

AGENDA ITEM

REPORT TO CABINET

21 APRIL 2022

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION/KEY DECISION

Regeneration & Housing – Lead Cabinet Member - Councillor Nigel Cooke

THORNABY TOWN DEAL UPDATE

SUMMARY

Thornaby was identified as one of 101 towns to be included as part of the Government's Town Deal Programme in 2019. This report provides an update on progress made since the submission of Thornaby's Town Investment Plan in December 2020 and sets out the key interventions proposed by Thornaby Town Deal Board. It also outlines financial allocations per intervention for inclusion with Business Case documentation that will be submitted to Government and ultimately form the basis for delivery of interventions across Thornaby under the Town Deal programme.

REASONS FOR RECOMMENDATION(S)/DECISION(S)

The recommendations set out below will provide significant investment and enable further development and delivery of facilities and infrastructure as part of the Town Deal programme for Thornaby. The Thornaby Town Deal Board acts in an advisory capacity to the Council and there is a commitment between the members of the Board to collaborate to define the vision and strategy for the delivery of the Towns Fund. However the Towns Fund was granted to the Council, as Lead Authority, and the Council must take the final decisions relating to how the Towns Fund will be spent.

RECOMMENDATIONS

1. Cabinet approve the interventions identified which have been endorsed by Thornaby Town Deal Board as set out in this report approve allocation of Towns Fund resources to enable delivery as outlined at table 1.
2. Cabinet delegate approval of all Business Case documentation and submission to Government to Director of Director of Finance, Development & Regeneration in consultation with Cabinet Member for Regeneration and Housing.
3. Cabinet delegate responsibility to negotiate and agree the terms of all necessary agreements, transactions and contracts to enable the delivery along with any variations of interventions to be delivered under the Towns Fund programme to the Director of Finance, Development & Regeneration in consultation with Cabinet Member for Regeneration and Housing and Director of Corporate Services.
4. Cabinet approve allocation of £500,000 from the previously approved £5million allocation to support co-funding in Thornaby to supplement investment in the proposed leisure facility and redevelopment works to Thornaby Pavilion and the allocation of the remaining £4.5million will be subject to a future report

DETAIL

Background

5. In September 2019 the Government announced a £3.5BN programme for Town Deal Funds for 101 towns across the country. Thornaby was identified within this programme by the Government and each of these towns are eligible for up to £25M of investment funding to support transformational change across the town.
6. The first stage of the Towns Fund application process involved the production of a Town Investment Plan (TIP) which, following approval of priority interventions at Cabinet in October 2020, was submitted in December 2020. The TIP set out opportunities to bring forward investment in Thornaby in line with the priorities identified through the 'Let's Talk About Our Towns' programme and collaboration with the Thornaby Town Deal Board. The priority interventions included in the TIP sought to:
 - Tackle long term vacant properties in town centre to enable new development and change of use.
 - Support to enhance the delivery of skills training for Thornaby residents, linked to further education provision.
 - Deliver new footpath and cycle infrastructure linking Thornaby Station, college, town centre and key residential areas and employment sites.
 - Address poor quality housing in North Thornaby
7. In March 2021, Government set out Heads of Terms on a Town Deal for Thornaby based on the priorities identified in the TIP along with an allocation of £23.9m. To draw down the £23.9m allocation, the interventions identified in the TIP required further development and definition alongside input from the Town Deal Board, with HM Treasury Green Book compliant business cases to be produced for all interventions in advance of submission to Government in May 2022.
8. Since March 2021, work has been underway to refine and develop the interventions identified in the TIP. This has been undertaken through input from the Town Deal Board via regular meetings as well as workshops, involving Town Deal Board members and Council officers, engagement with Thornaby Community Partnership and specialist support from consultants, Jacobs.
9. The outcome of this engagement and project development is the emergence of a collection of interventions across Thornaby which meet the priorities identified in the TIP and align with the objectives and guidance for the Towns Fund.

Priority Interventions

Thornaby Town Centre

10. In Thornaby Town Centre, work has focussed on the opportunities to address the impact of long-term vacant properties, namely Phoenix House and the Golden Eagle. In January 2022, after lengthy negotiations, the Council took control of Phoenix House, removing any ownership barriers to bringing forward redevelopment of the site. A valuation of the Golden Eagle has been undertaken and negotiations are underway but may prove difficult largely due to the leasehold structures and commercial expectations of interested parties. Securing this site will continue to be a priority, however this may take some time to resolve.
11. Utilising specialist support from Jacobs and with input from stakeholders, several development scenarios have been modelled for both Phoenix House and the Golden Eagle sites. The initial focus has been on assessing suitability and viability for residential use

along with opportunities for leisure uses in the form of a new swimming pool, internal reconfiguration and connection to the existing Pavilion leisure centre and opportunities to improve public realm and enhance parking.

12. The outcome of this work is that there are complex issues across both the Golden Eagle and Phoenix House sites in respect of site capacity and suitable residential products that can be accommodated, proximity to adjacent properties and market appetite for this location alongside viability challenges.
13. Given this work and the unclear picture around site assembly of the Golden Eagle, the Town Deal Board agreed that the recommended approach to the town centre sites should focus on the delivery of a new swimming pool on the Phoenix House site, alongside reconfiguration of the Pavilion whilst continuing to seek to gain control of the Golden Eagle, with a view to seeking a development partner to bring forward a suitable redevelopment scheme once the site is secured.
14. This approach enables a phased redevelopment of sites in the town centre to be undertaken and ensures that if the Golden Eagle cannot be secured, a significant scale of redevelopment will still take place in Thornaby town centre.
15. Delivery of a new swimming pool in the town centre will see the closure of the existing Thornaby Pool, enabling the site to be brought forward for residential development. Closure will only take place upon completion of the new facility, ensuring continuity of pool provision in Thornaby. Furthermore, some internal works to the Pavilion leisure centre will be required to accommodate a physical connection with the new swimming pool and to ensure that the leisure centre continues to operate in a way that best utilises the available space from an operational and customer experience perspective. The business case estimates £13.4m total investment made up of £11.2m Towns Fund, £500,000 Stockton-on-Tees Borough Council and an assumed £1.7m from a Registered Housing Provider.

Skills

16. The initial proposal in the TIP was that a training facility could be accommodated as part of a redevelopment scheme in the town centre. This was considered alongside a variety of opportunities to improve access to skills and training for Thornaby with input from the Town Deal Board, Council officers and the Education and Training Collective (ETC). ETC are the operating body for Bede Sixth Form College, Stockton Riverside College (SRC), Redcar & Cleveland College and NETA Training Group.
17. In mid-2021, the opportunity emerged to work alongside ETC to relocate the existing NETA training facility from its current location near Portrack Lane into a purpose built, modern facility as part of a redeveloped SRC site.
18. NETA has a long established history in the Borough since the 1970's providing a diverse range of courses and training across a number industrial sectors including electrical, gas, welding, health & safety as well as scaffolding and mechanical jointing techniques. NETA works nationally and globally with many large multi-national companies especially in the Apprenticeships, Industrial Safety, Supervisory and Skills Development and up-skilling areas.
19. Overall student capacity at the current site is limited to circa 400 post-secondary education students and 5,000 adult education, engineering, and commercial course students. Even though NETA provide valued services and content to meet industry needs, there is a need to replace the aging and increasingly poor-quality buildings with new and expanded high-quality provision.

20. Currently, due to the limitation in size, it isn't possible to deliver the required upgrade and expansion at the existing facility. Furthermore the dated and energy inefficient status of the current facilities do not portray a modern learning environment to learners and stakeholders.
21. The proposal would see the Towns Fund monies of £4.7m supplement additional grants via DfE (applied for by SRC) and funding direct from SRC , to deliver a circa 6000m² modern, efficient, and fit for purpose training facility at a total cost of circa £18.9m.

North Thornaby

22. North Thornaby faces a number of complex socio-economic challenges. Whilst the interventions proposed for North Thornaby do not fit neatly into the objectives established by Government for Towns Fund intervention, the inclusion of interventions in North Thornaby reflect the challenges the area faces and recognition of the desire of the Town Deal Board for the North Thornaby area to receive direct investment from the Towns Fund. Members will be aware that this area is a priority within the Fairer Stockton-on-Tees framework and interventions will be aligned to and support the delivery of the framework.
23. Interventions have been developed with input from the Town Deal Board, Council officers and key stakeholders including community groups and Registered Housing Providers through a series of meetings and workshops.
24. Investment will focus on four key themes utilising £3.2m Towns Fund and an assumed £400,000 from Registered Housing Providers and the Football Foundation
 - Improvements to Victoria Park and Community Centre
 - Investment in 'Safer Streets' through in home security improvements, alley gates and CCTV
 - Working with Registered Providers to deal with long term vacant properties and bring them back into use
 - Targeted improvements to residential energy efficiency – working with Registered Providers to enhance energy efficiency across properties in North Thornaby

Cycle Infrastructure

25. A series of routes connecting key points in Thornaby with existing cycle infrastructure are proposed. The intention is to provide a more joined up network of cycle routes running from Thornaby Station and SRC in the north, through the northern section of Thornaby, through Alison Trainer Park, the town centre, Trenchard Avenue and Thornaby Road connecting southwards with existing cycle infrastructure
26. Investment in cycle infrastructure will reduce reliance on car travel, create opportunities to support healthier lifestyles and deliver greater connectivity between residential communities in Thornaby with key assets such as the town centre and train station.
27. The overall proposed expenditure of £6.8m includes £4.8m Towns Fund and an estimated £2m from a combination of Local Transport Plan and City Region Sustainable Transport to support high-quality cycling infrastructure within the constraints of the routes identified.

Funding and Next Steps

28. A provisional funding request and split across interventions was set out at TIP stage. Given that the funding award was lower than requested and support for the opportunity to relocate NETA was agreed under the skills theme of the Towns Fund, a reprofile of funding was agreed by the Town Deal Board in January 2022. The proposed funding allocation by intervention is set out below in Table 1.

Table 1 – Funding Allocation Per Town Deal Intervention

Intervention	Proposed Towns Fund allocations in Business Case (Inc Programme Mgmt Costs)	Proposed co-funding allocations in Business Case	Proposed co-funding source	Total (m)
North Thornaby	£3.2m	£0.4m	Registered Housing Provider, Football Foundation	£3.6m
Future-proofing the Town Centre	£11.2m	£2.20m	SBC, Registered Housing Provider	£13.4m
Skills	£4.7m	£14.25m	Education and Training Collective Capital & Borrowing, DfE grant	£18.95m
Connecting Thornaby	£4.8m	£2m	LTP & City Region Sustainable Transport Fund	£6.8m
Total	£23.9m	£18.85m		£42.75m

29. Cabinet will recall the allocation of £5million in February 2021 to support and supplement co funding requirements where needed. It is proposed that at this stage, £500,000 of this previously approved sum is allocated to supplement investment in a new swimming pool and redevelopment works to Thornaby Pavilion and is reflected in the co-funding column in table 1.
30. Some elements of co-funding across interventions is dependent on third party support and or subject to additional funding bids. Furthermore, the volatility of construction prices, material and inflationary pressures may result in higher than anticipated costs across projects. On that basis, following submission of business case documentation and the outcome of third party co-funding requests, a further report will be brought to Cabinet to clarify the final financial make up of each intervention along with any subsequent request for the apportionment of monies from the previously approved £5million as required.
31. Individual business cases have been prepared for each intervention and will be submitted to Government by May 19th. The business case documents, reflecting the funding split allocation above, will be reviewed by Tees Valley Combined Authority Assurance Framework. This will provide a suitable level of independent review and scrutiny, as required under the Towns Fund guidance prior to final sign off, subject to agreed delegation from the Cabinet Member for Regeneration and Housing along with Director of Finance Development and Regeneration.

COMMUNITY IMPACT IMPLICATIONS

32. Throughout the journey to date, interventions have been developed with input from the Town Deal Board, Council officers, key partners, and stakeholders through a series of meetings and workshops. A programme of ongoing engagement is in place to ensure that all community needs are considered and understood as investment proposals are developed and delivered out.

CORPORATE PARENTING IMPLICATIONS

33. As part of the town centre investment programme there is an ongoing engagement process and one element of this is focused on young people and young adults to ensure that town centres remain fit for purpose for current and future generations. As a corporate parent the Council will exhaust all opportunities to engage with as many young people as possible.

FINANCIAL IMPLICATIONS

34. The £23.9m of Towns Fund monies has been allocated to Stockton in the Heads of Terms following submission of the TIP. 5% of this allocation (£1.195m) has been provided to the local authority in advance of Business Case submission to facilitate preparatory work and this has been added to the Capital Programme in February 2022. The remainder will be added to the programme following Business Case approval and signature of a Memorandum of Understanding. The MTFP report to Cabinet in February 2021 contained an approval for £5m to support investment in Thornaby and to supplement Government funding. This will be utilised as co-funding to support the interventions outlined in this report.

LEGAL IMPLICATIONS

35. The Council has a power to acquire land or property pursuant to section 120 of the Local Government Act 1972
36. It remains the responsibility of officers to ensure that the correct processes within the Contract Procedure Rules have been followed and that where applicable the Public Contracts Regulations 2015 are complied with when procuring and entering into the contracts referred to in this report.
37. Part 1 of the Localism Act 2011 provides the Council with a general power of competence. Section 1 (1) of the Act provides that “a local authority has power to do anything that individuals generally may do”. This broad power is flexible and can be used as a primary power for the Council to act or intervene and provides for the ability to work in new and innovative ways.
38. In addition, the Council may take any action (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions, (s111 of the Local Government Act 1972).
39. These powers may be used to facilitate the intervention that is anticipated to have a positive impact in achieving the aims of the Town Investment Plan.
40. The Council will continue to use specialist legal advice as the scheme progresses to ensure that the Council complies with its public law, procurement and regulatory obligations. In

addition, there will be ongoing requirements for legal advice in respect of the negotiation and drafting of necessary legal documentation to mitigate risks and protect the Council's position, and this is reflected in the officer delegations recommended to Cabinet.

RISK ASSESSMENT

41. Thornaby Town Deal interventions are categorised as medium risk. Project risk registers have been produced for each intervention and associated Business Cases and existing management systems and daily routine activities are deemed sufficient to control and reduce risk.

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

42. Specific engagement with directly affected wards has taken place and in addition to this all Members' seminars are scheduled to keep Members up to date with specific interventions relating to town centres.

BACKGROUND PAPERS

43. Reference should be made to reports considered by the Council's Cabinet on 20 February 2020, 15 October 2020 and February 2021 and the Council's Medium Term Financial Plan considered by Full Council at its meeting on 26 February 2020.

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