the area.
26. Middlesbrough Council submitted a bid for £20.5m to the FHSF was awarded £14.1m. Following the final sign off from Ministry of Housing, Communities and Local Government (MHCLG) and approval and endorsement from the Council's Executive on 27 May 2021, it is anticipated that delivery will commence early in the 2021/22 financial year. A breakdown of the funding for the proposed projects is as follows:
- Conversion of Captain Cook Square to a leisure hub £9,100,000.
  - Boho residential gap funding 2,500,000.
  - Residential gap funding £1,000,000.
  - Pavement widening and trading adaptations £500,000.
  - Safety, security and cashless town centre £300,000.
  - Covid-19 Grants £250,000.
  - Cycling infrastructure £250,000.
  - Events infrastructure £125,000.
  - Interactive cultural installations £70,352.
  - Centralising cultural assets £75,000.

27. **Towns Fund**

The Towns Fund was announced at approximately the same time as the Future High Streets Fund in 2019. The Towns Fund is a much broader and town-wide approach in terms of how local decision-making and the involvement of communities can influence investment in those areas that are of importance to the local economy and for local people. The Council submitted a bid for £25 million and has been awarded £21.9 million.

28. Principally Middlesbrough's eligibility is based on indices of multiple deprivation and the characteristics of its resident population. Equally, Middlesbrough still had to make a strong case encompassing some of the changes that were required in the local economy and bringing the local community into active participation in the design and engagement of some of the funding programmes.

29. There are five main themes in the Towns Fund: Transport and Connectivity, Urban Communities and Place-making, the Middlesbrough Experience, Building a Knowledge Economy and Enterprise Infrastructure.
- Transport and Connectivity - making sure that people could get to and from where they need to be within Middlesbrough.
  - Urban Communities - bringing urban and town centre areas together and making them into communities.
  - Middlesbrough Experience - making Middlesbrough the key destination in the Tees Valley.
  - Knowledge Economy - engaging with Teesside University, Middlesbrough College and other training providers and education institutions.
  - Enterprise Infrastructure - building meaningful and long-term employment and making a thriving commercial environment.
30. A Town Deal Board has been established and includes in its membership, both Middlesbrough MPs, the Tees Valley Mayor, the Mayor of Middlesbrough, the Vice Chancellor of Teesside University, the Chief Executive of Middlesbrough College and stakeholders, business leaders and partners from across Middlesbrough and the Tees Valley. The Board has agreed a Town Investment Plan which details how the economy will be reshaped, where investments will be targeted as a Local Authority, through third parties, and as Tees Valley investors, in order to achieve common aims by 2030.
31. The Towns Deal Board has several themed groups and is the decision making body to steer the investment of the Towns Deal funding and any other future private investment or funding. The minutes of all Board meetings are public and available online.
32. Allocation of the Towns Fund has been agreed by the Board as follows:
- Transport and Connectivity:
- No funding allocated.
- Urban Communities and Place Making:
- Boho Towers (100 residential units) £2,000,000.
  - Boho Village (circa 60 residential units) £500,000.
  - CIAC 2, Middlehaven Docks (80 residential units) £1,000,000.
  - Middlehaven Docks (south side) (200 residential units) £3,000,000.
  - Office Conversions (500 converted residential units) £1,875,000.
  - Shepherdson Way/Teardrop Site, Middlehaven (170 residential units) £2,500,000.
  - Wood Street Car Park (circa 200 apartments/potential hotel development) £3,000,000.

#### The Middlesbrough Experience:

- Cargo Fleet Nature Reserve £100,000.
- East Middlesbrough/Southlands Centre Community Hub/Nunthorpe Community Hub (development of new community facilities) £1,250,000. The funding was split £500,000 for the Southlands and £750,000 for Nunthorpe with other funding aligned to it.
- Ward Initiatives £1,000,000.

#### Building a Knowledge Economy:

- Middlesbrough College (expansion and creation of town centre presence) £1,175,000.

#### Enterprise Infrastructure:

- Old Town Hall/former Captain Cook Public House (renovation/restoration) £1,000,000.
- Centre Square (office development/residential) £2,000,000.
- Boho Campus – amphitheatre and plaza £750,000.
- Conversion Queens Square/former Kalinka's (office space) match funding: £750,000.
- Boho 8 £1,000,000 (advance settlement received in 2020). The advance settlement had to be spent by the end of the calendar year and the Boho Site was the only project ready to move forward.

33. The Towns Fund also focusses on the community and meeting community needs and a large part of the fund will be diverted to community uses and facilities. The Council is keen to encourage local decision-making and participatory budgeting. This will involve people at ward level, stakeholders, and community, addressing issues of immediate local importance, with a budget of up to £50,000 per ward.
34. Both programmes will be overseen by the Town Deal Board, to ensure that the Board has an understanding of both funding programmes since there is overlap in many of the projects. The business cases for the Towns Fund projects will be developed over the next twelve months and the Government has provided the opportunity to make adaptations in light of the covid-19 pandemic. Both Programmes rely on a large amount of public sector leverage, so some Tees Valley Combined Authority (TVCA) projects, particularly in terms of the transport elements, have been aligned for that. Where gap funding is involved there will be some public sector involvement to complete projects and ensure a return for every public sector pound spent.
35. The programmes are based on public engagement and well established strategic priorities that have been developed over time. Both programmes will deliver until 2023/2024.
36. **Middlehaven Masterplan**

Following investment from the Homes England (HE) and Middlesbrough Council, clearance work has taken place at Middlehaven to provide a blank canvass for



development. There have been several masterplans for the area but none have come to fruition due to several factors including; the global recession, lack of funding, development values and much of the land being in different ownerships.

37. Almost £30 million has been secured through the Tees Valley Combined Authority (TVCA) for various projects and the Towns Fund project is focussed on Middlehaven. The Council has also secured £7.9 million from the Brownfield Housing Fund to spend on site preparation.
38. Market opportunities have changed with a shift to more urban living as well as increased interest in commercial development through the growth of the digital sector and others. As Middlesbrough College expands there is more interest in educational opportunities and the Outwood Riverside Academy, a 900 place school specialising in technology, is being built.
39. Middlehaven needs to be planned and developed in a coherent manner so that different schemes are not competing against each other and open space, public realm and transport infrastructure are complementary. The five brownfield housing sites that will take 634 units of housing require careful planning to ensure it is a coherent place to live, rather than five separate housing developments that bear no relation to each other. The dock bridge has opened the site up from the east and there is close proximity to the A19 and A66 corridors. Investment in the Rail Station and direct trains to London are also a good selling point. Middlehaven is close to the town centre and retail and leisure offer.
40. Boho 8 is 10,000 square feet of new modular commercial space for new companies, and demand for space is high. Bohouse North, which is Thirteen Group's second development, comprising 40 new live/work properties for digital and creative professionals, will be finished by May 2021. Site works have started on Boho Bright Ideas, a development of 60 homes for families and young professionals. A total of 60,000 square feet of Grade A commercial space for the digital sector is in the pipeline and Boho X will be on site in August 2021.
41. Funding is in place to restore the Old Town Hall and the Captain Cook Public House. Work has started on the public house and Officers are planning how the Old Town Hall can sit as the centrepiece of Middlehaven again. There are also proposals for an urban farm to the northwest of Middlehaven.
42. The draft masterplan for Middlehaven will be submitted to the Executive in summer 2021 for approval.
43. **Waltham Forest Council's Mini Holland and Liveable Neighbourhoods Programmes**

*The reallocation of urban space has become one of Covid-19's most tangible effects on the built environment. Cities are being forced to innovate and the car is bearing the brunt.<sup>4</sup>*

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<sup>4</sup> [www.theguardian.com/world/2020/oct/12/liveable-streets-how-cities-are-prioritising-people-over-parking](http://www.theguardian.com/world/2020/oct/12/liveable-streets-how-cities-are-prioritising-people-over-parking)

Mini-Hollands and Liveable Streets or Neighbourhoods Schemes are aimed at transforming the look and feel of public spaces, making it easier, safer and more convenient to walk, cycle or use public transport, rather than travel by car.

44. As part of this investigation, the Scrutiny Panel received a presentation from the Programme Manager, Enjoy Waltham Forest. Waltham Forest is an outer London Borough in north east London. It is a diverse Borough from land use and geography, through to demographics. South of the Borough, towards inner London it is more dense, with a predominantly Victorian road network. To the north the Borough is a lot more suburban with less density of properties and increased green infrastructure.
45. In 2014, Waltham Forest had polluted residential streets, traffic congestions, lack of cycling facilities and green spaces, a poor walking environment and few places to sit and enjoy. Waltham Forest Council set out its objectives to address the issues as follows:
- Join up cycle routes into a network.
  - Rebalance streets to be safer for everyone.
  - Reach 10% of journeys by bike by 2020.
  - Create better public space and environment for everyone.
  - Make Waltham Forest better connected for everyone.
  - Demonstrate best practice – nationally and internationally if possible, by looking at what had worked on the continent and how that could be applied.
  - Attract growth into the area by enabling growth and regeneration and ensuring policies were car free and supported with the necessary transport infrastructure.
  - Support other Council objectives.
46. The Mayor of London introduced the Mini Holland funding programme in 2014. The programme included the introduction of cycle superhighways in London and the quiet network. A number of outer London boroughs that were traditionally car dependent areas, were awarded funding to transform infrastructure and encourage behaviour change. Waltham Forest Council was successful in obtaining funding from the Mini Holland programme, originally for 3 years but eventually for 5 years.
47. The vision for Waltham Forest Council's Mini Holland included:
- Lea Bridge Road – a street for everyone.
  - Four Walthamstow Village schemes.
  - Four Town Centre Schemes.
  - A network of high quality cycle routes.
  - Complementary measures.
  - Secure cycle parking.
48. Some of the key barriers as to why people did not walk and cycle include: way finding, cycle parking, training, road safety awareness and education. The scheme tried to invoke a step change in terms of how people would travel around the Borough. A core grid of high quality cycle routes was implemented on the primary or main road network and given the nature of traffic, they are separated from vehicles and pedestrians.

There are also some quieter routes, using lower volume residential streets and green spaces, to build a skeletal network so that people have a real choice.

49. Around the town centre there are some local area based schemes designed to make roads in these areas better for walking and cycling without putting in dedicated infrastructure. Not necessarily having formal segregated cycle lanes, or crossings but looking at traffic reduction measures and making areas more suitable for walking and cycling so that theoretically, local trips can be made without using a car. Schemes have also been implemented in the secondary town centres to make them more accessible and attractive and try to reduce the need for cars for these trips by joining up areas with cycle routes and public transport. At total of 50 small schemes have been implemented, working with the community to encourage ownership of the spaces created and involve the public in maintenance where appropriate.
50. The project also enables multi-modal journeys. Cycle parking is a major barrier to people both at work and at home. Secure cycle parking has been provided at all train stations so that people can cycle in for their daily commute. There is a £25 annual fee to access the cycle hubs and also secure parking hangars. Spaces for adapted bikes are also provided.
51. In terms of encouraging behaviour change, the following has been made available:
  - Cycle skills training and maintenance.
  - All ability Cycle Club.
  - School Travel Plans.
  - School Streets.
  - Community Walking and Cycling fund.
  - Zero Emissions Delivery (ZED) Service.
52. ZED is a fleet of electric bikes that run deliveries to businesses in the borough; both in the supply chain and providing goods to residents. ZED is now almost fully self-sustaining in terms of the operating finance.
53. Waltham Forest's Liveable Neighbourhoods programme was introduced in 2018 and work has started on several programmes, taking principles from the Mini Holland schemes. Delivery was just about to start when the Covid-19 Pandemic reached the UK which had impacted on the funding available from Transport for London (TfL). The Coppermill Scheme includes some large development areas in terms of sustainable new housing growth and interventions such as new crossings, cycle infrastructure, road closures to through traffic, walking improvements along some of the main roads, looking at the walking environment. It is an area based scheme with 40 or 50 interventions in it.

Key achievements include:

- More than 40km of segregated cycle lanes.
- 80 modal filters (road closures to through traffic).
- 160+ Copenhagen Crossings (continuous footways).
- 35 new formal crossings, 61 upgraded pedestrian/cycle crossings.

- 700 trees planted and 40 pocket parks/public spaces created.
  - 1,850 metres square of land returned back to the forest at Whipps Cross.
  - 540 cycle hangars.
  - Provided 7 station cycle hubs with 546 secure parking spaces. 4 more in construction.
  - Over 10000 school children and 7500 adults have received free cycle training.
  - 311 people have taken part in All Ability Cycling sessions.
  - Almost 4000 bikes have been serviced by Dr Bike.
  - 392 residents have utilised the Community Bike Loan scheme and 101 residents have utilised the Cargo Bike Loan Scheme.
54. A review of the first village scheme in the area shows a reduction in vehicle numbers and increases in walking and cycling. Most people are accepting of the measures although some want them reduced or removed altogether. A study by the University of Westminster finds that people living in Mini Holland areas were walking an extra 32 minutes and cycling an extra 9 minutes per week compared to the outer London average.
55. In the last six to nine months a study on the impact of low traffic neighbourhoods, changes in car ownership, road traffic, road traffic collisions, crime, emergency service response times has shown some change and positive outcomes. It is noted that this study took place during the Covid-19 pandemic.
56. Key arguments and reasons for opposition to the schemes include:
- Impact on emergency services.
  - Displacement – concerns over increased traffic, pollution and congestion on some roads..
  - Longer journey distances and times for those who needed to drive.
  - Only intended to benefit the few.
  - Community severance.
  - Impact on businesses.
  - Lack of consultation.
57. Strategies employed to overcome the challenges included:
- Strong political leadership and senior leadership team.
  - More data and research needed to myth bust/outline benefits.
  - Continually adapting and enhancing engagement approach.
  - Part of wider transport/behaviour change strategy to reduce traffic volume and impact.

58. **Local Implementation Plan**

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

statutory requirement for all Highways Authorities to complete and contains the Council's transport ambitions, objectives and goals. It improves the changes of securing future funding from external sources including the Department for Transport (DfT) and the TVCA. The Council engages with stakeholders to shape its transport policy.

59. The TVCA's Strategic Transport Plan is an investment plan for different travel modes and how they help deliver the key outcomes for the region. The LIP does the same, but on a local level and the key drivers for Middlesbrough's Plan are:

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

60. The key components of the LIP focus on:

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

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

62. Traffic congestion is one of the major causes of economic decline, as the movement of people and goods is disrupted. Building more vehicular infrastructure for cars is not sustainable and only achievable at the expense of public space. This does not mean that vehicular improvements will stop, but ensure a more holistic approach was adopted for everyone. All schemes will consider highway users in a priority order to ensure that sustainability is ingrained in projects to ensure that the Council will:

- Meet sustainability targets.

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

63. There are nine outcomes outlined in the LIP:

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

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

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

66. **Communication – CityFibre**

A previous review on Infrastructure Delivery undertaken by the Economic Development, Environment and Infrastructure Scrutiny Panel in 2019, recognised that whilst provision of broadband is not the Council's responsibility, it impacts on many areas of residents' lives, providing economic and social benefits. UK internet use more than doubled in 2020, as people stayed at home and worked from home during the coronavirus pandemic. However, whilst the pandemic has driven the increase in internet usage it has also exposed the divide between people able to access fast connections and those who cannot.<sup>5</sup>

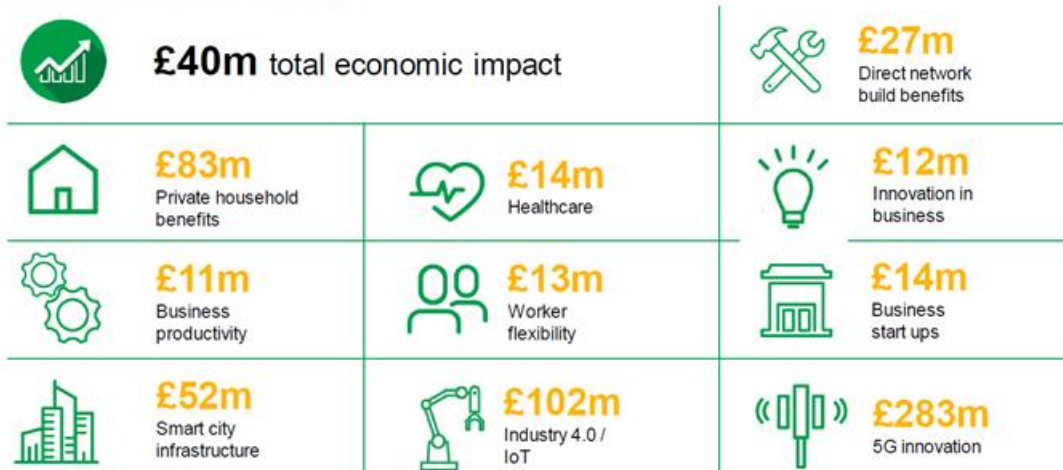
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<sup>5</sup> [www.bbc.co.uk/news/technology-55347001](http://www.bbc.co.uk/news/technology-55347001)

67. CityFibre is a competitive fibre builder, building brand new networks across sixty plus cities in the UK. The overall investment for the project is £4 billion and aims to reach 8 million homes within five years, or approximately 30% of the UK. Connecting all UK homes is the core ambition for all of the telecommunications networks.
68. CityFibre has been in the telecommunications sector for ten years and developed an ambition to build fibre networks. CityFibre initially worked with Sky and TalkTalk on a test project in York and then acquired a larger footprint across the UK. Currently CityFibre is rolling out its network to 60 cities, including Middlesbrough. The company is also working with Government to understand how these city builds can be used as jump off points to connect broader rural infrastructure to fibre builds across the UK.
69. CityFibre builds brand new networks and their approach is to develop a well-planned network and install end-to-end fibre from exchanges to individual premises. As well as the opportunity to connect to every single premises or home, a well-planned network will also connect to all mobile sites, 5G, businesses or business parks, and any public sector sites across the town.
70. The investment in Middlesbrough is approximately £40 million. The initial target of 70 to 80 thousand homes has already been increased towards 90 thousand homes, with expansion beyond Middlesbrough's boundaries into Grangetown, South Bank and East Cleveland.
71. CityFibre has worked with a company called Regeneris, who provided data on the value of this long term investment to the town in terms of the impact on the economy in Middlesbrough over the next fifteen years.

## Our 15 year impact on the economy in Middlesbrough

**GIGABIT  
MIDDLESBROUGH**



Regeneris report: 'Economic Impact of full fibre infrastructure in 100 towns and cities 2018'

6

<sup>6</sup> The Economic Impact of Full Fibre Infrastructure in 100 UK Towns and Cities: A Report by Regeneris Consulting for CityFibre March 2018

72. CityFibre will install full fibre, so by taking a network connection and working with one of their Internet Service Providers (ISPs), customers will receive speeds of up to 1000 mbps. It is a synchronous solution providing the ability to upload and download at similar speeds. One of the key differences to other networks is the quality of service and as more people come to rely on the digital structure this is vital.
73. Approximately 92% of homes in the UK with a superfast broadband connection, receive roughly 30 mbps upwards and through a hybrid solution, whereby the connection has fibre at some point, but also copper.
74. CityFibre's Middlesbrough build was due to launch in April 2021 and the first homes will be connected approximately 3 to 6 months later. The build programme will be completed mid-2024. The investment is solely from the private sector and no public sector funding is required.
75. CityFibre is keen to work with Middlesbrough Council as the amount of work being undertaken has implications for the town. CityFibre's build teams want to consider how they might co-invest in infrastructure and schedule the build around any capital works that the Council might be undertaking.
76. Middlesbrough will have two fibre exchanges: one at Sotheby Road, Skippers Lane Industrial Estate and one at Lytton Street, small industrial estate close to the Town Centre. This enables CityFibre to build the network more effectively because of the natural boundary of the railway line from Nunthorpe all the way into the town centre. Having a fibre exchange on either side reduces the need for specialist engineering and costs. Two fibre exchanges will enable everyone in Middlesbrough to receive service and the area can be extended.
77. The fibre installation in a hybrid town such as Middlesbrough is generally 70% over ground and 30% underground, although this can change depending on the age profile of the specific location. Overhead installation is a much more effective and efficient deployment that minimises impact on the environment. The core network is always underground and water ingress has very little impact on optic fibre, whereas with copper it causes corrosion and electrolyte reaction very quickly. With regard to durability there is a vast improvement with fibre from copper.
78. Connectivity will be to approximately ninety two and a half thousand premises and about 900 km of fibre cable will be deployed. CityFibre has a diverse network and high level of resilience should there ever be a strike by a digging machine for example. The network can be fed in east and west directions and service can be restored quickly. A two flex model will be employed in Middlesbrough, giving better coverage and service for residents and a more acceptable level of challenge in terms of engineering.
79. Residents and Councillors will be kept up to date with what was happening in their area. Residents' communications began at the construction stage and carry on throughout the build. During Covid-19 pandemic restrictions, the usual door-knocking team cannot be deployed, therefore a leaflet will be delivered to all premises in the area. This is followed by a letter which explains any action residents need to take – such as moving cars off the



street – and also provides a Frequently Asked Questions (FAQs) section and details of the one line customer service telephone number.

80. Once on site, banners will be installed, to make residents aware that CityFibre are digging in the street. Wider community engagement includes local adverts and events, with information provided on how to pre-register on the website once the service is available.

81. Fibre Fans is CityFibre's school engagement project. As the construction process builds past schools in Middlesbrough, CityFibre will engage with them and provide free learning materials for curriculum subjects.

82. **Housing Local Plan/Planning Reforms/Business and Planning Act 2020**

Following the Local Elections in May 2019, and the subsequent changes in administration, the publication of the draft Middlesbrough Local Plan was formally withdrawn in July 2019. One of the key concerns was the impact on the Council's ability to stop developers dictating where house building would take place. The key test was whether Middlesbrough has a five year supply of land for house building and delivery. Middlesbrough still has around a seven year supply of housing land and the delivery test was also met. However, the Council needs to have a new Local Plan in place to enable it to tackle its priorities.

83. The following elements of the evidence on which the Local Plan is based have been reviewed:

- Retail/Town centre.
- Housing Needs Study.
- Gypsies/Travelling show people assessment.
- Employment Land Review.
- Green Blue Infrastructure Strategy.
- Transport Study.
- Playing Pitch Strategy.

84. Due to the Covid-19 pandemic, there have been a number of impacts on the timetable for publication of the revised Housing Local Plan, including engagement with communities, consultants and key stakeholders. A key area is the Employment Land Review as it is difficult to predict the employment sector going forward, what the priorities will be, or whether more people will be working at home. Similarly the retail study was produced prior to the impact of Covid-19, which has undoubtedly had a huge impact and created much uncertainty. There have been a number of national policy changes and uncertainty around planning reforms had an impact on how the Local Plan was taken forward. In addition, as part of the National Planning Policy Framework (NPPF) there have been changes to how housing numbers are calculated in terms of the Local Plan. It was anticipated that the revised Local Plan would be adopted by March 2022.

85. In relation to planning reforms, two key changes have been made in respect of Permitted Development Rights. For single storey dwellings there are now permitted development rights to add one storey; and for two storey dwellings and discrete blocks of

flats, an additional two storeys could be added. There are a number of restrictions in place and prior approval from the Local Authority is required. Secondly, discreet offices and business buildings can be demolished and rebuilt as residential development or apartment blocks without the need for formal planning permission. Again, similar restrictions apply and they can be limited to a maximum size of property that replaces them. Design is another prior approval issue that can be taken into consideration.

86. The Government has also introduced new use classes under the Use Classes Order. Class E for commercial business and service uses and Class F for local community and learning. Class E is split into eleven categories and it is possible to limit a use to within those use classes. It is not yet clear what the permitted development rights will be changing between each. Currently the permitted development rights which were in existence before that new use class still apply. Hot food takeaways are classed as 'sui generis': meaning that any change of use from, or to, a hot food takeaway, will require planning permission and there are no associated permitted development rights. The importance of Class F, which is split into F1: learning and non-residential institutions and F2: local community, is that the provision of local facilities is key in developments. This provides a specific use class for such local facilities.
87. There are five key areas in the Planning Reform White Paper:
- Streamline the planning process with more democracy taking place more effectively at the plan-making stage, and replacing the entire corpus of plan-making law.
  - Take a radical, digital-first approach to modernise the planning process, moving from a process based on documents to a process driven by data.
  - To bring a new focus on design and sustainability.
  - Improve infrastructure delivery and ensure developers play their part, through reform of developer contributions.
  - To ensure more land is available for the homes and development people and communities need, and to support renewal of town and city centres.
88. Whilst the White Paper sets out the principles for reform, the detail with regard to how the proposals will be implemented has not yet been published.
89. The Business and Planning Act 2020 received Royal Assent on 22 July 2020 and includes a range of measures to support economic recovery and growth and help businesses adapt to new methods of working as the UK recovers from the disruption caused by the Covid-19 pandemic.
90. Temporary changes have been introduced to highway licensing procedures and alcohol licensing laws to enable restaurants, bars and pubs to serve customers seated outdoors and allow operators to serve alcohol for consumption off the premises.
91. Temporary changes have also been made to the law relating to planning in England, as well as new, permanent provision for certain planning proceedings in England to be considered by means of more than one procedure. This will ensure that the planning system can continue to operate effectively and support the planning and safe construction

of new development following the impact of Covid-19.<sup>7</sup>

92. **Business Support and Recovery**

Since the UK Government implemented the first national lockdown in March 2020 the Council's Revenues and Benefits team, Economic Growth/Regeneration and Finance Service, have collaborated to support Middlesbrough businesses. In addition to delivering regular day-to-day service, a range of additional initiatives and grant schemes have been designed and distributed to ensure support is provided speedily and effectively where it is most needed.

93. Information is disseminated through web and social media platforms and business networks to promote and guide businesses through the support available both via the Local Authority and the wider business support landscape. Support mechanisms initiated and promoted by Middlesbrough Council include:

- Buy Boro campaign: promotion of local supply and services.
- 1 to 1 business workshops – targeted to small/independent business to 'plan it not panic'. The workshops cover managing cash flow, business planning, emergency procedures.
- Comprehensive list of PPE suppliers prepared and promoted through the Council's website.
- Businesses linked directly to Teesside University Digital City to receive free support to improve website and ecommerce options.
- Outdoor tables available to loan to retail/leisure/hospitality businesses and support to acquire an outdoor licence.
- Town Centre cleaning stations, ambassadors to support high street shoppers and businesses.
- Guidance and signposting via dedicated web pages and helplines for businesses to access full range of support.

94. A range of mandatory and discretionary government grant schemes were initiated to support local business. Local Authorities can determine the approach and design of the discretionary schemes to best support their respective local economies. Although this is challenging due to changing legislation combined with the perceptions of the business community on eligibility. Middlesbrough Council was the first Local Authority in the area to distribute an emergency Covid grant.

95. Middlesbrough's emergency and discretionary business grant schemes seek to support businesses through the Covid pandemic and restrictions by:

- Providing direct grant support to businesses impacted by restrictions.
- Supporting businesses that are unable to access other business support schemes.
- Supporting home businesses and sole traders with fixed business costs.

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<sup>7</sup> [https://www.legislation.gov.uk/ukpga/2020/16/pdfs/ukpgaen\\_20200016\\_en.pdf](https://www.legislation.gov.uk/ukpga/2020/16/pdfs/ukpgaen_20200016_en.pdf)

- Introducing business support measures to stimulate the local economy through key sectors and priority regeneration areas to facilitate long term job creation and investment.
96. Mandatory grants and discretionary funding is being used to full effect, with grants distributed in accordance with government guidance and discretionary elements tailored to target gap areas and provide the most strategic impact. In the first 6 months of the pandemic, over £25m was initially distributed in grants to support Middlesbrough businesses.
97. Local Restriction Support Grants (LRSG) were issued in November 2020, as restrictions and lockdowns became more prevalent. Alongside the LRSG a discretionary Additional Restrictions Grant (ARG) was launched to address gaps. Both schemes are regularly reviewed and include several enhancements to the scheme to ensure that gaps in eligibility are addressed, targeted sector support is provided and business support measures are introduced to stimulate the local economy, create jobs, and provide rapid recovery.
98. Almost £16m was distributed through the LRSG schemes and this funding is utilised to provide emergency support to eligible businesses. In addition to those businesses that had to close, there were others that are essential and required to stay open and trade, but are still impacted.

Local Restrictions Support Grant Distribution:<sup>i</sup>

Local Restrictions Support (LRSG) Grant <sup>8</sup>	Purpose	Amount	No of payments
LRSG Closed	businesses required to close	<b>£1,804,265.25</b>	823
LRSG Closed (phase 2)	businesses required to close	<b>£8,072,513.70</b>	1557
LRSG Open	businesses impacted whilst requiring to stay open and trade.	<b>£266,353.59</b>	196
LRSG Sector specific	Specific sectors required to close since Mar 20 (e.g. nightclubs)	<b>£17,525.98</b>	6
Christmas Payment	Wet led pubs (e.g bars/pubs that serve drinks rather than food)	<b>£53, 000</b>	53
Restart	Support reopening of Retail, hospitality, leisure, personal care, accommodation, gyms	<b>£5,741,304.22</b>	794
<b>Total</b>		<b>£15, 954, 962.74</b>	<b>3429</b>

<sup>i</sup> Figures correct as at 9 July 2021

<sup>8</sup> Report to the Economic Development, Environment and Infrastructure Scrutiny Panel – 21 July 2021 – Covid Business Support and Recovery. Report Author: Debbie Ingoldsby, Strategic Business Manager

99. The ARG grant is awarded to Local Authorities based on population, to identify the gaps, look at the local economy and provide funding to businesses not covered by the other schemes. The Service identified businesses where the grant will make the most impact. The scheme was completed in July 2021, with approximately £4.1 million in grants issued. Home based businesses, supply chain, businesses in shared spaces have all benefitted. Middlesbrough Council collaborates with other local Councils to ensure a similar type of grants are being issued, although there is a particular element that just works for Middlesbrough. From the start of scheme in December it was reviewed every four weeks and enhanced five times over its lifetime, to make sure it includes the sectors that are impacted but still required to trade; such as manufacturing and engineering, as well as taxi drivers and driving instructors.

Additional Restrictions Grant Distribution:<sup>ii</sup>

<b>Additional Restrictions Grant <sup>9</sup></b>	<b>Purpose</b>	<b>Amount</b>	<b>No of payments</b>	<b>Jobs to be created (3yrs)</b>	<b>Investment Commitment by Business</b>
Main	businesses unable to access other schemes e.g home based, supply chain, shared spaces, impacted sectors	<b>£2,909,791.93</b>	1654	n/a	n/a
Enhanced	Impacted sectors required to trade	<b>£165,000</b>	18	n/a	n/a
Strategic	create jobs and stimulate recovery and investment in priority sectors/ regeneration areas	<b>£750,000</b>	17	194 – 460 high value jobs in: Advanced/ manufacturing, Leisure, culture, digital, professional services	780K - £1.6m
Taxi Drivers	Specific sector support	<b>£247,500</b>	825	n/a	n/a
<b>TOTAL</b>		<b>£4,072,291.93</b>	<b>2514</b>	<b>194 – 460</b>	<b>780K - £1.6m</b>

<sup>ii</sup> Committed spend at 9 July 2021

100. £45m has been distributed by the Council in grants to support Middlesbrough businesses since March 2020. It is acknowledged that there may be some businesses that are unable to provide evidence that they are eligible for a particular grant.

<sup>9</sup> Report to the Economic Development, Environment and Infrastructure Scrutiny Panel – 21 July 2021 – Covid Business Support and Recovery. Report Author: Debbie Ingoldsby, Strategic Business Manager

In addition, some businesses are eligible to support through government schemes such as the Furlough Scheme.

101. It is anticipated that a second phase of ARG funding will be triggered as soon as 100% of spend is reported. This will provide Middlesbrough Council with a further £670K to support business recovery through to March 2022. The aim is to focus the second phase of ARG funds to supporting new start-up businesses, as well as further grants to support businesses in their recovery.
102. A Business Recovery Officer has been appointed on a one year fixed term to offer additional support to businesses to enable them to access grants both from the Council and other sources.
103. Government guidance and rules on self-isolation are having an impact on retail, leisure and hospitality in particular. The Council consults public health regularly to ensure that all the latest information is available on the website. If certain sectors are severely impacted, potentially there will be opportunities for support in the next round of funding.

## **CONCLUSIONS**

104. The scrutiny panel reached the following conclusions in respect of its investigation:

### **TERM OF REFERENCE A**

**To examine Middlesbrough Council's current proposals for the regeneration of the town including plans for retail, leisure, housing, urban living, education, enterprise, communication, transport and connectivity.**

Panel to add conclusions

### **TERM OF REFERENCE B**

**To investigate what resources will be required to implement proposed regeneration schemes and what contributions are available and/or required from Central Government, Middlesbrough Council, the private sector and other stakeholders.**

Panel to add conclusions

### **TERM OF REFERENCE C**

**To consider the role and engagement of local communities in shaping a sustainable future for Middlesbrough that will drive social and economic growth and improve the health and well-being of residents.**

Panel to add conclusions

## RECOMMENDATIONS

105. Following the submitted evidence, and based on the conclusions above, the Economic Development, Environment and Infrastructure Scrutiny Panel's recommendations for consideration by the Executive are as follows:

Panel to add recommendations

## ACKNOWLEDGEMENTS

106. The Economic Development, Environment and Infrastructure Scrutiny Panel would like to thank the following for their assistance with its work:

Louise Antill, Programme Management Team Leader, Middlesbrough Council  
Stephanie Carter-Smith, City Manager – Tees Valley, CityFibre  
Craig Cowley, Transport and Infrastructure Manager, Middlesbrough Council  
Selina Deeney, Regional Marketing Manager, CityFibre  
Stephen Driscoll, Area Build Manager, CityFibre  
Steve Fletcher, Head of Development, Middlesbrough Council  
Sam Gilmore, Head of Economic Growth, Middlesbrough Council  
Richard Horniman, Director of Regeneration, Middlesbrough Council  
Debbie Ingoldsby, Strategic Business Manager, Regeneration  
Jason Legget, City Manager – Tyneside and Wearside, CityFibre  
Peter Millward, City Build Manager, CityFibre  
Chris Orr, Infrastructure Programme Manager, Middlesbrough Council  
Chris Proctor, Programme Manager, Enjoy Waltham Forest

## 107. BACKGROUND PAPERS

The following sources were consulted or referred to in preparing this report:

- Middlesbrough Council's Strategic Plan 2021-2024
- Minutes of the meetings of the EDEI Scrutiny Panel held on 7 October and 18 November 2020, 20 January, 24 March, 21 April 2021 and 21 July 2021.
- Future High Streets Fund - Town Centre Property and Asset Management (PART A) - Report to Middlesbrough Council Executive – 13 April 2021
- <https://www.retailgazette.co.uk/blog/2021/05/how-a-rise-in-retail-vacancies-can-affect-the-uks-high-streets/>
- <https://www.theguardian.com/world/2020/oct/12/liveable-streets-how-cities-are-prioritising-people-over-parking>
- <https://www.bbc.co.uk/news/technology-55347001>
- Report to the Economic Development, Environment and Infrastructure Scrutiny Panel – 21 July 2021 – Covid Business Support and Recovery. Report Author: Debbie Ingoldsby, Strategic Business Manager

- The Economic Impact of Full Fibre Infrastructure in 100 UK Towns and Cities: A Report by Regeneris Consulting for CityFibre March 2018
- [https://www.legislation.gov.uk/ukpga/2020/16/pdfs/ukpgaen\\_20200016\\_en.pdf](https://www.legislation.gov.uk/ukpga/2020/16/pdfs/ukpgaen_20200016_en.pdf)

## 108. **ACRONYMS**

A-Z listing of common acronyms used in the report:

ARG - Additional Restrictions Grant  
 BDC-LDC - British Retail Consortium-Local Data Company Vacancy Monitor  
 DfT – Department for Transport  
 FAQs – Frequently Asked Questions  
 FHSF – Future High Streets Fund  
 HE – Homes England  
 ISPs – Internet Service Providers  
 LRSG - Local Restriction Support Grants  
 LIP – Local Implementation Plan  
 MHCLG - Ministry of Housing, Communities and Local Government  
 NPPF – National Planning Policy Framework  
 TVCA - Tees Valley Combined Authority  
 ZED - Zero Emissions Delivery

**COUNCILLOR S WALKER**  
**- CHAIR OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND INFRASTRUCTURE**  
**SCRUTINY PANEL**

The membership of the scrutiny panel is as follows:

Economic Development, Environment and Infrastructure Scrutiny Panel 2020-2021

Councillors M Saunders (Chair), B Hubbard, (Vice-Chair), R Arundale, D Branson, D Coupe, T Furness, L Garvey, L Lewis, M Storey, S Walker

Economic Development, Environment and Infrastructure Scrutiny Panel 2021-2022

Councillors S Walker (Chair), R Arundale (Vice Chair), D Branson, D Coupe, T Furness, B Hubbard, T Mawston, M Saunders, M Storey

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