

**Towns Fund Board**  
**Friday 28<sup>th</sup> 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

<b>1.</b>	<p>Apologies and declarations of interest</p> <p><b>Apologies:</b> 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><b>Declarations of Interest:</b> Sara Marshall and Andy McDonald declared an interest and withdrew from voting on Agenda Item 5 due to their involvement with Middlesbrough College.</p>
<b>2.</b>	<p><b>Minutes from previous meeting</b></p> <p>Minutes were agreed as a true record</p>
<b>3.</b>	<p><b>Programme update and Progress Report</b></p> <p>LA shared a progress monitoring update for the overall programme and provided information on each project:</p> <p><b>Urban Living and Place Making</b> – Programme being reviewed to align with the plans of the Mayoral Development Corporation.</p> <p><b>Middlesbrough Experience – Ward initiatives</b> – 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 6<sup>th</sup> 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 Reprofiting 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
<b>Total</b>	<b>£14,170,352</b>	<b>£14,170,352</b>

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
<b>Total</b>	<b>£21,900,000</b>	<b>£21,900,000</b>

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><b>7.</b></p>	<p><b>Any other business</b></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><b>8.</b></p>	<p><b>Date and time of next meeting</b></p> <p>TBC</p>