

AGENDA ITEM

REPORT TO CABINET

17 JUNE 2024

**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 and in March 2021 was allocated £23.9m of investment funding to support transformational change across the town. This report provides an update on progress made in the development and delivery of priority interventions that will be delivered 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.

RECOMMENDATIONS

1. Cabinet note progress made on the development and delivery of the priority interventions across the Town Deal Programme and endorsed by Thornaby Town Deal Board.
2. Cabinet delegate authority to negotiate, agree the terms of and enter, all necessary agreements, transactions and contracts to secure the acquisition, demolition and redevelopment of the Golden Eagle to Director of Regeneration and Inclusive Growth, Director of Corporate Services, Deputy Chief Executive and Director of Finance, Transformation & Performance in consultation with Cabinet Member for Regeneration and Housing.
3. Cabinet approve use of £4,500,000 from the previously approved £5million allocation to supplement investment in the proposed leisure facility and redevelopment works to Thornaby Pavilion.
4. Cabinet approves the revised reallocation of Town Deal and co-funding resources to enable delivery of the priority interventions as outlined at Table 1.

DETAIL

Background

5. In September 2019 the Government announced a £3.5billion 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 were eligible for up to £25m of investment funding to support transformational change across the town.
6. Following this announcement, a Thornaby-on-Tees Town Investment Plan (TIP) was developed and submitted in December 2020, which presented a strategic plan for how Towns Fund investment could support a suite of transformational projects intended to unlock economic growth, development and regeneration in Thornaby.
7. Through engagement with local Councillors, stakeholders and the Thornaby Town Deal Board, four projects were identified as providing the mechanism by which Thornaby's transformational vision and strategic objectives could be realised. 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
8. In March 2020, the four priority projects obtained a provisional funding allocation of £23.9m from the Towns Fund programme subject to business case submission and approval. Final Government approval was secured in summer 2022 enabling the interventions to move forward for detailed development and delivery.

Priority Interventions

Golden Eagle

9. In Thornaby Town Centre, work to date has focused 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, which was subsequently demolished in 2023 providing a cleared site for redevelopment.
10. The Council owns the freehold of Thornaby town centre, including the Golden Eagle building.
11. The Council's freehold interest is subject to a 150-year lease to LCP Proudreed, with 134 years unexpired, essentially making them owners of the town centre by virtue of the length of their lease.
12. East Eye Limited hold a 99-year lease, with 42 years unexpired term on the Golden Eagle building directly from LCP Proudreed.
13. With regards to the Golden Eagle, progress has been made regarding seeking to secure control of the building, namely by agreeing in-principle and subject to Cabinet approval, the surrender of the two leasehold interests in the building.

14. Once the leasehold interests have been acquired, the Council will be able to proceed with the demolition of the building, which has been identified as a priority since the Let's Talk About Our Towns consultation in 2020 and subsequent business case documentation linked to Town Deal approval.
15. An independent valuation has been undertaken alongside an assessment of the likely cost of pursuing a Compulsory Purchase Order to secure the site. This advice has provided a basis for negotiations on acquisitions of the two leasehold interests.
16. In recent weeks the Council, with support from specialist property advisors, has reached agreement to acquire the leasehold interests. Detail of the considerations within the negotiation and agreed values for acquisition of leasehold interests are detailed in exempt Appendix A.
17. As part of the negotiations to unlock the Golden Eagle site, the current long leaseholder, requested that a condition of the surrender of their lease is the sale of the Council's freehold interest in Thornaby Town Centre. This proposal has formed part of the agreement in place with the long leaseholder LCP Proudreed and the full terms of the disposal and conditions are detailed in the exempt Appendix A.

Swimming Pool

18. Members will recall that in April 2022, Cabinet approved the principal of the construction of a new swimming pool on the former Phoenix House site. The initial scope of work focused on the provision of new pool space but as design work has progressed and following discussion in recent months with Tees Active Leisure and Thornaby Town Deal Board, there has been a desire from an operational and local level to see enhanced gym provision included within the scope of work.
19. This opportunity has been explored in detail and several options have been considered and designed up to RIBA Stage 2 alongside detailed cost planning. Fundamentally, to create an appropriate uplift in gym provision the only realistic and achievable means of doing so without causing significant disruption to existing uses within the Pavilion is to create additional floorspace at first floor within the new swimming pool building.
20. On that basis the proposed scheme will see the creation of a 25m 5-lane swimming pool at ground floor and c400sqm gym at first floor along with a modern changing village and dry changing facilities to benefit all facility users. The scheme will also include the internal reconfiguration of the existing Pavilion to include a new entrance at ground floor as well as the creation of a direct link to the new pool building at first floor and wider enhancements to parking provision and public realm. The demolition of the existing Thornaby Pool building will be included as part of the town centre regeneration scheme. The programme for the closure and demolition of Thornaby pool will be carefully phased to ensure there is continuity of pool provision until the construction of the new leisure facility is complete and open to the public.
21. The change in scope to incorporate enhanced gym provision alongside rising construction prices, material and inflationary pressures has resulted in higher than anticipated costs for the project. This report therefore seeks Cabinet approval to draw down £4,500,000 from the previously allocated £5m in the MTFP February 2021 to supplement investment in the town centre scheme and enable delivery within the agreed project scope. Following the Cabinet approval in April 2022 to approve the drawdown of £500,000, this now completes the allocation of this borrowing approval.
22. To further mitigate against current cost pressures, this report also seeks approval from Cabinet for the reallocation of £1.5m Town Deal funding from the cycleways intervention to supplement the town centre regeneration schemes.

23. These proposals have been endorsed by the Town Deal Board and would result in a total revised investment of £19.7m into the town centre (illustrated at Table 1), made up of £12.7m Towns Fund and an estimated £7m co-funding from Stockton-on-Tees Borough Council and LCP Proudreed. Officers are working closely to revise the cycleways design and remove elements of the proposed network to fit within the available budget whilst still delivering active travel mode infrastructure.

Skills

24. Detailed design work for the provision of a new skills facility in Thornaby is well underway. The purpose-built facility will see the existing NETA training facility relocate from its current location near Portrack Lane into a purpose built, modern facility as part of a redeveloped SRC site. Working in partnership with the Education and Training Collective (ETC), with input from the Town Deal Board and Council officers, the circa 5,000sqm bespoke training facility will create a modern learning environment and maximise access to further education and skills development for Thornaby residents.
25. The new facility will increase the capacity of NETA Training Group's operations. The current site has limited growth potential, and the number of students is constrained to circa 400 which demonstrates there is an increasing need to replace the aging and increasingly poor-quality buildings with new and expanded high-quality provision. In addition, co-locating onto the SRC campus will create operational efficiencies in terms of sharing staff and facilities creating a holistic delivery of further education provision in the Stockton Borough. With an expanded facility, projections show that student numbers can increase to 600 full time young people and 5,700 adult learners enrolled per annum.
26. The skills facility will be delivered through a combination of £4.7m Towns Fund monies, which is supplemented with additional grants via DfE (applied for by SRC) and funding direct from SRC at a total cost of circa £14.7m. It is important to note that the amount of co-funding secured was lower than expected and coupled with volatile construction prices, resulted in higher than anticipated costs. For this reason, the design of the facility has been tweaked to fit within the available budget without compromising on the quality of the new build.
27. With regards to the programme, a planning application has been submitted for Phase 1 (Enabling Works), and subject to planning approval, construction of a new car park will start on site in summer 2024. Phase 2 (Main Build) will be submitted for planning permission by the end of May and construction of the new build facility will start on site in Autumn 2024 and complete by the end of 2025.

North Thornaby

28. North Thornaby faces a range of complex socio-economic and built environment challenges. The Town Investment Plan (TIP) recognised that targeted investment in social and community investments were necessary to support the regeneration and economic growth of North Thornaby. As such, four priority interventions have been developed with input from the local Councillors, Town Deal Board, Council officers and key stakeholders including community groups and Registered Housing Providers.
 - 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 such as solar PV, boilers and heating controls – working with Registered Providers to enhance energy efficiency across properties in North Thornaby

29. Positive progress has been made in the delivery of the North Thornaby interventions. Refurbishment works to improve the public open space and Community Centre are now complete in Victoria Park and have been well received by the local community. To date, the investment in 'Safer Streets' has installed 7554 safety measures in 603 properties whilst 219 energy efficiency measures have been installed in 86 properties demonstrating the high level of interest and resident take up rate in this intervention. For the priority vacant properties, 3 empty properties have been purchased, 3 empty properties are close to completion and 3 empty properties are undergoing repairs, all of which will contribute towards providing good quality housing provision in the local area.

Cycleways

30. A series of routes connecting key points in Thornaby with existing cycle infrastructure are proposed to 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.
31. Since the last report to Cabinet, detailed design and cost planning work has identified higher than anticipated costs for the cycle infrastructure which far exceed the original budget allocation. Following careful consideration of the costs, it is proposed that whilst high-quality active travel routes can still be provided there will be a reduction in the total amount of cycle infrastructure delivered.
32. In addition, as discussed at paragraph 21, there are increasing cost pressures affecting deliverability of the town centre interventions and this report asks Cabinet to approve the recommendation to reallocate £1.5m from the cycleways budget to the town centre schemes and for the cycleways design to be revised and elements of the route removed to fit within the available budget.
33. The overall revised expenditure of £5.3m includes £3.3m 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

34. In April 2022, Cabinet approved the allocation and split of Towns Fund and co-funding resources needed to facilitate delivery of the priority interventions under Thornaby Town Deal.
35. However, due to external market factors and rising cost pressures identified through the detailed design and development stages, a reprofile of both the Towns Fund and co-funding resources is now required to deliver the interventions within their agreed scope. This approach was supported by the Town Deal Board in May 2024.

36. This report therefore recommends that Cabinet approve the revised funding allocation split set out in Table 1 below.
37. Table 1 provides a summary of the current Towns Fund and co-funding allocation splits as included within the approved business case along with the revised Towns Fund and co-funding allocations detailed within this report.

Table 1 – Revised Funding Allocation Per Town Deal Intervention

Intervention	Current Towns Fund allocations in Business Case (Inc Programme Management Costs)	Revised Towns Fund allocations	Current proposed co-funding allocations	Revised Towns Fund co-funding allocations	Total (m)	Proposed co-funding source
North Thornaby	£3.2m	£3.2m	£0.4m	£0.4m	£3.6m	Registered Housing Provider, Football Foundation
Future-proofing the Town Centre	£11.2m	£12.7m	£2.2m	c.£7m	£19.7m	SBC, LCP
Skills	£4.7m	£4.7m	£14.25m	£10.14m	£14.84m	Education and Training Collective Capital & Borrowing, DfE grant
Connecting Thornaby	£4.8m	£3.3m	£2m	£2m	£5.3m	LTP & City Region Sustainable Transport Fund
Total	£23.9m	£23.9m	£18.85m	£19.54m	£43.44m	

38. Cabinet will recall the allocation of £5million in the MTFP in February 2021 to support and supplement co-funding requirements where needed. On this basis, this report requests that Cabinet approve drawdown of the remaining £4,500,000 from the originally approved £5million allocation to supplement investment in the proposed leisure facility and redevelopment works to Thornaby Pavilion, which is reflected in the co-funding column in table 1.

COMMUNITY IMPACT IMPLICATIONS

39. 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.
40. A programme of ongoing engagement is in place and officers will continue to work with stakeholder groups to ensure that all communications and consultations are targeted at the appropriate groups, including anyone with a protected characteristic, so they are effective

and use resources in the best possible way. Where proposals, events or services affect specific individuals or groups, these stakeholders will be kept fully informed and can give their input about issues that affect them.

41. The proposals within the Town Deal programme are intended to benefit people of all ages and backgrounds, regardless of any disabilities, impairments or socio-economic status and are not deemed to disproportionately affect any group or protected characteristics.
42. Community engagement will be tailored to meet the needs and preferences of different groups of people across the Borough and we will also ensure information is accessible for those with additional needs.
43. A detailed communication plan has been developed for the project, which will be carefully considered to ensure no form of direct or indirect discrimination occurs.

CORPORATE PARENTING IMPLICATIONS

44. 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.
45. Specific engagement will continue to be undertaken during the development and delivery of the Town Deal interventions. With regards to North Thornaby, community engagement events were held in summer 2023, which were publicised to all residents and businesses within the target area and very well attended. For cycleways, targeted engagement with local schools has been undertaken to discuss how the scheme can be designed to improve road safety and encourage walking and cycling amongst young people. Information sessions to update on the progress of town centre schemes will be held in summer 2024.

FINANCIAL IMPLICATIONS

46. The borrowing approval was fully funded through the February 2021 MTFP report that went to Cabinet and Council. The re-profiling between the different interventions ensures that the Town's Deal Funding remains at £23.9m and this is fully provided for within the Council's Capital Programme.

LEGAL IMPLICATIONS

47. The Council has a power to acquire land or property pursuant to section 120 of the Local Government Act 1972
48. 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 the contracts referred to in this report.
49. 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.
50. In addition, the Council may take any action (whether 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).

51. 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.
52. 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

53. 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

54. 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

55. Reference should be made to reports considered by the Council's Cabinet on 21 April 2022, February 2021, 15 October 2020 and the Council's Medium Term Financial Plan considered by Full Council at its meeting on 26 February 2020.

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