

MIDDLESBROUGH TOWNS FUND BOARD

AGENDA

FRIDAY 28TH February 2020

THE MANDELA ROOM, MIDDLESBROUGH TOWN HALL – 2.30PM

1. Introductions and apologies - *Andy Preston, Mayor of Middlesbrough*
2. Minutes of meeting of 24 January 2020
3. Guidance Update
 - a. Cross cutting themes – Skills / added value / Improving Resident Outcomes
 - b. Timescales ***(Discussion and Paper)***
4. Presentation: ***(to be circulated)***
 - Future High Streets Fund – principles and basis of draft bid (March 2020).
5. Development Funding Profile ***(circulated)***
6. Any other business
7. Future meetings:
 - *Friday 17th April – 2.30 – 3.30pm –Oberhausen Room; Middlesbrough Town Hall.*

Contact – kevin_parkes@middlesbrough.gov.uk 01642 729300



MIDDLESBROUGH TOWNS FUND BOARD

NOTE OF MEETING

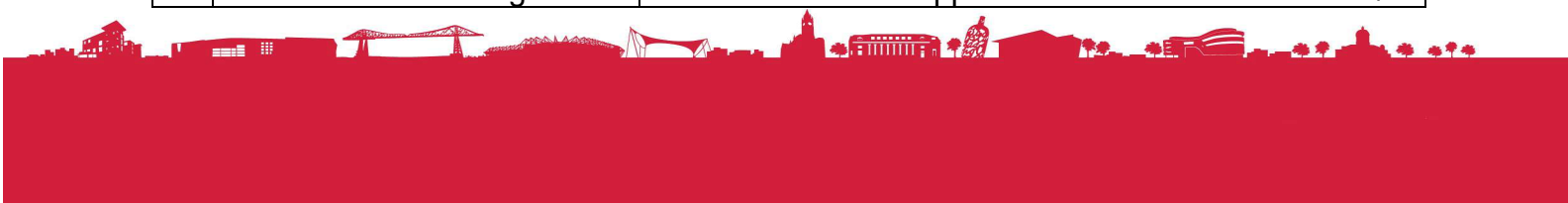
FRIDAY 24TH JANUARY 2020

MIDDLESBROUGH TOWN HALL

Present:

Andy Preston	Elected Mayor of Middlesbrough (Chair)
Tony Parkinson	CEX Middlesbrough Council
Rachel Anderson	North East Chamber of Commerce
Simon Clarke	Member of Parliament
Andy McDonald	Member of Parliament
Miles Crossley	Thirteen Housing Group
Zoe Lewis	Middlesbrough College
Alex Bell	Marks and Spencer
Thomas Smith	
Nicholas Baumfield	Arts Council England
Nick Knox	Arriva
Also present:	
Margaret Coates	MHCLG
Kevin Parkes	Middlesbrough Council

1.	Apologies	Paul Wright: New River Retail
2.	Introduction	Mayor Preston provided an overview of the Board and its role Kevin Parkes provided an overview of the Towns Fund and future high streets fund.
3.	Terms of Reference, Code of Conduct and Membership of the Group	Presented and agreed.
4.	Presentation from Kevin Parkes on Future High	I. All Board Members offered one to one to discuss the opportunities of the Towns Fund /



	<p>Streets Fund and Towns Fund</p>	<p>Future High Streets Fund and Town Investment Plan.</p> <ul style="list-style-type: none"> II. The resources for developing the Towns Fund and the Future High Streets Fund and proposed use to be circulated to Board Members – next meeting. III. List of all areas receiving Towns Fund and Future High Streets Fund to be circulated. IV. Government to provide further guidance on the development of the Town Investment Plan. V. Need to avoid ‘Dead Weight Investment’. VI. Potential opportunity to use investment to generate income generating assets that can be used as an investment to help support long term opportunities in the town. VII. Need to include environmental sustainability as a key objective, including sustainable transport; VIII. Transport infrastructure and housing should be included as a Middlesbrough objective. IX. Arts and events should be included as potential areas for funding in the Investment Plan. X. Council to brief stakeholder groups, such as Town Centre Board. XI. Middlesbrough should build on its digital opportunities, particularly to present the future. XII. The Investment Plan should use infographics and potential of fly through’s etc. XIII. Potential to look at how to positively impact on health. XIV. Need to be positive about the town and not doom and gloom.
5.	Future meetings	Friday 28 th February 2020





Rt Hon Gavin Williamson CBE MP
Secretary of State

Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0370 000 2288 www.education.gov.uk/help/contactus

18th February 2020

Dear Principals and Chief Executives of Colleges; Chairs of College Corporations,

Towns Fund and working to level-up our great towns

One of my top priorities is to develop a world leading further education system that delivers local and national skills priorities and the jobs of the future. As part of this, I am writing to encourage you to engage with the Government's Towns Fund in your local communities.

As you know, in September 2019 the Government launched the £3.6 billion Towns Fund. Communities, businesses and local leaders in 100 places across England have been invited to work together to develop proposals for a significant investment of up to £25 million in each place, to transform their town's economic growth prospects with a focus on urban regeneration, skills and connectivity.

Colleges and other skills providers already play a significant role in local communities and work with local businesses on skills and economic development. I want us to build on this and the Towns Fund offers opportunity for investment in further education to support regeneration of towns. I am therefore keen to see colleges and other skills providers involved in as many bids as possible, including those which:

- identify skills challenges that local people face and coordinate strategies for how people can be supported locally to meet labour market needs;
- support collaboration between businesses large and small and local colleges to ensure that local businesses can access the skills they need to thrive;
- support participation in FE from across the local community;
- incentivise employers to invest in the area, by providing the facilities they need to upskill their workforce.

Where possible, these bids should complement existing skills initiatives and funding streams.

We expect every Towns Deal Board to consider skills and the contribution that the further education sector can make to economic growth, as they develop their proposals, and we know that many boards already have FE representatives on them. We hope that many proposals will include skills components while recognising that the detail of those skills proposals will of course vary depending on local needs and priorities.

There are some amazing things happening in further education across the country, for example:

- Stansted Airport College, an £11 million technical skills college, is the first purpose-built on-site college at a major UK airport delivered by partnership between Harlow College and Stansted Airport.
- Across West Yorkshire, seven colleges collaborate with the entire skills provider base to provide a consistent skills offer to SMEs and larger employers. They have, over the last 5 years, engaged with over 300 companies and over 2000 employees have received training.
- Last year, I visited Derby College Group and met with employers who are heavily involved in the Employment and Skills Academy programme such as RDS Global and with apprenticeship programmes with engineering companies such as Garrandale, Rolls-Royce, SNC Lavalin, Pentaxia and Laystone.

I'd like to see these, and many other great examples of best practice, replicated across the country.

I would therefore encourage you, if you have not already, to engage with the local authority leading your Town Deal as listed in the prospectus. [The Towns Fund Prospectus](#) also gives further details of the Government's skills priorities, which may be helpful in framing any skills initiatives.

The Ministry of Housing, Communities and Local Government (MHCLG) will issue further guidance later this year.

DfE is working with MHCLG, sector representative bodies, the Association of Colleges and local partners to deliver some events that provide further information on the Towns Fund; these will be held in the spring.

I look forward to hearing about your ambitious plans for skills in your communities.

I am copying this letter to the Chairs of the Local Enterprise Partnerships, the Mayors of the Mayoral Combined Authorities and Greater London Authority, and to the chairs of the Town Deal Boards via their relevant local authority lead.

Yours sincerely,



Rt Hon Gavin Williamson CBE MP
Secretary of State for Education

**Invest in
Middlesbrough**



FUTURE HIGH STREETS VISION

**Future High Streets Fund
28th February 2020**



- **Middlesbrough Town Centre is in trouble** – but has the potential to recover.
- High street unbalanced, risks spiral of decline: **race to bottom** in rents for retail properties.
- **Retail is declining** – locally and nationally.
- **Do not attract enough A,B,C's** need an offer worthy of their time, attention and income.
- **Experience is Critical** – people are protective of their leisure time; and pay a premium.
- **Virtuous Circle** – businesses and people want to be near activity, animation and a 'vibe', we do not offer enough of this.



Invest in Middlesbrough

Middlesbrough – Vacant Units



MIDDLESBROUGH
Can do people
Can do place



What are the challenges? Why do we need to intervene?

- Highest level of rental reductions of any main town centre in UK.
- Footfall is decreasing rapidly.
- Turnover has decreased significantly: between 2008-2016, convenience reduced by over 33% (£49.5m - £33.1m).
- Lack of urban living and white collar employment.
- Teesside Park – BL continuing to invest.
- Understand our market, have a vision for all the town centre.
- Council needs to lead on bringing about the change.



What is currently happening? What can we do to change this?

- **Too much retail, not enough demand, retailers moving from one centre to the other unless landlord providing below market/ subsidised rental rates** = Reduce overall retail floorspace – three dominant centres competing for same “users”, by owning Captain Cook, reducing retail, introducing leisure, rebalancing the town centre mix and enhanced offer. Need clear vision for Hill Street and Cleveland Mall / other areas
- **Limited leisure, empty after 5pm, ltd night time family friendly offer, lack of footfall, perceived not safe, nothing to come back out for, inadequate public transport services (evening)** = Provide new, family friendly offer, with anchor use e.g. cinema, with new food and beverage, rebrand, creating connectivity and enhance user experience.



- **FHSF (and Towns Fund)** could provide the basis of leveraging private sector investment.
- **Significant-scale, retail property is on the market locally** – Middlesbrough has the vision and impetus to acquire.
- **Need to address the gaps** – particularly Urban Living, shift to leisure, offices, perceptions / safety and transport infrastructure.
- **Boho, Centre Square, Urban Living and Rail Station** – all strategic investments are aligned and mutually-sustaining. Towns Fund.
- **Middlesbrough's centre needs strong transformational vision** which drives economically-active footfall and give businesses confidence to invest: benefit all town centre stakeholders.



- Goes beyond FHSF, Towns Fund and MBC resources – transformational masterplan for all central Middlesbrough – need to attract private sector partner to accelerate change.
- Won't have the money to deliver the vision. Investment and JV partnerships will be attracted by a compelling and transformational plan. Align with Towns Fund and TVCA investment.
- Council to acquire Captain Cook Square and HoF buildings.
- FHSF - Phased – initial focus repurposing of the CCSq and HoF.
- Bold Actions = transformational results. Avoid temptation to tinker at the edges – CCsq / HoF delivery change but can do much more.





Captain Cook Square and HoF



- Repurpose to leisure / F&B / hotel?
- Relocate retail uses to other centres.
- Reduction of 230k sq. ft. of retail floorspace.
- Spaces animated and secure.
- HoF renovated – retail and other uses on upper floors



Bus Station Opportunity ?

- Greater scale is more attractive to investors and JV partners.
- Potential for limited redevelopment whilst maintaining bus provision.
- Scope for urban living / improved connectivity to Hill St .
- Current site is functional, but tired and creates physical barrier, benefit from investment / modernisation.
- New and better services, user experience improved, increased patronage.
- Phase one – untouched – opportunity to consult and develop plans.
- Transformational – attractive to investors.

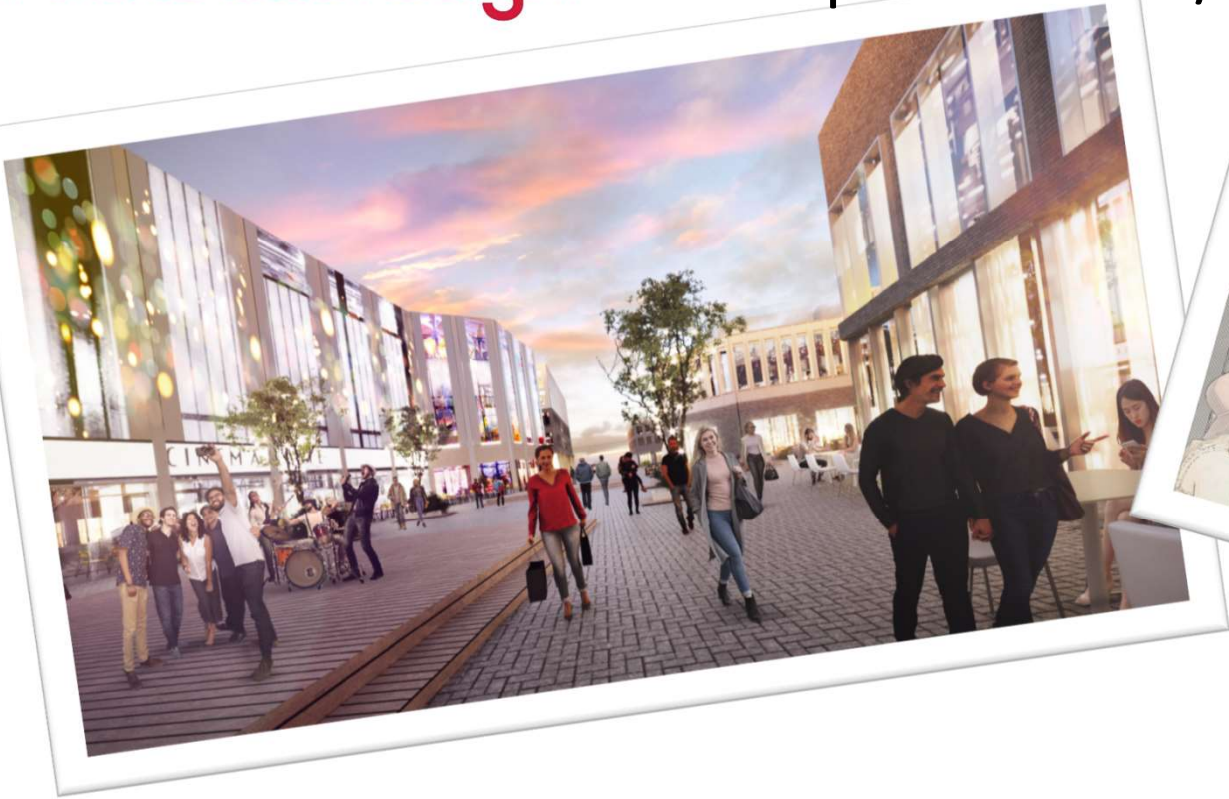


Invest in Middlesbrough

Captain Cook / Bus station



MIDDLESBROUGH
Can do people
Can do place



Consider wider interventions / acquisitions?

- Only with JV partner - needs to be financeable by external funds.
- Potentially the right solution all round. Gives a compelling story of transformation.
- It addresses the problems, provides a 'viable' solution and may attract an experienced partner to co-invest in the regeneration.
- Acquiring the additional property / centres at the high yields (we'd target) could provide the surplus income.
- May need element of wrap leases / gap funding.



- **Phase 1 – year(s) 0 to 3**

- Acquire CCSq and HoF – interim management.
- Appoint development / JV partner. Manage assets.
- Repurpose CCSq to leisure etc. – decant retail to town centre vacancies.
- Repurpose HoF – adaptations to sustain major retailer lets – alternative uses upper floors – office / health / creative / community / residential?
- Modern elevations on CCSq – create a sense of destination, events.
- Address gateways and thoroughfares to promote safety and security.
- Development of enhanced events and cultural programme.
- Install superstops / bus priorities, improved service frequency and patronage.
- Delivery of NoSA.



- **Phase 2 – year(s) 3 to 6**
 - Invest in Bus Station – creating residential development opportunities and enhanced experience.
 - Links enhanced between CCSq and Hill Street.
 - New gateway and performance spaces created.
 - Unlocked sites for C.200 Urban Living units.
 - Recycle revenue generated from FHSF investments to secure further improvements / interventions.
 - Transform Newport Road with Independent Retailers.
 - Consistent estate management, security, cleaning and activities.



FHSF

- Bus lane priorities (with TVCA).
- Enhanced town centre events / culture (with TVCA).
- Digital animation – inc CCsq.
- Improved way finding (inc Digital App development)
- Grant renovation of retained premises

Other complementary investments

- The DigitalCity - £30m (£250m)
- Rail Station £40m
- Historic Quarter - £2.5m
- Centre Square - £40m (£100m)
- CNE (£30m)



Transformational Change

- Massively increased footfall in central Middlesbrough; particularly A,B,C's.
- Family-friendly leisure sector, a dedicated family / leisure quarter - 400k sq.ft. repurposed to non-retail uses – addressing structural deficit. Attract economically-active from wider area.
- 25% reduction in retail floorspace – reduce supply / voids – protect rents – encourage investment.
- Creating young-professional urban living – 200 units direct – creating an all-day economy.
- Resurgence in the night time economy, integrated leisure, culture and shopping needs. Develop visitor, including culture and events.
- End of cul de sac experience: create flow for pedestrians and improve navigation. Safe and secure.
- Improved public transport access, growing patronage, improved facilities - day and night.
- New businesses attracted to take advantage of a growing 'scene'.



How Transformation is funded?

- Short Term
 - Council acquisitions / FHSF / TVCA– attract development partner for co-investment. Lays the groundwork.
- Medium Term – Co-invested JV
 - Pooling assets with investors – a large asset portfolio can be created – investment funds can be borrowed against the value of this asset. Gap funding or mezzanine finance will be required for products such as new Urban Living.
- TVCA / Emerging National Programmes
 - Town centre will be focal point for future TVCA investment programmes – especially where viability issues remain.



MIDDLESBROUGH TOWNS FUND BOARD

Towns Fund – Proposed Development Spending

Towns Fund - Development Funding		
Indicative allocation		
Cost	Budget	Description
Programme Coordination and Town Investment Plan studies	£50,000	<p>The Town Deal Board requires dedicated specialist support to coordinate meetings and respond to the information requests and strategy developments; as advised by the Town Deal Board.</p> <p>The dedicated capacity is necessary to research the evidence base which will inform the development, consultation and production of the Town Investment Plan - prior to the submission of the Town Investment Plan in Summer 2020.</p> <p>The role will also manage and coordinate specialist advice and associated commissions which will inform the evidence base for the Strategy.</p>
Programme Spatial Masterplanning - in support of the Business Case Development and Town Investment Plan	£75,000	<p>Specialist spatial masterplanning is required to articulate the geographic and economic relationships between the key investment propositions.</p> <p>This document will form part of the evidence base which will demonstrate the strategic links between major investments, cofunding and the alignment of major development proposals to show the symbiotic relationships between the approved investments and how the benefits permeate through the wider economy; particularly with respect to how the economic benefits can be targeted to, and aligned with, the resident population of Middlesbrough.</p> <p>The masterplan document will also demonstrate how each of the investment priorities will be measured for meaningful impact, including the statistical basis of evaluation.</p>



Invest in Middlesbrough

Commercial Investment Advice - Advice on structuring targeted investments and the precise structure of how such deals will be brokered	£20,000	In order to maximise impact, the Town Investment Plan should be targeted in such a way as to maximise 3rd party / private sector leverage to multiply the investment (and impact) of Middlesbrough's Town Investment Plan. It is envisaged that specialist advice is required to provide financial modelling on how current market failures can be addressed by advising on the technical structuring investments; and the precise structure of how such deals will be brokered.
Associated legals / Structure - Associated with commercial investment advice to focus on procured relationship and state aid advice anticipated	£10,000	In conjunction with the financial modelling of investment propositions, it follows that specialist legal advice will be required to structure any investment relationships in such a way that they robustly protect the public funding which is being deployed and that all procurement, state aid and commercial regulations are being complied with.
Consultation - Save the High Street Consultation event	£4,000	Save the High Street Consultation event - a gathering of SME and independent retailers to explore a range of investment ideas, cultural initiatives, skills mapping and forming a self-sufficient business collective which can independently drive change.
Corporate Support Services	£14,000	Internal support services recharge finance, legal services,
Total	£173,000	



MIDDLESBROUGH TOWNS FUND BOARD

NOTE OF MEETING

FRIDAY 28TH FEBRUARY 2020

MIDDLESBROUGH TOWN HALL

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
Laura Sillars	MIMA
Paul Wright	New River
Tom	Cities and Local Growth Unit
Alex Bell	Marks and Spencer
Gary McDonald	TVCA

Also present:

Kevin Parkes	Middlesbrough Council
Sam Gilmore	Middlesbrough Council

1.	Apologies	Ben Houchen, Margaret Coates, Paul Croney, Simon Clarke, Thomas Smith	Actions
2.	Introduction	AP – Welcomed everyone to the meeting. Minutes of the last meeting agreed. The mayor explained that The Towns Fund lags behind the FHSF in terms of the guidance/application process	



		being published. Much can be done in the meantime to articulate the town's unique position and delivery priorities.	
3.	Guidance and Update	Middlesbrough has received a letter from the Secretary of State for Education detailing the importance of involving colleges and other skills providers in the Towns Fund Submission.	SG to explore how Educational priorities can be aligned with the TIP priorities
4.	Presentation	<p>SG – FHSF presentation was made setting out the rationale for the proposal, regarding the reduction of retail floorspace and increasing leisure provision.</p> <p>Discussion took place on areas for consideration and inclusion in the business case, such as:</p> <ul style="list-style-type: none"> • All day economy • Transport • Making Middlesbrough carbon neutral • Lighting and safety • Public realm • Alignment of other programmes • Health facilities being brought back into the town • Affordable housing product • Skills and jobs 	SG to gather any feedback of the principles from board members and refine.
5.	Development Funding Profile	A breakdown was presented on the £173K development funding and what it will be prioritised on. This mainly involves technical support in the preparation of the business case and draft Town Investment Plan.	
6.	A.O.B	None	
8.	Future meetings	Friday 17 th April 2020	

