

EXECUTIVE

A meeting of the Executive was held on Tuesday 5 October 2021.

PRESENT: Mayor A Preston (Chair) and Councillors B Cooper, S Hill and E Polano

OFFICERS: C Benjamin, S Butcher, G Field, R Horniman, S Reynolds and I Wright

APOLOGIES FOR ABSENCE: Councillor M Smiles

21/57 **DECLARATIONS OF INTEREST**

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

21/58 **MINUTES - EXECUTIVE - 21 SEPTEMBER 2021**

The minutes of the Executive meeting held on 21 September 2021 were submitted and approved as a correct record.

21/59 **YOUTH SERVICE: OVERVIEW OF PROGRESS, APRIL 2021 - JUNE 2021 (QUARTER ONE)**

An amendment was tabled, the report was for information purposes only and was not a key decision as the report had initially stipulated.

The Mayor and Lead Member for Children's Social Care, Adult Social Care and Public Health and the Director of Children's Care submitted a report for the Executive's consideration. In June 2020, the Executive had granted approval to develop a new Youth Service. The purpose of the report was to provide an update and overview of the actions undertaken to develop the service.

Following approval from Executive in June 2020, a commissioning process commenced in July 2020 which invited bids from key voluntary and community sector organisations to deliver Youth Services in partnership with the Council. Bids were identified and prioritised on the basis of match funding, tangible community benefits, youth work quality and outcomes with a specific focus on supporting young people through Early Help, with key transition points and positive activities.

The work required identification of a number of youth centres across Middlesbrough, which included community hubs and community centres. Allocated space had now been identified for young people to access youth club activities. In addition, spaces within buildings operated by the voluntary and community sector organisations had also been identified.

There were three key elements to the Middlesbrough Youth Service model, including universal, targeted and transition youth work.

- Universal Youth Work - delivered by The Linx Youth Project (see further information at paragraph 4 of the submitted report)
- Targeted Youth Work - delivered by The Junction Foundation (see paragraph 5); and
- Targeted Transition Youth Work - delivered by Middlesbrough Football Club Foundation (see paragraph 6).

ORDERED

That the overview of progress made by the new Youth Service, which was given approval to be established by Executive in June 2020, be noted.

REASON

It was important that members of the Executive had a line of sight into the strategic and operational work being undertaken in line with the Multi Agency Children's Services Improvement Action Plan 2020/21.

21/60

COMMUNITY ENVIRONMENTAL INITIATIVES

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 funding for ancillary equipment and support to assist community and volunteer initiatives throughout Middlesbrough.

Community groups and volunteers provided important additional environmental support to the Council's services and were increasingly valued. Their work was integral to keeping Middlesbrough's environment to a good standard and further encouraging community participation. That was especially important as Middlesbrough moved forward on its green agenda, striving to reach carbon neutrality and increase the level of biodiversity in the Town.

Providing a supportive approach was leading to growing numbers of volunteers, who were now networking with each other, leading to far reaching linked projects across the town. As well as promoting the groups projects/initiatives via social media, the Council could offer resource assistance by way of purchasing and holding a stock of consumable supplies. That would enable those groups to readily access tools, equipment and technical support to deliver initiatives, which were of benefit to the environment, improving aesthetics and the well-being of residents.

Key milestones to enable a measurement of performance against the intended outcomes, included:

- developing a communications and marketing plan;
- developing an education plan to raise awareness of responsible waste management and recycling;
- developing a plan to work with community groups and volunteers; and
- providing continual support and provision of equipment as required.

OPTIONS

To not supply equipment, advice and support to community and volunteer groups was not an option. It would have impacted on the Council's green agenda and groups would lose heart and faith in the Local Authority and eventually lose interest in improving Middlesbrough.

ORDERED

That £150,000 revenue (£50,000 per annum over three years) be approved to support community involvement in wide reaching environmental Initiatives, to improve local environmental standards across their communities and across Middlesbrough.

REASON

The proposed changes planned to support the Council's commitment to working with its communities and partners to ensure that ideas and resources were shared to achieve joint goals. It would also assist in meeting the Council's aims detailed in its 2020-2023 Strategic Plan:

- **working with communities and other public services to improve the lives of our residents;**
- **working with communities to improve local health and wellbeing, focusing in particular on tackling obesity, poor mental health and substance misuse; and**
- **working with local communities to redevelop Middlesbrough's disadvantaged estates, and introduce locality working with our partners, placing services at the heart of communities.**

COUNCIL TAX REDUCTION SCHEME 2022/23

The Executive Member for Environment and Finance & Governance and the Director of Finance submitted a report for the Executive's consideration. The purpose of the report was to request permission to undertake a consultation (a requirement of schedule 1A of the Local Government Finance Act 1992) with both the public and the Major Precepting Authorities in respect of proposed changes to the Council's CTR Scheme with effect from 1 April 2022.

It was proposed that an alternative approach be taken from 2022/23, through the redesign of the scheme to address all of the main areas highlighted in the submitted report.

Work had been ongoing since early 2021 on a proposed alternative scheme, which was now complete. Consultation now needed to be undertaken with the public and the Major Precepting authorities. If accepted by the Council, the proposed alternative scheme would take effect from 1 April 2022.

The proposed alternative scheme had a number of features, which were included at paragraph 17 of the submitted report. Paragraph 18 provided details of how the proposed alternative scheme planned to address the problems with the current scheme.

OPTIONS

The alternative to introducing a proposed alternative scheme for CTR from 2022/23 was to leave the existing scheme in place. That would have been a short-term option; leading to increasing costs of administration; and in the longer term, would have significantly affected the collection of Council Tax and the effectiveness of the scheme to support households within the Council's area.

Modelling (see table below) had also been done on an alternative 'income grid' scheme with 85% maximum support and 100% maximum support. The principles of that scheme were exactly as described earlier in the report (see paragraph 17), however, given weight to the options appraisal/rationale (Appendix C) those were not recommended.

Option	Scheme / Support	Cost / Saving to the Council	Support	Recommended / Not Recommended
1	Income Banded Scheme – 85% maximum support	£700,000 saving	85% - similar to existing support	Not recommended – See Appendix C
2	Income Banded Scheme – 90% maximum support	£70,000 saving	90% - 5% increase on existing support	Recommended – See Appendix C
3	Income Band – 100% maximum support	£1,000,000 cost to the council	100% - 15% increase in support	Not recommended – See Appendix C.

ORDERED

That the commencement of consultation on a maximum Council Tax Reduction Scheme of 90%, be approved, with the following:

- with Major Preceptors on the proposed changes to the working age Council Tax Reduction (CTR) scheme with effect from 1st April 2022 (as required by the Local Government Finance Act 1992); and
- with the public on the proposed changes to the working age Council Tax Reduction (CTR) scheme with effect from 1st April 2022 (as required by the Local Government Finance Act 1992).

REASON

The proposed changes, planned to simplify a complicated scheme, further assist low income households and support the collection of council tax, whilst also fulfilling the

obligations on local authorities to support the roll out of Universal Credit.

Any changes to the existing scheme were subject to full consultation which would likely run from the middle of October 2021 for a period of 6 weeks and would inform the scheme from 1 April 2022.

Attached as Appendix B of the submitted report were examples of the likely consultation areas/options.

21/62

FOUNTAIN COURT REFURBISHMENT AND FIT-OUT BUDGET

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 provide information on the building fit-out costs for the Fountain Court refurbishment.

The Executive report, submitted on 16 March 2021, had highlighted that further due diligence and survey work would be required to fully understand the costs of the Fountain Court refurbishment. A condition survey by Billingham George and Partners had identified that although the building was in generally sound condition, there were a number of expensive defects which required attention in the short-to-medium term, such as full window replacement and an upgrade of the Mechanical and Electrical (M&E) system.

In summary, the survey and design work had identified that £7m was required to refurbish and fit out the building. That planned to allow for the works identified to be addressed and a high-quality furniture and fixtures fit out, which would incorporate the following:

- new furniture and fixtures which promoted the Council's values and aligned with the new blended working arrangements;
- raised access floors for services, needed for flexibility to future proof the building;
- replacement and enlarged windows (the current windows were nearing the end of their life);
- new internal and external doors;
- new floor and ceiling finishes;
- lift refurbishment/replacement;
- new toilets and kitchen areas;
- ICT fibre connections and equipment;
- signage;
- drainage;
- M&E installation; and
- consultant's fees.

In the report to Executive on 16 March 2021, it had been anticipated that the cost of the purchase and fit out of Fountain Court could be accommodated within the fit out budget for One Centre Square, which was £5m. However, the report acknowledged that detailed due diligence and survey work was required.

The due diligence and survey work had confirmed that a budget of £7m was required. That included an 8% contingency of £520,000, which was required to account for the market fluctuations that were currently being experienced throughout the U.K.

With regard to utilising the £5m budget for One Centre Square, approximately £600,000 had already been spent on survey, consultant works and purchasing the furniture for the demonstration neighbourhood area, which left a budget of £4.438m. The table, below paragraph 11 of the submitted report, provided a breakdown of the expenditure for Fountain Court against that budget.

In summary, the total costs for the refurbishment and fit out of Fountain Court were £7m, the available budget from One Centre Square was £4.438m so the additional budget requested, when considering the £300,000 saving from the demolition of the Civic Centre, was £4,138,596.

OPTIONS

The Council could:

Do nothing:

- a) The principle that the Council should relocate to Fountain Court had been established by previous Executive direction. The building was not fit for purpose in its current format and was unfurnished, hence a budget was required for its fit out.

Continue to proceed with the remaining budget:

- b) The remaining budget (£4.438) minus the acquisition of Fountain Court (£1.84m) left a budget of £2.59m. That budget would have been insufficient to fit out the building to a good standard. All that could have been achieved within that allocation was a very basic redecoration and furniture fit out. It would not have addressed the defects highlighted in the condition report, such as the windows being at the end of their life. That would have postponed money being spent on the building now, but the issues would have needed to be addressed in the short-to-medium term hence resources would still have been required for that purpose. It would have also resulted in a raised access floor being omitted, which was required for flexibility and future proofing the building.

ORDERED

That an additional £4.138m be allocated to the Fountain Court project, giving a total budget of £7m to refurbish and fit-out the building, enabling Council staff to relocate there in 2022.

REASON

The Executive report, submitted on 16 March 2021, had identified that further due diligence and survey work would need to be undertaken to fully understand the costs of Fountain Court's refurbishment and fit out. It was anticipated that the cost of the purchase and fit out of the building could be accommodated within the fit out budget for One Centre Square, which was £5m. It stated that if detailed due diligence subsequently identified that the project could not be achieved for £5.2m, a request for an additional allocation of funding would be made prior to work starting. The survey work had highlighted that the fit out cost was £7m and as only £4.438m remained in the One Centre Square budget (when discounting the One Centre Square expenditure), an additional £4.138m was requested. That planned to ensure the building was fitted out to a high standard in line with the new blended working arrangements and Council's values, ready for staff to relocate there.

21/63

MIDDLESBROUGH DEVELOPMENT COMPANY (MDC): BUSINESS PLAN UPDATE

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 provide a review of MDC's activities over the past year and to set out the priorities and anticipated expenditure for the next 12 months.

As it had now been 12 months since the approval of the MDC Strategic Plan, it was considered an appropriate time for the company to provide the Shareholder with a Business Plan Update, which was attached at Appendix 1 of the submitted report.

Paragraphs 8 to 11 of the submitted report provided a brief outline of progress since September 2020.

Construction of the Boho Village and Newbridge Court developments were both scheduled for completion by the end of September 2022 and work would now commence on the Empty Homes Partnership and CSI scheme.

In addition, the Business Plan Update provided details of a number of pipeline projects that MDC was developing in its capacity as a developer or development enabler, which were being considered for delivery over the next year, subject to Board and MBC Executive approval:

- a) Eyesore sites - development of vacant and unsightly plots of land/buildings around the town.
- b) Middlehaven - developer or development enabler for several vacant plots in or around the area.
- c) Former Captain Cook Pub - development enabler to bring forward various options. The Council intended to market the building and would, on completion of the remedial work in December 2021, seek interest from developers on a wide variety of proposals.
- d) Centre North East - development enabler to facilitate a 200 unit apartment scheme.

It was anticipated that MDC would draw down between £10m and £15m in funding from the Council over the next 12 months to progress the Boho Village, Newbridge Court, Empty Homes Partnership and CSI projects.

ORDERED

That the contents of the MDC Business Plan Update, attached as Appendix 1, be noted.

REASON

The Shareholder Agreement required MDC to provide the Council with a report setting out the progress of the company in relation to the objectives and/or milestones set out in the Business Plan.

21/64

CENTRE SQUARE INVESTMENT OPPORTUNITY - PART A

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 propose that to facilitate the development of 6 Centre Square, Middlesbrough Council provided Tees Valley Combined Authority (TVCA) with:

- i. a capital grant of £2,000,000; and
- ii. retained business rates in respect of 6 Centre Square to TVCA, ceasing the earlier of a 15-year term, or, when the Government changes the business rates mechanism.

In anticipation of relocating businesses and further inward investment enquiries, Ashall Developments secured planning approval for Building 6 Centre Square (see appendices 1 and 2 of the submitted report) in March 2021; following which a revised masterplan (see appendix 3) for the remaining plots received planning approval in July 2021.

Ashall Developments owned the site of the former Melrose House Building and had cleared the site in preparation for development of 6 Centre Square. Ashall led on the development of phase one at Centre Square in Middlesbrough, demonstrating the demand and quality for the facilities.

In May 2021, the Executive had approved a report entitled 'Towns Fund and Future High Streets Fund', which had allocated £2m towards an "additional 40,000 sq. ft. office". Therefore, the proposals within the submitted report provided an opportunity to realise the previously agreed objective.

TVCA had also approved a sum in excess of four times that of the Council to provide a full development budget for the construction of 6 Centre Square. TVCA aimed to secure a long-term return on investment which could support the delivery of major investments into the future.

TVCA's investment was also subject to the transfer of retained business rates (49% of the levy) outlined in Part B of the report. It should be noted that the proposals contained within the report did not result in the Council losing business rates income, as without the proposed funding package and resultant construction of 6 Centre Square, there would be no such income to collect.

OPTIONS

Options	Strategic Fit	Achievability	Affordability	Value for Money	Conclusion
Do nothing	No	Yes	No	No - would lead to significant job loss in the local community.	Discard
Middlesbrough Council covers entire development cost	No – high leverage for Middlesbrough Council at Centre Square.	No	No	No - high risk for Middlesbrough Council to proceed with scheme as sole liable party.	Discard
TVCA act as lead investor with supporting grant funding from Middlesbrough Council	Yes	Yes	Yes	Yes - significant Value for Money return in event of prudent occupancy assumptions.	Proceed

ORDERED

1. That the information contained in Part A of the report be noted.
2. That the decision be taken once all the financial or exempt information contained in Part B of the report had been considered.

REASON

Economic Growth - In addition to significant job retention, the prospective anchor tenant was planning the creation of an additional 100-220 jobs in Middlesbrough.

Costs - Provided all jobs were safeguarded, the Towns Fund grant of £2m, by itself, equated to a cost per job of £4,167. That was considered good value for money in line with existing capital grant schemes.

Benefits - The retention of a significant town centre employer would be critical to the recovery of the high street in the post pandemic period, protecting 480 jobs.

Stakeholders - Heads of Terms had been agreed with the prospective anchor lessee at Centre Square. The success of the first phase was demonstrative that the development met the accommodation requirements of professional businesses. Residential stakeholders were engaged as part of the planning process which approved both the revised masterplan and 6 Centre Square specifically.

21/65

EXCLUSION OF THE PRESS AND PUBLIC

The resolution to exclude the press and the public was agreed.

21/66

EXEMPT - CENTRE SQUARE INVESTMENT OPPORTUNITY - PART B

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.

ORDERED

That the recommendations of the report be approved.

REASONS

The decision was supported by the following reason:

For reasons outlined in the report.

05 October 2021

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.