

**AGENDA ITEM**

**REPORT TO CABINET**

**13 JULY 2023**

**REPORT OF THE CORPORATE  
MANAGEMENT TEAM**

**CABINET DECISION / KEY DECISION**

**Regeneration and Housing - Lead Cabinet Member – Councillor Nigel Cooke**

**VIBRANT AND THRIVING TOWN CENTRES – REGENERATION UPDATE**

**SUMMARY**

This report updates members on the Council's ambitious regeneration programme and outlines proposed next steps for place-based economic development and growth.

Ensuring our town centres are prosperous, vibrant places that are fit for future generations is key to attracting investment, creating opportunities, and improving outcomes for communities across Stockton-on-Tees.

Our current level of ambition is attracting significant interest from private developers, who are keen to be involved in the next phase of design and development. This report provides an update on progress to date, along with proposals to confirm future focus. It includes:

- A progress report on regeneration plans for Stockton Town Centre, Thornaby and Billingham
- A proposal to consider future facilities in Stockton Town Centre, including options for the leisure centre, library and register office as well as proposing plans for the historic Town Hall and Shambles
- An update on the redevelopment of Dunedin House and our Office Accommodation Strategy
- An update on the Thornaby Town Deal and in particular the potential requirement to provide a loan to enable the development of NETA facilities
- Proposals to see a Sports Hub created in Billingham on the former Billingham Campus site

This report also considers the strategic importance of areas with further development potential, including Teesdale Business Park and the Marshalling Yards.

Building on work to date, the report proposes that regeneration blueprints are developed for each of our six towns, which will outline the vision and future strategy for these areas. The blueprints will be used to promote and inform future investment and form the basis for detailed masterplans for key sites where appropriate.

## REASONS FOR RECOMMENDATION(S)/DECISION(S)

Cabinet is asked to agree the recommendations in this report, to confirm the level of ambition and future focus to drive economic development and growth across Stockton-on-Tees. The ambitious programme set out, can enable us to deliver vibrant and prosperous places that improve outcomes for Our People and Our Place.

## RECOMMENDATIONS

1. Cabinet approve the development of regeneration blueprints for our six town centres outlining a regeneration narrative and development strategy. This includes an externally commissioned blueprint for Stockton Town Centre and Teesdale.
2. Cabinet approve the preparation of development briefs and the agree to undertake more formal engagement with potential development partner/s for:
  - a. The current Municipal Buildings site and surrounding area. This should consider options for retaining/incorporating the current Stockton Central Library site
  - b. The Stockton Waterfront site adjacent to the urban park
3. Cabinet agree to re-assess the options for the future leisure offer for Stockton Town Centre as a component of the Stockton and Teesdale blueprint
4. Cabinet approve the development of a Masterplan and business case for development at Teesdale, based around potential for a Care and Health Zone
5. Cabinet approve in principle the repurposing of the Town Hall and for the principle of re-locating the Register Office and service into the building.
6. Cabinet note a further report will be brought once plans have been developed to allocate the funding, which is currently approved for the town centre redevelopments
7. Cabinet confirm the commitment to supporting redevelopment in Billingham Town Centre and note the work underway to assess redevelopment options for Billingham in light of the unsuccessful Levelling Up Bid.
8. Cabinet approve the allocation of £4m from the £6m provided from the Tees Valley Combined Authority to help drive economic growth in Billingham as part of their refreshed 10 year investment plan in July 2022 to support the development of the Sports Hub on the former Billingham Campus site.
9. Cabinet note work ongoing with Education Training Collective (ETC) to explore funding options to support the redevelopment of the NETA facility as part of Thornaby Town Deal and agree to recommend a loan of up to £4m with a further report to Council seeking formal approval should a loan be required.
10. Cabinet approve the revised cost estimate and agree the revised funding profile to deliver the Office Accommodation Strategy.

## DETAIL

1. Members will be aware of the significant and ambitious regeneration programme in all of our Town Centres in recent years. This report includes an update on progress and outlines the approach for future development. Collectively, our regeneration programme can significantly improve economic outcomes for communities across Stockton-on-Tees.

## **Stockton Town Centre and Waterfront**

2. In Stockton Town Centre, the Council has led a programme of transformation, including the acquisition of two shopping centres and the decant and demolition of Castlegate Shopping Centre. 31 businesses have relocated from Castlegate to Wellington Square and the High Street. They are currently performing well, including a 10 per cent year on year increase in footfall in Wellington Square and a vacancy rate in the primary retail area that is around the national average. This is a contrast to the figures in 2018 which showed vacancy rates were approaching three times the national average. Demolition of the Castlegate Centre is progressing well and will continue throughout the summer, with completion programmed for October 2023.
3. Plans to transform the town centre include the creation of 'Stockton Waterfront', a bold, urban riverside park. Following public engagement undertaken in summer 2022, work has focussed on the detailed design of the park. A reserved matters planning application for the site is was determined at Planning Committee in July 2023.
4. Subject to approval, work will begin in the summer on essential structural works at the southern end of the site extending along the full of the length between the urban park and Riverside Road. It is expected that the park will be complete in spring 2025, providing a fantastic facility for all residents and visitors to the town.

## **Municipal Buildings and surrounding area**

5. There has been significant interest from developers wanting to work with the Council and explore opportunities to bring forward development across the wider town centre. Initial conversations as part of soft market testing, have indicated that the investment made so far, particularly the creation of an urban park connecting our town to the river, is the catalyst for their interest.
6. Developers have presented a range of exciting ideas which include high quality housing, potential destination leisure, as well as food and beverage venues. This includes potential to redevelop the current Municipal Buildings site as well as exploring the potential development of adjacent sites.
7. It is therefore proposed that a detailed development brief incorporating Municipal Buildings and surrounding area is prepared with a view to understanding the development and redevelopment opportunities on these sites and to formalise existing market interest, where appropriate. Initial conversations also indicate that the current leisure centre and library could be retained within any redevelopment (see further detail below). The Development brief will therefore examine this option in more detail.
8. It should be noted that given low land values, it is possible that any developer submitting proposals may require some Council support to bring forward developments, however this process will give greater clarity on values and potential delivery models.

## **Leisure and Civic Buildings**

9. The report to Cabinet in July 2021 approved the principle of a replacement for Splash, incorporating a new facility to support customer contact, library, register office and a new flexible space for civic and public facing business meetings on the southern section of the waterfront development site. Alongside the approval in principle, was an allocation of £20m to enable delivery. A key reason for the relocation was to support the regeneration of the town centre.
10. Since the last update to Cabinet, work has been underway to assess options and costs for the provision of a new civic building on the southern section of the waterfront development site alongside proposals for a new Community Diagnostic Hub for the Tees Valley to be delivered by the NHS.

11. Work has progressed as planned on the Community Diagnostic Hub (CDH). A planning application for the new £25million facility was submitted in May with work due to begin on site in the summer of 2023 with a view to opening the CDH in spring 2024.
12. Due to the interest from potential developers in key sites across the town centre it would seem sensible to take stock of proposals, consider the opportunities available and explore the option to retain Splash and invest in improvements to the existing facility, with future enhanced leisure opportunities being investigated as part of the Stockton and Teesdale blueprint document and development briefs discussed elsewhere in this report.
13. It is recommended that the allocation of £20m approved by Cabinet in July 2021 is retained to support future interventions pending the outcome of this more detailed exploratory work and development opportunities.
14. It is proposed that a development brief for the southern section of the Waterfront site is prepared to explore potential development opportunities alongside a greater level of market engagement to establish the most appropriate means of bringing forward development on the site.

### **Town Hall**

15. Stockton Town Hall is a Grade II\* listed building and an important focal point in Stockton Town Centre. The Council Chamber layout and furniture, as it survives today was created in the 1880s and is a rare example of a historic civic chamber. Most recently the town hall was used for municipal and ceremonial purposes by the Council but has been closed since the pandemic, partly due to its deteriorating condition. Whilst the Council Chamber has significant heritage value, it is not fit for purpose – access is poor, there is a lack of public space and facilities.
16. A recent condition survey concluded that work was required to the building fabric and structure. The essential conservation works are currently being carried out as part of planned maintenance, to make the building watertight, by updating leadwork to the roof and spire, repairing and redecorating the clock tower and spire, and installing lightning protection. During the conservation work, structural repairs will also be made to the basement structure, the decorative ceiling in the Council Chamber will be repaired and support scaffold put in place for the water damaged ceiling in the Mayors Chamber. All works are expected to be complete by autumn 2023.
17. Work has been underway to consider options which would enable the Town Hall to be brought back into a sustainable and viable use. The heritage significance of the Council Chamber and its furnishings means that it is essential that it is preserved in its entirety, and whilst this precludes the ability to use this space as a modern flexible Council meeting facility, the retention of this heritage asset is a key consideration.
18. Members will be aware that there is still a need to provide improved facilities for the Register Office. The emerging preferred option is to re-locate this service into the Town Hall. The restored Council Chamber would offer a unique heritage setting for marriages, civil partnerships, and citizenship ceremonies whilst the committee room could be used as an alternate modern ceremony space offering commanding views to the new waterfront park. The lower ground floor and upper floors would provide registration meeting spaces to support service delivery.
19. The original shop front appearance and access to the ground floor on the southern elevation could be restored and this would create an opportunity to unlock the ground floor for public access and bring the vacant space back into use as either a retail/café space or as a new location for tourist information. Both options would also enable the building, and specifically the Council Chamber, to be used for municipal ceremonies. It is proposed to appoint Architects to develop detailed proposals, and this will be considered in a future Cabinet report.

### **Shambles Market Hall**

20. The Shambles Market Hall is Grade II listed Georgian building. The present building was constructed in 1825 but a Shambles (obsolete term for a butchers) had been on site since 1699. The building was completely refurbished in 1982 into 19 smaller market stall units and the Council subsequently refurbished the building in 2008. It currently houses several small retail units, a café, and public toilets.
21. Given the central high street location and proximity to the proposed waterfront development, the Shambles Market Hall building will become an increasingly prominent landmark as the physical built environment changes over the course of the next couple of years.
22. There are a number of examples from across the UK that demonstrate how existing market halls can be successfully upgraded to support the wider regeneration plans for those places. To secure the future of this important heritage asset and to ensure it that it complements the neighbouring riverside park project, it is recommended that a feasibility study is undertaken to explore the future of the building and incorporate this into the wider Town Centre regeneration programme.

### **Linking Stockton Town Centre and Teesdale Business Park**

23. The redevelopment work and creation of the riverside park has raised the profile of Stockton Town Centre significantly, and there is now growing interest from the private sector in progressing development opportunities. It is clear that the investment and intervention from the Council has created the environment for further development of the town. If we are to achieve our future ambitions, it is critical that we harness this interest, optimise opportunities and develop the town centre to maximise economic growth and create prosperity.
24. Given the close proximity of Teesdale Business Park to the town centre, this site is of significant strategic importance, particularly once Castlegate has been demolished and the links between Teesdale Business Park and the town centre are strengthened. We are effectively creating a widened town centre area which spans our river and brings together some of our key assets.
25. Teesdale Business Park is a prime office location and is the base for many businesses and jobs (including Professional & Business Services, Finance & Information and Communication Technology). Durham University International Study Centre is also located at Teesdale and features accommodation for hundreds of international students, which provides a campus feel to the area. Alongside this is Stockton Riverside College, several private residential properties and specialist accommodation. Adjacent to Teesdale Business Park is Tees Marshalling Yards, a large site with a live railway and a series of sidings, which has long been a favoured site for large-scale, brownfield regeneration.
26. In recent years, there has been an increase in vacant office space at Teesdale, as well as several buildings on the park being transformed from office accommodation to residential. Although this remains a small proportion, the trend is a concern as this site remains a strategic employment and education site. In addition, despite the presence of the International Study Centre and research activity, the Durham University Queens Campus facilities are increasingly underutilised. There is a significant opportunity to bring together a strategy for both sites which could see a nationally significant regeneration scheme focused around key sector growth. Early discussions have highlighted an appetite to develop a Health and Social Care Zone, with potential for: integrated training and health facilities, business incubation, research and development.
27. Health and Social Care is a growing sector in the Borough, as well as the wider region. Development of a cluster, or zone for this sector can support economic growth, whilst ensuring the best quality services are available to our residents.
28. Given the current position and scale of future potential, it is timely to consider the wider strategic vision for the town centre, Teesdale and the surrounding area, including how these sites can

link together to be greater than the sum of their individual parts. It is therefore proposed that the Stockton and Teesdale blueprint (referred to elsewhere in the report) outlining a regeneration and development strategy is prepared. This could include:

- Town centre living
- Leisure, Culture and events
- Transport and infrastructure
- Public Sector provision
- Integrated training and health facilities
- Business incubation space aligned to Health and Social Care.

29. It is proposed that this includes a detailed feasibility study that will, amongst other things, forms the basis for a masterplan and business case for investment in a new Health and Social Care Zone. This work would be undertaken collaboratively with partners, including the Tees Valley Combined Authority (TVCA), the NHS and the education sector.

## **Billingham**

30. Members will be aware of the unsuccessful Levelling Up bid for Billingham Town Centre which was based around Council ownership, demolition, and re-purposing parts of the Town Centre. The Council remains committed to supporting redevelopment of Billingham Town Centre, and given the current position there is a need to assess the potential opportunities for future development and consider how they can be delivered alongside the owners of the Town Centre.

31. It is therefore recommended that a masterplan is prepared for the Town Centre, which will build on previous public consultation, explore potential redevelopment opportunities, and can be used to guide future investment decisions alongside private sector investment.

32. As part of the Council's commitment to improving leisure facilities and encourage participation in sport and active leisure, the Playing Pitch and Outdoor Sports Strategy (PPOSS) was adopted in January 2023. Designed and developed to identify investment and improvement opportunities across eight sports and different facility types, the PPOSS was developed alongside key partners.

33. Hubs Programme sites are football-led but they will support the delivery of a wide range of other sports and activities and typically include at least two full-size floodlit 3G pitches, as well as facilities such as car parking, a café and changing rooms. A Hub may also include grass pitches, small-sided 3G pitches, indoor meeting space, other sports and recreation facilities and other community uses.

34. Following an initial expression of interest which was based on delivering a Hub Programme development on the former Billingham Campus playing fields, the Council was invited by the Football Foundation to proceed to the next stage of the programme which was titled 'Community Engagement and Initial Feasibility'. The purpose of this stage was to undertake initial work to demonstrate the potential benefits and viability of a proposal at the proposed site. In March 2023, following review of work undertaken to date, the Football Foundation identified the potential for the scheme to deliver strong outcomes and formally invited the Council to progress to the next stage of the programme which involves developing an outline design for the proposal and undertaking further community engagement.

35. The proposal has the potential to support local clubs in the area, increase participation in sport and achieve wider social outcomes. Adjacent to the site is Bede Sixth Form College which includes its Institute of Sport and Education and associated sports facilities; we are keen to ensure the two facilities support each other in a seamless manner.

36. Initial estimates suggest a £10m capital cost for a Hub Programme development at the former Billingham Campus site. Discussions are ongoing with Football Foundations regarding providing

a significant proportion of investment for the proposal (using investment from the Premier League, The FA and Government through Sport England). However, there will be a requirement for local match funding. It is recommended that £4m, of the £6m earmarked to support developments in Billingham in the Tees Valley Investment Plan Refresh agreed by the TVCA Cabinet in July 2022, be allocated in principle to this project.

37. It is hoped that a final funding application could be made to the football foundation in 2024 and the Hub site delivered and operational in 2025.

### **Thornaby**

38. Work is underway on the demolition of Phoenix House, with work due to begin in the summer on the design of a new swimming pool on this site as well as continuing to work hard to find a solution to the former Eagle Hotel.
39. As part of the Town Deal programme, the Council is working closely with the Education and Training Collective (ETC) to support the relocation of NETA from its current location on Portrack Lane, to a new facility at Stockton Riverside College. To support the relocation of NETA, ETC have already secured funding, including grant funding from Department for Education, however this is lower than originally anticipated. ETC are revisiting the plans for relocation and the cost of delivering as well as exploring other funding options, and they have requested that the Council considers supporting the project with a loan.
40. In February 2021, Council approved prudential borrowing for Thornaby of up to £5m to support regeneration in the Town and an element of this could be used to support a loan to ETC. Following due diligence and assessment of the business case, this will be brought back to Council for approval, in line with our Treasury Management Strategy.

### **Accommodation Strategy**

41. A report to Cabinet in July 2021, approved the purchase and refurbishment of Dunedin House on Teesdale to facilitate an Asset Rationalisation strategy and re-locate the Council's Services. This was replacing the original plan to build a new facility estimated at over £32m. In addition, the report also agreed to explore options for a second smaller accommodation offer as part of the ongoing regeneration of Billingham. £10m was allocated for accommodation, £8m for Dunedin House and £2m for a second accommodation facility. This was a high-level estimate prior to the acquisition of the building.

### **Progress to date**

42. Work has been underway to assess the Council's office needs in the context of modern working practices. Building on the Council's pre-pandemic Smarter Working in Stockton (SWiS) programme, adopting and incorporating, where appropriate, new ways of working with a view to understanding what implications these factors would have on any new office space.
43. Since the acquisition of Dunedin House was completed in September 2021, detailed condition survey work has been undertaken. The layout of the building needs to be good quality and support a modern working approach. Good quality accommodation is also key to the recruitment and retention of staff.
44. Work to date has identified that although the building is in great condition structurally, some areas have not been modernised since the 1990s and therefore mechanical and electrical equipment is approaching or is beyond its design life. Equally, due to multiple tenancies, inconsistencies exist throughout. Therefore, significant works are required internally to bring essential building services in line with current regulations and to reduce any future maintenance costs.

45. Some parts of the building are currently leased to external organisations. Around 4/5 of the building is available and this will allow us to accommodate all office-based staff based on our flexible working arrangements.
46. The space available will include desks, breakout space, private, quiet space, in essence a mixture of facilities to support a modern working environment. It is anticipated there will be a phased completion programme which will finish in the summer of 2024. It is proposed to migrate staff across to Dunedin House as and when the refurbished floors become available.
47. The proposed refurbishment will support objectives defined in the Council's Environmental Sustainability and Carbon Reduction Strategy, including the drive towards net zero and to reduce energy demand wherever possible by continuing to improve the energy efficiency of Council assets. To assist with this, proposals include the delivery of a renewable energy scheme via the installation of photovoltaics (solar panels) to reduce the buildings energy demand from the national grid, and to reduce the ongoing monthly energy costs, particularly in light of the significant increase in fuel costs seen over last year. Electric vehicle (EV) charging bays will be provided as part of the Council's commitment to support a wider delivery of electric vehicle charging points across the Tees Valley and to support more sustainable modes of transport. This is in addition to modifications being made to existing lighting within the refurbished areas to low energy LED lighting which will bring about reduced energy consumption and costs.
48. In addition to the services that have been identified to be relocated into Dunedin House, there are numerous examples of operational/public facing services (such as consulting rooms) that are within the existing 10 buildings which may not be suitable for location in Dunedin House. Work is ongoing to determine the most appropriate location and a further report will be presented to Cabinet outlining the proposal and any financial requirements.
49. An update is provided above on Billingham Town Centre, and given the position, work to design a second office has not progressed. The Council will retain a significant presence in Billingham Town Centre with the library, customer service centre and also the Learning and Skills Service. The number of office-based staff has reduced significantly following the introduction of hybrid working, and the closure of Kingsway House. There is not understood to have been any negative impact on Town Centre Businesses.
50. As part of the Council's commitment to enhance collaboration and explore opportunities for improving service delivery, discussions are underway with a number of partners in relation to co-location of services. There are opportunities to incorporate any such requirements into the future redevelopment of our Town Centres.
51. Due to the inflationary increases seen since the July 2021 Cabinet Report, the volatile changes in the construction and material supply market, alongside a more detailed understanding around changes that can be made to help deliver the Council's Environmental Sustainability Carbon Reduction Strategy the latest project estimate for Dunedin House alongside costs to renovate and refurbish a second facility comes to £9.5m.
52. £7.1m of funding is remaining for accommodation following the acquisition of Dunedin House. Members will recall that the former Glam and Post Office site was demolished, and the future of this site now forms part of the wider regeneration blueprint for Stockton town centre and Teesdale £1.2m is currently unallocated from the original budget and can now be re-allocated. Alongside this a number of tenants have remained in the building and this has generated revenue of £900,000 and given that the investment will avoid future maintenance costs the remaining £300,000 will be funded from the planned maintenance budget.
53. A separate piece of work is underway to develop a disposal strategy for the 10 administration building sites. Some of this is already underway with the closure of Kingsway House in March 2023, marketing Ideal House in Thornaby for sale.

## **COMMUNITY IMPACT IMPLICATIONS**



54. Whilst there are no specific community impact implications arising from the recommendations in this report at this stage, it is recognised that the physical and social environment in which we live and work has an important influence on the health and wellbeing of our residents and communities.

### **CORPORATE PARENTING IMPLICATIONS**

55. There are no specific corporate parenting implications at this stage.

### **FINANCIAL IMPLICATIONS**

56. Total funding previously agreed to support investment in Leisure and Civic facilities of £20m will be retained to support the initiatives outlined in this report and will be subject to a further report to Cabinet.
57. The updated cost estimate and funding profile for accommodation is outlined in paragraphs, 49, 50 and 51.
58. The potential loan to Education Training Collective will be at no cost to the Council and the financial risks will be considered as part of the business case assessment process.

### **LEGAL IMPLICATIONS**

59. As the projects described in this report develop and progress there will be a range of legal issues to consider and address including in relation to property rights and acquisitions, planning, environmental and other impact assessments, the potential for public consultation and engagement to be required and the need to ensure that sound contractual agreements are put in place to protect and secure the Council's interests.

### **RISK ASSESSMENT**

60. The recommendations made in this report are at this stage are categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk. More specific risk assessment will be required as the detail of projects develop and progress.

### **WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS**

ALL

### **BACKGROUND PAPERS**

Report to Cabinet July 2021

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