

AGENDA

MIDDLESBROUGH TOWNS FUND BOARD

28 October 2022

11am – (virtual meeting)

1.	Apologies and declarations of interest
2.	Minutes from previous meeting
3.	Programme update and Progress Report
4.	Towns Fund and FHSF Reprofitting Proposal (Subject to DLUHC approval)
5.	Middlesbrough College/TTE
6.	A.O.B
7.	Date and time of next meeting: TBC

Towns Fund Board
Friday 18th March 2022 at 11am via Teams

Present:

Tony Parkinson, Middlesbrough Council Chief Executive
Andy McDonald, Member of Parliament for Middlesbrough
Cllr Mieka Smiles, Deputy Mayor and Executive Member for Culture and Communities MBC
Laura Sillars, Dean of mima School of Art & Design Teesside University
Rachel Anderson - Assistant director of Policy NECC
Nicholas Baumfield - Arts Council
Zoe Lewis, Principal and Chief Executive Middlesbrough College
Adam Suleiman – Cities and Local Growth Unit
Chris Smith – Thirteen Group
James Cain – For Simon Clarke

In attendance

Richard Horniman, Director of Regeneration MBC
Sam Gilmore, Head of Economic Growth and Infrastructure MBC
Louise Antill, Towns Fund Programme Manager

1.	<p>Apologies and declarations of interest</p> <p>Apologies: Andy Preston - Mayor of Middlesbrough Ben Houchen – Tees Valley Mayor Simon Clarke, MP for South Middlesbrough and East Cleveland Rachel Stockdale - Chief Inspector Cleveland Police Thomas Smith – Public Engagement Specialist Ian Wardle – Chief Executive Thirteen Group Gary Hutchinson - Arriva</p> <p>Declarations of Interest: N/A</p>
2.	<p>Minutes from previous meeting</p> <p>No matters arising other than Housing Quality Standard see agenda item 4.</p> <p>Minutes were agreed as a true record</p>
3.	<p>Programme update and Progress Report</p> <p>SG shared a progress monitoring update for the overall programme and provided information on each project:</p> <p>Urban Living and Place Making – project not due to start until 22/23, however there is a strong pipeline of housing sites aligned to Brownfield Land Fund.</p> <p>Middlesbrough Experience – Nature Reserve is on site with groundworks nearing completion, the next phase will be planting and continued work with community volunteers to develop the long-term sustainability of the site.</p>

The Ward Initiatives project now has Council Executive approval and individual projects will commence in early 22/23 with the majority of schemes being completed by summer 22.

Community Hubs – There has been delays on both sites due to issues with Sport England at the Southlands site and location at Nunthorpe, however these are concluding and work will commence within the next 12 months.

Knowledge Economy – Work has almost concluded and payment has been made to the college. Further work is needed to establish a town centre site, however following the Council's purchase of the Cleveland Shopping Centre more options are now available.

Enterprise Infrastructure – Historic Buildings, work largely complete on the Captain Cook pub, which is now a blank canvas to allow multiple uses. The old Town Hall is awaiting a bid to Heritage Lottery Fund. Long term uses for the building could be business incubation or a cultural facility, however it will need a sustainable use as will provide the focal point for all development in the area.

Centre Square Development – work has commenced and practical completion is expected by December 22.

Boho Campus Infrastructure - business case now submitted to DLUHC, work will take place at the end of the programme to stitch the various sites together.

Boho 8 – Project complete and fully occupied by digital companies.

SG confirmed that all Annex C documents have now been submitted to DLUHC achieving the timescale for submission within a year of securing funding.

Middlesbrough has also been chosen as a pathfinder for the 'Single Conversation' initiative. Which will involve working with the government to establish the need of an area and be reactive to those needs rather than trying to fit requirements to a specific fund.

The board welcomed this approach and would be happy to contribute.

Under the Knowledge Economy AMc raised serious concerns of not being informed about the potential Eton College proposal within Middlehaven. He requested information on Council involvement and progress to date with the submission to the Department for Education.

TP confirmed that nothing had been brought to the board as there was no decision to be made by the Council or the Board at the present time. Eton College have currently expressed an interest in a plot of commercially available land however they had not submitted anything to the Department for Education. TP is scheduled to meet with college representatives next week and will provide an update to the Board following this.

A great deal of work needs to take place including the demand for places, numbers wanting to do A levels, current provision, predicted population numbers etc.

ZL stated it was a complicated issue that needs a significant amount of work. She also gave the view that the college would increase footfall and accelerate the regeneration of the Middlehaven area, currently the Tees Valley has enough places

	<p>to cater for student demand, however a further facility would provide more choice for young people.</p>
4.	<p>Housing Quality Standard Framework</p> <p>Following a request from the Board a Housing Quality Framework was developed.</p> <p>RH ran through the New Homes Criteria, which lays out a set of essential and desirable criteria that can be applied depending on the type of development the programme is dealing with.</p> <p>It was agreed that some of the criteria was subjective, however it provides control through the planning system and the adoption of national standards, including satisfying organisations such as Historic England. The Town Deal Board can make the decision to reject a development if it doesn't meet the overall vision. There is balance between the aspirations and affordability that the criteria should help to achieve.</p> <p>There was consensus that given the ongoing fuel crisis Net Zero should be moved from desirable to essential criteria. In addition floor space should be moved to essential, however building conversions may need to be considered separately. To maintain feasibility, any cases which have merit, but do not meet the essential criteria, will be brought for board determination.</p>
5.	<p>Town Centre Safety</p> <p>ZL wanted to highlight issues within the Town Centre noted by herself, students and staff regarding the rising levels of anti-social behaviour and general feel of the Town Centre that is at direct odds with the investment the FHSF and Towns Fund is trying to achieve, and asked if the Town Deal Board should be doing something to address it?</p> <p>TP was in agreement and thought the Board was the best vehicle to take initiatives forward in line with the Council's existing Town Centre Strategy.</p> <p>SG added that this area of work also aligns with the Town Centre Taskforce that is supporting Middlesbrough to improve perceptions of the town.</p> <p>TP agreed to lead on the work and to have a special Board meeting to discuss the issue and develop a forward plan.</p>
7.	<p>Any other business</p> <p>None</p>
8.	<p>Date and time of next meeting</p> <p>TBC</p>

PROJECT UPDATES

BUSINESS CASE	COMPLETION DATE (including full independent assurance and approval)	PROGRESS UPDATE	KEY RISKS	OUTCOMES MANAGEMENT
Urban Communities and Place Making	March 2026	Project scheduled to commence in 22/23. Work is ongoing with MDC/BCEGI to finalise sites.	<ul style="list-style-type: none"> Quality of development Delivery timescales Developer Interest 	
Middlesbrough Experience	March 2024	<p>Middlesbrough Experience - Ward initiatives – 19 schemes have been agreed and are at differing stages of design, procurement and delivery. A dedicated project manager is overseeing all the schemes and is closely monitoring the progress of each. The schemes a wide ranging and spread across the whole town.</p> <p>Nature Reserve - New item of equipment for grass mowing and collection now ordered. Pond and path work completed. Volunteer management continues on site with meadow cutting and site surveys to establish increase in biodiversity. Sculptured gateway feature has been commissioned.</p> <p>Community Hubs -Nunthorpe Community Centre - Concerns were raised around the process to select a preferred partner to build and manage the community facility. A process was developed and expected to start week commencing 23rd May 2022. Commissioning and Procurement advised that the process should not take longer than three months to conclude.</p> <p>Southlands Community Centre - An Executive report was approved that outlined the Council’s aim for an exciting and transformational new £3.7m Community and Sport Centre, which will help regenerate East Middlesbrough and greatly improve the lives of local people. The report approved a further £900,000 towards the new Southlands Centre project. The Sporting Hub would include the creation of new grass pitches, a new 3G all-weather pitch, the refurbishment of an existing 3G pitch and the Unity City Academy changing rooms, additional new changing rooms and extra car parking to deliver an exemplar facility. Work is now ongoing with Design Services in consultation with the Community on</p>	<ul style="list-style-type: none"> Obtaining co-funding Agreeing facilities and projects that meet the needs of all residents Sourcing suitable contractors 	



BUSINESS CASE	COMPLETION DATE (including full independent assurance and approval)	PROGRESS UPDATE	KEY RISKS	OUTCOMES MANAGEMENT
<p>Building a Knowledge Economy</p>	<p>March 23</p>	<p>The College had originally targeted completion of the construction phase of all projects by August 2021 to allow student occupation for the start of the 2021/22 academic year (save for the Town centre unit which has yet to be scheduled). Due to the impacts of COVID and BREXIT on the availability of manpower and construction materials projects have been delayed. However, all projects remain on budget and are now practically complete</p> <ul style="list-style-type: none"> • Campus heart/ LRC/ reception (£1m) – Complete and in use save for some final Campus heart branding and furnishing • IOT centre (£3.3m) – Works completed in late 2021. 1,100m2 new space in use. • T level builds Digital/Construction (£5.4m) – Works now complete <p>Operationally all new space and facilities are operational and in use by students</p>	<ul style="list-style-type: none"> • Timing of funding approval and receipt • Appointment of contractors • Project timeline completion 	



BUSINESS CASE	COMPLETION DATE (including full independent assurance and approval)	PROGRESS UPDATE	KEY RISKS	OUTCOMES MANAGEMENT
Enterprise Infrastructure	Dec 2022	<p>Historic Buildings - The Captain Cook Pub has almost completed - small scale delays have been experienced due to a contractor issues. Marketing of the building will begin July 2022.</p> <p>The Old Town Hall - Executive have approved a report on the 12th July for an Expression of Interest to be submitted to the Heritage Lottery Fund; scheduled for September 2022 with a stage 1 application to be submitted May 2023 if successful. All surveys are now complete.</p> <p>Centre Square Development – full funding package in place, building works are well underway.</p> <p>Boho Campus Infrastructure – project not due to start until 24/25</p>	<ul style="list-style-type: none"> • Timing of funding approval and receipt • Project timeline completion • Cost overruns 	
BOHO 8	Fast-track	Complete		



PROGRAMME OVERVIEW

Project	RAG		July-Sept			Oct-Dec		Jan-March			April-June		
Urban Communities and Place Making	Yellow	Yellow	Light Blue	Light Blue	Light Blue	Green Star	Green Dot						
Middlesbrough Experience	Yellow	Yellow	Light Blue	Green Star	Green Dot								
Building a Knowledge Economy	Green	Green	Green Dot										
Enterprise Infrastructure	Yellow	Yellow	Light Blue	Light Blue	Light Blue	Green Star	Green Dot						

KEY

- Independent assurance/approval
- ★ Business case complete
- Summary documents submitted

Top programme risks	RAG	Mitigations	Milestones		Budget			
			Achieved since last Board	Upcoming milestones	Actual spend	Budget	Forecast outturn	
Timing of funding approval and receipt	Yellow	Processes are in place to draw down funding to fit with project timescales						
Project timeline completion	Yellow	Experienced project manager, project team, project management tools and contract terms will be utilised to ensure programme stays of track.	Ward Initiatives underway	Nature Reserve Complete HLF Bid – Old Town Hall Town Centre Site located (MC) Mhaven Housing Sites – BCEGI Option	£3,143,260	£10,094,500	£10,094,500	
Cost overruns	Yellow	Fixed cost contract agreed at procurement stage						
<i>Obtaining the necessary co-funding</i>	Yellow	Project plans for co-funding are advanced and confidence of achievement is high.						
					Overall programme rating			



PRESCRIBED OUTPUTS (M&E)

1 of 3

OUTPUT	AMOUNT
£ co-funding committed (private and public)*	£158,382,967
£ spent directly on project delivery (either local authority or implementation partners)*	£66,840,153
# of full-time equivalent (FTE) permanent jobs created through the projects*	971
# of temporary FT jobs supported during project implementation*	2947
# of residential units provided	1051
# of sites cleared	6
# of derelict buildings refurbished	5
# of heritage buildings renovated/restored	5
# of learners enrolled in new education and training courses	500
# of learners/students/trainees gaining certificates, graduating or completing courses at new or improved training or education facilities, or attending new courses	500



PRESCRIBED OUTPUTS (M&E)

2 of 3

OUTPUT	AMOUNT
# of learners/trainees/students enrolled at new education and training facilities	500
Amount of capacity of new or improved training or education facilities	2967m2
Amount of floor space repurposed (residential, commercial, retail)	45231m2
Amount of new office space	12541m2
# of trees planted	5200
Amount of existing parks/greenspace/outdoor improved	5
Amount of new parks/greenspace/outdoor space	7200m2
Amount of rehabilitated land	5000m2



PRESCRIBED OUTPUTS (M&E)

1 of 3

OUTPUT	AMOUNT
Number of improved community/sports centres	5
Number of improved cultural facilities	2
Number of new community/sports centres	2
Number of new non-domestic buildings with green retrofits completed	2
Number of public amenities/facilities created	6
Total length of new pedestrian paths	0.4Km
Total length of pedestrian paths improved	1km
Total length of resurfaced/improved road	0.2Km
# of additional residential units with broadband access of at least 30mbps	200



PROJECT UPDATES

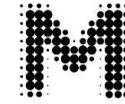
BUSINESS CASE	COMPLETION DATE (including full independent assurance and approval)	PROGRESS UPDATE	KEY RISKS	OUTCOMES MANAGEMENT
Urban Communities and Place Making	March 2026	Programme being reviewed to align with the plans of the Mayoral Development Corporation.	<ul style="list-style-type: none"> Quality of development Inflation Delivery timescales Developer Interest 	
Middlesbrough Experience	March 2024	<p>Middlesbrough Experience - Ward initiatives – 19 schemes have been agreed and are at differing stages of design, procurement and delivery. A dedicated project manager is overseeing all the schemes and is closely monitoring the progress of each. The schemes a wide ranging and spread across the whole town.</p> <p>Nature Reserve - New item of equipment for grass mowing and collection now ordered. Pond and path work completed. Volunteer management continues site with meadow cutting and site surveys to establish increase in biodiversity. Sculptured gateway feature has been commissioned.</p> <p>Community Hubs -Southlands Centre - The situation regarding the reprovion of playing fields at Southlands to enable development at Marton Avenue has been problematic. This is largely due to resident’s desire to locate a community centre on the same area that was planned for reprovion. The cost of providing all desired elements has however risen significantly due to inflation and other cost price increases within the construction industry. Latest price estimates indicate it will cost almost £4.7m to deliver the full plan. As a result, the Council is unable to deliver all proposed elements from the allocated budget. Further resource is therefore being sought from the Towns Fund.</p> <p>Nunthorpe Community Centre - Commissioning and Procurement are leading on this scheme. A report was presented to Executive on the 6th September outlining the process to be taken. The report outlined a 6 week consultation and that a project plan with milestones will be developed by 30th November 2022 and that works will commence on a new facility by June 2023.</p>	<ul style="list-style-type: none"> Obtaining co-funding Additional costs due to inflation Ground conditions Agreeing facilities and projects that meet the needs of all residents Sourcing suitable contractors 	





BUSINESS CASE	COMPLETION DATE (including full independent assurance and approval)	PROGRESS UPDATE	KEY RISKS	OUTCOMES MANAGEMENT
<p>Building a Knowledge Economy</p>	<p>March 23</p>	<p>Expansion programme to the existing college building now is completed and learners enrolled. Whilst it was the College's intention to develop a town centre unit to further enhance its engagement and delivery in the community, this investment has been paused due to a combination of an increasingly difficult trading environment for the College and significant pressure on other capital budgets due to materials cost inflation. The principal capital project which the College is currently working on is the TTE relocation from South Bank to Middlehaven. The commencement of this project has been delayed as the College has sought to mitigate significant market driven cost increases which have driven up costs from an initial RIBA stage 3 estimate of £9.8m to in excess of £14m. The College is working to bring down overall costs by value engineering some aspects of the project whilst adjusting the planned curriculum delivery model to recover c £1.9m of VAT. Following this process the latest (pre-tender) cost estimate for the project is c £12.8m.</p> <p>In order to bridge the remaining c£2m cost increase in the project, the College is seeking further funding support for the project. To date discussions have been held with both DfE and TVCA, neither of whom have further funding available. Against this backdrop the College would request that the remaining c £33k of funding on this project could be re-purposed to support the College's investment in TTE and that discussions around a town centre presence be deferred until the current market turbulence subsides.</p>	<ul style="list-style-type: none"> • Timing of funding approval and receipt • Appointment of contractors • Project timeline completion 	





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Enterprise Infrastructure	Dec 2022	<p>Historic Buildings - The Captain Cook has completed and the building is being marketed by Valuations and Estates. Footpath works will be completed in line with the Boho Village development (quote £11,112.87). Retention and some fees yet to be paid (£70,389.01).</p> <p>The Old Town Hall - Executive have approved a report on the 12th July for an Expression of Interest to be submitted to the Heritage Lottery Fund; this was scheduled for September 2022 however MBC have been advised to submit the EOI following the HLF's site visit in early November. All surveys are now complete, but some costs are still pending.</p> <p>Centre Square Development – The works still remain on programme and construction team report gains in some areas and losses in others. Additional on-site parking has been agreed between the developer, landlord and main tenant The target practical completion date remains 19.01.23.</p> <p>Boho Campus Infrastructure – project not due to start until 24/25</p>	<ul style="list-style-type: none"> • Timing of funding approval and receipt • Project timeline completion • Cost overruns 	
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KEY

- Light Blue: Independent assurance/approval
- Green Star: Business case complete
- Green Dot: Summary documents submitted

Top programme risks	RAG	Mitigations	Milestones		Budget			
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Project timeline completion	Yellow	Experienced project manager, project team, project management tools and contract terms will be utilised to ensure programme stays of track.	Ward Initiatives underway	Nature Reserve Complete HLF Bid – Old Town Hall Town Centre Site located (MC) Mhaven Housing Sites – BCEGI Option	£4,987,105	£21,900,000	£21,900,000	
Cost overruns	Red	Unexpected rate of inflation, is resulting in project costs increasing far more than anticipated at programme inception						
Obtaining the necessary co-funding	Yellow	Project plans for co-funding are advanced and confidence of achievement is high.						

Overall programme rating



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**Towns Fund and Future High Streets Fund
Board Report and Programme Adjustment Proposals
28 October 2022**

1. Middlesbrough's Town Investment Plan and Future High Streets Fund Programme were largely designed to mirror the dynamics of a pre-pandemic marketplace, where the macro-economic environment was relatively stable.
2. Each programme set out bold and ambitious proposals to aid the transformation of Middlesbrough's economy and social capital. This remains unchanged.
3. Whilst the vast majority of interventions are on track and progressing well, for both programmes, market forces are squeezing the fundamental viability of the programmes, as set out, and it is appropriate to recalibrate the scale and scope of the programme(s) to be more realistic to the current market conditions. Similarly, positive performance means that some projects are in a position to be rescoped, as well as reflecting new opportunities have emerged, which are excellent candidates for programme support.
4. The board will recall that a significant proportion of both the Towns Fund and Future High Streets Fund has been allocated to supporting the development of new Urban Living units in, and around, central Middlesbrough. Interest is solid and good progress has been made in terms of enabling Bohouse North, Bright Ideas and the funding agreement to transform Church House into residential units.
5. Intervention of the Towns Fund and Future High Streets Fund has been predicated on a 'gap funding' model whereby the viability gap for Urban Living developments is bridged by an appropriate level of grant support. Broadly, this amounted to an average intervention rate of £14k per unit, depending on scale and complexity.
6. Inflationary forces in the wider market are impacting the delivery of the Urban Living projects, by impacting both the supply and demand for housing. Construction inflation is ranging between 10% and 20%, rendering some developments beyond the reach of commercial viability, even with significant gap funding. Similarly, rising interest rates and the cost of living will place additional pressures on household budgets and this will reflect in the short-term demand for property.
7. Similarly, the issue of Nutrient Neutrality has, effectively, placed a moratorium on residential planning decisions unless a clear and demonstrable mitigation strategy can be agreed which means that any residential development has to have a neutral or net positive impact on the primary watercourses. National legislation and clarification is anticipated to ease this burden, albeit details are limited at the moment.
8. Together, these factors mean that the gap funding of Urban Living units will deliver fewer outputs for the available budget and it is an opportune time to seek acknowledgement of this situation to recalibrate outputs and any moderate programme amendments via a formal change control process with the Department of Levelling Up Communities and Housing; subject to board debate and approval.

Future High Streets Fund (FHSF) £14.1m

9. £3.5m was allocated for Urban Living in the FHSF programme.
10. A £1.54m funding agreement has been reached with Jomast for the conversion of Church House and an Albert Road property into 95 residential units, due to progress in March 2023.
11. The second project identified for FHSF support was a major residential development on the former Cleveland Scientific Institute (CSI) site. This project has been unable to secure satisfactory planning approvals and, whilst it may come forward as an amended project in the medium-term, it is not in a position to commence delivery during the operational window of the FHSF programme.
12. It is unlikely that an eligible housing project will come forward in the short-term which meets the programme criteria, can secure planning permission and is affordable with the available level of gap funding. As such, it is an opportune time to seek to reprofile £1.954m of unallocated funding, to eligible activity, which meets programme objectives, across the wider FHSF programme.

FHSF Recommendation

13. Whilst any programme intervention is subject to cost of living pressures, demand for leisure uses has remained relatively strong as people remain protective of their leisure time. The Leisure Hub project at Captain Cook Square has made excellent progress with the leases of Level X and The Wired Lobby – due to open in the coming months. Further leases will complete in the next few months for Bars Restaurants and a boutique Cinema chain. With additional resource, further units can be brought into use to accelerate the transformation of the facility and attract additional leisure tenancies.
14. It is recommended that the Town Deal Board endorses the virement of £1.954m of FHSF funding from the Urban Living project theme, to be redistribute to the Leisure Hub theme. This will be subject to an approved change control process with Middlesbrough Council and DLUCh.
15. The balance of the Future High Streets Fund programme remains as scheduled.

Towns Fund £21.9m

16. The same housing market / macro-economic issues set out above, apply to Middlesbrough's Towns Fund programme / Town Investment Plan.
17. £13.3m of Middlesbrough's Town Investment Plan (TIP) is dedicated to Urban Living. Projects are under development but they are suffering some of the same viability issues resulting from high inflation. Another complicating factor, albeit it brings significant additional opportunities, is the overlap with the programmed housing areas and the emerging Mayoral Development Company.

18. Whilst the programme is adopting an entirely 'business as usual' approach, there stand to be some major benefits from strategic alignment of funding, new powers and opportunities.
19. As with the Future High Street Fund, the level of outputs for the available budgets are now unrealistic. This prompts an opportunity to rationalise outputs and reconfigure the programme balance.
20. The bulk of the programme remains in delivery and well progressed, having had prudent and robust contingencies applied to them at project inception. However, some elements have been exacerbated by high levels of inflation, cost of living, complex site conditions and nutrient neutrality issues.

Programme Amendment Opportunities

Middlesbrough College

21. Middlesbrough College faces an inflationary deficit in delivering the relocation of the TTE training facility.
22. Middlesbrough College has successfully consolidated its education provision on the Middlehaven site and has successfully expanded to include the Sixth Form facility, STEM Centre and, more recently the construction of Institution of Technology (IOT) Centre and T-LEVEL facilities for Digital and Construction Curriculum, as part funded by Middlesbrough's Towns Fund.
23. Middlesbrough College has secured DfE grant and their own resources to deliver the potential relocation of TTE to Middlehaven. Inflation has resulted in the project costs rising significantly and has threatened the project. The project has been value engineered and the College has sourced as much of its own resource as possible, without threatening its financial standing / health.
24. Middlesbrough College seeks to reallocate the remaining £33k it has in the Towns Fund – allocated to a Town Centre presence and seeks a further £967k, to create a balance of £1m to secure the delivery of the project. This will be matched by a further £1m from Middlesbrough's local Indigenous Growth Fund (IGF) settlement.
25. This brings an additional 500 learners to the town centre and builds a further-consolidated College Campus with significant economic benefit for the town centre economy. Full Business case attached for Town Deal Board consideration.

Eyesore Sites

26. A pervasive issue for Middlesbrough communities is having to suffer the adverse consequences of having building and sites that are long term disused / derelict and untidy. Dealing with these eyesore land and property issues will help improve communities throughout Middlesbrough.
27. Unfortunately, some areas are blighted by long term vacant and empty sites and buildings that are poorly managed and often decaying and deteriorating. Eyesore sites can have a negative impact on communities such as attracting crime and anti-social behaviour. They can

attract further problems such as vermin and result in adjoining properties being difficult to sell. They can put off investment into an area and detract from the perception of neighbourhoods.

28. Acquisition of eyesore sites would therefore be an opportunity to provide a long-term solution to the most prominent and/or problematic privately owned eyesore sites in Middlesbrough.
29. This would need to be achieved at the sites genuine value and not inflated by an owner's unrealistic expectations. If necessary, this could include the Council resorting to Compulsory Purchase.
30. Middlesbrough Council aims to deliver a programme of intervention to acquire such sites and will set out its ambitions for improvement / redevelopment / renovation and use.
31. A number of sites have already been identified that detract significantly from local communities. In each instance the Council is seeking to work with the existing landowner to address the sites challenges. Some of these sites may include:
 - a. 56 Cargo Fleet Lane/ Bournemouth Avenue;
 - b. Former Wee Willie, Evesham Road, Park End;
 - c. Former Middlehaven Pub, Stockton Street;
 - d. Former Methodist Church, Kings Road, North Ormesby;
 - e. Former Quoit Club, Addington Drive;
 - f. Marton Country Club, Marton;
 - g. Newcastle House, Ingram Road;
 - h. The Market Tavern, North Ormesby;
 - i. Douglas House, Marton Road;
 - j. Liberty's, Longlands Road; and,
 - k. Former Roseberry Petrol Station, Acklam Road.
32. It is proposed that the sites identified above will form the basis of the initial prioritisation. Business cases will be drawn-up to determine the costs and benefits of acquiring individual proposed sites. The business case will include the proposed future use of the site and the anticipated financial costs of acquisition.
33. Middlesbrough Council is seeking a Town Investment Plan allocation of £1m from the Urban Living theme budget to progress such acquisitions and bring the sites back to positive use, largely for the purposes of complementary local development i.e., brownfield housing sites.

Southlands Centre

34. The development of a new Southlands Centre community centre has already secured £500k from the Town Investment plan as part of the £1.25m allocation for Community Hubs.
35. Issues stemming from nutrient neutrality, the Environment Agency (proximity of development with beck corridor), adverse ground conditions, playing pitch provision demands and general inflation means that the project requires additional resource to deliver the programme.

36. Middlesbrough Council has committed £1.7m of additional resource to aid the delivery budget for delivery.

37. To deliver the project to programme, Middlesbrough Council seek a further £900,000 of Town Investment Plan support. This will mean a Towns Fund contribution of £1.4m towards a total revised budget of £4.2m.

Summary Towns Fund Suggested Changes (Table 1)

Project	Current Budget	Proposed Budget	Reason
Urban Living and Placemaking	£13,318,000	£11,451,292	Potential to contribute to funding support MDC on a variety of schemes. To include £1m for Eyesore Sites and £25k power supply for Exchange Square
Community Hubs	£1,250,000	£2,150,000	Southlands additional £900k due to ground conditions, demolition, inflation and Environment Agency requirement costs.
Knowledge Economy	£1,175,000	£2,141,708	Middlesbrough College case for TTE relocation requires a further £966,708 from the Towns Fund.
Other programme themes	£6,157,000	£6,157,000	No change
Total	£21,900,000	£21,900,000	

Town Deal Board Recommendation

It is recommended, subject to the Department of Levelling Up Homes and Communities (DLUCH) approval, that the Town Deal Board:

- a) notes the inflationary pressures on Middlesbrough’s Town Investment Plan;
- b) endorses a change control process to reprofile Middlesbrough’s Future High Streets Fund programme – reprofiling £1.954m from Urban Living to Leisure Hub;
- c) considers Middlesbrough College business case for funding (separate agenda item);
- d) approves the reprofiling of the Town Investment Plan as set out in Table 1; and,
- e) notes that all programme amendments will be subject to approval by DLUCH.

TOWNS FUND

BUSINESS CASE

PROJECT SUMMARY

WHAT IS THE INVESTMENT PROPOSAL?

Organisation: Middlesbrough College

Brief summary of proposal:

Middlesbrough College has developed a business case and rationale for the proposed relocation of its (recently acquired) TTE training company and associated subsidiaries. Middlesbrough College has the opportunity to further develop its presence on the Middlehaven campus by consolidating all of its provision on the Dock Campus. This will bring additional development to Middlehaven and the opportunity for C.1,000 additional students to travel, work and spend time, in Middlesbrough Town Centre.

Due to inflation pressures, the quoted project costs have increased circa 40% to a current estimate of circa £14m for the equivalent facility. This is partly due to ground conditions / inclusion of renewables etc but mainly due to a significant uplift on costs from contractors to cover inflation and risks – a significant reflection of current market dynamics.

A process of value engineering and specification changes has successfully saved circa £0.6m and prudent use of alternative DfE funding can help to equip the facility.

The total project cost is now £11.9m.

Middlesbrough Council has already committed £1m in support of the project via the Indigenous Growth Fund. Department for Education (DfE) have been approached, as have TVCA and additional funds are not available.

Middlesbrough College has secured DfE grant and their own resources to deliver the potential relocation of TTE to Middlehaven. Inflation has resulted in the project costs rising significantly and has threatened the project. The project has been value engineered and the College has sourced as much of its own resource as possible, without threatening its financial standing / health.

The Project seeks £1m of Town Investment Plan support.

Middlesbrough College seeks to reallocate the remaining £33k it has in the Towns Fund – allocated to a Town Centre presence and seeks a further £967k, to create a balance of £1m to secure the delivery of the project. This will be matched by a further £1m from Middlesbrough's local Indigenous Growth Fund (IGF) settlement.

This brings an additional 500 learners to the town centre and builds a further-consolidated College Campus with significant economic benefit for the town centre economy.

Without the full funding package secured in the next two months, the College will need to assess whether this project proceeds or not – i.e., whether to renegotiate a lease and stay at South bank instead of relocating to Middlehaven.

Middlesbrough College is currently tendering all packages which will give the final fixed cost figure which will be known before end Nov 2022.

If all funding can be secured and tenders remain in line with latest QS estimates, the College is hopeful to signing contracts (with DfE, contractors and the bank) and starting on site early in the New Year – with an opening date of Summer 2024.

Whilst currently located in South Bank, in the borders of Redcar and Cleveland Borough Council (R&CBC), the TTE long term future of the TTE facility is sensitive in terms of managing the communications with employees, students and other stakeholders. As such, this business has been deemed confidential, as to assuage any unnecessary concerns.

Middlesbrough College faces an inflationary deficit in delivering the relocation of the TTE training facility.

Middlesbrough College has successfully consolidated its education provision on the Middlehaven site and has successfully expanded to include the Sixth Form facility, STEM Centre and, more recently the construction of Institution of Technology (IOT) Centre and T-Level facilities for Digital and Construction Curriculum, as part funded by Middlesbrough's Towns Fund.

Middlesbrough College has secured DfE grant and their own resources to deliver the potential relocation of TTE to Middlehaven. Inflation has resulted in the project costs rising significantly and has threatened the project. The project has been value engineered and the College has sourced as much of its own resource as possible, without threatening its financial standing / health.

Middlesbrough College seeks to reallocate the remaining £33k it has in the Towns Fund – allocated to a Town Centre presence and seeks a further £967k, to create a balance of £1m to secure the delivery of the project. This will be matched by a further £1m from Middlesbrough's local Indigenous Growth Fund (IGF) settlement.

This brings an additional 500 learners to the town centre and builds a further-consolidated College Campus with significant economic benefit for the town centre economy. Full Business case attached for Town Deal Board consideration.

we are currently tendering all packages which will give us a final fixed cost figure (and have everything crossed there are no more surprises in there) which should be back in the next six weeks.

If all funding can be secured and tenders remain in line with latest QS estimates, we are hopefully of signing contracts (with DfE, contractors and the bank) and starting on site early in the New Year – with an opening date of Summer 2024.

Brief narrative summary of impact of proposal, drawing from your economic case:

Relocating TTE from South Bank to Middlesbrough Town Centre has the impact of 500 new apprentices and school leavers, travelling into Middlesbrough each day, with the majority using public transport and walking from the bus or rail station to the Middlehaven campus. These students will be spending money in shops, cafes and other leisure and entertainment facilities. These students live across the Tees Valley, as well as Middlesbrough; and will become new positive advocates for Middlesbrough and the developing town centre.

Over 70 technical training staff will relocate from employment based at South Bank to employment based in Middlehaven bringing the further benefits of additional footfall as well as professional employment.

Around 500 additional adults will be accessing the centre for industrial commercial training each year. Most of these customers work in local engineering industries and so may have no other reason to travel to Middlehaven currently. This will provide an excellent opportunity to create positive parent advocates for the area as they observe its development, view the developing campus and promote the engineering training excellence to their friends and families.

Post covid - between 50 and 400 international students are expected to travel to the centre each year, arriving from Libya, Saudi, Nigeria, Ghana, Ukraine and others – usually for up to six months at a time. Currently TTE source accommodation from Hartlepool and Stockton areas, but the strong preference is to accommodate these students within walking distance to their new training centre on Middlehaven – allowing them the new opportunity to experience Middlesbrough's retail, creative and social scene and enhance their cultural development alongside their technical training.

Middlesbrough College has also recently become the official technical training partner for Lincoln College's significant overseas offer and the relocation to Middlehaven provides excellent opportunities to cross-sell international work to other sectors such as construction and business as well as expanding our engineering HE offer.

The College is due to open its Institute of Technology which is a new 15 classroom HE centre attached to our existing STEM centre. Should TTE relocate to Middlehaven there is a significant opportunity to expand the HE engineering offer to TTE students and apprentices, improving the take up of higher technical skills and providing further footfall to the town centre.

Over recent years, the College has developed successful sectors skills academies working closely with DWP and local job centres and providing technical training alongside employability support working with local employers to guarantee interviews and secure progression into work. We have recently expanded these into fork lift truck, construction trades and other technical areas and should TTE relocate, the College will have further opportunity to develop these important training academies to Middlesbrough's unemployed residents. TTE on Middlehaven would be a far more accessible facility for unemployed Middlesbrough residents, being close to public transport routes. Over time we would hope to see a positive reduction in unemployment rates, particularly with the complementary disciplines likely to be required at the TeesWorks site.

The number of school leavers leaving Middlesbrough based schools is scheduled to rise by almost 50% over the next ten years. The new Outwood riverside school will accommodate students aged 11-16, but additional accommodation will be required locally to accommodate those aged 16-18. This relocation will assist with that expanding demand.

The new site is 54% of the size of the existing site, will be made to a BREEAM very good standard and is much more accessible by public transport thereby contributing positively to Middlesbrough's Green Strategy and the college's own sustainability strategies.

In addition, footfall is increasingly vital for the town centre economy and will be a key factor in securing inward investment. Similarly, there is a significant skills shortage across many strategic sectors in the Tees Valley. This recruitment shortfall can restrict growth in the absence of a strong pipeline of skilled vocational qualifications.

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 and upgrading of a person's education level resulting in potential for higher wage returns. Regarding vocational qualifications, positive wage returns have been found specifically for vocational qualifications and apprenticeships at Level 3 and above.

The college has forged strong links with the town centre and public transport infrastructure, increasing footfall year on year in this area through student engagement and opening the facilities to members of the public for health and leisure purposes.

Clean Growth Principle: Middlesbrough College, and the wider Middlehaven estate, is renowned for the highest standards in terms of iconic architecture and green credentials. Students are extremely environmentally conscious, and it is a minimum expectation that their working environment shares those values. Similarly, the structure of the developments in the educational provision will give the students skills in green technologies and a chance to develop the sector in the future.

Overall funding requested from the Towns Fund:

	Revised Costs £m's
*Total project cost after value engineering – including VAT and excluding land provided by MC in kind	£11.9m
Funded by:	
Middlesbrough College	£5.9m
Middlesbrough Council - IGF	£1m
Towns Fund	£1m
Department for Education	£4m
Total	£11.9m

Note: net impact from repurposing existing allocation of Towns Fund seeks a further £967k, to create a balance of £1m to secure the delivery of the project.

KEY MILESTONES	
Key action	Key date
Middlesbrough Council funding approval	Nov 2022
Business case submitted to DFE	Complete
Outcome of bid	Complete
Construction Contract Award	Jan 2023
Practical completion	Summer 2024

STRATEGIC CASE – *What we're doing, and why*

Background

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.

The number of school leavers is increasing by circa 50% across the Middlesbrough Local Authority area, 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 8000m² of additional space over the next ten years to accommodate students.

Middlesbrough College operates in a competitive market and a consolidated campus offer can deliver a cohesive, efficient and fully-integrated learning experience; on a dedicated campus.

MHCLG intervention

The land for the proposed expansion is secured and designs are well developed, with professional advisers appointed. Proposals are consistent with the planning policy in the area.

Covid-19 places strain on the levels of students which can be safely accommodated within the campus, so this proposal goes further to ease that pressure. Similarly, the college will be critical in skilling and reskilling those made redundant from the underlying economic conditions as they manifest in the local economy.

Without intervention this critical element of the college expansion would be aborted or scaled down to a level which would not deliver the key objectives or outcomes and fail to address local economic needs.

Objectives

Project key objectives:

- Increase in capacity and accessibility to new or improved skills facilities
- Increase in the breadth of the local skills offer that responds to local skills needs
- Increase in the amount of shared workspace or innovation facilities (32,000sft)
- Increased and closer collaboration with employers (additional employer / business engagements)
- Student Numbers increase 10%
- to put skills and learning at the heart of the town – in line with the objectives of the emerging Mayoral Development Corporation.

High level outcomes by 2025:

- Number of new learners assisted - target 1,000
- % of learners gaining relevant experience/being 'job ready' (as assessed by employers) – 10% increase
- Perceptions of the place by residents/businesses/visitors – 80% improved
- Reducing digital poverty in learner cohorts – 20% improved

Stakeholder issues

The key stakeholders are the learners and local community that the College serves. The college has engaged its learners in its review of the investment programme to determine how enhanced facilities can provide entrepreneurial opportunities, improve facilities and address digital poverty.

Improving knowledge and skills is a key priority, including addressing the local digital poverty gap. This investment is aligned to addressing these needs now and, in the future, to increase attainment levels of the local community and better preparing them for employment opportunities.

Dependencies and Constraints

There are no inter dependencies on other programmes.

The project is only constrained by funding support, without which would result in abortion of the project or scaling down to a level which would not deliver the key objectives or outcomes and fail to address local economic needs.

Key Risks

Key risks:

- timing of funding approval and receipt
- appointment of contractors timely
- Further inflation pressures – mitigated by a fixed price contract

Financial profile

	19/20	20/21	21/22	22/23	23/24	Beyond	Total
Middlesbrough College	£m	£m	£m	£m	£5.9m	£m	£5.9m
Middlesbrough Council - IGF	£m	£m	£m	£m	£1m	£m	£1m
Towns Fund	£m	£m	£m	£m	£1m	£m	£1m
Department for Education	£m	£m	£m	£m	£4m	£m	£4m
Total	£m	£m	£m	£m	£11.9m	£m	£11.9m

Source of funding

Funding already committed is to the value of £9.9m. Of this, the college is investing £5.9m of its own resources with the balance grant funded through DfE capital funds.

The college requires Towns Fund assistance of £1m to complete the overall investment programme. Similarly, the IGF £1m contribution is to be confirmed and Town Deal funding will be conditional upon securing this.

Financial appraisal

Financial appraisal has been assessed against industry norms. This will be further validated once fixed price quotes have been secured.

Financial risks

Risk	Likelihood	Mitigation
Grant funding not approved	M	The College would reluctantly reduce or remove the scheme if funding is not secured.
Project overspends / budget exceeded	M	The costing analysis includes a 7% combined level of contingency to take into account the current economic climate and uncertainty in the construction sector. Should the contingency not be sufficient, value engineering solutions would be identified to bring the project back to within available resources.
Opening delayed beyond Sept 2024 through approval delay and / or contractors unable to meet timescales / deadlines	M	A delay to the deliverability of the projects will impact on the works being completed for the forthcoming academic year. Whilst disruption may result, the college will manage this carefully from a public relation and health and safety position.
Brexit or COVID-19 impact on labour, resource, tariff and materials with both key contractors and their supply chain	M	Early engagement with contractors will be undertaken. A robust procurement route and selection of tendering is planned. Contingency is built into budgets, contracts will include clauses to protect client interests and pass as much risk as possible onto the contractor.

Capital fund receipts are not aligned to the cash flow phasing commitments to construction parties, creating a negative cash out flow prior to receipt of funds	L	Towns Fund resource contribution would be conditional upon fixed price contract being secured to / under budget.
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Ownership:

The Vice Principal – Finance & Registry is responsible for the identification, recording, reporting, monitoring and mitigation of the financial risks identified.

Oversight:

The Governing Body is responsible for the oversight of the financial risks and to satisfy itself that the risks are being actively managed with the appropriate controls in place.

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

TTE Training Ltd was formed in 1999 to support apprenticeship training for ICI and British Steel - initially operating from two locations, one on the Wilton site and the other in South Bank and later consolidating all provision onto a bespoke training facility in South Bank.

As the large local engineering industries divested and the number of local jobs diminished through automation, TTE diversified into other engineering disciplines including offshore wind, manufacturing, electrical and instrumentation.

Over time the number of apprentices supported by TTE declined but the number of full time students stabilised – along with a steady flow of international income, predominantly from overseas oil and gas multi-national companies.

The decline in income, alongside a past service deficit from its pension scheme, resulted in TTE getting into financial difficulties with the training centre being sold on a sale and leaseback arrangement to release cash around 2002. The decline in traditional heavy industry continued in the vicinity of TTE and sadly during 2019 it became clear that without a change in structure, the company and its trainees could not be sustained.

In December 2019, the parent company went into administration. The subsidiary companies, having being alleviated of the historical pension liabilities were then able to be sold as a going concern and Middlesbrough College, secured the acquisition of these, along with the (Transfer of Undertakings Protection of Employment) TUPE transfer of over 70 staff in December 2019.

Middlesbrough College was already one of the largest engineering training providers in the country and with TTE’s local reputation for high quality training, their additional engineering specialisms in chemical and offshore wind and the international training arm, huge opportunities lie ahead.

Site Options

TTE currently occupies a large site which sits adjacent to the South Tees Development Corporation land (Tees Works) in South Bank. The site houses a large industrial work shop facility and a number of classroom / workshop facilities totalling 6447m2 in total.

The current premises are in very poor condition and in need of significant investment, however the site is currently held on a short term lease arrangement with an expiry date of December 2024.

Middlesbrough College has carried out an option appraisal to identify the optimum future long term location for this important training enterprise. Options include:

- a) Relocate on to the South Tees Development Site
- b) Acquire the current site and invest in it over time
- c) Ask the landlord to invest in the current site (alongside the college) and pay a lease premium in compensation for this over a long term commitment
- d) Relocate to an alternative local site
- e) Relocate to the main college campus on a site adjacent to our STEM centre in Middlehaven

After extensive discussions with interested stakeholders and an analysis of benefits and drawbacks of each site, two options were highlighted as potentially viable:

- a) The landlord and college invest in the current site and take out a long term lease arrangement over the existing site.
- b) Middlebrough College secures partnership funding to relocate the centre to its Middlehaven campus.

Option A would be more cost effective and would have the benefit of being located next door to significant inward investment training opportunities on the Teesworks site. However this site is less accessible and attractive for students and this option would essentially require the college to invest in a site it does not own. Similarly, the College would not be able to secure government funding due to the leased nature of the site.

Option B allows Middlesbrough College to rationalise space, bring together their two engineering specialist teams, cement the engineering specialist brand at Middlehaven and create a site which is better-equipped and more accessible for students – who will also gain access to our wider college facilities such as gym, welfare services and the Learning Resource Centre (LRC), for example. However, this option is more expensive overall and the college seeks partnership funding to make the scheme viable.

Shortlisted options (Min. 3)	SWOT Analysis						Potential VFM	Conclusion
	Meeting Spending objectives	Strategic fit	Achievability	Supplier capacity and capability	Affordability			
1 – Do nothing	Does not meet investment priorities	Does not deliver growth opportunities	Cannot be achieved in current year 2023	No requirement for reliance on suppliers	Does not require additional funds, budget position not impacted.	Economy – requires no additional funds Efficiency- services will not be delivered Effectiveness - minimal impact using no additional resource.	Does not meet investment priorities and will not provide the additional facilities required by students.	
2 – Do minimum	Meets some but not all investment priorities	Delivers some growth opportunities but not all	Can be achieved in 23/24	Dependant on Towns Funding approval. Will reduce scheme and require	Requires Towns Funding approval, project at risk	Economy – uses a combination of resources Efficiency- Committed	Meets some but not all investment priorities. Impact of change minimised.	

				re-work of design	without funds	costs will be lost on developed design. Tender processes will need to be stopped and specifications re-written. Effectiveness - provides low level change, to both the immediate area, and to surrounding wider town centre, footfall increase not optimised.	Investment payback not optimised.
3 – Preferred Option	Meets all investment priorities	Delivers maximum growth opportunities	Can be achieved in 23/24	Dependant on Towns Funding approval. Timeline established for procurement of services, dependant on local supplier ability to meet timescales.	Requires £1m of Towns Funding, project at risk without funds	Economy – uses a combination of resources Efficiency- Project design in place, tender processes commenced for contractor works. Effectiveness - provides considerable change, to both the immediate area, and to surrounding wider town centre, increasing footfall.	Meets all investment priorities, project is deliverable. Early assessments indicate that this option is deliverable, and affordable if the £1m Towns Funding is approved. It meets the planned, and aspirational needs, and provides the majority of change.

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

Market Analysis

The number of school leavers is increasing by circa 50% across the Middlesbrough Local Authority area, 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 8000m² of additional space over the next ten years to accommodate students.

Delivery Confidence

Middlesbrough College is well experienced in the delivery of large scale capital investment programmes, on time and on budget, having delivered significant capital investment programmes on Middlehaven since 2008 to the value of £100m with the existing Principal/Chief Executive and Strategic Projects Manager being in post throughout.

In addition, key members of the senior management team have a hands on role in ensuring that projects are appropriately evaluated, risks considered, progress monitored and reported and budgets are managed closely in order to ensure project deliverability aligned to the key objectives.

The college has in place an established Strategic Projects Steering Group, with the following purpose:

- To drive, oversee and monitor capital funding bids and strategic capital projects, their establishment and development going forward

Operating under the following Terms of Reference:

- To create, manage and co-ordinate activities relating the establishment and development of the College Strategic Capital Investments Programmes
- To receive reports from project leads managing strategic working groups, Curriculum Development, Staffing, Marketing, Constructions Projects, and receive Financial and Budget updates
- To ensure timely and accurate reports are provided to Governors, DfE and other agencies
- To create and monitor progress against an overall action plan
- To make decisions involving finance, human, cultural or other implications in relation to the development.
- To review project risk registers and take appropriate actions.

Delivery model

The college has appointed an external professional advisory team up to full RIBA stages who are responsible for project management and deliverability. The team appointed are competent and experienced and have worked on multi million-pound projects over many years.

The college employs a full time Strategic Project Manager and Project Co-Ordinator working closely with the professional advisory team who report back directly to the Project Steering Group with the Governing Body responsible for project oversight.

Public Procurement regulations will be followed to appoint contractors through competitive tender processes. A full evaluation process is scheduled to score quality, price and deliverability. Recommendation to appoint contractors will be approved by the College Governing Body.

Payment mechanisms

Contractor payments will be managed through the externally appointed professional advisor Quantity Surveying team who will perform monthly valuations of work to date and provide certification of works to release funds to the core contractors.

The college will use project cash flows to forecast levels of payment throughout to ensure that funds are available and timely payments can be honoured.

Contractual issues

There are no known or anticipate legal, contractual or procurement issues.

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

KPIs, Monitoring and oversight

- Robust budget setting, including affordability assessment, monitoring and formal reporting will be in place, aligned to the organisations financial regulations and control.
- Regular critical path management and programme assessment with regular monitoring and reporting on key timeline activities.
- Regular monitoring of KPI's, reporting to the Steering Group and Governing Body.

Performance issues will be reported immediately to the Steering Group who will take action to mitigate risks and approve key decisions in order to ensure performance issues are addressed accordingly.

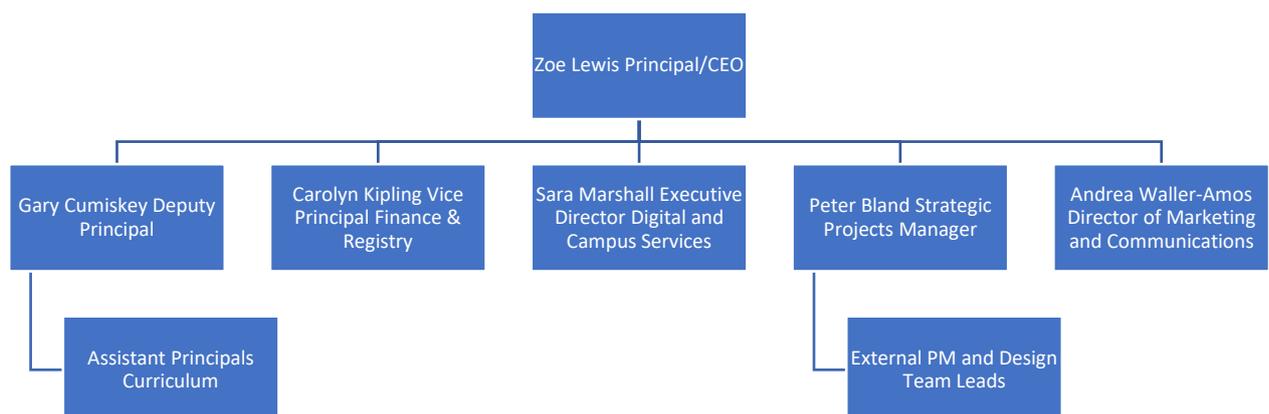
Regular progress reports will be made to the accountable body, regarding spend and achievement of outputs, this information will be summarised and presented to the Town Deal Board at their scheduled meetings.

PPM strategy and Project framework

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 relevant college departments 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. Progress will constantly be reviewed.

In order to ensure that project has the greatest possible chance of success, a governance structure and process has been developed. The structure ensures the project is scrutinised in a uniform way with the Town Deal Board being utilised to check and challenge progress and provide support to unblock issues.

The Strategic Projects Steering Group structure is set out below, detailing appointed personnel with responsibility for the management and control of the capital project:



The Steering Group is responsible to ensure:

- Formal oversight and governance arrangements are in place and followed utilising internal committee structures appropriate to the scale of the project to receive reports, approve projects and to test and challenge assumptions.
- Detailed and robust risk management tracking with both financial and project risks are identified and reported with appropriate risk prioritisation and agreed mitigating actions.
- Robust budget setting processes, including affordability assessment, monitoring and formal reporting are in place, aligned to organisational financial regulations and control.
- Ensuring regular critical path management and programme assessment with regular monitoring and reporting on key timeline activities.

Project plan

KEY MILESTONES	
Key action	Key date
Middlesbrough Council funding approval	Nov 2022
Business case submitted to DFE	Complete
Outcome of bid	Complete
Construction Contract Award	Jan 2023
Practical completion	Summer 2024

Change or risk management strategy

The investment will increase the range and breadth of facilities for learners and the general public, this can be measured through usage and footfall to the facilities.

The college has in place robust and secure systems and processes in order to manage and report on data and analyse stakeholder information.

Evaluation and benefits realisation

The Steering Group are responsible for the evaluation of the investment and the continued monitoring of success against the key objectives.

The college will use its MIS data to determine the number of learners benefitting from the investment, measuring increased learner numbers and analysing the population it serves.

Towns Fund Board
Friday 28th October 2022 at 11am via Teams

Present:

Andy Preston - Mayor of Middlesbrough
Tony Parkinson, Middlesbrough Council Chief Executive
Andy McDonald - Member of Parliament for Middlesbrough
Laura Sillars - Dean of mima School of Art & Design Teesside University
Adam Suleiman – Cities and Local Growth Unit
Miranda Jupp – For Simon Clarke
Sara Marshall – Middlesbrough College for Zoe Lewis
Rachel Steel – Thirteen Group for Chris Smith
Darren Birkett – Cleveland Police

In attendance

Sam Gilmore - Head of Economic Growth and Infrastructure MBC
Louise Antill - Towns Fund Programme Manager

1.	<p>Apologies and declarations of interest</p> <p>Apologies: Ben Houchen – Tees Valley Mayor Simon Clarke - MP for South Middlesbrough and East Cleveland Gary Hutchinson – Arriva Zoe Lewis, Principal and Chief Executive Middlesbrough College Rachel Anderson - Assistant director of Policy NECC Rachel Stockdale - Chief Inspector Cleveland Police Nicholas Baumfield - Arts Council Thomas Smith – Public Engagement Specialist Cllr Mieka Smiles - Deputy Mayor MBC Chris Smith – Thirteen Group</p> <p>Meeting was quorate.</p> <p>Declarations of Interest: Sara Marshall and Andy McDonald declared an interest and withdrew from voting on Agenda Item 5 due to their involvement with Middlesbrough College.</p>
2.	<p>Minutes from previous meeting</p> <p>Minutes were agreed as a true record</p>
3.	<p>Programme update and Progress Report</p> <p>LA shared a progress monitoring update for the overall programme and provided information on each project:</p> <p>Urban Living and Place Making – Programme being reviewed to align with the plans of the Mayoral Development Corporation.</p> <p>Middlesbrough Experience – Ward initiatives – 19 schemes have been agreed and are at differing stages of design, procurement and delivery. A dedicated project</p>

manager is overseeing all the schemes and is closely monitoring the progress of each. The schemes a wide ranging and spread across the whole town.

Nature Reserve - New item of equipment for grassland maintenance and collection now ordered. Pond and path work completed. Volunteer management continues on site with meadow cutting and site surveys to establish increase in biodiversity. Sculptured gateway feature has been commissioned.

Community Hubs -Southlands Centre - The situation regarding the reprovision of playing fields at Southlands to enable development at Marton Avenue has been problematic. This is largely due to resident's desire to locate a community centre on the same area that was planned for reprovision. The cost of providing all desired elements has however risen significantly due to inflation and other cost price increases within the construction industry. Latest price estimates indicate it will cost almost £4.7m to deliver the full plan. As a result, the Council is unable to deliver all proposed elements from the allocated budget. Further resource is therefore being sought from the Towns Fund.

Nunthorpe Community Centre - Commissioning and Procurement are leading on this scheme. A report was presented to Executive on the 6th of September outlining the process to be taken. The report outlined a 6-week consultation and that a project plan with milestones will be developed by 30th November 2022 and that works will commence on a new facility by June 2023.

Knowledge Economy – Expansion programme to the existing college building now completed and learners enrolled. Whilst it was the College's intention to develop a town centre unit to further enhance its engagement and delivery in the community, this investment has been paused due to a combination of an increasingly difficult trading environment for the College and significant pressure on other capital budgets due to materials cost inflation. The principal capital project which the College is currently working on is the TTE relocation from South Bank to Middlehaven. The commencement of this project has been delayed as the College has sought to mitigate significant market driven cost increases which have driven up costs from an initial RIBA stage 3 estimate of £9.8m to in excess of £14m. The College is working to bring down overall costs by value engineering some aspects of the project whilst adjusting the planned curriculum delivery model to recover c £1.9m of VAT. Following this process, the latest (pre-tender) cost estimate for the project is c £12.8m.

In order to bridge the remaining c£2m cost increase in the project, the College is seeking further funding support for the project. To date discussions have been held with both DfE and TVCA, neither of whom have further funding available. Against this backdrop the College would request that the remaining c £33k of funding on this project could be re-purposed to support the College's investment in TTE and that discussions around a town centre presence be deferred until the current market turbulence subsides.

Enterprise Infrastructure – Historic Buildings - The Captain Cook has completed, and the building is being marketed by Valuations and Estates. Footpath works will be completed in line with the Boho Village development. Retention and some fees yet to be paid.

The Old Town Hall - Executive have approved a report on the 12th July for an Expression of Interest to be submitted to the Heritage Lottery Fund; this was scheduled for September 2022 however MBC have been advised to submit the EOI following the HLF's site visit in early November. All surveys are now complete, but some costs are still pending.

Centre Square Development – The works remain on programme and construction team report gains in some areas and losses in others. Additional on-site parking has been agreed between the developer, landlord and main tenant. The target practical completion date remains 19.01.23.

Boho Campus Infrastructure – project not due to start until 24/25

Boho 8 – Project complete

AMc asked for further information on the Southlands overspend. SG explained that a number of factors have contributed including ground conditions and residents requesting a specific location for the centre which needed some reworking to accommodate. SG clarified that football pitches would be replaced as part of the project and Middlesbrough Council were working with the Football Foundation.

AMc asked for clarification on the amount required by the College to allow the TTE project to proceed. SG confirmed that the college has a £2m shortfall, with a reprofile of £33k and an additional £967k being requested from the Towns Fund (Agenda Item 5), the remaining £1m will come from the Council's Indigenous Growth Fund allocation.

4. **Towns Fund and FHSF Reprofilling Proposal**

SG presented a report explaining the need for a number of funding reprofiles over both the Future High Street Fund and Towns Fund Programmes. Whilst the vast majority of interventions are on track and progressing well, for both programmes, market forces are squeezing the fundamental viability of the housing programmes. Construction inflation is ranging between 10% and 20%, rendering some developments beyond the reach of commercial viability, even with significant gap funding. Similarly, rising interest rates and the cost of living will place additional pressures on household budgets and this will reflect in the short-term demand for property.

Similarly, the issue of Nutrient Neutrality has, effectively, placed a moratorium on residential planning decisions unless a clear and demonstrable mitigation strategy can be agreed which means that any residential development has to have a neutral or net positive impact on the primary watercourses. National legislation and clarification is anticipated to ease this burden, albeit details are limited at the moment.

Together, these factors mean that the gap funding of Urban Living units will deliver fewer outputs for the available budget, it is therefore an opportune time to reprofile programme spend and outputs.

The proposed reprofiles are as follows:

FHSF

Project	Current Budget	Proposed Budget
CSI	£2,500,000	£0
Urban Living	£1,000,000	£1,545,448
Cycle Infrastructure	£250,000	£250,000
Network Adaptations	£400,000	£400,000
Leisure Hub	£9,500,000	£11,454,552
Culture	£270,352	£270,352
Covid Grants	£250,000	£250,000
Total	£14,170,352	£14,170,352

Towns Fund

Project	Current Budget	Proposed Budget
Urban Living and Placemaking	£13,318,000	£11,451,292
Community Hubs	£1,250,000	£2,150,000
Knowledge Economy	£1,175,000	£2,141,708
Other programme themes	£6,157,000	£6,157,000
Total	£21,900,000	£21,900,000

The Board was asked to approve the following recommendations, subject to the Department of Levelling Up Homes and Communities (DLUCH) approval:

- a) notes the inflationary pressures on Middlesbrough's Town Investment Plan;
- b) endorses a change control process to reprofile Middlesbrough's Future High Streets Fund programme – reprofiling £1.954m from Urban Living to Leisure Hub;
- c) considers Middlesbrough College business case for funding (separate agenda item);
- d) approves the reprofiling of the Town Investment Plan as set out in Table 1; and,
- e) notes that all programme amendments will be subject to approval by DLUCH.

TP – Informed the Board that a proposal had just come in for serviced apartments on the CSI site. SG felt that the proposal may fit within the Towns Fund Urban Living programme as there remains adequate funding to support new projects. TP and SG to discuss further.

Ahead of Agenda Item 6 a discussion took place regarding the funding requirements for Middlesbrough College.

LS – asked about other programmes requirements for additional resource, SG stated that ample contingency had been included and those projects already in delivery were progressing as planned.

SG asked AS to clarify DLUHCs position regarding making amends to projects. AS stated, that the process was still being developed.

TP asked for more information on the leisure hub requirements and noted that the central space may need further investment. It would be possible to spend a significant amount more than the budget given the scale of work required across the centre, however only 5% of the FHSF programme can be utilised for beautification projects. TP also asked about reprofiling Towns Fund money currently allocated to Urban Living to the Leisure Hub. SG and LA to investigate this proposal further.

AMc – asked about the Mayoral Development Corporation (MDC) mentioned at paragraph 17 of the report. SG explained that the majority of planned housing in the programme would be located in Middlehaven and overlaps with areas the MDC will potentially control. TP updated on progress of the MDC, however timescales for its establishment are still not clear.

The recommendations were passed as follows:

Andy Preston - For
Tony Parkinson - For
Andy McDonald - For
Laura Sillars - For
Adam Suleiman - For
Miranda Jupp - For
Sara Marshall - For
Rachel Steel - For
Darren Birkett - For

5. Middlesbrough College/TTE

SG presented a Business Case setting out further funding requirements for Middlesbrough College.

Middlesbrough College has developed a business case and rationale for the proposed relocation of its (recently acquired) TTE training company and associated subsidiaries. However due to inflation pressures, the quoted project costs have increased circa 40% to a current estimate of circa £14m for the equivalent facility. This is partly due to ground conditions / inclusion of renewables etc but mainly due to a significant uplift on costs from contractors to cover inflation and risks – a significant reflection of current market dynamics.

A process of value engineering and specification changes has successfully saved circa £0.6m and prudent use of alternative DfE funding can help the equip the facility.

Middlesbrough Council has already committed £1m in support of the project via the Indigenous Growth Fund. Department for Education (DfE) have been approached, as have TVCA and additional funds are not available.

Middlesbrough College therefore seeks to reallocate the remaining £33k it has in the Towns Fund – allocated to a Town Centre presence and seeks a further £967k, to create a balance of £1m to secure the delivery of the project. This will be matched by a further £1m from Middlesbrough's local Indigenous Growth Fund (IGF) settlement.

	<p>This brings an additional 1,000 learners to the town centre and builds a further-consolidated College Campus with significant economic benefit for the town centre economy.</p> <p>Without the full funding package secured in the next two months, the College will need to assess whether this project proceeds or not – i.e., whether to renegotiate a lease and stay at South bank instead of relocating to Middlehaven.</p> <p>Middlesbrough College is currently tendering all packages which will give the final fixed cost figure which will be known before end Nov 2022. If all funding can be secured and tenders remain in line with latest QS estimates, the College is hopeful to signing contracts (with DFE, contractors and the bank) and starting on site early in the New Year – with an opening date of Summer 2024.</p> <p>LS – asked that the market section of the Business Case be more specific around the 16-18 market. SG – agreed to included this in the funding agreement.</p> <p>The recommendations were passed as follows: Andy Preston - For Tony Parkinson - For Andy McDonald – Withdrawn from voting Laura Sillars - For Adam Suleiman - For Miranda Jupp - For Sara Marshall - Withdrawn from voting Rachel Steel - For Darren Birkett - For</p>
<p>7.</p>	<p>Any other business</p> <p>LS – presented a proposal to access funding from UKRI for Digital Screen, a commercial partner is needed along with match funding. The proposal would involve a development at Dunning Street. The Board agreed to back the proposal and SG will support Laura in establishing co-funding.</p> <p>AMc asked for an update on Eton College and Outwood Riverside progress – SG to provide an update separately.</p> <p>AMc asked for detail on the prescribed outputs of the programme – LA to bring an update to the next meeting.</p>
<p>8.</p>	<p>Date and time of next meeting</p> <p>TBC</p>