





AGENDA

MIDDLESBROUGH TOWNS FUND BOARD

24TH JULY 2020 – 13:00-14:00 (virtual meeting)

1.	Apologies	
2.	Overview / Update on Government funding opportunities: Future High Streets Fund / Towns Fund / Brownfield Land fund – <i>Kevin Parkes (verbal)</i>	
3.	Future High Streets submission (<i>Circulated for comment</i>)	 FHSF Middlesbrough Cou  Appendix 1 - COVID-19 Response  Programme Summary Appendix.
4.	Towns Fund draft overview of submission – <i>Sam Gilmore</i>	 Middlesbrough Town Investment Pl:
5.	ARUP (representing MHCLG) feedback on Towns Fund Bid – <i>Marc Watterson / James Gore</i>	
6.	Community Engagement	
7.	Any other business	
8.	Date and time of next meeting: Friday 25 th September – 13.00	

MIDDLESBROUGH TOWNS FUND BOARD

NOTE OF MEETING

FRIDAY 17TH APRIL 2020

WEBEX

Present:

Andy Preston	Elected Mayor of Middlesbrough (Chair)
Tony Parkinson	CEX Middlesbrough Council
Rachel Anderson	North East Chamber of Commerce
Andy McDonald	Member of Parliament
Chris Smith	Thirteen Housing Group
Zoe Lewis	Middlesbrough College
Alex Bell	Marks and Spencer
Miranda Jupp	On behalf of Simon Clarke MP
Margaret Coates	BEIS
Paul Wright	New River
Thomas Smtih	Public Engagement
Nicholas Baumfield	Arts Council
Gary McDonald	TVCA
Ian Wardle	Thirteen Housing Group
Laura Sillars	Teesside University - MIMA

Also present:

Kevin Parkes	Middlesbrough Council
Sam Gilmore	Middlesbrough Council



1.	Apologies	Ben Houchen, Nick Knox, Melinda Baxter	Actions
2.	Introduction	AP – Welcomed everyone to the meeting and provided a headline summary of the Future High Street Fund (FHSF) and the Towns Fund.	
3.	Middlesbrough Strategic Investment	<p>SG – Made a presentation detailing Middlesbrough’s plan for investment, COVID-19 in the economic context and the proposed schemes for submission to the FHSF and Towns Fund.</p> <p>The proposal was well received by board members:</p> <p>AMc – a good response to COVID-19, the town must grow faster and stronger. Housing – wellness and green space need to be of the highest standard.</p> <p>TP – The framework and Middlesbrough’s recent progress places the town in a strong position to deliver a transformational programme based on commercial investment.</p> <p>LS – arts sector is fragile, need to share ambition and aim for opportunities and how this can be integrated as a theme within the investment design.</p> <p>TP – TVCA have a priority theme for the sector and funding opportunities are being explored by TVCA.</p> <p>NB – impressive ambition that culture must form part of. Young people and diverse communities also need to be reflected throughout and involved in the investment design and implementation.</p> <p>PW – vision is accurate and could be applied nationally.</p>	Board to submit any further proposals



		MJ – positive progress is being made and Covid 19 will form a major, contextual part of the response.	
6.	A.O.B	MC – Further Towns Fund Guidance will be available in May. Government are keen for quick wins and are looking for shovel ready projects.	SG to explore feasibility of any appropriate projects to be brought forward.
8.	Future meetings	Friday 24 th July 2020	



Middlesbrough Town Investment Plan

Principles

- Economic Investment Strategy to 2030.
- Towns Fund (and partner investment / future investment) will be aligned.
- A live process – ongoing oversight, leadership and monitoring from TDB.
- Public engagement is critical – ongoing - at all stages.
- Coherent with local and national strategies.
- Aim to maximise leverage and deliver structural change to the economy.
- Pump prime investment to address market failures.
- A tailored response to Middlesbrough's unique circumstances.



Transport and Connectivity

- Modern communications are the bedrock of any developed economy. They are critical to connect our conurbations and open up market places for employment and commerce.

Urban Communities and Placemaking

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



The Middlesbrough Experience

- An experiential economy is increasingly important to the structure of Middlesbrough's economy. People experience places on how it makes them feel and how connected they are to their environment and communities.

Building a Knowledge Economy

- Skills and opportunity are the most significant factors in the improvement of the quality of life and outcomes for residents. A skilled population drives economic growth through business start-up rates, investment, employment creation and wealth generation. Skills need to be matched with appropriate local employment opportunities, to retain the benefits of education in the local talent pool.



Enterprise Infrastructure

- Middlesbrough has made the first steps in re-establishing a strong commercial economy. The development of Centre Square, Albert Road and the Boho Zone have combined novel approaches to build a mix of new, grade A accommodation, sensitive heritage renovations and adapt vacant, dilapidated buildings in central Middlesbrough.

Five themes underpinned by COVID-19 mitigation considerations and Clean Growth principles.



Theme	Activity	Outcome	Towns Fund	Other Funding	Total Cost
Transport and Connectivity	Enhancement of Middlesbrough Railway station. Improved walking and cycling opportunities. Enhanced public transport, including the introduction of Superstops. Implementation of 5G.	Rail Station capacity increased. Direct London Link and Regional Services. Increased Public Transport Patronage. Reduced pollution. 5G Capacity and coverage	£0	£25,000,000	£25,000,000
Urban Communities and Place Making	Building of C.1500 homes across 7 sites. Housing will be both new build and conversion of existing properties, to broaden the existing offer and bring vibrancy to the town centre.	Create a new urban community in the heart of the town centre. Drive footfall. Support the retail sector. Develop a market for leisure activity. Animate the town centre.	£15,750,000	£106,250,000	£122,000,000
The Middlesbrough Experience	Create a an attractive and well serviced environment for Middlesbrough's residents through tree planting, creation of a nature reserve, development of community facilities, ward initiatives and repurposing of historical building to better meet the needs of Middlesbrough's residents.	Improve the visual appearance of the town, provide services at a neighbourhood level, support resident autonomy to deliver the right intervention for their area and make better use of existing council facilities.	£3,350,000	£4,950,000	£8,300,000
Building a Knowledge Economy	Contribution to the expansion of the Middlesbrough College Campus and creation of town centre presence.	Skilled workforce pipeline - sector targeted employment growth. Attract and retain talent. Further investment in the Middlehaven regeneration area.	£1,175,000	£12,000,000	£12,175,000
Enterprise Infrastructure	Renovation and restoration of historic buildings as part of DigitalCity campus. Additional phase of commercial quarter for Middlesbrough - mixed use Live Well development. Development within Boho Campus of amphitheatre and Plaza to complement the DigitalCity development and BohoX. Conversion Queens Square - gap funding to match private investment to address viability	Historic buildings restored - integrated into modern campus additional 60k sqft office development. C.1000 residential units, Winter Gardens destination (160,000 visitors pa) Economic Growth / placemaking. Conversion to SME office space - renovation and let - approx 35,000 sqft. Accommodate 500 jobs.	£4,725,000	£69,750,000	£74,475,000
		Programme Total	£25,000,000	£217,950,000	£242,950,000
Advanced Funding					
Enterprise Infrastructure	Accelerate the development of the Boho 8 modular build.	Create 11,000 sqft of office space.	£1,000,000	£1,500,000	£2,500,000

Invest in Middlesbrough Towns Fund – Next Steps



- Cohort 1 – end July 2020
- Finalised - Town Investment Plan – Circulated to TDB
- Bid appraisal / Determination – October 2020
- Business case development stage – Autumn 2020
- Heads of Terms / Funding agreement – Late 2020 / Early 2021?





As shown, the area is not applicable. This area bridges both Middlesbrough and Redcar and Cleveland and (predominantly the former). As a functional economic area the data for this area is applicable, however, it would be hard to target coherent interventions across political, planning and administrative boundaries.

The current configuration would increase the potential for adding significantly to the administrative procedures and bureaucracy associated with the scheme and inevitably create delay. Additionally, the areas outside Middlesbrough Borough, identified, are predominantly residential areas and it is unlikely that the Investment Plan for the Town Fund will be directing specific investment in such areas. However, residents in these areas will still benefit from economic growth in the employment hub of central Middlesbrough.

In terms of the likely programme and associated governance arrangements for the Town Fund the area proposed is restricted to Middlesbrough UA boundary – the area would be relevant for measuring programme impact and statistical analysis.

8. If you are not content, please describe your proposed area, and explain how and why it differs from the ONS definition. Any change to the ONS boundaries would need to be agreed with government

Middlesbrough UA boundary would be preferable, as outlined above. The infrastructure for delivery in this area already has established governance arrangements and processes for delivery. Anything beyond the UA area would mean the establishment of new delivery arrangements and associated governance.



9. Would you like to work with another selected town to form a joint Town Deal Board and produce a joint Town Investment Plan? If yes, please name the town

To deliver the optimum impact for the wider economy, Middlesbrough would prefer to focus on a discrete economic area, located around the employment, cultural, educational and civic centre of the town. As such, joint working with a neighbouring authority is not deemed necessary.

10. If you answered yes to the above question, please explain the benefits of collaboration in this case.

N/A

Town Deal Board – Required Organisations

Some towns may already have partnerships in place that align with Government’s requirements for a Town Deal Board as set out in the prospectus. In the following sections you will be asked to provide information to demonstrate the capability of existing partnerships to fulfil this role. This page covers the organisations and groups that must form part of the Town Deal Board. (For those wishing to form a joint Town Deal Board please provide information for all of the organisations covering the constituent geographies.)

11. Do you have an existing partnership that includes all the required stakeholders for a Town Deal Board?

Partially. Middlesbrough has developed a Town Centre Partnership and Leaders Forum which performs a similar function to the proposed Town Deal Board; having representation from senior business figures and the private sector. With a review and expansion of strategic membership, this structure could well meet the structural and administrative requirements of a Town Deal Board.

With respect to the establishment of a Town Deal Board, Middlesbrough Council would envisage that this would comprise a broad range of stakeholder experience and

disciplines, whilst being sufficiently 'tight', in terms of membership to promote meaningful debate and decision making. It is anticipated that a board structure of approximately ten key individuals would be the optimum scale. Membership is anticipated to include:

1. Andy Preston – The Mayor of Middlesbrough
2. Representative of Ben Houchen – Tees Valley Mayor
3. Zoe Lewis – Principal and Chief Executive of Middlesbrough College
4. Paul Croney – Vice Chancellor of Teesside University
5. Rachel Anderson – North East Chamber of Commerce
6. Ian Wardle – Thirteen Housing Group
7. Marie Kiddell – Homes England
8. Nicholas Baumfield – Arts Council England
9. Mark South – Double11/LEP/DigitalCity
10. Tom Smith - Chair of EmPower Middlesbrough
11. Andy McDonald – Member of Parliament for Middlesbrough
12. Simon Clarke – Member of Parliament for Middlesbrough and East Cleveland
13. Business Representative – Gary Dawson (AV Dawson's logistics)
14. Business Representative – Stephen Black – Tier One Capital / GB Bank
15. Business Representative – Alex Bell – Marks and Spencer Manager
16. Middlesbrough FC – Robin Bloom / Neil Bauser
17. Tony Parkinson – CEX Middlesbrough Council
18. Lord Wrigglesworth
19. Transport – Nick Knox – MD Arriva NE / Northern
20. Job Centre Plus – Cath Robson

It is proposed that the Chair will be either Lord Wrigglesworth or a representative of the business community, to be determined at the first meeting.

In developing Middlesbrough's City Centre Strategy and Investment Prospectus, the Council has drawn on the experiences of key stakeholders and operators. This consultation and engagement, undertaken has ensured that the approach is commercially relevant and best-shaped to meet the requirements of the area's economy.

The process undertaken to develop this strategy has included:

1. the establishment and hosting of City Centre Leaders' forum – designed to capture the high-level local intelligence and strategic input of business leaders in the area;
2. the City Centre Partnership Board has also been established to consider issues at a more operational level, albeit to drive transformational change in the area; and,
3. the City Centre Strategy has been comprehensively consulted upon with key figures in the business community; and, discussions with residents in the area and businesses in the City Centre.

This group has steered the approach to ensure that any interventions are commercially-relevant and are much more substantive than cosmetic improvements and temporary fixes. It is proposed that as part of the preparation of the Town's Fund bid the strategy will be reviewed and updated to reflect progress and the ambition of the Board and Council.

12. Town/Parish Council (where they exist)

There are two Parish Council's in the UA area: Nunthorpe; and, Stainton and Thornton. Being semi-rural, neither has any significant economic / business areas and are unlikely to be involved in the Town Deal Board as the likely interventions will have little direct impact on these areas of Middlesbrough.

13. Upper-tier Authority

Middlesbrough Council is within the Tees Valley Combined Authority (TVCA). It is anticipated that TVCA will be represented on the Town Deal Board.

14. Local Enterprise Partnership

Tees Valley LEP. It is anticipated that TVCA will be represented on the Town Deal Board.

15. Local businesses and investors

The Town Centre Partnership at present is primarily operational. This forum includes the businesses below and they will form part of the consultative process that the Town Board will engage with:

Cleveland Centre / Waypoint
Hillstreet Centre / New River
Captain Cook Square / Mars Pension Group
Dundas Shopping Centre / Henry Lax Ltd
M&S
Debenhams
Next
HOF

The Partnership will be actively consulted in the development of the Town Deal and are also involved in the preparation of the Middlesbrough Future High Streets Fund. The Partnership membership and role reflects the need to have a focused operational stakeholder group to drive forward the management of the town centre. It is anticipated that the Town Deal Board will have a broader representation of strategic organisations who have significant financial investment in the town or are currently investing.

16. Local communities

It is anticipated that the voluntary and community sector will be represented by:

Tom Smith - Chair of EmPower Middlesbrough

Mayor of Middlesbrough – Andy Preston

17. Summarise how those named organisation(s) above represent your town, provide details on the nature of your involvement with them, and how your partnerships have evolved over time.

With partners, Middlesbrough Council has captured the market intelligence, commercial feedback and sector trends, both locally and nationally, to establish the current positioning of Middlesbrough's economy, and prepare for how urban economies are forecast to change in the future. Based on these principles, and reflective of unique local conditions, Middlesbrough has developed a comprehensive strategy with associated actions to ensure that the area is ahead of the curve and remains economically relevant for the future.

Five priorities have emerged, each with their own underlying actions. All have the common aims of growing the frequency and duration of footfall in central Middlesbrough; and building economic activity / GVA in the economy. Delivery against these priorities will build on Middlesbrough's latent strengths and create a compelling offer for residents and visitors alike.

- 1. Create a Quality Place** – protect, enhance and maintain our public areas and estate to ensure that people feel safe and secure – developing a sustainable environment for business, living and leisure.
- 2. Attract and Enhance** – business is the bedrock of the local economy. A common issue for local businesses, and inward investors, is the attraction and retention of local talent. Middlesbrough wants to keep its talent pool and attract new, economically-active workers to the area. To achieve this, we need to invest in skills and create a better environment for businesses to compete for talent; and provide quality employment.
- 3. Animate and Inspire** – The success of a local area is not measured in bricks and mortar. People, communities, activity and vibrancy create an atmosphere which inspires people and engages them with their local area. Events, activities and reasons to engage in the urban centre, increase the propensity of attracting new economic activity to the area and retain the benefits of the income and expenditure multipliers.
- 4. Opportunity and Investment** – Middlesbrough needs to better-place itself on the radar for institutional investors and businesses making major inward investment

decisions. This involves a process whereby local, public, strategic investment is used to lever private investment – to create a package which shares risk and reward and creates an investment package which is multiplied significantly; when compared against public investment alone. This also involves creating the environment for investment and attracting footfall from appealing demographics.

- 5. Connect** – Transport infrastructure and connectivity is critical to link the population to the economic opportunities; linking businesses with a skilled workforce; link manufacturing with supply chains and export markets. Convenient, affordable and credible transport options are required to underpin the economic aspirations of the area and create an economic powerhouse in the area.

The local economy is fluid and fast-paced. As such, any Strategy will be monitored closely and adapt to accommodate emerging market trends and business requirements, as the local economy demands.

In collaborating with key stakeholders and the private sector, whilst addressing these key priorities, Middlesbrough has created a consensus of opinion which provides the framework for future economic growth priorities. This approach ensures that all stakeholders are engaged and have ownership of the objectives, increasing the economic base through mutually-beneficial investment.

Town Deal Board - Additional Organisations

The following organisations and groups are encouraged to be part of the Town Deal Board. Please indicate, where applicable, those organisations present in your existing partnership arrangements.

18. Private investors and developers

1. Rachel Anderson – North East Chamber of Commerce
2. Mark South – Double11/LEP/DigitalCity
3. Business Representative – Gary Dawson (AV Dawson's logistics)
4. Business Representative – Stephen Black – Tier One Capital / GB Bank
5. Business Representative – Alex Bell – Marks and Spencer Manager
6. Middlesbrough FC – Robin Bloom / Neil Bauser
7. Transport – Nick Knox – MD Arriva NE / Northern

19. Anchor institutions (e.g. local hospital, local university or large employer)

1. Zoe Lewis – Principal and Chief Executive of Middlesbrough College

2. Paul Croney – Vice Chancellor of Teesside University
3. Ian Wardle – Thirteen Housing Group
4. Middlesbrough FC – Robin Bloom / Neil Bauser

20. Business Improvement District(s)

N/A

21. Government arms-length bodies (e.g. Homes England)

1. Andy Preston – The Mayor of Middlesbrough
2. Ben Houchen – Tees Valley Mayor
3. Marie Kiddell – Homes England
4. Andy McDonald – Member of Parliament for Middlesbrough
5. Simon Clarke – Member of Parliament for Middlesbrough and East Cleveland
6. Nicholas Baumfield – Arts Council England

22. Jobcentre Plus

Cath Robson

23. Have you appointed the Chair of your Town Deal Board yet?

NO – will be agreed at the first convened board

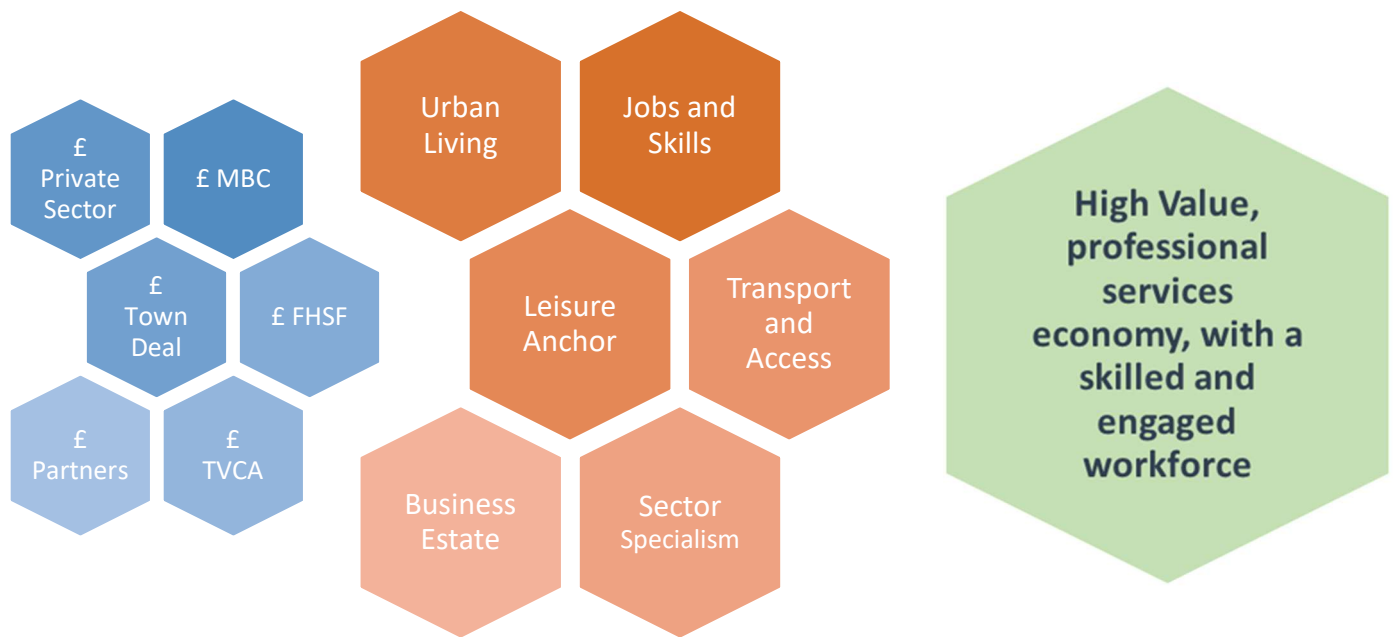
Town Investment Plan

Towns are tasked with developing a Town Investment Plan which meets the objectives of the Fund. Similar to existing partnership arrangements, Government recognises that towns may have existing strategies and plans in place which align with the expected deliverables of a Town Investment Plan. Please provide a brief summary of any existing plans or strategies that you currently have, if you consider them to fulfil the purpose of a Town Investment Plan. If there are no existing plans or strategies which could be directly used as the Town Investment Plan, or if plans and strategies would need to be revised or updated then you can leave this page blank.

24. Is there an existing plan or strategy which aligns with the requirements for a Town Investment Plan, or can be the primary basis for your Plan? If so, please give details.

Please include a hyperlink to the documents where possible

Yes – Middlesbrough Council has clear and focused plans for its future economic growth that have been developed in conjunction with key stakeholders and are in the process of



being delivered. However, the impact, scale and ambition can be accelerated with the strategic alignment of further investment support from the Towns Fund. The work in this area informs a capital investment programme in which the Council has committed C.£100m of its own resources to support its own ambitions.

All of the local plans and strategies are interlinked and coherent. With minor adaptation, this framework can lay the foundations of the local priorities for intervention; as determined by the Town Deal Board.

The Council's own plans are fully embedded with the plans and ambitions for TVCA, the Strategic Economic Plan (SEP) for the Tees Valley and the emerging Local Industrial Strategy (LIS).

The **Tees Valley Strategic Economic Plan** <https://teesvalley-ca.gov.uk/wp-content/uploads/2016/12/TVCA207-SEP-Document-Full-WEB.pdf> , developed by Tees Local Enterprise Partnership (LEP and TVCA), is the principal policy instrument which is driving the growth ambitions and priorities for the Tees Valley over a ten years to generate additional 25,000 jobs by 2026. This is now being refreshed and adapted to create a coherent Local Industrial Strategy (LIS) which includes all of the latest priorities to improve, diversify and accelerate growth in the local economy; to benefit businesses and residents. The delivery of Middlesbrough's economic growth ambitions are critical to the overall success of the region.

Net Job Creation, 2016-2026	Original	Revised
Low Carbon / Process, chemical and energy	+2,500	+2,000
Advanced Manufacturing	+2,500	+1,500
Other Manufacturing	-5,000	-4,000
Construction	+4,000	+3,000
Professional and business services	+8,000	+7,000
Logistics	+2,000	+3,000
Digital	+2,000	+3,000
Higher Education	+1,000	+1,000
Health and social care	+4,000	+3,500
Services	+4,000	+2,000
Culture and leisure	-	+3,000
Total	+25,000	+25,000

Rather than a distant vision, **Middlesbrough's Investment Prospectus**, agreed in 2017: <https://www.investmiddlesbrough.co.uk/wp-content/uploads/2017/03/Middlesbrough-Investment-Prospectus.pdf> outlines the vision, financial commitments and strategic investments to deliver an economic transformation for Middlesbrough overall which are committed and being delivered now. A common theme which cross-cuts the Investment Prospectus is how the planned developments can support the town centre and link the resident population with the benefits of the opportunities generated. This approach firmly fits with the objects of the Towns Fund and can provide a huge amount of public and private leverage which will provide significant additionality to the outcomes of the Towns Fund.

Subsequently the new Mayor and Executive have brought new transformational plans to add to the Investment Prospectus, particularly including an ambition to get 4,000 new residents living in the town centre and a major expansion of the Middlesbrough's digital sector. The latter includes a commitment to a C.£30m investment into new business workspace and associated residential accommodation for tech professionals and sector graduates.

Middlesbrough's **City Centre Strategy** <https://www.investmiddlesbrough.co.uk/wp-content/uploads/2019/09/Middlesbrough-City-Centre-Strategy-2019-2023.pdf> is a collaborative plan, co-designed by the business community and informed by the patronage and experiences of the resident population. The plan is a culmination of a significant amount of recent data gathering and strategic planning, aimed at understanding the particular issues faced in the local marketplace and articulating a meaningful package of interventions, which now become the responsibility for all stakeholders to deliver.

Social Regeneration is a key delivery priority for Middlesbrough. An area's economic ambition is underpinned by the social fabric of an area; in determining that the local population shares in the benefits of economic growth through enhanced skills, employment and life opportunities. In acknowledging social regeneration as the foundation of economic growth, Middlesbrough has established EmPower – a social regeneration strategy aimed at improving community engagement and inclusion in decision making which affects people's lives. In giving communities ownership of local issues and a stake in their

resolution, EmPower will be the principal vehicle for community engagement through the Town Deal / Town Investment Plan process.

In addition, Middlesbrough's Cultural Strategy sets out the framework for enhancing Middlesbrough leisure and cultural offer. Middlesbrough's Cultural strategy will feed into the Town Investment Plan and therefore we would seek senior board representation from key cultural stakeholders such as the Arts Council.

Middlesbrough's Adopted Local Plan is also well shaped to encourage economic development and a coherent approach to mutually-sustaining mixed use developments. As the Local Plan is currently undergoing a renewal process, the insights of a Towns Deal Board would be invaluable in providing consultation feedback from an economic growth perspective.

Middlehaven Masterplan sets out the spatial and economic ambitions for the Middlehaven area. As a post-industrial area of significant scale, the area represents Middlesbrough's biggest opportunity to shape and remould the economic balance of the urban core. <https://www.investmiddlesbrough.co.uk/key-developments/middlehaven/>

25. Summarise the background, baseline data and evidence of need.

Middlesbrough is one of the most deprived local authority areas in England (IMD, 2019). Market failure in property investment to enable economic growth is one of the most significant challenges facing the future economic growth prospects.

Middlesbrough Council has a clear understanding of the challenges facing the local economy. This has been informed by recent empirical evidence. As such, Middlesbrough can demonstrate that:

Employment levels – Middlesbrough hosts 68,000 jobs as at 2018 – giving an (above average for NE England) employment density of 0.77

Unemployment – Middlesbrough has an economically active population of 63,400 giving a high unemployment rate of 6.9%

Business Structure – Middlesbrough's economy is highly reliant on Micro and Small businesses, as they account for 97.2% of all businesses.

Educational attainment – Middlesbrough has more than double the national average of residents with no qualifications (17%) and has two-thirds of the national average for those qualified to NVQ4 and above (27%).

Crime and ASB, Health and accessibility to public transport services, all rank poorly in terms of the Indices of Multiple Deprivation and against most national comparators. This exacerbates the cycle of deprivation and severely constrained access to opportunities and the ability for individuals to extract themselves from deprivation.

In respect of Middlesbrough Town Centre and key employment districts, we have detailed statistical information to support, that:

- (1) The retail turnover of Middlesbrough Town Centre has decreased significantly in recent years.
- (2) Middlesbrough has suffered sustained decline in national retail rankings
- (3) There is a notable lack of a balanced residential market in central Middlesbrough
- (4) Middlesbrough's retail to commercial floor space ratio is out of balance
- (5) Crime and anti-social behaviour is a significant issue for businesses, residents and visitors.
- (6) High levels of retail floor space vacancy exist in Middlesbrough
- (7) Footfall in Central Middlesbrough is decreasing, rapidly.
- (8) Middlesbrough sustains a very limited visitor economy
- (9) Deprived Demographic and limited reach to Premium Demographics
- (10) Distressed Property Market

Commercial Evidence

Market analysis completed by KPMG in February 2016 found that, over the last thirty years, Middlesbrough's economy has suffered as a result of a lack of investment in its commercial, leisure and town centre residential space. Consequently, Middlesbrough has seen the outward migration of major professional employers and experienced a number of 'near misses' in terms of being unable to convert enquiries into tenancies, accommodating new business within the local area. Essentially, Middlesbrough has a chronic under-supply of suitable, readily-available, commercial accommodation of a quality and scale that is appealing to prospective inward investors / employers.

This issue has been further highlighted by the Centre for Cities analysis of the local economy and the independent due diligence exercise carried out with respect to this proposal.

Whilst significant demand has been demonstrated, the historical lack of activity in the commercial accommodation markets in the Tees Valley means that the local market is somewhat of an unknown quantity in terms of institutional finance. This uncertainty, coupled with the relatively low rents achieved in ageing stock, effectively discounts the availability of institutional investment for speculative development. To unlock institutional capital flows, the public sector has a role in enabling early stages of development, providing a proof-of-concept which allows institutional capital to follow. As validated by external agencies such as KPMG and Centre for Cities, it is increasingly common practice for the public sector to intervene in such matters to pump-prime development and partially de-risk commercial developments in a way which comforts and encourages capital markets.

Crucially, the KPMG findings are wholly in accord with the Centre for Cities report. Centre for Cities is an independent think-tank and acknowledged authority in assessing the economic impact of cities and major urban areas. Their report was commissioned to explore the importance of having a recognised City Centre identity within the Tees Valley and the positive impact that this can have for both Middlesbrough and the wider Tees Valley. This report highlights the increasing importance of business clustering and interactions; particularly in professional services and skilled roles.

In the longer term, the ability of city centres to attract and retain more knowledge focused jobs will become increasingly important in determining economic performance in centres, and their surroundings, as well as underpinning the sustainability of any future growth.

In recognising fragilities in the local economy, Middlesbrough Council commissioned an economic assessment of the retail and commercial areas, to provide an evidence base on which to tailor a package of interventions. This process benchmarked Middlesbrough against national trends, highlighting deficiencies and areas of improvement.

In support of strategy development, Middlesbrough Council has conducted an analysis of retail floor space trends for Middlesbrough via a comparison of Experian - Goad reports for 2015 and 2018.

This data has informed the development of the specific priorities, actions and responsibilities which should be taken forward by all stakeholders, not just Middlesbrough Council.

As a consequence, all of Middlesbrough's development policies are predicated on the requirement to make a fundamental structural change to the economic centre and rebalance the economic mix. Similarly, this leads to the necessity to focus upon the conversion of surplus retail space to complementary economic uses which will drive footfall, animation and confidence in the area.

Strategic Approach – addressing market failure

There are many recent instances where the public sector, and particularly Middlesbrough Council, have taken an active role in investment projects where development activity has been pump-primed and this has provided increased market confidence; as well as a commercial return for the public body involved. The Stephenson Quarter at Newcastle and the recent development to service Durham City Council's own accommodation requirements, are such examples.

Similarly, Middlesbrough Council's has invested to change the market dynamics and address entrenched market failure. This is best illustrated by recent commitment to invest in various regeneration development schemes, with a range of funding models, including:

Holiday Inn Express – Middlesbrough Council assumed the senior debt (50%) to enable the development of a new hotel complex in Central Middlesbrough. In addition to the regeneration benefits, the Council has secured a commercial return on its investment.

Tees Advanced Manufacturing Park (TeesAMP) – Middlesbrough has fully funded the development of a new 180k sqft advanced manufacturing park. In partnership with Tees Valley Combined Authority (TVCA), funding was secured to provide high-quality commercial accommodation – with TVCA monies funding the remediation of a post-industrial site in need of significant remediation.

Centre Square Development – To kick-start the commercial property market in Middlesbrough, Middlesbrough Council has recently taken the head lease of C. 100k sqft of grade A office space in central Middlesbrough. This development satisfies an early

phase of commercial property demand in the area and has effectively reset the local market headline rent – increasing it by around 50%. This aids long term commercial viability and shows the private sector a proof of concept.

The recent Corporate Peer Review process applauded the Council's approach to enabling investment and cited the enabling loan at the Holiday Inn Express as a positive approach. Indeed, the Council is making, and continues to make, a significant commercial return on this investment, in addition to the obvious strategic benefits. The findings of the Peer Review encouraged the Council to consider similar investment opportunities as a way to generate income and support the overall revenue position of the Authority. Whilst the recommendations were not limited exclusively to local benefits, it is clear that by prioritising local enabling investment, the Council can also benefit from wider social benefits and a multiplier effect for the local economy.

Middlesbrough Council has a clear strategic vision for economic growth which is based on market intelligence, business and retailer feedback and sector trends, both locally and nationally, to establish the current positioning of Middlesbrough. There is a strong focus in these strategies on the economy of the town centre and the approach that is suggested for the Town's Deal would align and integrate with the Future High Streets Fund. The unique local conditions and well understood and Middlesbrough has developed a comprehensive response / strategy with associated actions to ensure that the town is ahead of the curve and remains relevant for the future.

27. Describe projects that could be supported by public investment (including through the Towns Fund).

Middlesbrough needs to reset the market dynamic, addressing market failure which prevents institutional investment and speculative development. Middlesbrough stands as a, relatively, untested product in terms of capital markets so it is incumbent on the public sector to pump-prime development in the early phases, and gradually work towards a position where the private sector is willing to take incrementally more risk as the market place develops.

Interventions will range from direct investment, equity partnerships, wrapper leases / income strips and gap funding. Middlesbrough is well placed to deliver these interventions as we have recently addressed the marketplace with such models and we have the understanding and appetite to engage in a way which shifts market dynamics.

The revised investment Prospectus will set out a range of projects that the Town's Fund will seek the Town's Fund fiscal support. This will be aligned attracting private sector leverage and public funds will be used to under write such investments when necessary and through the right investment models.

In this regard Middlesbrough has excellent experience and an understanding of how to take measured risk, which results in social and commercial change; as well as financial reward. It is important not to 'spread the jam too thinly' and this is why Middlesbrough's strategy focusses on the urban centre, as the engine room for growth and the focal point

for new ambition which will permeate throughout the functional economic area and our communities.

An approach which focuses on a discrete area and the sector specialisms in which we have a comparative advantage, will provide the foundations for rebalancing the urban economy and create sustainable growth – as the benefits ripple out from the core. This is why the investment package will focus on a few, large, transformational investments which will have tangible impact.

Along these principles, Middlesbrough's approach is to align its own capital investment, those of devolved / Combined Authority funds, the private sector, Government agencies and any other investment partner – to best effect. The image below highlights urban Middlesbrough and the character zones which define it – both now and in the future.



Focusing largely on the Middlehaven area and the Centre Square area, as shown, Towns Investment Plan activity will be targeted to achieve the following:

1. Supporting the growth of new housing opportunities in central Middlesbrough through financial interventions, creating apartment living and vibrancy in the town centre;
2. The development of new commercial floorspace in central Middlesbrough to create new high quality jobs: including new digital floorspace; new office development (including conversions) for professional services;
3. Co-investment (with TVCA) in the implementation of a transformational leisure attraction (snow centre / leisure development), addressing a structural shortfall in the local economy for leisure facilities and tourism opportunities;

4. Provision of key bus improvement investment to facilitate to access to employment, leisure and retail and allow for integration with rail, cycling and walking. E.g. superstops;
5. Brining back under-utilised / empty buildings into use for new commercial uses;
6. Redevelopment of brownfield sites with excellent development potential, at the heart of Middlesbrough;
7. Bringing some strategic properties under public sector ownership to facilitate economic opportunity - Create a vibrant property market through gaining collective control and addressing market failure in commercial property;
8. Rebalance the economic mix by rationalising retail floorspace and increasing the proportion of commercial, residential and leisure uses. This may include an acquisition and repurposing element;
9. Increase footfall and demographic reach, give users more reasons to visit and have multiple interactions;
10. Matching the skills pipeline with employer demands and sector growth aspirations to ensure that the student population is attracted and retained in the area and employers have a clear pipeline of skills for the long term;
11. Create an engaging visitor experience with additional activities and events; and,
12. Improve access and transport arrangements to make visiting Middlesbrough as instinctive as possible.

Additionally these opportunities will be supported by a range of complimentary initiatives:

13. Community Safety and making businesses and residents feel secure;
14. Improvements to open spaces, squares and parks;
15. Addressing empty sites and buildings, particularly where they detract from local amenity.

Middlesbrough Council has been selected as one of the areas eligible for the Future High Streets Fund Programme. Crucially, the proposals Towns Fund proposals outlined here add great value to Middlesbrough's FHSF proposition, aligning very closely, albeit without duplication. By aligning these programmes with Council investment and the devolved resources of TVCA, Middlesbrough aims to create a transformational impact. It is intended the strategic spatial overview for the Town Centre Strategy and the key proposals for the Town's Fund will be wholly aligned.

The Council intends to have one master plan / vision for the FHSF and the Towns Fund which will clearly set out what initiative will be funded by which initiative. It will also demonstrate the alignment of funding and ensure that value for money is achieved from all investment.

Whilst the majority of resources Middlesbrough's business case will be seeking is likely to be capital, some of the priorities such as events will require some revenue based funding.

Additionally, there is likely to be some resource required to bring in expert advice and guidance on delivering the ambition. Much of the investment will be focused on strategic property investments to support economic growth. Expert advice will be needed to ensure that the Council optimises value for money and maximises the leverage from the private sector.

28. Describe existing private sector interest around projects, and ambitions for leveraging investment.

In December 2016, the Council approved the Middlesbrough Investment Prospectus, a strategic masterplan for driving forward economic growth and prosperity in the area. The document (launched formally in March 2017) provided detailed plans on how the economy would be transformed through the delivery of the following seven themes of investment:

- a. Middlehaven, including Boho (Digital Sector Growth);
- b. Civic Quarter / Centre Square;
- c. Business and Enterprise;
- d. Railway Station and Historic Quarter;
- e. University Quarter;
- f. Teesside Media and Innovation Village (Town Centre repurposing and redevelopment);
- g. Growth and Prosperity Through Housing.

What set the prospectus apart from other visions and strategies, was the fact that the developments contained within it did not reflect a distant wish-list, but were all either underway or were ready to be progressed.

The initial premise of the Investment Prospectus was that the Council were able to target invest of £74m into developing specific schemes that would facilitate the achievement of:

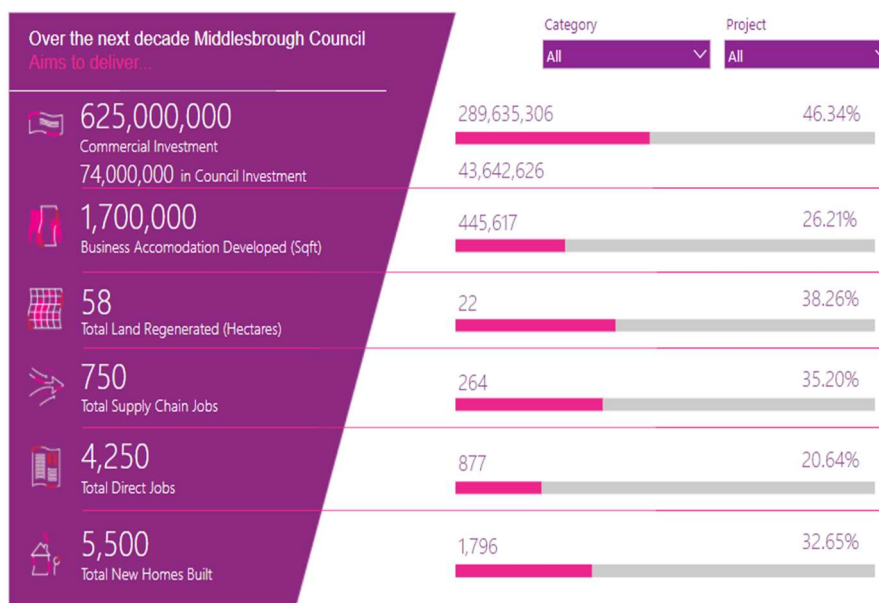
- h. £625m of commercial and housing investment;
- i. 1.7m sq ft of business accommodation developed;
- j. 57.5 hectares of land regenerated;
- k. 750 supply chain jobs created;
- l. 4,350 direct jobs created;
- m. 5,500 new homes built.

The launch of the Investment Prospectus, and the bringing together of the critical mass of development activity has had a significant impact upon how Middlesbrough is viewed by external audiences. The launch of the prospectus, and the delivery of schemes within has been instrumental in Middlesbrough being named as one of the Top Ten Growth Cities in Europe by the FT; 2nd highest consumer GVA growth and 2nd most improved city area by the Centre for Economics and Business Research.

The prospectus allows people to see that Middlesbrough offers a range of investment opportunities, and is making significant progress across all aspects of the economy, providing a much better way of promoting the area as a successful economic proposition. Previous consideration of Middlesbrough as an investment location would have focused on one or two opportunities, rather than the comprehensive range available through the prospectus. The prospectus gives a real sense of progress and opportunity to an external, stakeholder and partner audience.

The review of the Investment Prospectus will take into account the progress made since the initial launch. This will include building in new priorities developed by the newly Elected Mayor, including a greater focus on town centre living and the iconic DigitalCity / Boho proposal.

The Council has also been recognised for its work on the prospectus, being officially commended by the Local Government Association in the Local Government Chronical (LGC) annual awards in the Driving Growth Category.



29. Describe ambitions for community involvement in delivering the Plan.

Middlesbrough Council has a clear strategy and vision for social and community regeneration, engaging with resident. The Council has a Social Regeneration Strategy: <https://www.middlesbrough.gov.uk/empower>. Additionally, and Empower to be used as the key engagement tool to secure public endorsement of the project proposals.

30. Give an outline of which projects would be will be locally co-funded, and status of budget commitments (where they exist).

The Council working with TVCA has a series of major commitments that support the objects of the Towns Fund bid and directly relate to the delivery objectives. They are:

- Middlesbrough Rail Station** – FUNDED – major enhancements to the rail station including additional platform capacity. £23m of this resource is locally sourced (TVCA) with additional contributions from Network Rail. This will support a variety of enhanced services, including the introduction of a 7 x daily London service to be introduced in December 2021; Next phase of implementation to commence in Spring 2020.
- The DigitalCity** – further workspace development at Boho to support the growth of the growing and successful digital sector - £30m formally committed locally (TVCA / MBC) on a commercial scheme.
- Housing Growth** – the Council has committed £10m to funding future housing growth opportunities where it assist regeneration.
- Centre North East** – The Council is intending to take a wrap lease on a 17 storey existing office which will be subject to a circa £30m investment programme. This development will host the Council’s core functions and free up the existing Civic Centre site for redevelopment.

5. **Town Centre Investment / FHSF** – Middlesbrough Council is committing £18m to Town Centre initiatives. This ambition will be matched with a business case submission to the Future High Streets Fund and include key property acquisitions.
6. **Heritage Action Zone** – the Council and English Heritage will be committing £1.5m to a major improvement programme to the towns Historic Quarter, focused on repurposing vacant Listed Buildings.

Delivery capacity

We are keen to ensure those towns that require it are afforded the time and support necessary to develop quality, sustainable and transformational proposals for their town through a Town Deal. But whilst we recognise most places will need time to develop their proposals and map out their priority interventions, there may be Towns with ‘shovel ready’ proposals which align to the objectives of the Towns Fund that are ready now to progress to a Deal.

Whilst Government will only make one Deal with a town, we are keen to support those places who are advanced in their partnerships, planning, and with projects that are ‘shovel-ready’, i.e. to begin delivery 2020/21, to bring forward their proposals quickly and begin delivering benefit to their communities. We would also like to understand, in these instances, the governance and capability in place to deliver the projects.

31. Do you have well-developed proposals of interventions in place that align to the Towns Fund objectives, and address the strategic needs identified within your town plans?

Middlesbrough has a number of well-developed proposals which are well-positioned to progress to full development, in consultation with a Town Deal Board and to form part of the Town Investment plan. These plans align with all major local strategies and development priorities. **Middlesbrough’s Proposals for the Towns Fund include:**

The DigitalCity / Boho Next Generation £3m (of £200m) – The Digital City / Boho Next Generation is the next phase in the growth of Middlesbrough’s Digital sector with associated residential development. A major development of an additional C. £45m will build on the existing Digital Sector accommodation offer to create a state of the art digital campus for growing digital businesses. The development includes c. 120k sq ft of new business accommodation set within a dedicated digital campus. Whilst the project is largely funded. Towns fund investment would add value by enhancing the site with conference, lecture and co-working space which will allow for better integration with the local educational institutions; building sector-specific skills for the future. The scheme will be mixed use and will include circa 600 residential / urban living units.

Urban Living / Town Centre Residential (£5m of C. £50m) – Middlesbrough has no urban living offer to speak of. This is a major disadvantage with respect to enlivening the all-day economy and having an offer which appeals to the talent pool of young professionals. Market dynamics mean that such an offer currently has a viability gap and public sector intervention is required to support the development of urban living units at

pace and at scale. Middlesbrough aims to have an additional c. 4,000 people living in central Middlesbrough over the next decade. Such investment will ensure that the housing market is revitalised. A number of opportunities have already been identified for consideration.

Bus Station / Superstops and Transport Interchange (£2m of C. £10m) – Middlesbrough is the transport hub for the Tees Valley, with the majority of public transport journeys starting or commencing in the area. Rail and bus services are currently fragmented and there is a requirement for a broader scope of bus and rail integration across the town. The proposed investment will align new provision and access with new and emerging employment sites, to underpin the commercial, educational and employment investment in the area.

The realignment of the existing bus station will realise an opportunity for redevelopment and indicate plans propose up to 330 residential units.

Events Infrastructure (£1m) – Visitors and residents now demand a much more engaging experience when visiting an area. The experiential economy is booming and Middlesbrough intends to invest in a range of events and events infrastructure to host attractions – with a view to working towards a sustainable and self-financing business model. This investment will allow the proof of concept to be establish and serviced, whilst the area gains traction on the major event circuit.

Centre Square (£5m – of C. £75m) – Middlesbrough has already invested in the first phase of a c. 500k major commercial development in grade A office accommodation. Additional investment will attract private sector leverage (using various delivery models) which will grow the business base and bring new employment to the area. With a growing professional **services** economy, Middlesbrough will be better placed to attract and retain both new business investment and highly-skilled employment disciplines; addressing the outward migration of valuable talent. The master plan is currently being amended to incorporate a major residential component and a multi-storey car park.

Place Making (£2m of £10m) – Aligned with the Future High Streets Fund (FHSF) and Council Capital resources, an important component of the delivery programme will be non-commercial activity which helps to provide the setting for commercial success, user experience and perceptions. This will include aspects such as parks, play, green spaces and growing areas / improving neighbourhoods including: lighting; CCTV; addressing derelict buildings and sites / supporting local business areas.

In respect of the alignment of the Towns Fund with the

32. Please provide details of these proposals.

As section 32

33. What is the indicative total value of these proposed project(s)?

Middlesbrough's active investment aspirations total C. £375m. £25m of such would be sought from the Towns Fund.

34. How much of this would be spent in FY 2020/21, if Government approval was received by April 2020?

With respect to resources expendable by the Towns Fund, Middlesbrough Council is confident that it could mobilise at least £5m of legitimate expenditure during the 2020/21 financial year. This includes:

Civic Quarter / Centre Square Design and initial financial commitment £2m

Urban Living £1m Design / Planning

Bus station design / Planning £1m

DigitalCity – support to deliver of circa 150 residential units £2m

= £6m

35. Do you have agreements in place with the relevant delivery partners for the proposed interventions to begin delivery? And do you have relevant planning permissions to undertake the work?

In respect of formal development arrangements and planning permissions:

- a) Civic Quarter / Centre Square – Detailed planning permission of buildings one and two and outline planning for wider scheme approved. A detailed planning application could follow within 6 to 12 months.
- b) The DigitalCity / Boho Next Gen – A funding agreement is currently in place with TVCA for the delivery of the project. Middlesbrough Council will supplement £26.2m of TVCA funding with an additional £3.8m being contributed by Middlesbrough Council and this will be formally approved in January 2020. Detailed planning permission will be submitted on 24th February 2020 for this scheme and tender documentation is under preparation.
- c) Urban Living – Development partners are being sought to deliver urban living units in central Middlesbrough. Whilst no plans / site plans have had formal planning approval, the principle of urban living in central Middlesbrough forms a key component of the emerging refresh of Middlesbrough's local plan.
- d) TeesAMP – has the benefit of outline planning permission for the entire development site and a reserved matters application can be readily submitted within 6 to 12 months.
- e) Bus Station and Superstops – Superstops are at an advanced stage of development with key strategic locations already identified. As a local highways authority matter, this could be delivered relatively quickly. Bus station reconfiguration and development require detailed designs and consultation, albeit a high-level transport assessment is underway.

36. Please provide details of the agreements and permissions

N/A

37. Can you identify an organisation able to act as an Accountable Body for the substantive funding with the capability to flexibly manage the delivery of multi-year capital programmes of this scale?

Middlesbrough Council

38. Please provide details of the organisation.

Unitary Local Authority – assured competence

39. Do you have existing in-house capacity capable of managing and delivering the proposed capital programme?

Yes – we have an experienced team of project managers with the skills to deliver a programme of this nature. There is an established network of development partners who can assist in delivery. This is supplemented by a significant in-house suite of professional disciplines which can aid delivery.

Additional capacity would be welcome in the form of a reasonable and proportionate revenue element to enable sufficient capacity for delivery.

40. Please provide details of your relevant in-house capacity which will fulfil this role.

Middlesbrough Council recognises that the scope of the proposed interventions are of strategic importance to the areas growth objectives and, as such, would be prioritised at the highest level within the organisation. Similarly, as the objectives set out require a broad range of multidisciplinary technical disciplines and capacity, Middlesbrough Council is able to make available the following capacity and specialisms, to aid the delivery of the Town's Fund objectives. They include:

- a) Major Capital Projects Team – project delivery and management;
- b) Economic Growth Service – strategic planning, monitoring and economic assessment – networks with private and public sector partners.
- c) Town Centre Team – working collaboratively with stakeholders
- d) Planning – advice and outstanding performance in dealing with major applications
- e) Highways and Infrastructure team - advice
- f) Housing team – advice – market intelligence
- g) Procurement and Finance – in house expertise in delivering complex projects including fiscal models
- h) Legal and Estates Management – in house expertise in dealing with major transactions
- i) EMPower team – community engagement
- j) Senior Management Capacity – in dealing with major schemes and regeneration.

41. Do you have the ability to start spending capital monies within 2021/22?

Yes – preparatory expenditure for major capital project delivery – see section 34. The Council has a significant track record in delivering major development schemes on time and on budget.

My Town Campaign

On 25 October Government launched the My Town campaign promoting the Towns Fund, and encouraging people in the 100 places we announced to get their voice heard in directing investment priorities. As detailed in the Prospectus, places must nominate a primary My Town campaign contact. Please provide the details below including any additional contacts you may feel are relevant.

42.Name

Kim Flynn

43.Organisation

Middlesbrough Council

44.Position in organisation

Head of Marketing and Communications

45.Contact telephone number

01642 729039

46.Contact email address

Kim_flynn@middlesbrough.gov.uk

47.Please provide details of any additional contacts including their role.

Sam Gilmore

Head of Economic Growth

01642 729121

Sam_gilmore@middlesbrough.gov.uk

Future High Street Fund – Rebalancing Middlesbrough’s High Street

FULL BUSINESS CASE (FBC)

A business case is a management tool and is developed over time as a living document as the proposal develops.

The Full Business Case (FBC) should summarise the results of all the necessary research and analysis needed to support decision making in a transparent way.

The evidence to support the investment decision must be set out in the HMT five case business case model: Strategic, Economic, Financial, Commercial and Management. In its final form the FBC becomes the key document of record for the proposal which summarises the objectives, the key features of implementation management and arrangements for post implementation evaluation.

When you have completed your business case, please submit it to the Future High Streets team on futurehighstreets@communities.gov.uk

Please also confirm separately with your delivery manager once you have submitted, via an email with no attachments

Version	FINAL SUBMISSION
Version Date	July 2020
Lead Author	Sam Gilmore
Place	Middlesbrough
Senior Responsible Officer within Local Authority (SRO)	Kevin Parkes

SRO Sign-off Name: Date:	
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PROJECT SUMMARY

WHAT IS THE INVESTMENT PROPOSAL?

Local Authority: Middlesbrough Council **High Street:** Middlesbrough

Proposal: Middlesbrough envisions a bright future for its high street. The vision is based on building a new urban community in the heart of Middlesbrough. A high-level summary is available at Programme Summary Appendix. By bringing more people to live in central Middlesbrough (an offer which does not currently exist), the strategy meets the transformational objectives of:

- meeting housing demand both now and in the future;
- driving reliable footfall into the heart of the High Street;
- converting, adapting and diversifying a chronic oversupply of retail space;
- attracting and retaining skills and talent; and,
- building an increasingly, economically-active consumer base which will provide the necessary demand to sustain the transformation to a balanced leisure economy.

Middlesbrough's FHSF scheme will:

Invest in Urban living

- Build an aspirational residential offer, integrated with the high street economy.
- Deliver C.650 Urban Living units, to house 1,500 professionals and key workers.
- Create a new residential community in central Middlesbrough – where people can live, work and play within a local ecosystem.

Invest in diversifying the economy with experiences

- Rebalance the economic mix by converting 25% of retail floor space (oversupply) into alternative uses and providing new employment opportunities.
- Invest £25m (public and private) to create the largest single leisure destination in a 50 mile radius of the Tees Valley.
- Bring a range of cultural amenities and attractions to the centre of Middlesbrough.
- Bring Middlesbrough alive, with a revitalised cultural offer which invites people to engage with their surroundings and have fun, permeating through workplaces, public spaces and town centre residences.
- Ensure that the benefits of investment are mirrored with enhanced opportunities for residents, supporting a range of community uses, including creating opportunities for children and young people, to co-locate in central Middlesbrough.

Invest in Transport and Infrastructure

- Create a new network of bus Superstops, transport hubs and cycle lanes.
- Investing in the links between parking areas and the high street; to improve visitor perceptions, safety and security.
- Lay the foundations to adapt Middlesbrough bus station to unlock long term development land and deliver enhanced services to the new urban community and commuters, alike.

Impact:

- 650 new homes and apartments located within the town centre, housing 1,500 residents.
- Business supported to build resilience and embed long term trading adaptations - post COVID-19.
- Increased cultural visitor patronage at a growth rate of 2% per annum.
- Increase footfall in central Middlesbrough by a minimum of 10%.
- Redress the balance of leisure and retail space by 25%, stabilising the commercial rental economy and incentivising private sector reinvestment.
- Increased bus/rail patronage and cycle usage working towards the integration of multi-modal transport and a reduction in carbon emissions.
- Build the base for further private investment and public funding.

In order to achieve this £20.5 million is required from the FHSF:

Investment Priority	Amount	Objectives – Alignment with FHSF	Output
COVID-19 Resilience Measures	£1,000,000	A grants programme will address residual COVID-19 anxieties by supporting high street businesses to invest in long term adaptations, which will improve business continuity and enable safe trading in similar circumstances.	Visitor confidence will be improved Businesses encouraged to invest in their premises Increased turnover Increased / safeguarded employment
Urban Living	£7,000,000	Create the conditions whereby the high street economy benefits from the injection of reliable residential footfall; to animate central areas and sustain services, retail and hospitality. Provide the modern urban ecosystem which appeals to a skilled workforce for a growing employment base and a constant flow of activity.	650 new Residential units 1,500 new Residents Increased footfall Growth of night time economy Broadened demographic reach
Regional Leisure Hub	£7,250,000	Diversify the economy by addressing the structural imbalance in retail floor space and creating a new, regional leisure hub. Enjoy the mutual benefits of co-located urban living areas which underpins the core demand to sustain this transition.	Reduction of 230k sqft retail % HOF non retail upper floors + 400k sqft leisure, community, F&B
Connectivity Enhancements	£2,500,000	Making it welcoming to visit Middlesbrough by any mode of transport. Connecting key high street areas and thoroughfares with enhanced safety and security measures.	Increased bus patronage across Central Middlesbrough 4 x Superstops Automated Car park enhancements to include security and improving safety perceptions.
Independent Food & Beverage	£2,000,000	Provide an immediate impact by drawing in a major F&B anchor - as a vehicle for quirky and specialist independent F&B retailers	C.60,000 sqft of independent F&B retailers brought in immediately
Cultural Infrastructure	£750,000	Capitalise on Middlesbrough's growing reputation for arts and cultural infrastructure to give people more reasons to engage with their high street by creating impressive accessible visual arts event. Similarly, Middlesbrough can unlock its large and historically-significant archive of art and craft wares, to animate temporarily vacant spaces and encourage people to engage with a rich local art scene.	Additional Events, increased: footfall, dwell time, hotel stays.
Total	£20,500,000		

COVID-19 has brought into sharp focus the importance, and vulnerabilities, of our High Streets. As the UK economy emerges from the lockdown phase of the pandemic, the economic shock will only be amplified and exacerbated in the retail economy. For further details of Middlesbrough's COVID-19 response please see Appendix 1.

Whilst the economic rationale behind Middlesbrough's Future High Street Fund proposals remain fundamentally sound, the emphasis of the proposal has been shifted to reflect the need to build long term resilience against similar economic shocks; and, reflect habitual societal change in a post COVID-19 world. The delivery programme has been rebalanced to include a greater prominence on demand drivers such as increased / accelerated urban living and transport connectivity; all with a view to provide a stable consumer base, on which to build a hospitality, leisure and experimental economy. This revised business case will directly drive immediate recovery and aid transformation in the long term.

In the short-term, the Council (and its partners) will deliver direct support to business survival and stabilisation. In parallel, Middlesbrough will sustain the Town Centre by creating a new urban community through the supply of new-build and conversion residential property; enlivening Middlesbrough with the injection of thousands of new residents. Of course, to attract these new residents enhanced provision of amenities and leisure services will be required. The programme will lay the foundations for generating new investment through growth of the leisure market in the heart of the town centre in the long-term.

The original bid aimed to repurpose retail space for leisure uses. Whilst this remains the core ambition of Middlesbrough's long-term proposal, given the requirements for social distancing to go on for a significant length of time the leisure market is uniquely vulnerable, therefore the focus will be as follows:

Urban Living

Development of 650 Urban Residential units, housing 1,500 residents. The housing sites are comprised of nearby satellite locations, all within 300 metres of the town centre. Brownfield sites have already been assembled, cleared and planning is ready or pending in key areas, with an emphasis on contemporary architecture.

This approach would create a new community in central Middlesbrough which will appeal to young professionals and key workers - providing a skilled workforce for a growing employment base and a constant flow of activity which will animate central areas and build a demand for future leisure provision.

Business Support

Post COVID-19, through the direct purchase of the Captain Cook Shopping Centre, the Council will be in a strong position, as landlord, to take the correct commercial decisions to enable the strategic transition to leisure and hospitality – decisions which the private sector would be reluctant to prioritise. In addition, business support grants will be made available throughout the town to encourage the necessary long term investment in the implementation of social distancing, reconfiguration and hygiene measures to allow stores to trade safely, whilst providing reassurance to customers; this also establishes measures which provide a degree of insulation and business continuity in the event of a further wave or future pandemics. This reinforced confidence will be critical to long term investment decisions.

Connectivity Enhancements

Immediate work is planned to make walking and cycling to the town centre as easy, instinctive and safe as possible. The council will work with local bus and rail companies to ensure the most vulnerable residents are able to access town centre amenities as safely as possible. Cycle corridors will be created on key transport corridors - to include cycle storage and amenities.

Patronage will be built through the implementation of a series of 'superstops' on the bus network. This will better service Middlesbrough's employment hubs, whilst safely distributing bus patronage and increasing convenience and connectivity across central Middlesbrough. The ultimate aim is to make it instinctive and welcoming to visit Middlesbrough by any mode of transport. Connecting areas with improved safety and security measures will enhance the transport experience and there is an aim to integrate transport modes for a seamless point to point experience. These enhancements are over and above the investment already being made at the railway station.

Regional Leisure Hub

Middlesbrough is working with leisure providers who have already expressed a strong interest in operating in Middlesbrough. Despite COVID-19, the appetite and commitment for leisure activity remains high, however operations are unlikely to return to normal for some months. During this period the Council, and private partners, have the opportunity to refine designs and incorporate new ways of working. This is a strong position as any new proposals would be purpose built to revised safety requirements and best practice, with measures designed in at source. Once the market has stabilised, this area of work will accelerate to enable the diversification of Middlesbrough's economy by addressing the structural imbalance in retail floor space and creating a new, regional leisure hub.

Over recent years Middlesbrough Council along with partners such as TVCA have worked tirelessly to kick start Middlesbrough's economy. This has involved working with anchor institutions such as Teesside University to retain students particularly in digital and engineering disciplines. With millions invested to date, some of the highlights include:

- The DigitalCity initiative which has gone from strength to strength, through the nurturing of start-ups to multi-million pound businesses. The Boho Zone provides a home to many of these companies, such is its success the tenth Boho building is now in the design phase.
- The £22.6 million Teesside Advanced Manufacturing Park (TeesAMP) offers a prime location for innovative manufacturing companies, creating an industry-leading cluster of businesses. The 11-hectare site is located less than a mile from Middlesbrough's centre.
- The Centre Square development provides 107,000 sf ft of Grade-A, BREEAM Excellent office space set across two buildings in the heart of Middlesbrough. Centre Square is a centrepiece for the town and home to the internationally acclaimed Middlesbrough Institute of Modern Art (MIMA) and the historic Town Hall. Businesses located in the space find themselves within short walking distance of regional public transport connections and the primary retail and leisure core.
- Middlesbrough's railway station sits in the town's historic quarter and Enterprise Zone and is a vital link between the town's commercial and retail centre, civic buildings, Teesside University, Middlesbrough College, the bus station, Riverside Stadium and the Middlehaven regeneration area. Working with the rail industry a £35m package of improvements have been developed that will greatly enhance the stations current offer.

Through this investment Middlesbrough has built the foundations for future financial growth. However the town still needs to address some key areas to ensure long-term sustainability, these include creating town centre housing, reducing the oversupply of retail floorspace and developing leisure facilities in the heart of the town.

Middlesbrough is primed and has a track record of innovative delivery. The Council is directly investing substantial capital resource in the future of the high street area. Through the acquisition of the Captain Cook Shopping Centre and House of Fraser building, Council capital investment amounts to £18m.

Middlesbrough Council's commitment will enable the immediate commencement of delivery, as locally-committed funding has acquired the sole interest in the Captain Cook Shopping Centre against which the FHSF interventions will be delivered. The investment stands to create a financial return which, in the long term, can be continuously recycled and invested, to keep Middlesbrough's high street relevant and fresh, for future generations. FHSF is essential to bridge viability gaps to make schemes that would otherwise be unviable become deliverable.

Of course, Middlesbrough Council cannot deliver these ambitions in isolation. Through a range of financial models, funding mechanisms and Public Private Partnerships, the Council will pump-prime and enable the private sector to co-invest in a way which addresses entrenched market failures and encourages an incremental journey whereby public sector stimulus is a diminishing requirement. Heads of Terms, Partnership Agreements and Joint Ventures are in place with a range of private sector partners to demonstrate mutual commitment to deliver, evidence of this can be found in Appendix 2.

Appendix 3 – sets out the geographic context of Middlesbrough's Future High Street Fund primary intervention area. It comprises the western end of Middlesbrough Town Centre and incorporates the Captain Cook Shopping Centre, House Building Fraser building, Middlesbrough Bus station and the new site for the Northern School of Arts. Middlesbrough Council is using its own resources to actively acquire the Captain Cook Shopping Centre and House of Fraser Building. As such, Middlesbrough Council will own the vast majority of property in the target area, meaning that FHSF interventions can commence at the earliest opportunity.

Appendix 4 sets the neighbouring Urban Living sites in context, as satellites around the high street hub, with description of schemes.

Appendix 5 – Middlesbrough Council has commissioned a spatial masterplan for the intervention area. Sector specialists Knight Frank, Leonard Design (architects) and Corstophine & Wright (architects), have collaborated to produce a commercially viable spatial masterplan, with market-tested appeal and relative cost certainty. This proposal transforms a significant proportion of central Middlesbrough's retail floor space (C.300k sqft / 25%) and repurposes it to a regional leisure services hub, serviced by enhanced public transport links and creating a brand new urban living market. The diversity of this approach rebalances the economic mix to that which addressed a chronic over supply of retail floor space, whilst addressing a structural deficit in the leisure and housing sectors. Combined, this transformational plan will breathe new life into central Middlesbrough, diversifying the economy and animating the high street areas with new commercial, residential, community and leisure uses.

Appendix 6 – highlights land ownerships in respect of the primary intervention area. Plans have been adapted to demonstrate ownership from July 2020, when the commercial property is owned by Middlesbrough Council.

	Current use	Cost	Remediation /redevelopment cost	Intended future use
Land and/or Buildings to be acquired	Captain Cook Shopping Centre	£8,500,000	£3,000,000 £1.0m £1.0m £1.0m £1.0m	Leisure / Food and Beverage Provision Decant and relocate retail uses. Incentivise leisure uses Demolition Site capacity services.
Land and/or Buildings to be acquired	House of Fraser Property	£1,250,000	£5,000,000 (Not FHSF)	Majority conversion to non-retail uses – Residential, Leisure, Culture and Community uses.

What types of *physical infrastructure* is the *FHSF funding* required for? Please tick all that apply:

<i>Public transport, traffic management, road improvements and access improvements</i>	x	<i>Public facilities (local government/ health/ education/ leisure)</i>	x	<i>Severance and connection</i>	x
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<i>Digital infrastructure</i>	x	<i>Utility network extension and capacity reinforcement</i>	<i>Public Realm Works</i>	x
<i>Other (please provide details)</i>				

To tie the housing, leisure and employment areas together there is a need for an improved local transport network. One that is efficient, reliable and environmentally sound. One benefit of the COVID-19 lockdown has been a huge increase in cycling and Middlesbrough would like to continue to encourage this through the enhancement of current cycle routes and facilities.

The provision of superstops will enable multiple bus services to interconnect, linking together a greater number of services across Middlesbrough and the Tees Valley. Full details can be seen in Appendix 7.

The below table has been completed with respect to Middlesbrough Council's preferred option (5). This is considered in more detail in Appendices 8 and 8a.

<i>Benefits</i>	
<i>Combined benefits of: Revenue Income, Additional employment, Increased rental rates, Bus patronage, Cultural visitors, New resident population</i>	£443,896,334 (see Appendices 8 and 8a for a breakdown)
<i>PV benefits total</i>	£443,896,334
<i>Costs</i>	
<i>Combined costs of: Investment and FHSF funding, Operational costs</i>	£156,436,597 (see Appendix 8 and 8a for a breakdown)
<i>PV costs total</i>	£156,436,597
<i>BCR</i>	1: 2.84

Based on Option 5: Preferred Option – A series of satellite housing sites have been identified to deliver C.650 housing units within a 300m radius of the town centre. Acquisition and repurpose of the Captain Cook Shopping Centre and House of Fraser Building – full repurpose to leisure uses and active decant of retail floorspace to the wider retail property estate. This option includes the additional public transport network enhancements and upgrades.

The following assumptions have been made in respect to the calculation of benefits (economic impact):

- Increased cultural visitor patronage at 2% per annum (given the additional attraction of a leisure hub– from the Tees Valley Culture and Tourism assessment – Baseline at £197.16m in 2018).
- Converted from reported visitor numbers and STEAM data – average visitor spend.
- Knight Frank cite the current retail floorspace as = £75 per sqm. Given the restricted supply of retail floorspace and repurposing of space to leisure, we have applied a rental stabilisation target of = £95 per sqm. Applying only to the remaining retail estate (inclusive of voids) of 1m sqft 92903 sqm, we have assumed that the impact of the investment will take time to filter through to the market and have only applied this from year 4, by an average of £20 uplift per sqm by year 4. No inflation has been applied as, given the volatility in retail rental markets, it is not considered prudent to assume a steady inflationary uplift in rents.
- Bus Patronage is baselined at Middlesbrough bus station at 7m per annum. Additional services and facilities would anticipate a 2% annual uplift on this rate with an incremental adjustment over the first four years of the programme to reflect the recent trend of declining bus patronage and having to slow the decline and then grow patronage. The average journey cost has been assessed as £2.50 per journey and the economic benefit has been taken as the net additional journeys as compared to the 2019 baseline of 7m journeys.
- From Tees Valley Gross disposable household income data (last measured at 2017) an additional 500 units would create £15,112 of additional household disposable income – with assumed wage inflation at 2% from there on. Occupancy has been assumed at 40% / 80% and 100% from year 2 onwards.
- This option assumes that all retail uses and employment are retained locally – utilising vacant property (i.e. no leakage). The repurposed stock is assumed at 400k sqft. Using HCA employment densities 2015, leisure uses equate to 186 jobs created at 200smq per job average – similarly, TVCA economic assessment cites sector productivity at 31k per annum per job. We have also assumed a productivity increase at 2% per annum. And,
- We have assumed that each job will have a duration of circa 4 years (in line with Scottish Enterprise Jobs Life Guidance), but that there will be a rolling upgrade of jobs and new entrants attracted to the site.

When combined with Programme Costs it provides a **NPV of £443.896m and a BCR of 1:2.84**

KEY MILESTONES

2020/21	<p>Q2 Captain Cook Shopping Centre and House of Fraser come under Council ownership (Completion anticipated 13/7/20)</p> <p>Continue dialogue with leisure, food and beverage, and ancillary potential tenants</p> <p>Survey work/commissioning studies/agent advice – regards housing development and partnership legal structures</p> <p>Design stages, consultation and assessments for infrastructure adaptations</p> <p>Deliver stakeholder workshops/engagement events – launch vision</p> <p>Launch final vision</p> <p>Q3 Announcement of FHSF Allocations/release of funds</p> <p>Finalise decant programme for delivery</p> <p>Secure operator interest and develop designs leading to planning application</p> <p>Early opportunities secured – may require some works to commence ahead of others</p> <p>Contract third parties for works – demolition and repurposing</p> <p>Procurement of construction partners for housing developments</p> <p>Engage with Businesses on COVID preparedness grants</p> <p>Q4 Start on site with infrastructure adaptations</p> <p>Commence decant programme</p> <p>Commence early works for upgrade to existing units</p> <p>Final Planning stages for early housing programme</p> <p>Superstops/bus prioritisation work underway</p> <p>Commence Cycle infrastructure upgrade works</p>
2021/22	<p>Site Clearance and demolition– Captain Cook Square</p> <p>Estate adaptations – Captain Cook Square</p> <p>STACK Development operational (see preferred option – Appendix 17)</p> <p>Events infrastructure and vacant property animation complete</p> <p>Housing units Commence construction</p> <p>Practical completion of first conversion housing (80 units)</p>
2022/23	<p>Practical completion of first tranche new build housing (200 Units)</p> <p>50% operators as leisure purposes in Captain Cook Square</p>
2023/24	<p>Practical completion of all housing units (650 units)</p> <p>80% leisure uses in Captain Cook Square</p>

STRATEGIC CASE *What we re doing, and why*
Supporting documentation for the strategic case is available in Appendices 18.1 to 18.6.

Background - The Centre for Cities report 'The Geography of the Tees Valley Economy' (April 2017) confirmed that Central Middlesbrough plays the role of the primary city centre of the wider Tees Valley economy. However, in spite of this, the report showed that the town centre performs poorly compared to other British city/town centre economies.

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

In addition, central Middlesbrough is home to Teesside University, Middlesbrough College and soon to host the Northern School of Arts. Major employers in their own right, these facilities educate and upskill the wider population, with Teesside University having a student base of C.21,000 and Middlesbrough College C.16,000. Critically, Northern School of Arts (NSoA) has committed £14.5m to locate in the FHSF delivery area. Middlesbrough is also the transport hub and interchange which links areas as diverse as Whitby to the south and Newcastle to the north. The rail station has passenger patronage pushing 1.5m per annum and there is also bus patronage around 1m per annum. These figures are set to grow as the prospect of a direct London rail link and enhanced public transport services are rolled out to 2021. Therefore putting the town in a strong position to attract inward investment and further development.

In recognising the fragilities of its high street, the Council, alongside existing housing studies, commissioned an economic assessment of the retail and commercial areas within the Town Centre, to provide an evidence base on which to tailor a package of interventions. The process benchmarked Middlesbrough against national trends, highlighting deficiencies and areas of improvement. In parallel, an analysis of retail floor space trends (Experian-Goad reports 2015 and 2018) was also carried out. This data informed the development of specific priorities, actions and responsibilities, which should be taken forward by all, not just the Council. Critically, this process engaged with the public and users of Middlesbrough high street areas, identifying general issues, perception barriers and amenities which would encourage additional patronage.

The exercise highlighted that Middlesbrough, has an insufficient mix of property types in the heart of the town centre and an oversupply of retail floor space, in proportion to the amount of commercial activity. Middlesbrough currently has a retail core vacancy rate of C.19% (Pre-COVID) on a base of 1.8m sqft of all, available town centre floor space. Given that the bulk of the floor space is currently under the ownership of four large shopping centres, the situation perpetuates when it is a buyers' market and tenants are seeking competitive terms from multiple landlords: driving the market rents down.

As a consequence, there is a requirement to make a fundamental structural change to the town centre and rebalance the economic and social mix, focussing on the development of new housing and conversion of surplus retail space to complementary economic uses which will drive the footfall, animation and confidence.

MHCLG intervention - Commissioned by the Tees Valley Combined Authority, the Northern Housing Consortium published their study titled 'Tees Valley Local Housing Markets' (2018). The report covered a range of issues including the challenges and opportunities of the Tees Valley housing markets taking into account the socio-economic characteristics of neighbourhoods, focussing on the neighbourhoods which are characterised by low demand and unpopular stock.

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

The report identifies the following housing sub-markets as:

- 'High value distinctive'- comprising rural and emerging cosmopolitan urban neighbourhoods;
- 'Comfortable' suburban markets – markets which are heavily represented in Tees Valley's older suburbs close to the urban core; and
- 'Constrained households' – a mix of inner-urban and disconnected rural neighbourhoods.

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

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

However, there are a number of key challenges which need to be addressed in order for Middlesbrough to fully realise its potential for town centre living and revival of the high street as the heart of the town including;

- Balance between the town centre retail and leisure offer;
- Extending the success of areas surrounding the centre into the centre itself;
- Addressing the negative perceptions of the town centre through improved public realm and wider town centre management; and
- Increasing the choice of housing across Middlesbrough, in terms of type and tenure, particularly within the more central urban areas.

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

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

The retail property market in Middlesbrough is also suffering, because of the multiple ownership of property and the sunk investment by these companies it is difficult to bring about a rationalisation of floor space. Public sector intervention, is therefore crucial to make a significant step change, to address the key market failures in a number of different ways including working with property owners, retailers and other occupiers. This will ensure that the town centre has a sustainable and viable economic offer. This is not something the market is currently commercially motivated to do, given national retail and economic trends.

As the urban living housing market in Middlesbrough is relatively immature (and in the light of the, as yet, unquantified, economic impact of COVID-19) an updated demand analysis has been undertaken (Appendix 4a sets out the interim extended market assessment), which reflects the aspirations of the delivery programme in the emerging context. Traditional housing demand modelling needs to be supplemented with critical factors such as the price point at which Middlesbrough's market should be pitched, the long term demographic shift which the economic strategy seeks and adjustments for the relative lack of comparables in the current market place.

This approach, coupled with the development appraisals undertaken for the proposed urban living sites, provides a cautious approach to the demand profile for urban housing. Overall, the study concludes that the level of demand required to justify the scope and scale of investment, reflects local market conditions and the necessity for public sector investment to deliver the housing mix and quality, which is required. As such, the housing target is ambitious, but deliverable, as the programme aims to make a structural intervention in the high street environment.

In December 2018 CMS published their 'Middlesbrough Town Centre Economic Assessment'. This highlighted that Middlesbrough was over-exposed to the changes in consumer behaviour as a result of the imbalances between the retail and leisure offer in the town centre; 46% of buildings were classified as 'retail' compared to 40% nationally and only 11% as 'leisure' (with C. 20% being the norm). Vacancy rates, based on GOAD data, in the town centre were also considerably higher than the North-East average. The low proportion of buildings classified as 'leisure' in Middlesbrough results in a low spend in entertainment.

The growth of food and beverage as a sector has grown significantly over the last 10 years, with 25% of space within new retail developments being allocated to food and beverage. There are many examples of where out dated shopping centres have been converted to leisure destinations. Cushman & Wakefield's Restaurants and cafes take bigger bite of UK retail market report, May 2017 found:

- Eating out market predicted to grow 17% over the next four years;
- Food and beverage sector now accounts for a fifth of all UK retail and leisure units;
- Cafes, fast food and restaurants – particularly American casual dining increasing.

Over recent years Middlesbrough has seen a significant increase in development within the town centre which is changing people's perceptions. This has been typified by the £8m development of the Holiday Inn Express, the transformation of the Town Hall in to the premier heritage and performance venue in the Tees Valley and the creation of Bedford and Baker Street which caters for niche retailing and restaurants.

With this increase in development there has been a renewed confidence in the value of the Middlesbrough pound to local and national operators. Despite the increase in restaurants opening, Middlesbrough still struggles with representation from national-multiple food and beverage chains, with only four currently having restaurants in the town. Public consultation recognised that well-known brands will help Middlesbrough to become a destination and create confidence allowing further investment, attract further footfall and increase dwell times in the centre.

Ten years ago, Durham City had a similar offering to Middlesbrough in terms of food and beverage outlets, with a host of good quality local restaurants but very few national chains. Investment around the Gala Theatre has seen an influx of national chains transforming Durham from an area primarily relying upon heritage tourism to a destination in its own right. Derby is similar in stature and size to Middlesbrough, they have a host of national operators as well as a range of local restaurants. In terms of a destination, Derby has a similar offering to Middlesbrough but the restaurant offer adds to its overall perception and appeal.

A key anchor is therefore essential to provide the status and confidence necessary to attract further investment. It is recognised that this is a challenging task however following assessment, it is a common economic conclusion (Centre for Cities / Middlesbrough Economic Health check) that public intervention is essential to transform the commercial offer and mix. Increasingly the modern consumer uses a town centre for social, service and experiential activities and an increase in alternative uses must be encouraged.

Retail and other businesses in the town need certainty and the Council is the only organisation that is in a position to bring about the changes that are urgently needed. Failure to do so is likely to result in the accelerated loss of more retailers. Cosmetic and short-term interventions will be insufficient to reverse the damage done to the high street. Given Middlesbrough's retail ecosystem, it is critical to enact structural change to reset the economics of the high street and provide the conditions for sustainable growth.

The FHSF is a critical component in supporting Middlesbrough's vision and wider plans for transformation across the town. Middlesbrough is in a prime position to fulfil its potential and develop as the City Centre of the Tees Valley, whilst benefitting the wider region. In achieving this, there is a need to diversify the offer and enhance the experience and functionality of the high street.

Objectives - Middlesbrough's proposals will completely redefine the function of the town centre as the focal point for living, working and socialising, through the achievement of the following objectives:

Invest in Urban living

- **Create a new, tailored residential product in central Middlesbrough**, by aligning £10.25m of FHSF monies with Homes England grant resources (where available / eligible) and a significant proportion of private investment, creating **650 Urban Living units to house a new crop of 1,500 young professionals and key workers**.
- **Opportunity to attract a new community in central Middlesbrough**. People and communities will enliven the economy, animate central Middlesbrough and attract talent for local employers; whilst enriching the cultural offer with provision of artist studios, workspace and performance space.

Invest in diversifying the economy

- **Rebalance the economic mix by converting 25% (c300k sqft) of our retail floorspace (oversupply) into alternative uses**; and strengthening the viability of the entire retail estate. This will change Middlesbrough's Retail floorspace ration from C. 60% to 40% - which is recognised as a healthy ratio.
- **Invest £10m to create the largest single leisure destination in the Tees Valley (and for a 50 mile radius) (C. 300k sqft)** by converting much of this space to a modern, dedicated, family-friendly leisure hub; including activities such as cinema, bowling, competitive socialising, sports; and a complementary mix of hotel space and independent / national food and beverage retailers.
- **Support a range of community uses to co-locate in central Middlesbrough**, creating a vibrant hub for communities to congregate, access services and host a range of events. From community gatherings to faith groups; public libraries and archives; to health services and public agencies – Middlesbrough will draw on its social assets to deliver major cultural events and enliven the high street.

Invest in Transport and Infrastructure

- **Create a new network of bus superstops and enhance the existing bus station in the town centre**, to link Middlesbrough's main retail, leisure, cultural, educational and employment areas – increasing public transport patronage and providing multi-point access across central the town.
- **Invest in key parking areas to improve safety and security**. Perceptions can be addressed with enhancements which better-link the existing convenient parking and the areas connecting Middlesbrough's attractions and amenities, to ensure that they are safer and more welcoming, clean, light, bright and secured.

Invest in Experiences

- **Bring a range of cultural services to the centre of Middlesbrough**, bringing together regional archives, library services, resident services, theatre and the arts; tightly integrated at the town centre.
- **Bring Middlesbrough alive**, by hosting events, carnivals and festivals; and engaging residents.
- **Animate the street scene**, introduce a range of exciting visual experiences and playful interactive installations which would invite people to take part, as set out in Appendix 9.

Stakeholder issues - This project has been shaped by Middlesbrough's City Centre Strategy 2019 – 2023 which details Middlesbrough's vision and ambition for its high street. This strategy sets out an approach which will provide confidence; acting as a catalyst for new investment and creating the commercial environment necessary to make Middlesbrough a sustainable centre for the long term.

During the development of this strategy significant consultation was carried out with the local community. This consultation resulted in residents wanting to see a quality place that attracted visitors, enhanced the town, inspired them, provided new opportunities and investment and better connection to the high street and the rest of the town. The Council feel this bid addresses these desires and meets the needs and aspirations of Middlesbrough's people. This also aligns with the early findings and suggestions of the #MYTOWN initiative, promoted as part of the Towns Fund.

The lack of affordable housing has been a perennial problem as has the quality of the housing stock in the town centre. Thirteen Group will build some of the new urban homes, capturing resident consultation, whose feedback and suggestions helped shape the final designs for the planning application.

A successful bid will support the collective-commitment already being made in the area, by the local authority, investors and property developers. As a result support has been secured from a number of key stakeholders, letters of support have been obtained from:

MP for Middlesbrough, MP for Middlesbrough South and East Cleveland, Mayor of the Tees Valley, Cleveland Police, North East Chamber of Commerce, Teesside University, Middlesbrough Digital Cluster, Debenhams, Marks and Spencer, Northern Railway, Stagecoach, The Cleveland Centre (Shopping Centre), The Hill Street Centre (Shopping Centre), The Dundas Shopping Centre, Captain Cook Square (Shopping Centre) and Middlesbrough Institute of Modern Art.

These organisations have not just engaged for the purposes of this application, rather they are active stakeholders which have an ongoing input into the delivery of the ambition for Middlesbrough. There is already significant commitment to delivering the wider ambitions in and around Middlesbrough Town Centre from the local authority / Tees Valley Combined Authority

- Middlesbrough rail station - £3m recently spent by Network Rail on improving passenger facilities. A further £24.5m is committed to improving the station capacity to allow for enhanced passenger services committed in recent franchises;
- Teesside University - £350m committed to the provision of both a new business school and a student life centre and a further C. £35m to support the development of two new student villages, bringing new life into the high street economy; and,
- Centre Square – A new office development of C. £50m and C. 200,000 sqft, bringing thousands of employees to the area and increasing high street patronage.

The Tees Valley Strategic Economic Plan, developed by Tees Local Enterprise Partnership (LEP), is the principal policy instrument which is driving the growth ambitions and priorities for the Tees Valley over the next ten years to generate additional 25,000 jobs by 2026. This is now being refreshed to create a Local Industrial Strategy (LIS) that includes all of the latest priorities to improve, diversify and accelerate growth in the local economy; to benefit businesses and residents.

Rather than a distant vision, Middlesbrough's Investment Prospectus (Appendix 10) outlines financial commitments and strategic investments which are committed and being delivered now. A common theme which cross-cuts the Investment Prospectus is how the planned developments can support the high street economy and link the resident population with the benefits of the opportunities generated. This approach firmly fits with the objects of the FHSF and can provide a huge amount of public and private leverage which will provide significant additionality.

Working with Tees Valley Combined Authority (TVCA) Middlesbrough has aligned its strategic investments to ensure that the complementary benefits of economic growth are mutually-sustained. This is best illustrated by the £20m commitment to the digital cluster, the £10m indigenous growth fund – having been aligned to digital sector growth and town centre security and a C. £30m planned investment in Middlesbrough rail station, to secure direct London services and enhanced provision on the local network.

Middlesbrough's City Centre Strategy (Appendix 11) is a collaborative plan, co-designed by the business community and informed by the patronage and experiences of the resident population. The plan is a culmination of over a year of data gathering and strategic planning, aimed at understanding the issues faced in the local marketplace and articulating a meaningful package of interventions, which now become the responsibility for all stakeholders to deliver. In developing the Strategy, the Council has drawn on the experiences of key stakeholders and operators. This consultation and engagement, has ensured that the approach is commercially relevant and best-shaped to meet the requirements of the high street.

Dependencies and Constraints - The success of the project is reliant on a number of factors:

- Housing demand – The market for urban living in central Middlesbrough is currently extremely small and relatively untested on a commercial basis. This means that the evidence base for urban housing is limited, albeit the underlying conditions have been assessed as favourable. Public sector and gap funding will be critical to provide a proof of concept product which meets the qualitative and aspirational expectations of a new crop of urban residents. The pace and scale of the intervention is ambitious and proxy economic indicators have been used to supplement traditional demand with considerations such as price point and where future demand will be generated.
- Existing tenants of Captain Cook Square Shopping Centre being prepared to move to other retail units within the town centre (addressing void stock and restricting the supply of retail floorspace) - work is underway to ensure the requirements of the existing businesses are understood and met. A tailored decant package will be available to support each retailer to relocate within vacant property, retained within the high street environment, via a process of working with vacant town centre property owners.
- Sufficient and suitable empty floor space being available to accommodate the decanted businesses – the Council maintain an up to date record of vacant units within the town centre, work is ongoing with property owners (and stakeholders of the project) to maximise occupancy and ensure best fit for decanted businesses.
- Leisure, entertainment, cultural and food & beverage providers find the repurposed units an attractive prospect for investment – the repurposing will be informed by industry requirements and incentive packages will be developed. Marketing will highlight Middlesbrough's unique position within the Tees Valley, detailing potential visitor numbers, the new town centre housing offer and opportunities detailed in the City Centre Strategy.

Key Risks - The most significant risks for the project are summarised below (see Appendix 12 for a full Risk Register):

- The long term economic impact of COVID-19 remains uncertain, albeit it is likely that the retail market will be increasingly distressed. Leisure and hospitality operators are uniquely exposed to the social distancing measures necessitated by pandemic control, albeit the operators remain confident and buoyant.
- Housing market failure in the urban environment does add risk to the speculative delivery of a large influx of urban accommodation. The local market is price sensitive but there is evidence that the market will sustain a premium for quality. The availability of high street bank financial products to match the tenure model, indicates that private rented sector tenures are preferable, whilst the commercial finance market builds.
- Long term voids following acquisition – whilst current occupancy is stable, external factors could affect the long-term income stream.
- Unsettling retailers with the change of ownership.
- The Council is not successful in the FHSF bid.
- Repurposing work does not translate into attracting inward investment.

Data Protection

We confirm we have consulted the Data Protection Compliance Manager (DPCM) and considered requirements under the General Data Protection Regulation and Data Protection Act 2018 including the need for a Data Protection Impact Assessment. We acknowledge that you will share this business case with other government departments where relevant, with third parties providing advice and assessment services to the FHSF and with the High Streets Task Force in all cases on a confidential basis. ☒

FINANCIAL CASE - How much it will cost, and how it will be funded**Financial Profile**

The financial profile for the shortlisted options considered for investment under the FHSF programme can be seen in Appendix 8a. A detailed financial breakdown, including assumptions, is available at Appendix 8.

The options set out in the draft bid, have been revised in the light of COVID-19. A new, additional option has been developed which reflects a shift in emphasis, which establishes the transition to urban living and housing supply, as a demand anchor, against which demand can be derived in support of the parallel transition to a leisure hub economy in central Middlesbrough.

The updated option (5) reflects the anticipated timescales for the leisure and hospitality sectors to recover to as close to pre-COVID-19 levels as possible. In consultation with partners and prospective leisure tenants, there remains strong confidence and a clear appetite to invest in the future of the sector; particularly in Middlesbrough. However, the sector will take time to recover and this has now been aligned within the delivery programme. Whilst a transition to a leisure economy remains a key tenet of Middlesbrough's plans, early phase priority will be given to housing development of scale and scope to provide the demand foundations for the leisure and hospitality sectors' recovery. Early evidence holds that demand for accommodation has remained relatively inelastic and this justifies its prioritisation as a key investment opportunity for the programme.

The newly structured option 5 provides a string mix of benefits and economic outputs, with a prudential view on the risks and consequences arising from the pandemic. Indeed, COVID-19 has brought into ever-sharper focus, the need to transition away from vulnerable retail uses, to rebalance and sustain the commercial mix of Middlesbrough's high street. These considerations, and their suitability, are reflective of the options appraisal findings and risk assessments, which have ranked the option highest.

As an expansion from the draft stages of the bid, further analysis has been conducted on the financial viability of the options and the sensitivity against a broader range of scenarios.

Option 5, has emerged as the preferred option, and can be summarised as:

	19/20	20/21	21/22	22/23	23/24	Beyond	Total
Existing Funding (i.e. funding already committed)	£0	£10,048,000	£0	£0	£0	£0	£10,048,000
Co-funding to be leveraged	£0	£200,000	£50,000,000	£38,000,000	£18,500,000	£0	£106,700,000
Church House	£0	£0	£1,000,000	£0	£0	£0	£1,000,000
CSI Site	£0	£0	£2,500,000	£0	£0	£0	£2,500,000
Gresham P1	£0	£0	£500,000	£0	£0	£0	£500,000
Gresham P2	£0	£0	£0	£1,000,000	£0	£0	£1,000,000
Boho Resi	£0	£0	£0	£2,000,000	£0	£0	£2,000,000
Bus Station	£0	£250,000	£250,000	£0	£0	£0	£500,000
Cycle Infrastructure	£0	£250,000	£0	£0	£0	£0	£250,000
Superstops	£0	£0	£0	£0	£0	£0	£0
Covid Network Adaptations	£0	£0	£1,250,000	£0	£0	£0	£1,250,000
Perceptions - Safety and security	£0	£250,000	£250,000	£0	£0	£0	£500,000
STACK	£0	£2,250,000	£0	£0	£0	£0	£2,250,000
Poundland Block	£0	£0	£1,000,000	£0	£0	£0	£1,000,000
Poundland Block	£0	£0	£1,000,000	£0	£0	£0	£1,000,000
CCSq Adaptations	£0	£0	£2,000,000	£1,000,000	£0	£0	£3,000,000
Retail Decant enablement and compensation	£0	£0	£1,000,000	£0	£0	£0	£1,000,000

inward investment incentives, contribution to fit out - local displacement brokering	£0	£0	£500,000	£500,000	£0	£0	£1,000,000
Animate the street scene, introduce a range of exciting visual experiences and playful interactive installations which would invite people to take part.	£0	£0	£250,000	£0	£0	£0	£250,000
Integrate Community Culture into the High Street	£0	£0	£125,000	£0	£0	£0	£125,000
Events Infrastructure	£0	£0	£125,000	£0	£0	£0	£125,000
Vacant Property Animation	£0	£250,000	£0	£0	£0	£0	£250,000
Covid Preparedness - Grant Response	£0	£200,000	£800,000	£0	£0	£0	£1,000,000
	£0	£13,698,000	£62,550,000	£42,500,000	£18,500,000	£0	£137,248,000

Source of funding

Middlesbrough's preferred option includes a C. 35m plus investment from the private sector as debt / equity funders in residential investment in central Middlesbrough. This level of intervention assumes an element of gap funding and a LTV <60%, which is within normal market parameters.

The table below details the funding secured (*complementary funding committed but not used in the BCR appraisal):

Project	Middlesbrough Council	Tees Valley Combined Authority	Total
FHSF	£10,500,000		£12,298,000
NSoA*		£14,000,000	£14,000,000
Wardens and Police Services*	£4,306,000	£3,800,000	£8,106,000
Rail Station*		£30,000,000	£30,000,000
	£14,806,000	£47,800,000	£64,404,000

Co- funding agreed:

- Heads of Terms have been agreed with a leisure provider offering a mix of food and beverage in the heart of the town centre.
- May 2020, Thirteen submitted planning permission for 145 new homes in Gresham, funded through their own resource and Homes England support, with Middlesbrough Council leasing the land.
- BCEGI have entered into a Joint Venture with the Council to deliver the Boho X development. This relationship has been shaped to allow for a broad commercial relationship whereby the organisations can work in a public-private partnership to deliver a range of commercial objectives. BCEGI are highly experienced in mixed use developments in urban settings, bringing experience, capital and business networks to the partnership.

The resource from the FHSF will allow Middlesbrough Council to tie together all of the strategic elements detailed in the bid to create a comprehensive package that will have the maximum impact, transforming the town centre, for generations.

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

Financial appraisal

In the development of this project, Knight Frank have provided a comprehensive assessment of the investment particulars for the purchase of the Captain Cook Shopping Centre and, whilst considering market trends and risk, considers the property investment (as a going concern and without FHSF intervention) commercially viable with a projected operating surplus for, at least, the first five years; albeit with a declining rent roll. This includes the Council's borrowing costs with respect to the acquisition of the properties.

A successful FHSF bid will add huge value and security to the investment, making it sustainable but, more importantly, allowing for the structural shift of the high street economy, for the direct benefit of all stakeholders. FHSF will accelerate the decant programme and rationalisation of floor space and allow remodelling to attract and retain leisure and food/beverage providers to rebalance the town centre offer; at the earliest opportunity. Given the retail market dynamics, we are acutely aware that time is of the essence, in this regard.

The proposed acquisition of commercial and retail property within the town centre underpins the continued progress of the key regeneration initiatives within the Investment Prospectus. The project offers significant potential for transformational change in Middlesbrough's economy and places Middlesbrough on the national map as a leisure and visitor destination; as well as serving a large domestic catchment population.

Early analysis suggests that, the investment income will comfortably service the costs of any debt and facility management costs. However, the business case actively expects the rent roll to decline over the coming years, as the market for retail floor space readjusts. The investment income is projected to sustain the costs of acquisition, for the medium term.

With FHSF investment, the financial modelling makes clear that a return on investment is clear, not only in the primary intervention area, but in the wider town centre economy, as rental rates stabilise and the supply of retail floor space is restricted – making progress with the current market failures. It is further proposed, that the direct income generated from the long term investment provides a long term financial resource, which can be effectively reinvested / recycled into the high street estate. This allows for the long term financial commitment which can both sustain the FHSF investment but also create a reliable financial resource which can allow for further investment to plan for the long term evolution of highstreets and the diversification of the town centre economy (see Appendix 8).

The housing element of the proposed programme is ambitious, albeit deliverable. There is no comparable market for urban living of such a specification and this is reflective of the scale of gap funding required to enable the delivery of the housing units outlined. Through the novel use of gap funding, direct council investment and the prudent and selective use of the council's financial covenant, provides comfort that the creation of a completely new urban community and housing product can be delivered on an affordable basis and at a price point which will generate the necessary demand for a stable occupancy. However, the financial modelling does highlight a conflict between the cost and value of such provision, albeit proportionately modest. As such, the proposed investment outlined by this programme, serves to bridge the viability gap and enable significant leverage of private sector investment.

Of course, the delivery of a new urban housing market from scratch, includes a level of speculation, but the delivery partners have costed and market-tested construction programmes which provide relative cost certainty. Similarly, Middlesbrough's local plan and associated housing demand assessments shows that the local economy requires a housing supply of C. 500 units per annum. As such, this delivery programme of C. 650 units, over a three year period, is proportionate with local housing demand projections.

Financial risks

Should this application be unsuccessful, the transformational change will not be realised and there is a real risk of a further spiral in the property market and irrecoverable loss of footfall, exacerbated by retail distress, post COVID-19.

The financial risks faced by the project can be seen below, details of mitigation can be seen in Appendix 12:

- Low demand for residential units (immature town centre market).

- Captain Cook Shopping Centre suffering from long term voids.
- Existing tenants of Captain Cook Shopping Centre being unprepared to move to other retail units within the town centre
- Insufficient or unsuitable empty floor space to accommodate the decanted businesses
- Repurposing work does not translate into sufficient uptake from leisure providers.
- Complexity of repurposing results in delays and cost escalation.
- The programme is highly capital intensive and is therefore sensitive to cost over-runs.
- The programme does not receive adequate funding.

ECONOMIC CASE *Our options and the extent to which they provide VFM*

A SWOT Analysis can be found in Appendix 13.

Economic appraisal of shortlisted options

Middlesbrough has the catchment of a city region but with the retail characteristics of a fragile town.

Current housing in the ward closest to the town centre (Newport) has 5,006 households, which represents 8.75% of Middlesbrough's total, with a population of 11,839. 40.7% of households live in private rented accommodation with an average household income of £24,100 which is 18% lower than the national average. It is therefore vital for the town's long term sustainability to diversify the type of housing in the area that bring a mix of different socio economic groups.

A generation ago many UK city centres were unappealing places, with a reputation for crime. Now, they are among the most desirable areas of the country to live. Cities like Manchester, Liverpool and Birmingham are home to new buildings for urban living with the high street full of cafes, bars, restaurants and gyms serving their often young and affluent customers. Only 30 years ago inner city populations that had grown rapidly in the late 19th and early 20th Centuries had dwindled - the residents leaving cramped, urban housing for more spacious suburbs and new towns. The reversal that has taken place in other parts of northern England demonstrates a dramatic urban renaissance and a shift in how people want to live. In big cities, more than half of the people living in the centre work in high-skilled professional occupations. Although Middlesbrough isn't at the same scale as a big city, its ambitions are, the type of jobs created through investment in Centre Square and TAMP will draw young professionals to live, work and play in the town centre.

Middlesbrough's retail core is compact and the wider town centre includes significant commercial activity. The town centre is the fulcrum of the town's economy and its long term welfare is critical to the town's future economic growth. However, whilst there is significant potential, current evidence still suggests an underperforming centre (when ranked regionally and nationally) and an oversupply of retail floor space. There are high levels of retail property vacancies, and the Council is aware that many businesses remaining in the town are finding that trading conditions are challenging. This has been exacerbated by COVID-19. Without action, further high street closures seem inevitable. Commercial property comprises one third of the floor space of the town, and the other two thirds are dedicated to retail – a healthy town centre has the opposite ratio. Market failure is evident and there is an imbalance in terms of a deficit in leisure and hospitality, as part of a rounded offer for an attractive evening and night time economy. For the town centre to be successful there is a need to shift to less retail, as a proportion of floor space, and an increased diversification of uses.

Intervention to the proposed area has been centred on rationalisation of retail floor space and repurposing of some of the town centre to create a more economically viable offer. As detailed throughout the strategic case, Middlesbrough's retail supply outstrips retail demand, via the presence of four shopping centres, within walking distance. The options have largely been based on reduction of retail, remodelling and repurposing of existing units/areas to introduce a new, modern, vibrant and family-friendly offer.

In this context of the private town centre property market is inevitably suffering. Owing to the multiple ownership of property and the sunk investment by these companies it is difficult for the market (alone) to bring about a rationalisation of retail floor space. Intervention by the Council, is therefore crucial to make a significant step-change, to address the key market failures in a number of different ways including working with property owners, retailers and other occupiers. This is not something the market is currently commercially motivated to do, given national retail and economic trends. Coupled with the relatively high retail vacancy rates, the oversupply of retail units and reliance upon retail creates further structural issues. With just 11% of the premises classified as leisure (bar, club, café, cinema, etc.) – half of its underlying capacity - the town is too reliant upon retail. Increasingly the modern consumer uses a town centre for social, service and experiential activities and an increase in alternative users must be encouraged.

The options are prescribed on the Council being in ownership of the Captain Cook Shopping Centre. It is anticipated that both will be under Council ownership by no later than early July 20.

By purchasing this property, the Council can strategically manage, and lead on the rebalancing of the town centre; to the benefit of all stakeholders.

Description of options - A multi-disciplinary team, of both consultant partners, and Council officers, was compiled to assess, shape and influence the final set of options. This led to the creation of five key options (additional option considered post COVID-19), which are summarised below:

Option One – £13m - FHSF Requirement = £0m

The Captain Cook will be in Council ownership from early July 2020. The Council is to pass on the interim management arrangement to sector specialists Knight Frank, until the Council can assess the medium-long term options. This option simply demonstrates the Council's investment and assumes this would remain as is, and the only interaction with the current market would be via management of units or if a new occupier is interested in occupation of any vacant, or soon to be vacant units. This does not assume any amendments, structurally to the units, nor changing the uses, unless a leisure operator was to demonstrate interest, and would bring along capital for fit out, etc. The House of Fraser building would remain as it is, retail on the base, ground and first floor, with predominantly majority of the remaining floors mothballed.

Transport - This does not realise any transport enhancements, upgrades or amendments to the existing facilities.

Option Two - £63.7m FHSF Requirement = £13m

- *Reduction of 230k sqft retail, % of HOF non retail upper floors and introduces 400k leisure, community and food and beverage*
- *Limited, intervention on transport enhancements – anticipated that this will centre on improvements to the Captain Cook Centre Car Park*
- *New – 10,000sqft of independent Food and Beverage retailers brought in immediately*
- *Cultural – additional events, increased footfall and dwell time, hotel stays*
- *Education – increased footfall in town centre – increased propensity for urban living, talent and skills attracted and retained*

Retail - This option introduces a reduction of retail, along with introduction of new leisure provision. Based on the Captain Cook Shopping Centre, and the House of Fraser building being in Council ownership, the proposal would be to reduce the retail via a package of co-ordinated grants – both for decanting incentive, and inward relocation incentive. Local market analysis, and feedback from retailers and operators, suggests that many retailers are occupying larger than required retail space, and it is anticipated that this would be a welcomed opportunity, for some, to provide a more suitable premises for now, and the future. Along with this, it is anticipated that in order to attract new, modern leisure and food / beverage outlets, financial incentives for remodelling of properties will be necessary to entice new tenants, which the town urgently needs to rebalance the offer. Given that such tenants would be new to the centre, and likely the town, an incentive package would assist in their selection to bring their businesses to the town.

An additional amount is earmarked for external improvements, concentrating on the Captain Cook shopping centre units, to provide a refreshed, enhanced and more attractive entrance, to this part of the town centre. Whilst the centre itself is around 20 years old, it would benefit from some investment to create a more modern and attractive shopping experience. The units are surrounded by a public square, with seating, which currently provides space for some seasonal events, and activity throughout the year, therefore this area would also benefit from the surrounding assets being refreshed.

Transport - The Captain Cook shopping centre is adjacent to a 773 multi-storey car park. Whilst fit for current purposes, and day time shopping, it does not meet the out of hours offer requirements. It is proposed that this car park be enhanced with the introduction of:

- Electrical vehicle charging points/bays
- Pay on exit
- Improve lighting and security – to provide a more welcoming experience for evening users

Independent Food and Beverage - Recent discussion, with a regionally established food and beverage operator, with some financial assistance could enable a new c10,000sqft food offer, which would create a significant new offer, unique to the Tees Valley. Early market testing suggests that this operator alone, could generate an additional 600,000 visitors per annum. Currently the town centre footfall is relatively high between the hours of 9-5pm but declines massively after 5pm, with minimal numbers, and a very limited offer on outlets which are operational at any time, other than the annual festive period.

Cultural Infrastructure - Public events, and activities, are integral to bring life to a town centre, both for day and night time use. Investment in such spaces is crucial to breathe life into town centre spaces, and increase the footfall, along with dwell times.

Education Integration - Middlesbrough College currently has its main campus in Middlehaven, with a student base of around 12,000 students. Plans for expansion are currently underway, with a significant increase in the projected numbers of predominantly 16-24 year olds. An increase in this user group, is likely to increase the public transport users, departing from the bus station, and ideally increase their dwell time in the centre, which benefits the economic market.

Option Three – £126.4m - FHSF Requirement = £20.5m

- *Reduction of 230k sqft retail, % of HOF non retail upper floors and introduces 400k leisure, community and food and beverage*
- *Increased bus patronage across central Middlesbrough, 4 superstops, car park enhancements – EV , pay on exit, lighting and security – car parks and thoroughfares*
- *New – 10,000sqft of independent Food and Beverage retailers brought in immediately*
- *Cultural – additional events, increased footfall and dwell time, hotel stays*
- *Education – increased footfall in town centre – increased propensity for urban living, talent and skills attracted and retained*
- *Housing – new urban living units c200 within the boundary with another c300 within 300m distance*

Retail – as Option 2

Transport - Based on transport assessments and analysis, a programme of investment is proposed to include: adaption to the existing bus station; the introduction of superstops/transport hubs; and, a programme of enhancements to the Captain Cook shopping centre car park.

The bus station would be partially demolished, with the core ground floor activity to remain, and the extended stands to be cleared. This would create new space for the introduction of the new superstops, as part of the wider transport network improvements. The remaining superstops would be created, at the same time as this one, to ensure both the public and the bus operators can provide the new services as part of a co-ordinated approach.

The Captain Cook shopping centre is adjacent to a 773 multi-storey car park. Whilst fit for current purposes, and day time shopping, it does not meet the out of hours offer requirements. It is proposed that this car park be enhanced with the introduction of:

- Electrical vehicle charging points/bays
- Pay on exit
- Improve lighting and security – to provide a more welcoming experience for evening users

Independent Food and Beverage – as Option 2

Cultural Infrastructure – as Option 2

Education Integration – as Option 2

Housing - Partial redevelopment of the bus station site creates an opportunity to create new urban living. Early assessment indicates that this could create a c10 storey, landmark building unlocking up to 500 new units both on and off site. Housing sites are available at Appendix 4.

Option Four - £213.8m - FHSF Requirement = £20.5m

- *Reduction of 230k sqft retail, % of HOF non retail upper floors and introduces 400k leisure, community and food and beverage*
- *Increased bus patronage across central Middlesbrough, 4 superstops, car park enhancements – pay on exit, lighting and security – car parks and thoroughfares*
- *New – 10,000sqft of independent Food and Beverage retailers brought in immediately*
- *Cultural – additional events, increased footfall and dwell time, hotel stays*
- *Education – increased footfall in town centre – increased propensity for urban living, talent and skills attracted and retained*
- *Housing – new urban living units c200 within the boundary with another c300 within 500m radius*

This option is based on wholesale acquisition and redevelopment. This would require all assets, and land, within the boundary to be acquired and demolished. It is likely this may require a Compulsory Purchase Order, and protracted negotiations with landlords and stakeholders. This would then unlock C.4 hectares of potentially developable land, to create a new plan for the centre. This relies heavily on private sector investment.

Transport – as Option 3

Independent Food and Beverage – as Option 2

Cultural Infrastructure - as Option 2

Education Integration - as Option 2

Housing - Redevelopment of the bus station site creates a new opportunity for urban living. Early assessment indicates that this could create a c10 storey, landmark building unlocking up to 200 new units.

Option Five (Preferred Option) – £137.2m - FHSF Requirement = £20.5m

- *Housing – new urban living units C.650 based on five assembled and prepared development sites, all within 300m distance of the primary intervention area. The development programme comprises C. 80 properties newly converted from vacant / dilapidated office stock, and a further C. 570 new build apartments.*
- *Reduction of 230k sqft retail, % of HOF non retail upper floors and introduces 400k leisure, community and food and beverage.*
- *Increased bus patronage across central Middlesbrough, 4 superstops, car park and transport automation, enhancements to the areas connecting transport hubs and high street areas- lighting and security.*
- *Cycling infrastructure upgraded in the critical 'final mile' through Middlesbrough centre. Key areas will be given cycling priority / lanes and pavement widening will support the transition to pavement café areas to support a growing leisure and hospitality cluster.*
- *New – 10,000sqft of independent Food and Beverage retailers brought in early in the programme*
- *Cultural – additional events held through the provision of fixed events infrastructure – leading to increased footfall and dwell time, hotel stays. A programme of public space animation will encourage people to interact with their surroundings and aid the appeal for nearby residential developments. Vacant spaces will be animated with pop-up gallery space and artistic installations – targeting co-location of community assets and services in central areas.*

Retail – A grants programme will address residual COVID-19 anxieties by supporting high street businesses to invest in long term adaptations, which will improve business continuity and enable safe trading in similar circumstances. Diversify the economy by addressing the structural imbalance in retail floor space and creating a new, regional leisure hub. Enjoy the mutual benefits of co-located urban living areas which underpins the core demand to sustain this transition.

Infrastructure - Making it welcoming to visit Middlesbrough by any mode of transport. Connecting key high street areas and thoroughfares with enhanced safety and security measures.

Independent Food and Beverage – as Option 2

Cultural Infrastructure – Capitalise on Middlesbrough's growing reputation for arts and cultural infrastructure to give people more reasons to engage with their high street by creating a consistent theme of creative visual stimulus, collectively delivered together to create an impressive accessible visual arts event.

Similarly, Middlesbrough can unlock its large and historically-significant archive of arts and craft wares, to animate temporarily vacant spaces and encourage people to engage with a rich local art scene.

Housing - Create new urban living / community in the centre of Middlesbrough. Create the conditions whereby the high street economy benefits from the injection of reliable residential footfall; to animate central areas and sustain services, retail and hospitality. Provide the modern urban ecosystem which appeals to a skilled workforce for a growing employment base and a constant flow of activity. Housing sites are available at Appendix 4.

Benefits Analysis

Option 1: Status Quo Option (Do Nothing)- Acquire the Captain Cook Square Shopping Centre and House of Fraser and operate as a going concern , with existing retail uses - Even though it did not meet any of the criteria it has been shortlisted in order to assess additionality;

As noted above the status quo option in this instance is that there is no ongoing activity, therefore in the interests of prudence we have assumed that there would be zero direct, attributable impact. Indeed, the strategy would be that of managed decline, given the current market dynamics.

However, allowance has been made for the anticipated benefits of Tees Valley Combined Authority investment in cultural programmes, over the next three years.

The following assumptions have been made in respect to the calculation of benefits (economic impact):

- Increased cultural visitor patronage at 1% per annum – from the Tees Valley Culture and Tourism assessment – Baseline at £197.16m in 2018. Converted from reported visitor numbers and STEAM data – average visitor spend.

When combined with Programme Costs it provides an NPV of £42.065 m and a BCR of 1:52

Option 2: Minimum Option – Acquisition and repurpose of the Captain Cook Shopping Centre and House of Fraser Building – full repurpose to leisure uses and active decant of retail floorspace to the wider retail property estate. No additional public transport network enhancement and no residential component.

The following assumptions have been made in respect to the calculation of benefits (economic impact):

- Increased cultural visitor patronage at 2% per annum (given the additional attraction of a leisure hub– from the Tees Valley Culture and Tourism assessment – Baseline at £197.16m in 2018. Converted from reported visitor numbers and STEAM data – average visitor spend.
- Knight Frank cite the current retail floorspace as = £75 per sqm. Given the restricted supply of retail floorspace and repurposing of space to leisure, we have applied a rental stabilisation target of = £95 per sqm. Applying only to the remaining retail estate (inclusive of voids) of 1m sqft 92903 sqm, we have assumed that the impact of the investment will take time to filter through to the market and have only applied this from year 4, by an average of £20 uplift per sqm by year 4. No inflation has been applied as, given the volatility in retail rental markets, it is not considered prudent to assume a steady inflationary uplift in rents.
- This option assumes that all retail uses and employment are retained locally – utilising vacant property (i.e. no leakage). The repurposed stock is assumed at 400k sqft. Using HCA employment densities 2015, leisure uses equate to 186 jobs created at 200smq per job average – similarly, TVCA economic assessment cites sector productivity at 31k per annum per job. We have also assumed a productivity increase at 2% per annum. And,
- We have assumed that each job will have a duration of circa 4 years (in line with Scottish Enterprise Jobs Life Guidance), but that there will be a rolling upgrade of jobs and new entrants attracted to the site.

When combined with Programme Costs it provides an NPV of £167.693m and a BCR of 1:2.25

Option 3: Pre COVID – 19 Option – Acquisition and repurpose of the Captain Cook Shopping Centre and House of Fraser Building – full repurpose to leisure uses and active decant of retail floorspace to the wider retail property estate. This option includes the additional public transport network enhancements and upgrades to the Bus Station Facility. Bus Station reconfiguration allows for new residential units, both on and off site C. 500 units.

The following assumptions have been made in respect to the calculation of benefits (economic impact):

- Increased cultural visitor patronage at 2% per annum (given the additional attraction of a leisure hub– from the Tees Valley Culture and Tourism assessment – Baseline at £197.16m in 2018. Converted from reported visitor numbers and STEAM data – average visitor spend.
- Knight Frank cite the current retail floorspace as = £75 per sqm. Given the restricted supply of retail floorspace and repurposing of space to leisure, we have applied a rental stabilisation target of = £95 per sqm. Applying only to the remaining retail estate (inclusive of voids) of 1m sqft 92903 sqm, we have assumed that the impact of the investment will take time to filter through to the market and have only applied this from year 4, by an average of £20 uplift per sqm by year 4. No inflation has been applied as, given the volatility in retail rental markets, it is not considered prudent to assume a steady inflationary uplift in rents.
- Bus Patronage is baselined at Middlesbrough bus station at 7m per annum. Additional services and facilities would anticipate a 2% annual uplift on this rate with an incremental adjustment over the first four years of the programme to reflect the recent trend of declining bus patronage and having to slow the decline and then grow patronage. The average journey cost has been assessed as £2.50 per journey and the economic benefit has been taken as the net additional journeys as compared to the 2019 baseline of 7m journeys.
- From Tees Valley Gross disposable household income data (last measured at 2017) an additional 500 units would create £15,112 of additional household disposable income – with assumed wage inflation at 2% from there on. Occupancy has been assumed at 40% / 80% and 100% from year 2 onwards.
- This option assumes that all retail uses and employment are retained locally – utilising vacant property (i.e. no leakage). The repurposed stock is assumed at 400k sqft. Using HCA employment densities 2015, leisure uses equate to 186 jobs created at 200smq per job average – similarly, TVCA economic assessment cites sector productivity at 31k per annum per job. We have also assumed a productivity increase at 2% per annum. And,
- We have assumed that each job will have a duration of circa 4 years (in line with Scottish Enterprise Jobs Life Guidance), but that there will be a rolling upgrade of jobs and new entrants attracted to the site.

When combined with Programme Costs it provides an NPV of £403.727m and a BCR of 1:2.81

Option 4: Complete Demolition and rebuild – same configuration and outputs as Option 3 – Acquisition and repurpose of the Captain Cook Shopping Centre and House of Fraser Building – full repurpose to leisure uses and active decant of retail floorspace to the wider retail property estate. This option includes the additional public transport network enhancements and upgrades to the Bus Station Facility. Bus Station reconfiguration allows for new residential units, both on and off site C. 500 units.

The following assumptions have been made in respect to the calculation of benefits (economic impact):

- All assumptions are as option 3

When combined with Programme Costs it provides an NPV of £403.727m and a BCR of 1:1.88

Option 5: Preferred Option – A series of satellite housing sites have been identified to deliver C.650 housing units within a 300m radius of the town centre. Acquisition and repurpose of the Captain Cook Shopping Centre and House of Fraser Building – full repurpose to leisure uses and active decant of retail floorspace to the wider retail property estate. This option includes the additional public transport network enhancements and upgrades.

The following assumptions have been made in respect to the calculation of benefits (economic impact):

- Increased cultural visitor patronage at 2% per annum (given the additional attraction of a leisure hub– from the Tees Valley Culture and Tourism assessment – Baseline at £197.16m in 2018).
- Converted from reported visitor numbers and STEAM data – average visitor spend.
- Knight Frank cite the current retail floorspace as = £75 per sqm. Given the restricted supply of retail floorspace and repurposing of space to leisure, we have applied a rental stabilisation target of = £95 per sqm. Applying only to the remaining retail estate (inclusive of voids) of 1m sqft 92903 sqm, we have assumed that the impact of the investment will take time to filter through to the market and have only applied this from year 4, by an average of £20 uplift per sqm by year 4. No inflation has been applied as, given the volatility in retail rental markets, it is not considered prudent to assume a steady inflationary uplift in rents.
- Bus Patronage is baselined at Middlesbrough bus station at 7m per annum. Additional services and facilities would anticipate a 2% annual uplift on this rate with an incremental adjustment over the first four years of the programme to reflect the recent trend of declining bus patronage and having to slow the decline and then grow patronage. The average journey cost has been assessed as £2.50 per journey and the economic benefit has been taken as the net additional journeys as compared to the 2019 baseline of 7m journeys.
- From Tees Valley Gross disposable household income data (last measured at 2017) an additional 500 units would create £15,112 of additional household disposable income – with assumed wage inflation at 2% from there on. Occupancy has been assumed at 40% / 80% and 100% from year 2 onwards.
- This option assumes that all retail uses and employment are retained locally – utilising vacant property (i.e. no leakage). The repurposed stock is assumed at 400k sqft. Using HCA employment densities 2015, leisure uses equate to 186 jobs created at 200smq per job average – similarly, TVCA economic assessment cites sector productivity at 31k per annum per job. We have also assumed a productivity increase at 2% per annum. And,
- We have assumed that each job will have a duration of circa 4 years (in line with Scottish Enterprise Jobs Life Guidance), but that there will be a rolling upgrade of jobs and new entrants attracted to the site.

When combined with Programme Costs it provides a **NPV of £443.896m and a BCR of 1:2.84**

Methodology Statement - Discounted cash-flows have been used for the twenty year economic lifespan of the properties (it is anticipated that the build structure will have a life in excess of these, but given the highly specialised demands of the sector, a twenty year figure was deemed prudent) and with a discount rate of 3.5% (standard for non-commercial venture).

Detailed capital and operational costs, based on estimates from external consultants were used.

Net benefits were also used which include:

- Revenue/Rental based income profiles for the properties and rental stabilisation on estimates from external consultants;
- Increased bus patronage and service frequency
- Increase in footfall from cultural and other visitors; and

- The economic impact of a new resident population in central Middlesbrough, assuming no displacement of current housing in the borough.
- Economic Impact was based on the number of net jobs attracted to the site and with a job persistence level of 4 years.

Non-monetary costs and benefits of shortlisted options:

Non Monetary Analysis							
Non Monetary Factor Criteria	Weighting	Scoring	Option 1	Option 2	Option 3	Option 4	Option 5
Urban Living Units will form a key component of animating central Middlesbrough, attracting and retaining young talent, enlivening urban areas and driving all day footfall	25	0-10	1 (25)	2 (50)	8 (225)	8 (225)	10 (250)
Provision of a high quality, integrated, expanded, reliable bus network within a modern facility - to enhance user experience and convenient connectivity.	20	0-10	1 (20)	2 (40)	10 (200)	8 (160)	10 (200)
Diversify leisure economy to attract the catchment population of A,B,C, Mosaic profile.	10	0-10	1 (10)	6 (60)	10 (100)	10(100)	10 (100)
reduce the supply of retail floor space by 25% - rebalance the economic mix closer to national averages / trends.	20	0-10	1 (20)	8 (160)	10 (200)	8 (160)	10(200)
SCORING			100	460	975	915	1,000
Ranking			5th	4th	2nd	3rd	1st

The rationale for the respective scoring of each option is explained below:

- **Urban Living Units will form a key component of animating central Middlesbrough, attracting and retaining young talent, enlivening urban areas and driving all day footfall:** Option 5 delivers the highest volume of urban living within the tightest radius of the high street. Options 3 and 4 present on site residential development opportunities but have commensurate expense. Option 2 increases the propensity for complementary residential development to follow in the long term and Option 1 scored lowest, as it does not enhance existing provision in the town centre residential sector.
- **Provision of a high quality, integrated, expanded, reliable bus network within a modern facility - to enhance user experience and convenient connectivity:** Options 3 and 5 score highest as they create a wholesale change in the public transport network for Middlesbrough; option 5 being a more diverse and multi-modal approach, to include cycling and walking. Option 2 may have a minor positive impact on patronage, albeit limited. Option 1 scored lowest, as it does not enhance existing provision for public transport;
- **Create an experiential economy to increase the scale and diversification of leisure and food and beverage uses:** Options 3 and 5 scored equal highest as they are providing similar levels of transformation to the leisure and entertainment market in Middlesbrough. Option 4 would deliver similar benefits, albeit at greater expense and risk. Option 2 does not provide the necessary level of user experience with enhanced public transport and residential accommodation experiences. Option 1 scored lowest, as it does not enhance existing provision for the retail and leisure sectors;
- **Diversify leisure economy to attract the catchment population of A,B,C, Mosaic profile :** Options 3, 4 and 5 transform the leisure economy and increase the propensity for visitors to occupy the site, with an increased propensity for having higher disposable incomes – particularly with the enhanced residential offer. Option 2 will improve the appeal for some visitors, but does not offer the residential and public transport enhancements. Option 1 scored lowest, as it does not enhance existing provision for the area; and,

- **Reduce the supply of retail floor space by 25% - rebalance the economic mix closer to national averages / trends:** Options 3 and 5 score highest as they completely repurpose 25% of the retail floor space and add value by diversifying the floorspace mix with additional residential units. Option 4 delivers similar benefits at greater expense.. Option two lacks the residential floorspace and Option 1 scored lowest, as it does not enhance existing provision for the town centre;

In summary Option 5 scored highest, in meeting the primary objectives of the programme and representing transformational change. This is due to the fact that the configuration only differs in respect of options offering existing conversion opportunities and the addition of new build accommodation, at greater scale.

Risk assessment of shortlisted options

Appendix 14 outlines the assessment of options scored against the risk criteria in terms of likelihood and impact. A RAG rating system has been used with scores allocated to allow quantification of assessment as summarised below.

Risk					
	Option 1	Option 2	Option 3	Option 4	Option 5
Design Risk: The complexity of the design causes delays and cost escalation;	2	6	8	10	4
Procurement Risk: Implementation may be delayed due to the need to procure external delivery support;	2	6	6	6	2
Cost Risk: The programme is highly capital intensive and is therefore sensitive to cost over-runs;	2	4	6	8	4
Demand Risk: The failure of the development to attract sufficient uptake of leisure rental space within the prescribed time;	2	4	4	6	4
Demand Risk: The failure of the development to attract a sufficient rental price	2	6	6	6	6
Financial Risk: The Programme does not receive adequate match funding due to lack of institutional awareness/lack of opportunity	2	4	8	8	8
Sub-total	12	30	38	44	28
Ranking	1st	3rd	4th	5th	2nd

Option 1 has been identified as the lowest risk option, this is due to the fact that it does not involve any meaningful investment / adaptation. Options 2 to 5 increase in complexity and this is reflected within the risk. Given the early stage of costs and designs, in the interests of prudence optimism bias must be applied at the highest level for both cost and timing of build.

Sensitivity analysis for the shortlisted option

The following issues have been tested for sensitivity analysis:

- Scenario 1 – 10 % reduction in assumed operational
- Scenario 2 – 50% reduction in Cultural Visitor Financial Benefits
- Scenario 3 - 20% reduction passing rents
- Scenario 4 – No additional employment realised
- Scenario 5 – No growth in bus patronage
- Scenario 6 – 50% of household disposable income achieved.

See Appendix 8 (Options BCR NPV tab) for sensitivity tests for the shortlisted options.

The sensitivity test has not altered the ranking and Option 5 is the most robust.

Justification for preferred option

Ranking	Option 1	Option 2	Option 3	Option 4	Option 5
Net present social value (cost)	£42.06m (4 th)	£167.69m (3 rd)	£403.72m (Joint 2nd)	£403.72m (Joint 2nd)	£443.89m 1 st
BCR	1: 1.52 (5 th)	1: 2.25 (4 th)	1:2.81 (2 nd)	1: 1.88 (3 rd)	1: 2.84 (1 st)
Non-monetary benefits	100 (5 th)	460 (4 th)	975 (2 nd)	915 (3 rd)	1000 (1 st)
Qualitative risk assessment	12 (1 st)	30 (3 rd)	38 (4 th)	44 (5 th)	28 (2 nd)
Total (ranking)	5 th	4 th	2 nd	3 rd	1 st

Option 5 is the preferred option as it provides the best value for money and scores highest for non-monetary benefits. The risk presented is proportionate to the scale of impact which the project can produce. However, even with this inflated risk, which can be adequately mitigated it still produces a positive NPV (£443.89m) and BCR (1: 2.84).

COMMERCIAL CASE *How will the project or programme be delivered?*

Market Analysis – Living close to the places where employment density is greatest, leisure and recreational activities are concentrated and where main transport hubs are located, is an attractive proposition for many. However, decades of under investment in our town centres and the availability of out-of-town housing has meant that many town centres have become synonymous with decline, empty properties, vertical drinking and anti-social behaviour. This has been exacerbated in recent years by the decline of the High Street and the lack of control, ownership and funding by local authorities to address these issues.

Development of vacant and low value sites for residential purposes is critical to successful placemaking. New housing strengthens community ownership of town centres, creates vibrancy throughout the day and importantly generates footfall to sustain retail, leisure and other uses. Housing diversifies the High Street and helps rationalise the amount of retail to more sustainable levels. Upper floors can be converted to bring back into use difficult to let, poorly accessible retail spaces.

It is crucial that local authorities play a key role in the recovery of the High Street following the catastrophic events around COVID-19. While the challenge will certainly be significant, there could also be opportunity. With so much change in many places, it will be a chance to completely reinvent the High Street. Critical to this will be understanding local need.

To be successful housing growth areas, town centres need to provide access to community services such as educational and health care facilities, libraries and recreational spaces. They need to be Liveable Places. This means:

- putting **community** at their centre;
- delivering long-term **social and economic value**;
- creating **well-designed**, high quality public spaces;
- focusing on **collaboration and engagement**; and
- having **sustainable solutions** at their heart.

Lichfield's June 2019 report City Centre Living in Middlesbrough, found the Council had a very strong vision for the future of the borough, with investment across the town, generating new jobs and demand for residential accommodation within the central area of Middlesbrough.

The report also found through market testing that the Council needed to be seen to take a strong lead. This leadership would be important to establish an innovative approach which is open for business and gives confidence regarding the planning and delivery of change to ensure that investment will be successful. Initial developments will inevitably be of higher risk and lower return. However, the long term aim is to address market failures to enable private sector investment with diminishing public sector support.

The Strategic Housing Market Assessment (2016) considers future housing need across Middlesbrough. Based on the 2014-based household projections for Middlesbrough the SHMA identifies that future demand, driven by the projections, will continue to be focused on single person households (18%) and lone parent households (33%). In terms of the future need, the SHMA identifies a greater need of one and two-bedroom properties compared to market homes; 25% of the overall affordable need compared to 7.5% market are identified for one and two-bedroom properties. These would be perfectly suited to the mixed property proposals for the FHSF area.

A further study has been commissioned to look at the development of an urban property market, in particular. As an undeveloped market in need of public sector enablement, the traditional demand analysis has been supplemented with additional aspects such as sustainable price points and the future residential demand demographics as a way of deriving demand and building an urban residential market, from scratch.

The report finds (updated report pending – post COVID 19) that, in and of itself, the urban housing market is an excellent driver for localised economic growth. However, tenant expectations are much broader than the quality of the housing product alone. The Countrywide extended market report of June 2019 cites that:

'successful urban housing developments are synonymous with areas which have successfully created a strong placemaking agenda and a 'destination' feel. Other larger cities have created excellent outside spaces which firstly provide an aesthetically pleasing experience for residents and visitors alike but also a space that inner city residents can enjoy. Many larger cities have 'carved' the centres up in to areas that are understood by the public and many relate

to the industry/employers they are looking to appeal to. On the whole Middlesbrough needs to be a place where people have a desire to live. Key area's focussed upon are:

- a. *Employment – professional, financial, sciences or high-tech – to stimulate Graduate retention;*
- b. *Retail – Not the fulcrum it once was but still important. Indie/bespoke coming to the fore;*
- c. *Leisure – A night time economy is key – Cinema, Concert arena, bars/restaurants and sport; and,*
- d. *Transport – An area must be easy to get to/from, with advanced connectivity to other major hubs.'*

From this analysis, it is clear that Middlesbrough’s approach to the FHSF is strategically coherent and provides the necessary breadth of provision and local transformation to provide the mutual-benefits which will provide a complementary residential, leisure, cultural, transport and infrastructure offer to build an urban community, of lasting appeal.

Retail specialists Knight Frank were also commissioned to identify the latest market trends with regards to retail and leisure development in the UK market. This exercise has highlighted growth sectors and opportunities, as a basis on which to formulate the transformational programme of interventions.

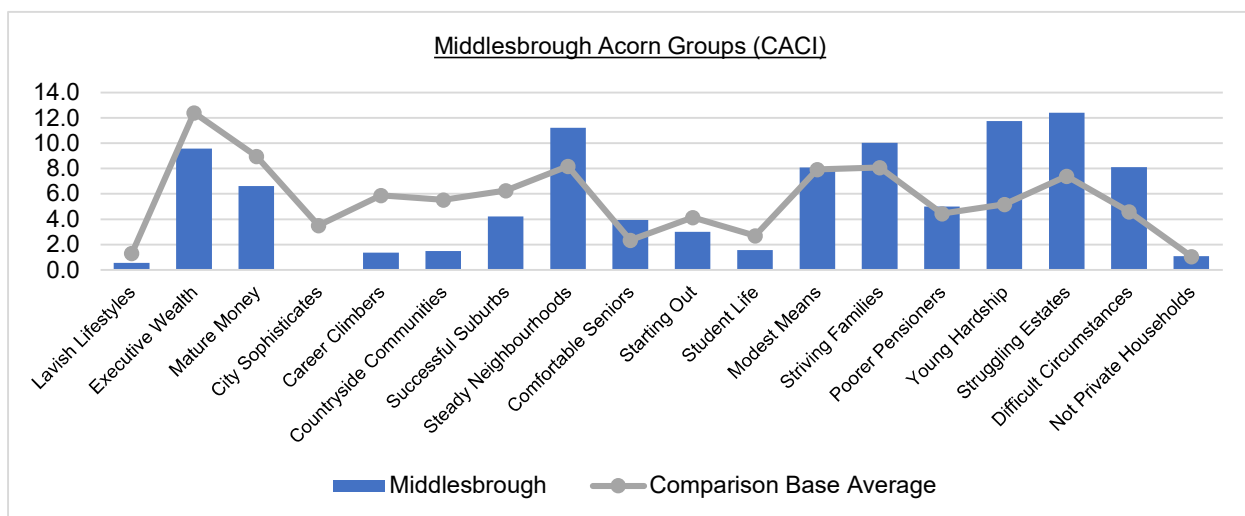
Food and beverage continues to evolve at a fairly rapid pace. Recent history has seen increasing proportions of leisure, especially food and beverage, being integrated into retail and office schemes, both in-town and out. This has proven that there is a discerning income demographic which is frustrated in terms of local demand and is forced to travel farther afield to enjoy a broader range of leisure and hospitality services.

Middlesbrough is significantly underrepresented in terms of national chain restaurants when compared with similar towns and cities. Growing the food and beverage offer in Middlesbrough will help make significant inroads in terms of the experience offered within the town centre, creating a destination and attracting a much broader customer base, extending through the Tees Valley and the surrounding areas of County Durham and North Yorkshire.

Within Middlesbrough there is currently an 11 screen Cineworld Cinema, situated close to the town centre with food providers such as Nando’s, McDonalds and Subway nearby. The proposed development will provide a very different offer to these existing facilities. With the nearest development similar to the Stack offer located 50 miles away, it provides something very different that will attract young professionals who can bring significant disposable income. Within the Tees Valley, Teesside Park located in Stockton-on-Tees is a few miles away from Middlesbrough town centre, is home to large retail park which has several of the same stores as Middlesbrough’s high street, it also hosts a Hollywood Bowl, Showcase Cinema and several chain restaurants. These venues are spread out over a large, commercial site and therefore offer a different experience to the one trying to be achieved in this bid.

Local Demographic Summary - The total population within the town’s catchment area is 321,000 although the number of people who use Middlesbrough as a regular shopping destination is much lower at 164,000 people and is below the average for comparable regional towns of Middlesbrough’s size. 40% of Middlesbrough’s population would be categorised in the ABC1 demographic groups, suggesting that 60% of the population are outside the most affluent categories.

Analysis of CACI’s “Acorn Groups” supports this assertion, with the graph below showing that the more affluent categories – are all significantly under indexing versus the comparison base. In contrast, the least affluent groups - are all significantly over indexing versus the comparison base.



Available comparison goods spend within the Middlesbrough catchment currently stands at £241m.

Comparison goods spend is currently largely diverted towards “personal” goods such as clothes – with 53% of the weekly spend in this category. The next most popular category is “home” goods – with 29% of total weekly spend. The category experiencing the least spend is “leisure” - with the remaining 18% of total weekly spend.

Local Trends & Patterns - Middlesbrough retains just 12.5% of the total available spend, with the majority of the spend (21.2%) being lost to Teesside Retail Park. This competitive dynamic is well documented within this bid and is driving a downward spiral of rents and vacancy within the town.

Total retail floor space within Middlesbrough is estimated at 1.36 million square feet (sqft). Middlesbrough has seen a steady decline in the mix of mass market/value/fashion operators, with the mix of brands now maintaining a strong provision of value or convenience-led operators. Outside of this, the range of branded cafes and restaurants is very limited. The overall PMA score has reduced from 40 out of 200 in 2005 to 59 in 2018. During this time, the loss of national multiple retailers has been particularly detrimental as these brands have either been replaced by non-multiple retailers or remain vacant.

The number of department stores in the town is actually a cause for concern in this instance, given the position of most of the department store covenants. Within Middlesbrough, House of Fraser, Marks & Spencer and Debenhams are attempting to reduce their presence. If these brands were to leave the town centre, the increase in vacancy within Middlesbrough would be unsustainable. In their current positions, alternative uses would not be able to be attracted into the spaces and the perpetual vacancy would depress rents further. The impact on the wider shopping environment of further shuttered stores would be extremely detrimental to footfall and movement of shoppers around the centre.

Middlesbrough Town Centre vacancy rate is significantly above the Retail PROMIS average at 15.8% of all units by floor area and 19% of prime units. Vacancy is forecast to grow significantly over the next 5 years without intervention, with 20%+ vacancy rate by the end of 2020 and the equivalent of one in three shops being vacant by the end of the 5 year period. The growing vacancy rate is not expected to be isolated to peripheral areas of retail, but will be scattered through each of the four malls and along the prime pitch.

The impact of this on rental levels within the town is significant. A “race to the bottom” is being experienced. Given the fragmented ownership and lack of coherent plan for the town centre, many landlords of vacant shops are being forced to accept rock bottom deals to retain tenants that would be otherwise be attracted elsewhere within the town, or outside of the town centre to the main retail parks.

Potential Solutions - Middlesbrough town centre would benefit from the introduction of elements, which can be explored independently, or together with varying levels of intervention.

Middlesbrough now has a strong new office offer concentrated in Centre Square and education base but this needs to address and rebalance the lack of residential, together with better integration with the existing retail and leisure space. Other non-retail uses, such as the theatre and events space (which has been a success), would create a vibrant “destination” and bring shoppers back to the town centre.

Greater integration is required between areas to shop, experience leisure and cinema uses, work in offices and live in residential accommodation. This is the legacy of a zoned approach to live/work/play with no cross over or integration and barriers formed between different uses. Greater linkage would bring in visitors for different purposes (rather than just shopping) and a wider range of spending patterns.

This would extend the “opening hours” of the town centre and introduce a night-time economy which doesn’t exist at present. This benefits retailers through increased footfall and spend and therefore the performance of the assets. The aim should be to appeal to the full demographic spectrum with a mix of tenant types - leisure, cinema, restaurants and cafes together with fashion, local and convenience retail.

Proposed Schemes – benefit to the wider town centre

- a. Contract the heart of the retail centre into a managed environment, with a cultivated mix of residential, leisure and retail uses. Create a focal point and rebranded welcome to the town centre.
- b. Curate open spaces with purpose. Encourage the use of these as spaces for shoppers to congregate and dwell. Double up as events spaces to create a broader range of experiences.
- c. Enhanced and targeted areas of public realm to enhance the shopper experience and encourage increased dwell times rather than direct convenience-led shopping trips.
- d. Improve the interconnectivity of retail, office, leisure and residential areas, removing barriers to pedestrian flows. Merging town centre functionality to change negative perceptions.
- e. Soften the edges of the distinct boundaries currently in place. Merge the lines between shopping, leisure experiences, working and living within the town centre.

- f. Transition retail floorspace and replace with fit for purpose leisure and residential accommodation. Introduce a new vibrant mix of uses and fill the lack of leisure and food & beverage floorspace.
- g. Extend the opening hours of the town centre to encourage a more diverse mix of operators – a mix of national and local café/bars, competitive socialising and food halls.
- h. Relieve pressure on the remaining retail – prevent the need to compete for a limited pool of retailers and encourage a collaborative approach to house the right occupiers in a coherent tenant mix.
- i. Take a greater stake in the town centre and work in partnership with the other owners to allocate capital and make decisions.

Delivery Confidence - Of course, the COVID-19 changed the commercial landscape and has introduced a fundamental level of additional uncertainty. However, Middlesbrough has compiled a programme of interventions which is well structured and relatively robust in terms of long term resilience. Further COVID-19 considerations and business case implications have been explored in the supplementary question section Appendix 1.

With regard to the housing development planning permission for 145 new homes was submitted by Thirteen in May 2020, with a planned start on site in early 2021. Sites outlined in this proposal are assembled and cleared, with Church House having the benefit of planning permission. Other sites are pending submission.

As of June 2020, Heads of Terms have been agreed with a regionally established food and beverage operator looking to establish a c10,000sqft food offer, this will act as a catalyst for other interested parties. Discussions have already taken place with businesses such as a cinema, casino, gin distiller and a swimming pool.

Middlesbrough's £10.5m acquisition of the Captain Cook Centre and House of Fraser building, removes the barriers associated with drawn out land / property acquisition negotiations and allows for the immediate commencement of the transformation proposals. This also forms part of a wider investment programme which will drive activity and footfall into central Middlesbrough. Investment is being made of C. £500m in a huge Urban Living Programme, new Commercial / Office Quarter and educational facilities. Combined, these investments will diversify the Middlesbrough economy and reduce central Middlesbrough's disproportionate reliance on the retail environment.

Middlesbrough Council has dedicated resource from its Planning, Economic Growth and Infrastructure and the Development / Major Capital projects departments; to aid the timely delivery of the programme of proposed interventions. This means that the main body of works can progress with minimal disruption and the completion of delivery milestones are within the direct influence of Middlesbrough Council. These departments have considerable experience of successfully delivering complex multi-million pound projects, involving numerous partners and stakeholders. Similarly, the services can draw on a pool of specialist talent such as architects, engineers, quantity surveyors and framework supply chains, to provide challenge and secure value for money. Delivery confidence is, therefore, high.

As the delivery programme commences, and commitment from the FHSF programme is demonstrated to third party investors / funders, negotiations will accelerate with investors to secure the co-funded / privately funded elements of the delivery programme. This is illustrated by the delivery milestones, whereby the council-led investment is scheduled for the earlier phases of the project and the private sector / co-funded investment is realistically timetabled for later in the programme; albeit programmed to complete well within the 2024 programme window. Contractual agreements with third party co-funders / investors are anticipated to be contractually binding during 2020 calendar year.

The proposed project has undertaken significant planning both internally and through the utilisation of external consultants and specialists in the area of retail and leisure to ensure the scheme adheres to timescales, is deliverable within the financial resource available and achieves the objective of creating a vibrant and economically sustainable town centre.

While a project team has been established to deliver the day to day operation of the project, the Governance arrangements will be overseen by the Town Investment Board, the structure of which can be seen in the Management Case.

The Town Investment Board (as part of the town's fund) have translated the Mayor's priorities and City Centre Strategy into a vision and direction for the Future High Streets Fund business case. Taking account of other schemes and funding, they provide governance for the project and business case.

Delivery model - Middlesbrough Council will deliver the bulk of the project and will manage and operate the reconfigured estate, albeit through a sector-specialist management company (inherited as a legacy from the current centre ownership) and specialist leisure providers. Third party housing providers and developers will be involved in the project and appropriately procured in accordance with their interests and

the form of investment gap funding, headlease etc. These arrangements will be managed through robust legal agreements and are scoped to form part of a more substantive joint venture across multiple assets.

Middlesbrough Council has already entered into talks with a number of major leisure providers from hotels, cinemas, leisure activities, food and beverage retailers, all of whom have expressed significant interest in Middlesbrough's headline proposals and are keen to progress discussions when the plans progress. This provides a high level of confidence that the leisure uses proposed, housing demand and strategic investment are of major commercial appeal to the market place. Middlesbrough Council has developed a number of partnership arrangements which will enable the formal structuring of formal JV's, to bring in commercial delivery expertise and capital.

Middlesbrough has developed a development Joint Venture (JV) with BECGI to deliver a large swath of the Middlehaven and Digital City Estate. Similarly, partnership relationships have been forged with Thirteen Group, Jomast Developments, Chaloner Group and other property owners, to enable the delivery of the ambitious urban living programme. Plans are well developed with planning permission, financial appraisals and development briefs – all in place, or pending, to ensure rapid delivery. BECGI also bring a broad experience of commercial and mixed use developments. This expertise may be explored and brought to bear with the commercial development of the Captain Cook Centre.

The long term return on investment for this transformational development will create a sustainable stream of income, which can be reinvested and recycled to the long term benefit of the estate and investment in the long term evolution of the high street areas in Middlesbrough, both now and in the long term.

Middlesbrough Council will receive the funds as a commercial operator to create a leisure and transport hub for the area. The risks around state aid arise through:

- 1) Middlesbrough Council as a commercial operator;
- 2) Procurement of the contractor(s); and,
- 3) Operationally through the tenants (if a subsidy was applied), meaning rent is below market rate.

Mitigations:

- 1) An identified market failure, this activity will not come forward without public intervention;
- 2) The procurement process set out will mitigate the state aid risk; and,
- 3) If SMEs received a subsidised rent, it would be below de minimis threshold and monitoring arrangements are already in place for commercial properties that will be expanded to manage this.

The business case for the Middlesbrough project is predicated on a market rate being charged for rental and service charges and therefore aid is not anticipated. The main contracts will be awarded through frameworks that have been established through an OJEU compliant process. Specific elements of the project will utilise either a recognised framework or an appropriate tender process.

Payment mechanisms - Business World is the Financial Management system used by Middlesbrough Council, all invoices will be paid via this system. This system operates a rigorous process, which ensure checks at all stages. In addition any Purchase Order raised over £5,000 must be approved by Procurement and Commissioning to ensure correct procurement has taken place and value for money is being achieved.

Contractual issues - Financial Limits - In line with standing orders, financial thresholds are in place for goods and services procured by Middlesbrough Council and must always be considered prior to arranging the provision of goods or services and works. As a result of these procedures, relationship with the Procurement team, operation of a Commissioning Framework and working knowledge of potential contractors to carry out remodelling works, no contractual issues are anticipated.

Some third party land ownership issues are present, or where a contractual relationship is required under a joint venture / partnership agreement – this will require a formalised procurement and contractual relationship. Similarly, in securing private equity finance as co-investment, comprehensive, institutional funding agreements will be required. Specialist legal advice is available to manage these arrangements.

In decanting the current stock of active retail tenancies, there is a requirement to expedite this process with negotiation with some of the leaseholders. Whilst this can be done through dialogue and brokerage. A relationship has been developed with local property owners, to provide a coordinated decant process which will minimise business disruption, address the issue of void stock in the local market and keep as many of the displaced retailers within Middlesbrough town centre, as possible.

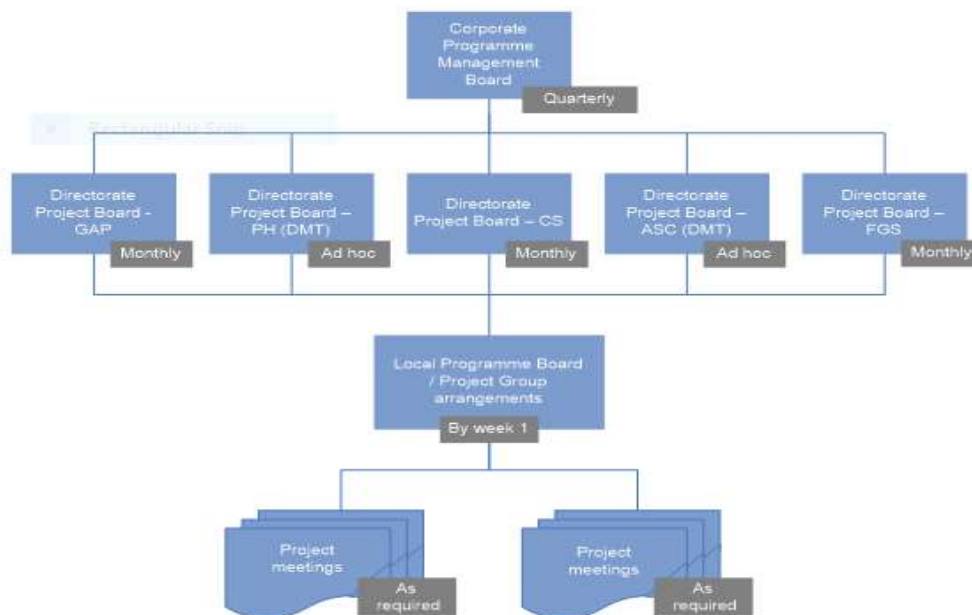
MANAGEMENT CASE *How will delivery of the programme/project be planned, monitored and overseen to evaluate and ensure its success?*

Middlesbrough Council has had significant experience in structuring commercial relationships, in aid of the delivery of major regeneration projects. This has included involvement in institutional investments including: headlease on a major office development, senior debt on a local hotel conversion investment and investment in a major advanced manufacturing park. This experience has allowed the Council to refine its skills in shaping commercially-appealing investments and attracting private sector leverage.

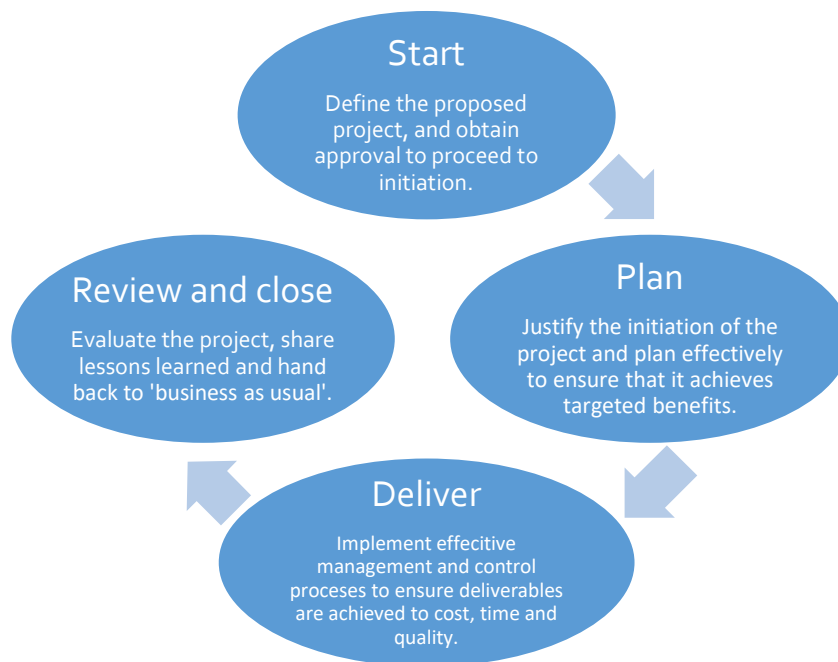
Key project management tools will be employed to manage the scheme, such as Gantt charts and Risk Logs to ensure milestones and tasks are being met. The project team will work closely with the Council's Procurement/Commissioning and Legal teams to make the contractual elements of the project as efficient and effective as possible. The Finance team will also support delivery through constant monitoring of expenditure.

Project Framework and PPM Strategy - Middlesbrough Council has implemented a bespoke solution for programme and project management, based on an interlinked process of Start-Plan-Deliver-Review/Close, which applies at both the programme and project level. All projects undertaken within the Council must comply with this framework.

In order to ensure that projects have the greatest possible chance of success, a governance structure and process has been developed. The structure ensures that projects / programmes are scrutinised in a uniform way with Directorate Project Boards and the Corporate Programme Management Board being utilised to check and challenge progress and provide support to unblock issues. Please see the diagram below. The FHSF programme will be monitored by the Growth and Place (GAP) Directorate Board.



Projects / Programmes at Middlesbrough Council are delivered through four stages:



A core document is developed against a standard template at each stage and must then be approved by a robust governance structure prior to commencement of the next stage. Once the project is in the delivery stage the following documentation must be produced:

- Project initiation document (PID)
- Project plan
- Risk and issues log
- Decision log
- Project finances
- Change control
- Benefits management

The process also allows for relevant change controls to be submitted for approval and they are formally recorded so any changes to the project are tracked.

This robust project management process is well embedded at Middlesbrough Council and helps demonstrate the comprehensive approach taken. The monitoring of spend and delivery against the key milestones, outputs and outcomes will be achieved through utilisation of the Council's framework.

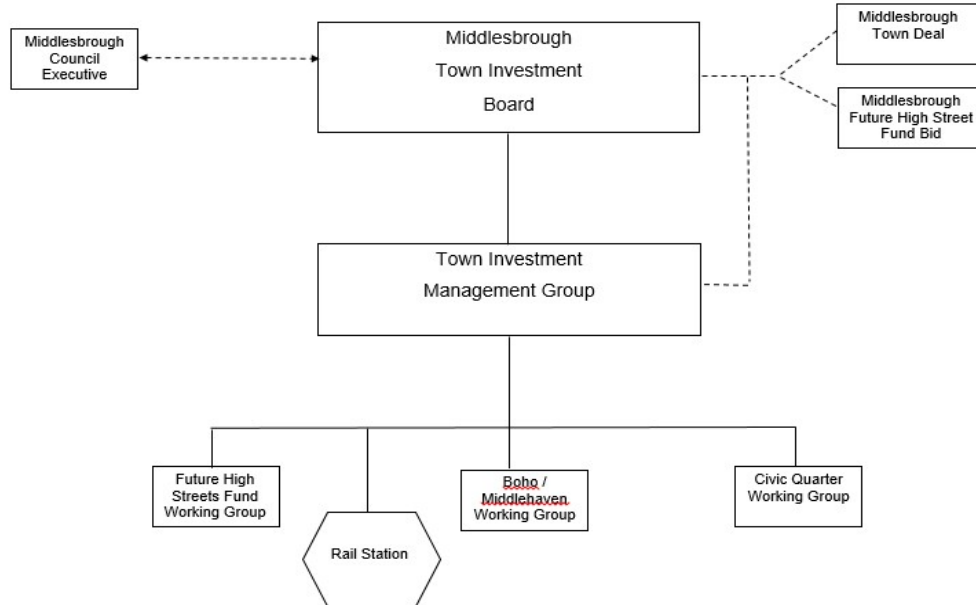
As part of the application process, and envisaged for the life of the FHSF programme, Middlesbrough Council has convened a FHSF Board, comprising senior leadership and representation from across the business community. This group has steered the approach to ensure that any interventions are commercially-relevant and are much more substantive than cosmetic improvements and temporary fixes. The board also sits within a governance structure overseen by the local Town Deal Board, as part of the Town Investment Plan mandated by the Towns Fund; for which Middlesbrough is an eligible beneficiary.

The board meets fortnightly. The project sponsor (and chair) is the Executive Director for Growth and Place. The project manager convenes the board, providing the agenda, minutes and any other papers. Membership of the board is detailed below:

- Executive Director of Growth and Place (Project Sponsor)
- Project Manager (Capital Projects Team)
- Director of Regeneration
- Head of Culture
- Head of Economic Growth
- Head of Development

- Town Centre Manager
- Finance Business Partner

(As and when required the following attend: Transport & Infrastructure, Procurement & Commissioning, Planning, Asset Management, Legal and consultants).



Sitting underneath the FHSF board will be project teams, with work stream leads from each of the key disciplines (i.e. Transport, Legal, Procurement, etc.).

The FHSF board is tasked with:

- determining realistic and achievable ambitions for the scheme
- commissioning consultants
- identification of emerging opportunities and mitigating potential risks
- removal of barriers to development
- considering options to broaden the range and mix of commercial activity
- aligning the allocation of complementary strategies and available resources (public/private/external)
- considering and advising on any issues with performance
- considering opportunities for attracting additionality to the town centre; and,
- the submission of the FHSF business case and subsequent project delivery.

All projects at the Council are red/amber/green (RAG) rated and these ratings are reported to the GAP board. Any major issues with performance (such as the slippage of milestones, over-spend etc.) will be flagged by the RAG rating and reported to the board. Depending upon the issues, various mitigation measures will be implemented. For example:

1. Deploying extra staff resource to ensure milestones are met
2. Appointment of external expertise for additional advice / support
3. Value engineering
4. Looking at alternative methods for delivering the same outcomes
5. Re-programming activities so that the critical path is not impacted

Change / Risk management strategy - As set out above, the Council has a very rigorous approach to project management. Good risk management is proactive, systematic and looks to find the problems before they happen. All projects have a risk element and the aim is to eliminate, identify and control them.

The Council follows the principles set out in its Project Risk Management Guidance. The risks identified (see Appendix 12) fall into three main categories: business, service and external non-systemic risks:

- Business related risks remain with the organisation (100%) and can never be

transferred and include political and reputational risks

- Service related risks occur in the design, build, funding and operational phases of the project and may be shared with others from outside of the organisation
- External systemic risks affect all society and they are inherently unpredictable and random in nature. They include technological disruption, legislation, general inflation etc.

The risks have been identified (see Appendix 12) and opportunities assessed to mitigate those risks, especially those that can lead to reduced costs, prevent failures and minimise reputational damage, as well as ensuring compliance with regulations.

When considering the mitigation of risks, the following questions have applied:

- Who will own and manage the risk?
- Can we reduce the likelihood of occurrence?
- Can we reduce the impact?
- Can we change the consequences of the risk?

All mitigating actions are task driven and will have an owner and timescale assigned to them. Risk mitigation is concerned with the actions taken to reduce the likelihood or impact of risks now wholly avoided or transferred (retained risks). There are five general approaches to mitigate risk: Terminate, Tolerate, Treat, Transfer and Take the opportunity. Each will be considered throughout the project.

A dedicated Project Manager will be assigned to the delivery of the project. The risk register will be reviewed and updated on a regularly basis by the Project Manager throughout the project. The risk register will be reviewed at monthly Project Board meetings, as this allows for all stakeholders to have an input into the review.

The most significant risks identified are summarised below:

- Long term voids following acquisition – whilst currently occupancy is stable, external factors could affect the long-term income stream.
- Unsettling retailers with the change of ownership.
- The Council is not successful in the FHSF bid.
- Repurposing work does not translate into attracting inward investment.

Evaluation and Benefits Realisation - The following SMART KPIs will be monitored throughout the project. The objectives and targets are linked to the logic model (Appendix 15).

Monitoring of the project will be aligned with the monitoring and evaluation methods set out by the Town Deal Management Board, who will oversee the FHSF and Towns Fund, as well as other strategic town centre projects. The budget for monitoring and evaluation of the FHSF project will come from the Towns Fund. Aligning the monitoring and evaluation of the two projects will ensure they are complementary and help avoid unnecessary duplication.

Programme Objective	KPI Target	Current Baseline Data	Timescale	Source(s)
1) Business Confidence	Reduced retail floorspace, replaced with new leisure/F&B – 300,000 sqft	N/A	2024	Measured via planning process and Business Rates payable
	Lower vacancy rate within area – reduction of 2% per annum	Vacancy rate of 17.85% ¹	2024	Business Rates payable in the area / Experian data / GOAD maps / survey work (to validate data)
2) Attracting Visitors	Increased footfall – 10% increase over the course of the programme	Baseline annual data captured 2020	2024	Measured via existing footfall counters
	More AB visitors in central Middlesbrough – 2% increase	14.32% in AB group	2024	Experian Mosaic data

		(Experian Mosaic 2016) ²		
	Reduced instances of anti-social behaviour in central Middlesbrough (TS1) by 5% per annum	40% of overall crime in 2017 ³	2024	Crime and ASB data
	Improved perceptions of Middlesbrough	Conduct perception survey in 2020	2024	Survey work
	Increase in people living in central Middlesbrough	Zero in retail centre	1,000 new units by 2025	Planning applications received for residential development in TS1
	Increased bus patronage of 2% per annum	7 million users per annum ⁴	2024	Government annual bus stats / data from key Middlesbrough bus operators (Stagecoach and Arriva)

The benefits arising from the project will be recorded and monitored through the project management framework. A tracking sheet will be completed, which will allow for automated reports to be run for the various governance boards. The benefit tracker is used for all non-financial and non-cashable financial benefits (financial benefits are recorded on the financial tracking sheet).

The sheet requires the benefits details to be entered, along with methods and sources of measurement and baselines. The expected profile of benefits will allow for bespoke tracking of progress as benefits can be realised in a variety of ways.

The benefits will be tracked throughout the lifetime of the project by the Project Manager. Once the project has been delivered, the project will be reviewed and closed. A post implementation review will measure the actual achievement of benefits after the project. The benefits will be reviewed by the FHSF board. As such, the FHSF will ultimately be responsible for evaluating the success of the project.

Project plan - The project plan for the preferred option is set out in Appendix 16.

⁴ Bus station survey work

Middlesbrough Council COVID- 19 Response

1. Do you propose to review your scheme – or the market analysis underpinning your scheme - in response to changing market conditions? If so, how? If not, why? (300 words)

As the impacts of COVID-19 begin to manifest, Middlesbrough Council has put recovery at the heart of its response with a group specifically dedicated to supporting the town centre. This includes pro-active action planning and working alongside key partners. It has also been necessary to partly reshape the focus of the FHSF bid. The revised business case acknowledges the immediate impacts of the pandemic and the fact that leisure and hospitality uses are likely to be slow to emerge.

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

Building a stronger leisure economy remains at the heart of Middlesbrough's vision. Programme timescales are now reflective of the time the leisure and hospitality sector requires to restore a new equilibrium, whilst demand is augmented by an enhanced volume of new town centre residents. Despite the impacts of COVID-19 significant progress has been made on the development of the Stack leisure concept and the commissioning of a new gallery is seeking to add to the overall destination.

The Council has continued with the acquisition of assets to facilitate the FHSF, securing the Captain Cook Shopping Centre and House of Fraser building, securing discounts as a consequence of COVID-19.

Additional works to encourage walking and cycling aim to keep workers, businesses and residents connected to the urban core have been incorporated.

Private sector appetite remains engaged and bullish, confident that the fundamental demand profiles for leisure and urban living will stabilise and recover.

2. How do you anticipate that co-funding of your project and/or your project programme may be affected by changing market conditions? (500 – 750 words)

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

It is understood that aims of project are going to be more challenging and the risk appetite for the private sector will be fragile in the short term. However, the principles of public sector facilitation remain unaltered. The business case has been adapted to reflect this commercial reality based on assessing the individual components and providing an investment mix which includes private sector partners, registered social landlords and the prudent deployment of

public sector covenant in terms of investment and risk share. Given the progression of proposals in Middlesbrough, there has been the ability to reflect on COVID-19 impact in development appraisals and values.

Market trends and commercial advice gives Middlesbrough Council the comfort that the housing market is proving robust; having relatively inelastic demand and frustrated local demand in terms of a modern housing mix – including Urban Living and apartments. Central Middlesbrough has significant well paid jobs, a buoyant student population and a range of leisure facilities but lacks a commensurate housing offer. To support the bid the Council commissioned a housing demand study (LINK) which takes account of COVID-19 impacts.

The bid has therefore been reconfigured to be more focussed in terms of expanding the housing element of the project. It is likely that in the long term housing investment will retain and potentially grow in value.

Demand analysis shows that, whilst the leisure and hospitality sectors will be slower to emerge from the economic shock, confidence is high that it will return relatively quickly. Leisure and hospitality remains a critical component of the future of the high street and urban environments and consumption trends in the long term are seen as positive. Similarly, leisure and hospitality amenities are seen as a hugely important attraction in terms of offering a package of urban living and attracting young professionals and key workers. Middlesbrough currently has low representation of food and beverage and leisure businesses and there remains a major opportunity to meet this gap in supply.

The business case element relating to education and some of the structural adaptations to Middlesbrough bus station have been removed and funding for business resilience has been included in the revised bid. This aims to provide financial support for local companies, to aid in the long term futureproofing and to build resilience in the town centre environment – building confidence and business continuity measures for virus containment / future waves.

However, the bid now refocuses transport investment on improving bus facilities and cycling provision into the town centre.

There is still a very strong appetite for leisure activities, but we understand that this sector will be slower to recover, however the principal leisure operator for the development (Stack) has agreed Heads of Terms for the letting of C. 60,000 sqft of the Captain Cook Square estate. This business model largely operates outdoors in converted shipping containers, therefore it will be in an advantageous position as it would be easier to comply with any long term social distancing requirements that may be necessary. With design, planning and development phases, the project aims to be operational in late 2021 / early 2022, with the expectation that the majority of trading restrictions being fully relaxed by this time.

In June 2020, Thirteen submitted a planning application for 145 new homes in central Middlesbrough, in anticipation of a positive FHSF determination. This maintains programme momentum and allows for an anticipated start date in early 2021.

3. How will you review and refine your evidence of demand from developers and occupiers in coming months, in response to changing market conditions? (500 – 750 words)

Middlesbrough Council considers there to be three critical demand profiles which underpin the business case for the Future High Streets Fund proposal:

- a) Housing demand – Urban Living;
- b) Leisure demand and recovery – projected; and,
- c) Commercial Rental levels and modelling.

Each of these aspects of demand and income modelling have been revised in the light of COVID-19 and the subsequent economic shock. Each scheme is supported by a development appraisal that can be adjusted to take account of projections on costs / income and values. This will ensure that all components of the scheme remain up to date and relevant and allows for the flexibility to be reviewed at any time.

Middlesbrough Council has retained the advice of Knight Frank, commercial premises specialists. Measures have already been taken to renegotiate the acquisition prices for both the Captain Cook Shopping Centre and the House of Fraser building to reflect the anticipated rental levels and adjusted asset capital values. This has realised significant savings providing further comfort that the rent can service the acquisition debt, whilst the asset is repurposed and transformed. This rental and income analysis will be ongoing and regularly updated through the life of the asset holding.

Long term, the housing market is more resilient to the economic downturn. As Middlesbrough has a comparatively undeveloped urban living / residential market, it is particularly difficult to benchmark housing demand in terms of a standard viability model. Middlesbrough is effectively creating an urban market from scratch. There are few comparators to provide a wholly reliant demand model and Middlesbrough is delivering a proof of concept for the private sector to follow.

As the urban living housing market in Middlesbrough is relatively immature (and in the light of the, as yet, unquantified, economic impact of COVID-19) an updated demand analysis has been undertaken, which reflects the aspirations of the delivery programme in the emerging context. Traditional housing demand modelling needs to be supplemented with critical factors such as the price point at which Middlesbrough's market should be pitched, the long term demographic shift which the economic strategy seeks and adjustments for the relative lack of comparables in the current market place.

Price point is critical in demonstrating a realistic level of demand in the short term. More emphasis has been placed on the demand at a given price point which reflects local market conditions and the demographic sources of where the long term demand will be derived over time.

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

the narrow provision of the choice of housing in the town. This is a positive observation for Middlesbrough but needs to be taken in the wider context of the challenges associated with diversifying the current housing choice. It does however highlight the opportunity for housing market diversification and the opportunities the city centre could offer.

Relatively poor connectivity is a key issue across the Tees Valley given the wide functional economic market and the largely decentralised economic geography. The impact of this is felt more acutely by constrained households as low incomes place restrictions on the ability to afford public transport which could help them access jobs and low incomes also limit housing choice in areas which are located close to the economic centres of Tees Valley.

A review of the current context drawing on existing evidence highlights that the Council has a clear stated vision of how the centre of Middlesbrough will change city centre living given the current investment plans and its aim for Middlesbrough to become the economic centre of the Tees Valley.

However, there are a number of challenges which need to be addressed in order for Middlesbrough to fully realise its aspirations including:

- Balance between the city centre retail and leisure offer;
- Extending the success of areas surrounding the centre into the centre itself such as Linthorpe Road and the University Campus;
- Addressing the negative perceptions of the city centre through improved public realm and city centre management; and
- Increasing the choice of housing, in terms of type and tenure, particularly within the more central urban areas.

In terms of tenure, the city centre is again limited in terms of housing choice; 65.8% of properties are social rented, 22.3% privately rented and only 8.3% owner-occupied.

This highlights that there is a very limited housing choice on offer within the centre of Middlesbrough at present.

4. If deliverability of your scheme is now likely to be impacted by market conditions (for example a reduction in demand from developers and occupiers), what would be your strategy to revise proposals for your scheme in order to accelerate / protect delivery of outputs and outcomes? What activities need to be brought forward first in order to progress your scheme? (500 – 750 words)

Middlesbrough's business case has been strategically adapted to deliver very similar fundamental principles, but with acknowledgement of the likely economic impact and demand suppression which may result in the coming months.

Whilst the previous business case prioritised leisure as an attractor to diversify the economy and drive demand for urban living, emphasis has shifted to prioritise the development of urban living units and conversions as a mechanism to achieve the necessary growth of local growth and footfall, which will derive demand for complementary leisure and hospitality services. Residential is likely to be a more long term resilient market. Whilst much will be

delivered in tandem, the more resilient demand profile for housing allows for the programme to make substantive progress, whilst the leisure and hospitality sectors recover to full capacity.

Middlesbrough has adapted its business case to increase and accelerate volume of house building as a percentage of the bid business case and restructure the high street economy to deliver leisure amenities, in parallel, to align with sectors emerging from the worst impacts and restrictions of the COVID-19 pandemic. The leisure development will be anchored by the Stack leisure and entertainment provider. The nature of Stack being a hybrid indoor / outdoor offer makes it more resilient to social distancing measures – and the model is also proven and well established across the North East and the UK. The facility is also a massive footfall driver, which increases the propensity of quickly securing a large number of complementary leisure businesses to enhance the estate and diversify the economy. As a year round facility, the model also brings a huge amount of benefits in terms of visitor attractions and events; all of which will sustain the remaining, nearby retail economy. The developer has provided an accompanying statement demonstrating their support in the current environment.

Since the original draft submission of the FHSF bid and the economic consequences of COVID-19 clear progress has continued to be made on several of the major schemes that form part of the submission.

5. If deliverability of your scheme was disrupted or delayed as a result of market confidence (for example, delay in follow on investment materialising, which leaves some areas of land undeveloped), what would be your strategy for interim management of the area? Explain any proposals you have for meanwhile activities and how these fit within your overall plans. (500 – 750 words)

Middlesbrough’s proposal is considered robust in terms of its ability to deliver or to adjust to negative changes in market confidence. For example, the acquisition of the Captain Cook Shopping Centre has been structured to mean that the facility could continue to trade as a retail centre and incrementally shift to leisure repurposing as commercial appetite adjusts. The existing lease agreements will allow for the acquisition debt to be serviced for, at least, the medium term, without further investment or intervention. However, any long term holding of the asset as a retail centre will severely prejudice the strategic case to rebalance the local economy and drive alternative uses to sustain the high street economy.

The housing sites have been cleared and assembled and are primed for development. Some have interim uses such as parking areas although most of the stock dedicated for residential repurposing lies vacant and is economically inactive i.e. is not habitable and is currently out with the business rates system. However, two of the sites: Cleveland Scientific Institute and Gresham both have substantial areas of car parking which would be continued to be used.

Vacant sites / undeveloped areas, including Boho Village and parts of Gresham which has been vacant for a number of years would continue to be managed as open spaces. Of the 1,000 planned units, planning permission has already been submitted for 145 (Boho Village submitted / Gresham submitted).

The area designated for the Stack development is situated in empty space within the Captain Cook Shopping Centre, this is currently used for seating, temporary stalls/events space and seating, therefore any delay would be a business as usual operation.

Major remodelling works to the bus stations have been removed from the bid, therefore significantly reduce the need for major building works. With resource diverted to supporting businesses directly.

6. How do you anticipate changing market conditions will have an impact on the benefits and outcomes you were hoping to deliver through your scheme? (500 – 750 words)

The structure of Middlesbrough’s proposals, and the adaptations made to the business case and delivery programme, give maximum confidence that the realisation of benefits would be at best - reprofiled within the delivery programme timescales; and, at worst marginally delayed in terms of their realisation.

The adaptations have been made which will continue to contribute to the overall strategic ambitions and goals of creating a large urban living offer within central Middlesbrough and the repurposing of an oversupply of C.25% retail floor space to alternative leisure and hospitality uses. This will still achieve the strategic benefits of giving workers, businesses, visitors and residents more reasons to engage with, and build communities, in Middlesbrough’s high street areas.

Without intervention, challenging market conditions will only prove to amplify and exacerbate the distressed trading conditions of high street areas. This makes the case for intervention more powerful and urgent. Middlesbrough’s market dynamics are best placed to adapt to urban living and leisure uses; as a focal point for the wider Tees Valley catchment of 800,000.

Market confidence is critical to achieving a significant element of co-funding for this deliver programme. Notwithstanding the economic distress arising from Covid-19, Middlesbrough Council believes that the programme adaptations, coupled with the willingness to explore novel funding mechanisms to share or support the risk profile of some of the developments, will result in the minimised disruption of projected programme benefits and can still deliver a transformational impact for the high street economy.

7. What impact do you anticipate changing market conditions will have on the financial aspects of your scheme? Please give details on which aspects are likely to be more uncertain e.g. level of co-funding, income, cost inflation, site values etc. and how you propose to reflect this uncertainty in your final submission. Under normal circumstances, we would expect a series of financial models showing a range of scenarios based upon different levels of confidence and uncertainty around key elements and are keen to understand how you foresee the current change in market conditions impacting such modelling. (500 – 750 words)

Middlesbrough has reviewed its programme proposal in terms of the risks and assumptions made in the business case.

The project, as set out in the draft business case submission, was largely reliant upon leisure and hospitality footfall drivers. The leisure and hospitality sectors are anticipated to be distressed in the short term, particularly given the trading capacity restrictions which are necessitated by the social distancing precautions.

However, engagement with sector operators is encouraging and there is a degree of confidence that the sector will recover well, stabilise and grow. When this is coupled with Middlesbrough's deficit in the proportion of floor space in leisure and hospitality sectors (approximately half of what the catchment can sustain), means that the local economy is not near capacity and, indeed, there remains a latent demand which is currently frustrated.

In the short term, hospitality and leisure operators will be increasingly cautious about making large capital investments and committing to long term leases. The programme has been phased to ensure that the delivery of hospitality and leisure developments better coincide with the recovery of the sector. This increases the likelihood for operators to be able to sustain their investment and operate at a feasible turnover capacity.

Equally, in terms of letting income, Middlesbrough Council will consider novel letting models which incentivise the operators to invest and share a proportion of the risk. For example, turnover rents may be developed where a modest base rent is supplemented by a profit or turnover share, in proportion to footfall / turnover. Market analysis indicates that this will be an increasingly common model, going forward.

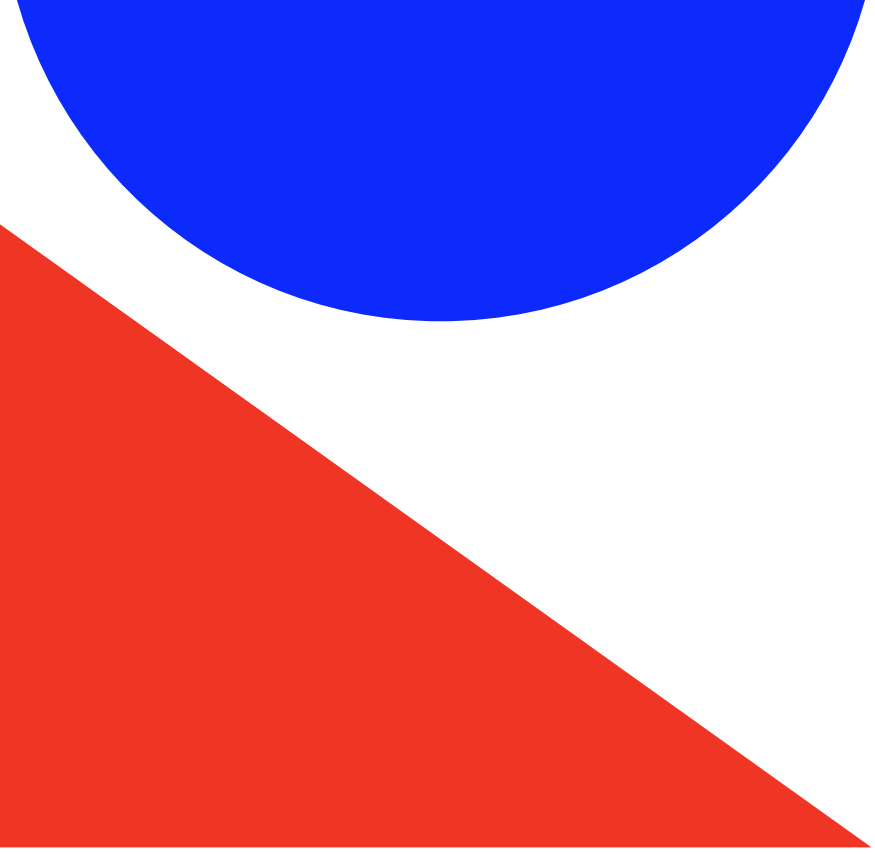
Co-funding is likely to be more constrained than in the original business case. The urban living / residential offer has been adapted to be more secure in terms of co-funding and capital requirements. Middlesbrough is working in partnership with Thirteen Housing Group to deliver two of the urban living sites. Thirteen group is a Registered Social Landlord (RSL) with sufficient financial capacity to deliver match funding; whilst a small amount of gap funding from this programme will bridge the viability gap.

Where private sector match funding is required, the picture remains positive. Gap funding contributions do support the core viability of the proposals and a realistic loan to value ratio has been assumed for the required capital expenditure. As a consequence of Covid-19, the Council recognises that the private rented sector is the most feasible model for delivery, but this requires patience in terms of return on investment. As such, Middlesbrough Council will develop bespoke financial support to aid project delivery, whether this be through equity investment, shared-ownership, bonds, mezzanine finance and direct investment – utilising the Council's covenant.

Middlesbrough's business case assumed costs associated with the accelerated decant of retail tenants to enable the development of a leisure hub. A consequence of the entrenched retail distress is that some vulnerable tenants are unlikely to emerge from the current circumstances. As such, the costs associated with decant and relocation will be proportionately reduced as some will default on leases and enter administration.

During COVID-19, Middlesbrough has been able to renegotiate the price of the acquisition of property to better represent the asset value and income potential. This reduces the debt servicing costs and offsets some of the income losses which are anticipated with a declining rent roll; whilst the retail leisure transition is taking place.

The financial appraisal and options appraisal are now reflective of the relative uncertainty which has arisen from the COVID-19 outbreak. This has been subsequently reflected in the Benefit Cost Ratio (BCR) and preferred option. The financial analysis has now been adapted to reflect a higher optimism bias across all options and additional scenarios have been considered in terms of sensitivity analysis.



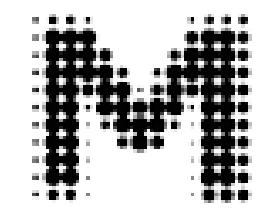
HM Treasury



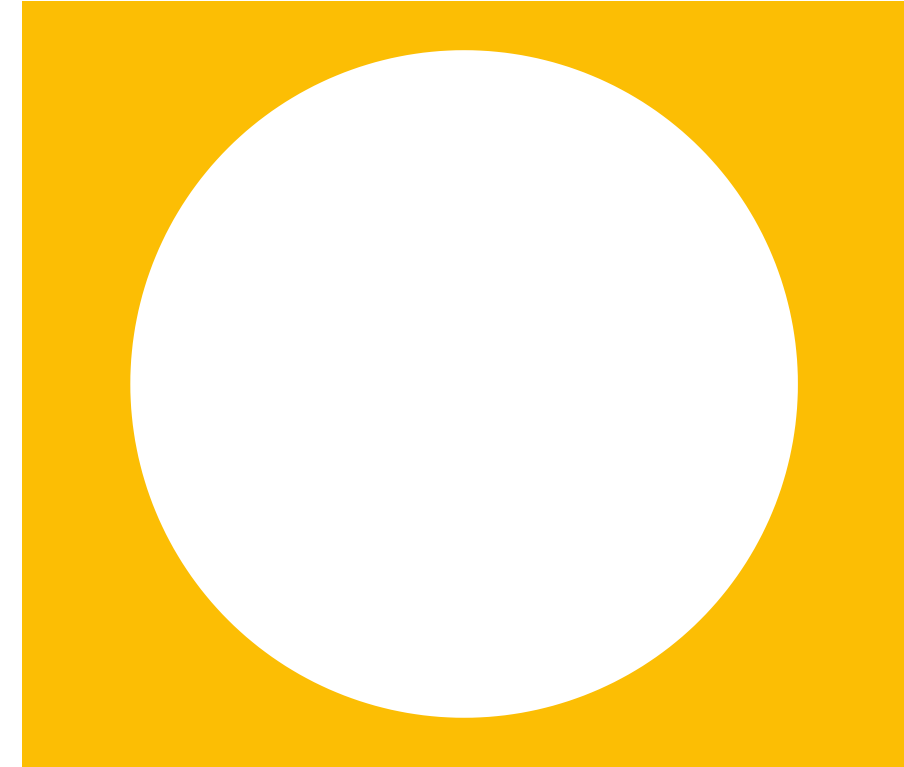
**Ministry of Housing,
Communities &
Local Government**

**MIDDLESBROUGH
FUTURE HIGH
STREETS FUND**

A SUMMARY OF JULY 2020 BID



MIDDLESBROUGH
Can do people
Can do place



ON YOUR MARKS...

Middlesbrough is ready.

We have laid the foundations and the Future High Streets Fund is now the key to unlocking Middlesbrough's incredible potential.

We will future proof our high street, create new urban communities and totally transform our town centre.

Here we summarise our bid, setting out how we will achieve our ambitions, already backed by investors.

The three main strands to our bid are:

- Build new urban communities
- Become a regional leisure destination
- Create a nationally significant cultural hub

We will support our businesses in their Covid recovery as we move into a new world.



CREATING COMMUNITIES



New urban communities are at the heart of our bid.

We are building an aspirational residential market in central Middlesbrough which will retain and attract our brightest young professionals.

Not only will this provide a skilled workforce for our growing sectors, it will animate and sustain growth in our town centre and high street.

Residents will enjoy our rebooted town centre with state of the art amenities and a stunning cultural offering at their front door.

We will:

- Create 650 new homes and welcome C.1,500 new town centre residents
- Breathe life into unused retail units
- Attract and retain talent in new communities
- Create a new doorstep client base to help town centre business thrive

DESTINATION BORO

We'll rebalance our town centre economy and become a regional leisure destination.

Immediate work will begin in two pivotal town centre estates including Captain Cook Shopping Centre and the House of Fraser building.

Our bold vision redefines the town centre, making it the beating heart for not only retail but living, working and socialising.

We will:

- Invest £25m to create the largest single leisure destination in a 50 mile radius
- Consolidate our retail offer into a concentrated, place-making shopping location
- Provide immediate impact with a shipping container village for quirky food and beverage outlets



CULTURE CENTRAL

We will harness the power of the cultural and creative sector.

Centre Square will be the location for a critical mass of artistic activity.

Residents will access the arts on their doorstep whilst visitors from across the region and beyond will enjoy this unique cultural cluster.

We will:

- Open a new 'people's gallery' complementing the nearby Middlesbrough Institute of Modern Art
- Invigorate our library, making it one of the biggest children's libraries in the UK
- Set the scene by providing infrastructure to enliven the area with festivals, markets and events
- Incubate a range of artistic organisations in bespoke premises



A NEW WAY

Covid-19 has changed our lives forever.

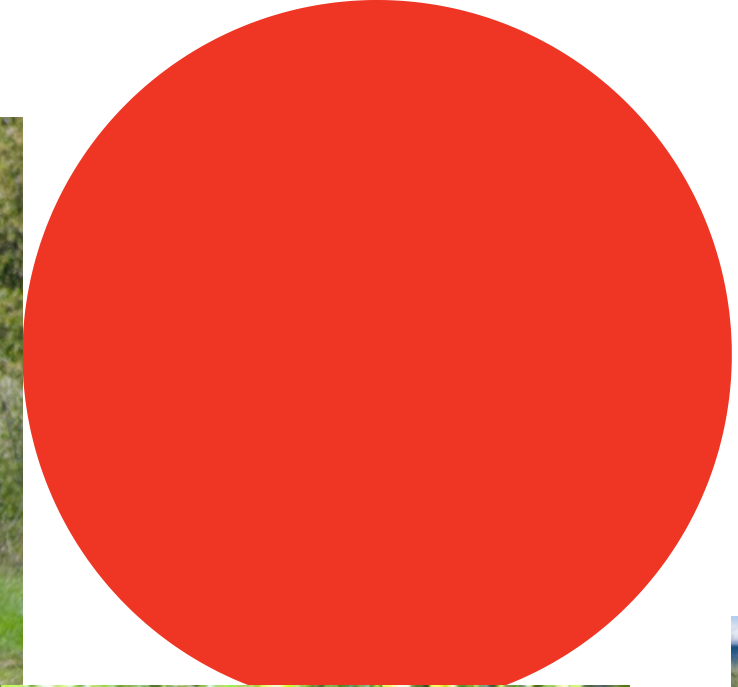
We have modified our bid to make sure we consider this impact - and give our high street the best chance at a healthy recovery.

With FHSF money we will be in a quite rare position - making sure we can create buildings and structures that take measures into account should there be a further wave or illness that takes hold.

The green agenda is also crucial - and we are taking steps to encourage residents to lessen their carbon footprint.

We will

- Help businesses modify their premises to make sure they're fit for the future
- Invest in our public transport systems - Middlesbrough will be easier to reach with the introduction of bus superstops
- Go greener with improved cycleways and increased electric car charging points



THE NUMBERS...

- **Deliver an investment programme worth over £440m**
- **Build a new community of over 650 housing units and 1,500 residents**
- **Increased Cultural visitors by 2% per annum**
- **Increase footfall in central Middlesbrough by 10%**
- **Increase the volume of leisure floorspace and reduce retail floorspace by 25%**
- **Increase patronage of public transport , cycling and walking**
- **Lever-in over £400m of private sector investment**

MIDDLESBROUGH TOWN INVESTMENT PLAN



MIDDLESBROUGH
Can do people
Can do place

JOIN US...

Erimus.

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

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

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

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

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

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



MIDDLESBROUGH TOWN DEAL BOARD



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



Ben Houchen – Mayor of the Tees Valley



Andy McDonald MP for Middlesbrough



Clr Mieka Smiles – Executive Member for Culture and Communities



Tony Parkinson – Chief Executive, Middlesbrough Council



Zoe Lewis – Principal and Chief Executive Middlesbrough College



Tom Smith – Chair of Empower Middlesbrough



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



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



MIDDLESBROUGH TOWN DEAL BOARD

Paul Cronev – Vice Chancellor of Teesside University

Ian Wardle – Thirteen Housing Group

Marie Kiddell – Homes England

Nicholas Baumfield – Arts Council England

Mark South – Double11/LEP/DigitalCity

Simon Clarke – Member of Parliament for Middlesbrough and East Cleveland

Gary Dawson - (AV Dawson's logistics)

Stephen Black – Tier One Capital / GB Bank

Alex Bell – Marks and Spencer Manager

Robin Bloom / Neil Bauser - Middlesbrough FC

Nick Knox – MD Arriva NE / Northern

Cath Robson - Job Centre Plus

Richard Lewis – Cleveland Police

Paul Wright – New River Retail



CONTENTS

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



1. Who are We?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Context Analysis

Middlesbrough Boundary and Intervention Area



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

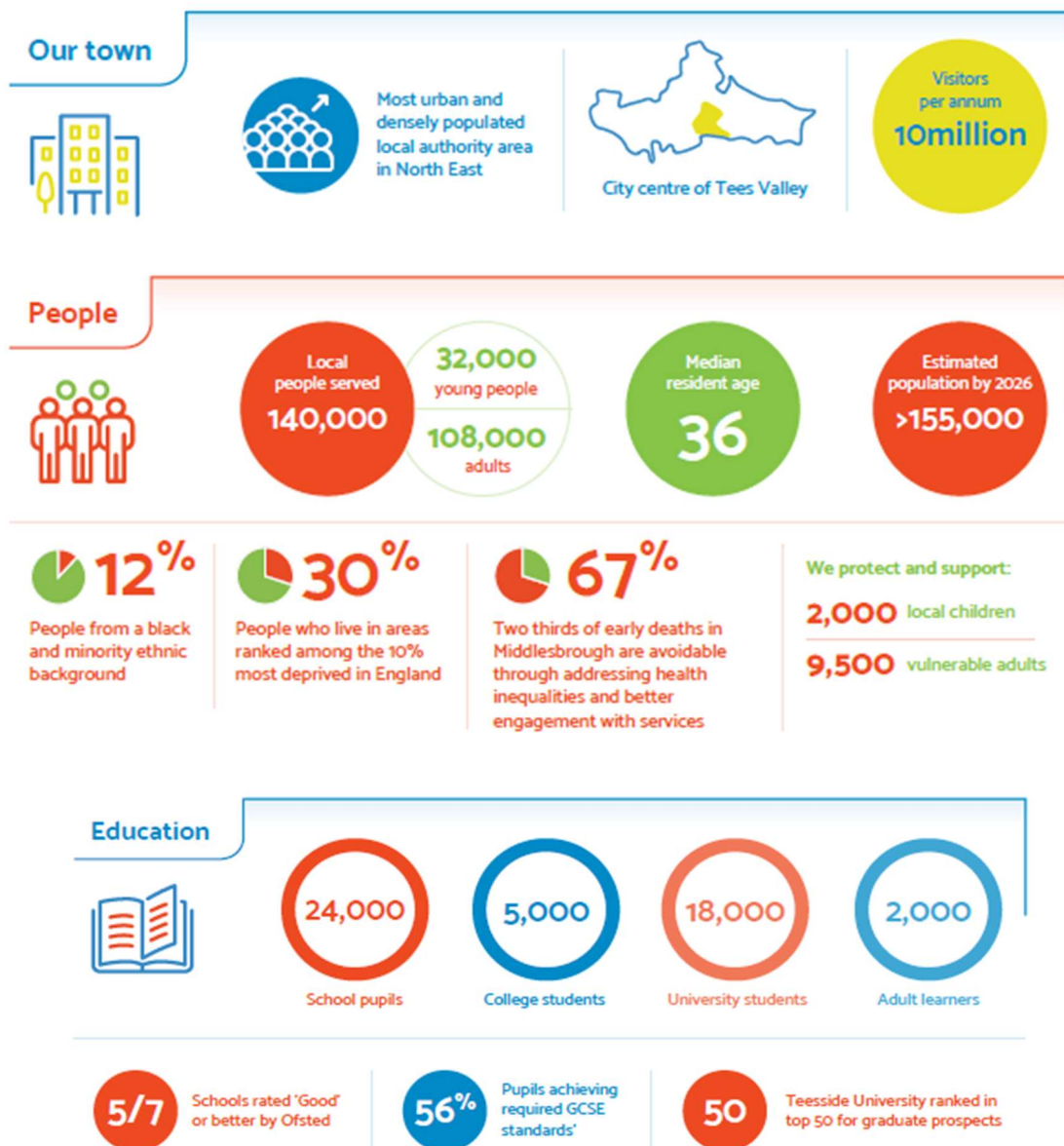
Middlesbrough has good transport connectivity, albeit with scope for significant improvement. Major transport infrastructure initiatives are delivered on a Tees Valley level and are aligned to enhance the economic growth potential of the area. The imminent introduction of direct train services to London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

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

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

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

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



Economy



59,000

Jobs in Middlesbrough

56%

Jobs undertaken by local people

7%

Local unemployment rate

Local businesses
>4,000

Highest rate of business startups in North East region

Current top three sectors:

40% Public administration, education and health

18% Distribution and hospitality

12% Financial services

Employees in Digital business sector
7,000



Expanding into other growth sectors including advanced manufacturing and leisure



Housing and infrastructure



Households
62,000

70% Council Tax Band A-B

Owner occupied housing
57%

19% privately rented
34% social housing

Social housing waiting list
4,800



Direct rail link to London 2020



Teesport third largest port in UK



Durham-Tees Valley Airport 20m away

Investment



Middlesbrough investment prospectus
£625m

5,000 new jobs

5,500 new homes

10

Top 10 in small cities in Europe for investment

Middlesbrough's Main Challenges

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

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

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

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

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

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

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

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

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

Middlesbrough knows that:

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

Evidence of Need

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

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

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

Transport and Connectivity

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

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

Urban Communities and Placemaking

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

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

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

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

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

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

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

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

The Middlesbrough Experience

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

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

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

Building a Knowledge Economy

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

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

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

Enterprise Infrastructure

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

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

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

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

Middlesbrough's Assets and Strengths

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

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

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

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

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

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

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

Strengths

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

Key Opportunities for Middlesbrough

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

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

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

Opportunities

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

3. Strategy

By 2030, Middlesbrough will be transformed.

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

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

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

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

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

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

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

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

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

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

Analysis and Rationale

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

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

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

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

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

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

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

Delivery Rationale

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

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

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

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

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

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

Programme Summary

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

Middlesbrough's Town Investment Plan includes:

Transport and Connectivity

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

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

Delivery priorities

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

Urban Communities and Placemaking

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

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

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

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

Delivery priorities

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

The Middlesbrough Experience

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

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

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

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

Delivery priorities

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

Building a Knowledge Economy

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

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

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

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

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

Delivery priorities

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

Enterprise Infrastructure

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

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

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

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

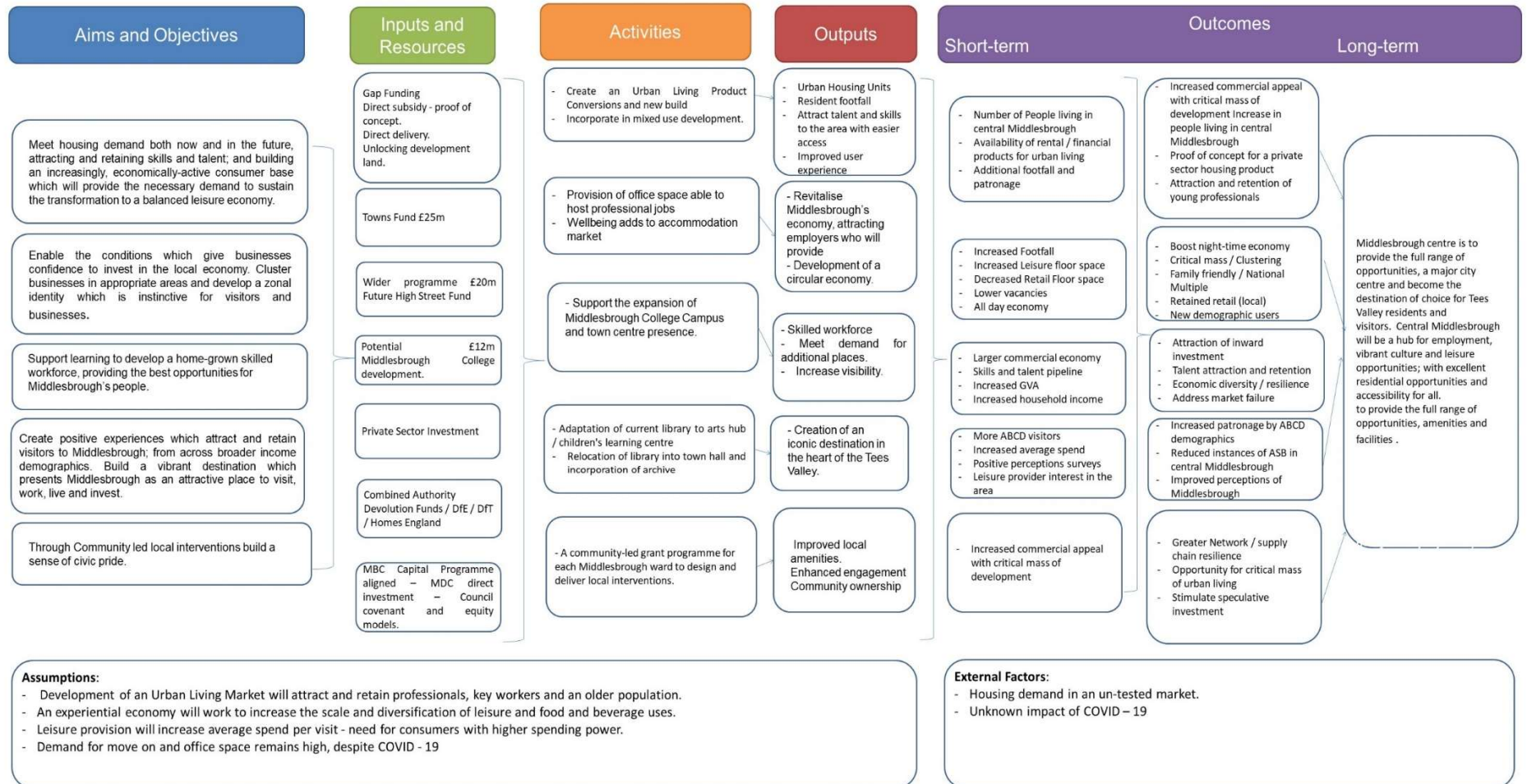
Delivery priorities

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

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

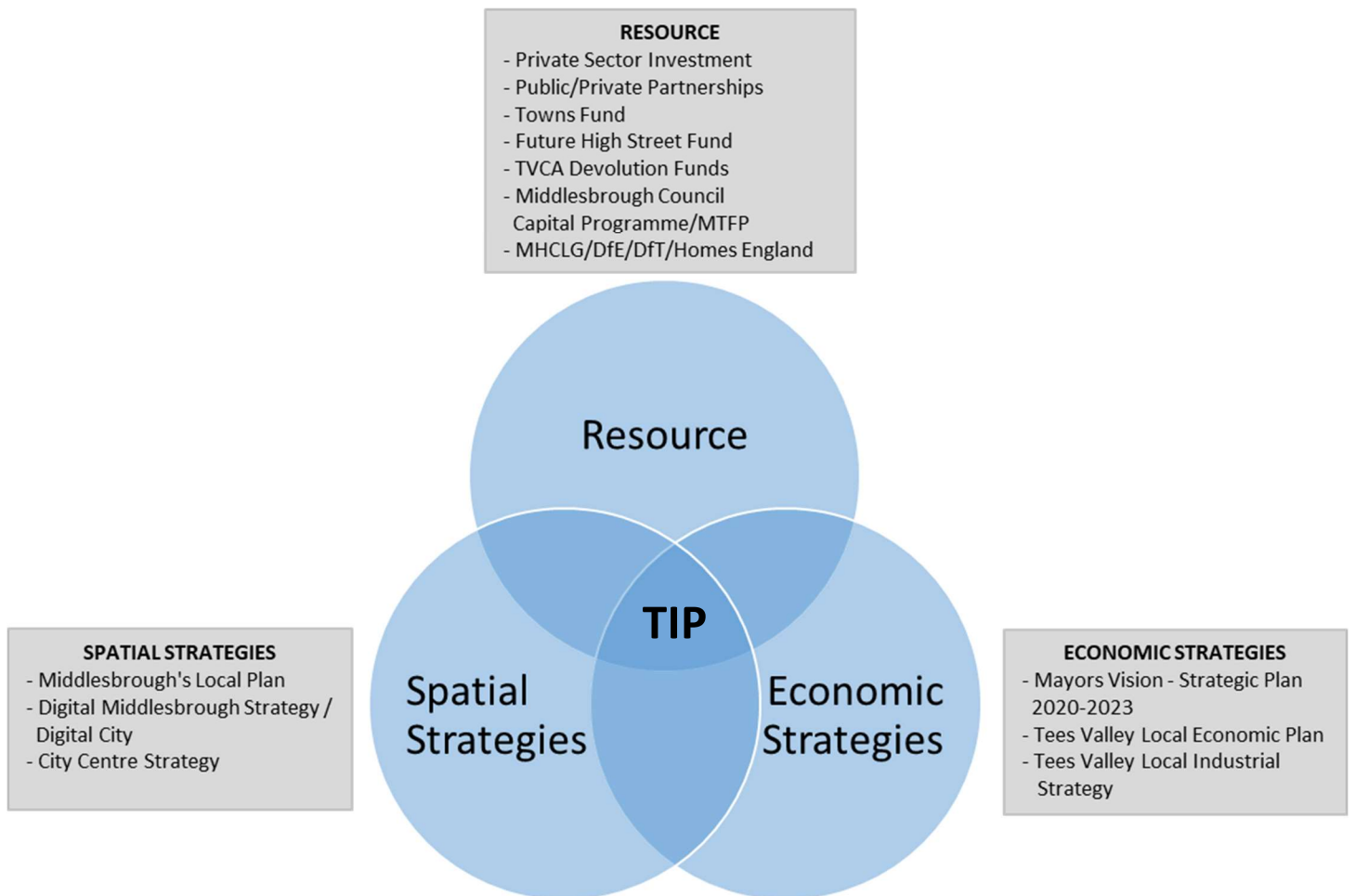
Logic Model

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



Strategic Mapping

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



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



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

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

COVID-19 Response

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

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

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

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

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

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

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

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

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

£1m Towns Fund Advance - Boho 8

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

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

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

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

4. Engagement and Delivery

Buy-in from Local Businesses and Communities

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

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

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

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

Higher quality housing

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

Town centre

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

Improved training for displaced industries

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

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

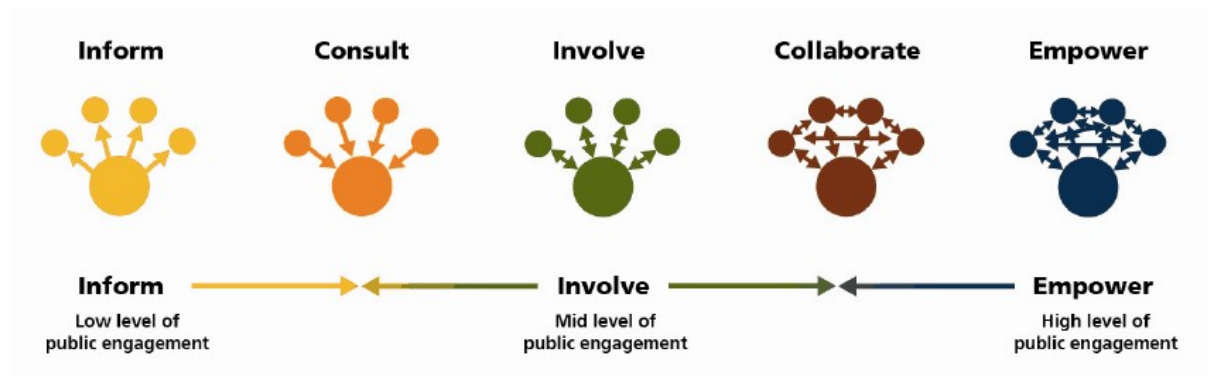
Community development

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

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

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

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



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

Private Sector Commitment and Ambitions

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

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

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

Delivery Plan

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

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

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

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

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

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

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

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

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

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

Towns Fund Board
Friday 24th July 2020 at 1.00pm via Webex

Present:

Kevin Parkes, MBC
Andy Preston, Mayor, MBC
Tony Parkinson, MBC
Louise Antill, MBC
Sam Gilmore, MBC
Cllr Mieka Smiles, MBC
Adrian Coates, BEIS
Andy McDonald MP
Gary Macdonald, TVCA
Chris Smith, Thirteen
Sharon Paterson, Teesside University
Marc Watterson, Arup
Thomas Smith
Adam Suleiman
Paul Wright, New River
Zoe Lewis, Middlesbrough College
Nicholas Baumfield
Simon Clarke MP

Apologies:

Professor Croney
Laura Sillars
Ian Wardle

1.	<p>Overview / Update on Government funding opportunities: Future High Streets Fund / Towns Fund / Brownfield Homes Fund – Kevin Parkes (verbal)</p> <p>KP advised that the Future High Street Fund bid has been submitted for £20.5m.</p> <p>Government recently launched a Brownfield Homes Fund with £19m allocated to TVCA who are working with the 4 Boroughs to put submissions together. Middlesbrough put forward 7 schemes.</p> <p>AP enquired when we would hear back regarding the Brownfield Homes Fund SG advised that the TVCA allocation of £19m has been approved but there is some breakdown and distribution from Tees Valley and currently waiting to hear. AC currently doesn't have any information but will find out and report after the meeting. AP stressed that they would like to hear asap on when and how much Middlesbrough will be getting.</p>
2.	<p>Future High Streets submission (Circulated for comment)</p> <p>AP invited people to ask questions.</p>

	<p>AMcD enquired about capacity and finding alternative locations for businesses to relocate. SG explained that due diligence regarding acquiring the Captain Cook Square had taken place. Also the Council are in regular dialogue with businesses. Some main companies are looking to downsize and discussions are taking place to ensure businesses are kept in the town.</p> <p>SC enquired about the timelines and the plan over the next year. AP advised of exciting plans with a major leisure provider. SG advised that they are working through the leases.</p> <p>SC asked about the House of Fraser building and would it remain a retail outlet. AP advised of some ideas and aspirations regarding the building and the need for a quality retailer and the need for rental income.</p>
3.	<p>Towns Fund draft overview of submission – <i>Sam Gilmore</i></p> <p>SG advised that for cohort 1 submissions were due by the end of July. A presentation was shared.</p> <p>TP enquired how strong the public engagement process was. SG advised that engagement has taken place through the MyTown website and a great deal of previous consultation/engagement data was used to develop the projects in the submissions,</p> <p>KP advised that further community engagement is ongoing and will form a key role of the Board. SG/TS/KP to discuss further offline.</p>
4.	<p>ARUP (representing MHCLG) feedback on Towns Fund Bid – <i>Marc Watterson / James Gore</i></p> <p>Marc Watterson shared screen and advised they are aiming for early cohort and are to support the town in the bid. Middlesbrough advanced compared to other towns.</p> <p>MW went through the presentation. The Boards role, recommendations and next steps.</p>
5.	<p>Community Engagement</p> <p>Discussed earlier in meeting.</p>
6.	<p>Any other business</p> <p>None.</p>
8.	<p>Date and time of next meeting</p>

Friday 25th September at 13.00 - after submission. SG will circulate - KS to circulate invite??

Thanked everyone for helping put this together and SG team for getting everything prepared.