

AGENDA ITEM

REPORT TO CABINET

17 JUNE 2024

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION/KEY DECISION

Regeneration and Housing - Lead Cabinet Member – Councillor Nigel Cooke

Billingham Town Centre and Sports Hub Update

SUMMARY

This report provides an update on the development of a masterplan for Billingham town centre and seeks approval for the partial acquisition of Billingham town centre and associated next steps to enable redevelopment in line with the emerging masterplan and successful Levelling Up Fund bid.

The report also provides an update on the emerging proposals for Billingham Sports Hub as part of the Council's commitment to improving leisure facilities and encouraging participation in sport and active leisure.

REASONS FOR RECOMMENDATION(S)/DECISION(S)

The recommendations set out below will provide a means for the Council to secure control of part of Billingham town centre to enable delivery of redevelopment proposals in line with the emerging masterplan and Levelling Up Fund objectives.

Approval of the recommendations relating to Billingham Sports Hub will support the continuation of the project towards funding applications and delivery.

RECOMMENDATIONS

Billingham Town Centre

1. Cabinet agree the vision for Billingham town centre as set out in this report and reflected in the masterplan in exempt Appendix 2.
2. Cabinet approve the partial acquisition of Billingham town centre to enable delivery of redevelopment proposals as outlined in the masterplan and in line with the terms set out in exempt Appendix A.
3. Cabinet approve the approach to relocation of affected businesses and demolition of West Precinct, Queensway South and former library buildings for mixed use residential development, infrastructure and public realm improvements.
4. Cabinet note the intention to bring the former Wynyard House building into use as part of the redevelopment proposals
5. Cabinet support a resolution in-principle for the acquisition of the necessary land and rights through use of its compulsory purchase powers in the event that any of the parties are unable to secure the necessary third party land and rights to redevelop Billingham town centre.

6. Delegate to the:-
 - a. Director of Regeneration and Inclusive Growth in consultation with Director of Finance, Transformation and Performance and Director of Corporate Services the authority to agree the terms to support the relocation of tenants within the town centre.
 - b. Director of Regeneration and Inclusive Growth in consultation with Director of Finance, Transformation and Performance and Director of Corporate Services the authority to negotiate and complete the necessary legal documentation and all other contracts and agreements to give effect to the recommendations above.

Billingham Sports Hub

7. Cabinet gives authority to the Director of Regeneration and Inclusive Growth to make the specific contract award decisions to progress detailed design to RIBA Stage 4 and any subsequent contract variations, annual inflationary uplifts (where allowed in the contract terms and conditions) and extension decisions relating to Billingham Sports Hub.
8. Cabinet approves in principle to vesting the completed facility within the National Football Trust and delegates all legal contracts and final terms in relation Billingham Sports Hub to the Director of Regeneration and Inclusive Growth to approve in consultation with the Leader of the Council

DETAIL

Background

Billingham Town Centre

1. The Council has a long-standing commitment and track record of investment in Billingham town centre and remains committed to supporting redevelopment and growth in the area as reiterated in the most recent report to Cabinet in July 2023.
2. To help lever the necessary funding to support the long-term development of the centre, in June 2021 the Council applied for Government funding from round 1 of the Levelling Up Fund (LUF) under the priority theme of regeneration and town centre investment. The LUF bid outlined the Council's intention to purchase Billingham Town Centre as a means of controlling and guiding the long-term redevelopment of the centre and at the point of bid submission detailed negotiations were underway to acquire the freehold.
3. As part of the negotiations to agree a price for acquisition, detailed due diligence was undertaken to determine the building condition, financial and legal implications of the asset which included full building condition surveys, structural surveys and other intrusive inspections. This work identified a significant level of essential repair and maintenance works would be required if the Council were to purchase the centre in its existing condition. An independent Valuation Report was undertaken, which further demonstrated that acquisition of the asset at the expected price would be a financial liability to the Council due to the level of essential condition works required.
4. In October 2021, the outcome of the round 1 LUF bid was unsuccessful with no funding awarded to support redevelopment of the town centre. The Council continued negotiations with the owner to agree an acquisition price but without the grant funding needed to deliver the redevelopment aspirations for the site, the Council were unable to formally commit to a purchase.

5. Following the announcement of a second bidding round for LUF, a refined application was developed for Billingham under the same priority theme of regeneration and town centre investment. The bid incorporated formal feedback from round 1 to strengthen and enhance the proposals and the revised bid was submitted in August 2022.
6. In November 2022 the Council received confirmation that the round 2 funding bid had again been unsuccessful. This resulted in the Council again being unable to commit to the acquisition of the centre and a decision was taken to further explore a range of options that could enable the Council to work with the private owner to bring about positive change within the town centre.

Development of Masterplan

7. Since Cabinet in July 2023, work has been underway on a masterplan to set a future vision for Billingham town centre. The masterplan has built on the principles established in the 2020 Let's Talk About Our Towns public consultation, which focused on the consolidation and reconfiguration of the existing retail offer, demolition and redevelopment of West Precinct, Queensway South and the former library site to create cleared sites for a residential-led, mixed use redevelopment. The masterplan also includes the need to provide high quality infrastructure and public realm that improves accessibility within the town centre as well as connectivity to surrounding open space.
8. In November 2023, as the masterplan was nearing completion, it was announced that the Council had secured £20m grant funding through round 3 of the Levelling Up Fund, which was based on the principles of the round 2 bid. In the same week, agreement was reached on the sale of the centre between the former owner St Modwen and the current owner, Evolve Properties.
9. The original intention was to reveal a vision for Billingham in early 2024. However, the timing of this announcement was delayed so that the new owners of the centre could input and help shape the future vision for the centre whilst exploring opportunities for joint working that could facilitate redevelopment in line with an agreed masterplan.
10. The outcome of this process is a revised masterplan and future vision that seeks to create a vibrant, modern town centre that safeguards its traditional retail function and creates quality of place through residential led, mixed use of development and high-quality new infrastructure in the heart of the town centre.
11. The masterplan identifies the demolition and clearance of deteriorating buildings at West Precinct, the Queensway South block and former library site as key to unlocking the development potential of the town centre. This approach will stimulate change through the provision of modern, fit for purpose accommodation that encourages and diversifies uses, attracts private sector investment and increases footfall. This includes the creation of new retail floorspace to enable relocation of existing businesses within the centre as well as investment in the disused Council office, Wynyard House, to maintain a physical Council presence in the town centre. Following a successful bid for OPE round 10 funding, feasibility work to explore options for a "Public Sector Hub" in Billingham are being undertaken by the Place Development team.
12. The masterplan achieves the key principles identified in the 2020 consultation in regard to the removal of the properties identified, which underpinned the basis of the round 1 and 2 LUF bids. This approach also reflects a recognition of the opportunity and desire to redevelop parts of the centre that are in the poorest condition and suffer from the highest vacancy rates whilst minimising disruption to the wider established uses and tenancies across the majority of the centre.

Approach to Redevelopment

13. Since the acquisition of the centre the Council has been in discussion with Evolve Properties to explore opportunities for how the masterplan can be delivered and what role the Council and LUF funding can play in enabling redevelopment.
14. The Council has agreed to acquire West Precinct and part of the adjacent Queensway South block at the point of vacant possession with full details of the acquisition and valuation rationale set out in exempt Appendix A. The first phase of redevelopment will therefore focus on working alongside Evolve to relocate tenants from the properties to be acquired into other units within the town centre. LUF funding will be used to cover the cost of this process.
15. The tenant relocation strategy will be led by Evolve, as landlord, and will require negotiation and agreement dependent on the specific lease arrangements and conditions. It is normal commercial practice within the industry to subsidise fit-out costs, compensation for agreeing to cancel current leases, or offer short-term rent-free periods to encourage occupation and on this basis each relocation will be assessed and verified by independent advisors before a payment is made to ensure that any such costs are reasonable.
16. Detailed negotiations on tenant relocation will commence following Cabinet approval to proceed, with a recommendation that the Director of Regeneration and Inclusive Growth in consultation with Director of Finance, Transformation and Performance and Director of Corporate Services have the authority to agree the terms to support the relocation of tenants within the town centre.
17. Following the relocation of businesses and at the point of vacant possession, a phased programme of demolition will be undertaken. This process will facilitate the removal of long term vacant and underused buildings whilst consolidating and reconfiguring the retail offer into a more compact area across a sustainable amount of floorspace. This will create a more sustainable level of retail floorspace across the town centre whilst retaining key anchor tenants, adding vibrancy, increasing footfall and providing opportunities for new uses, investment and job creation in the town centre.
18. The cleared West Precinct, Queensway South and former Library site will create an area that has the potential to accommodate a new residential community of circa 160 units in the heart of the town centre alongside new retail space and improvements to accessible infrastructure, public realm and car parking.
19. The Total cost of relocation, demolition and fees is estimated at £13m in addition to expenditure on acquisition as set out in exempt Appendix A. Detail on expenditure linked to public realm and infrastructure enhancements will be subject to a future report.
20. Options for securing a development partner will be explored to facilitate the future redevelopment of the West Precinct site. Depending on the nature of any future development agreement, it is likely some funding will be required to support the redevelopment of the site and as such, the previously approved borrowing allocation of £10million in February 2021 will remain in the Medium Term Financial Plan(MTFP), with a further report to Cabinet setting out any future recommendations for its use once progress has been made on seeking a development partner and establishing an appropriate residential product and achievable route to delivery. Members will recall the existing approval is predicated on a return on investment from the borrowing .

21. Cabinet is therefore asked to agree to the principles of redevelopment as described in paragraphs 13-20 and delegate authority to the Director of Regeneration and Inclusive Growth in consultation with Director of Finance, Transformation and Performance, Director of Corporate Services authority to negotiate and complete the necessary legal documentation and all other contracts and agreements to support the proposals.

Billingham Sports Hub

22. As part of the Council's commitment to improving leisure facilities and encouraging participation in sport and active leisure, the Playing Pitch and Outdoor Sports Strategy (PPOSS) was adopted in January 2023. Both the PPOSS and the Stockton-on-Tees Local Football Facilities Plan (LFFP) support the delivery of a Sports Hub on the former Billingham Campus site.
23. The Sports Hub proposal is being progressed via the Football Foundations Hubs Programme which is designed to create financially sustainable grassroots sports facilities with multiple artificial grass pitches. Whilst sites are football-led 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.
24. Through the initial stages of the Hubs Programme process it was identified that the project has potential to deliver strong outcomes and following completion of the ongoing public consultation work is progressing towards the submission of a planning application in July 2024.
25. This report seeks approval to delegate authority to extend the current contract beyond RIBA Stage 3 at a total estimated contract value of £800,000 utilising already secured developer contributions linked to open space provision alongside funding from the Football Foundation
26. The emerging proposals incorporate the delivery of a pavilion (incorporating changing facilities, community room and Café), car parking, three full-size artificial grass pitches (one being a stadia to meet Ground Grading requirements of National League System Clubs), 200m oval athletics track (with associated sprint straight and jump pit), accessible active track (circa 1km two lane loop for amateur or experienced runners as well as cyclists, walkers, dog walkers and other users) and grass pitches.
27. In developing the proposals engagement has been undertaken with national governing bodies for various sports alongside clubs, leagues, and local organisations. A key focus for engagement has been how the proposal can provide a balanced programme of use that supports both the Council and Football Foundation's objective of tackling inequalities.
28. A key stakeholder is Bede Sixth Form College which has existing sports facilities (Bede Sports Centre) and an Institute of Sport and Education. We are working with Bede Sixth Form College to ensure facilities are aligned and maximum benefits can be achieved via the proposals.
29. In July 2023, Cabinet approved 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 to support the development of the Billingham Sports Hub project. A formal funding application will be made to the Football Foundation later this year and if successful in securing funding we anticipate construction beginning in Spring 2025 and being completed in Spring 2026.
30. It is intended that the completed facility will be leased to and vested in the National Football Trust (NFT) who were established in 2021 and hold charitable status. The NFT promote community participation in healthy recreation through managing hub sites across the

country and providing communities with a great place to play football and other sports and activities, within safe, inclusive, and welcoming facilities. Through this there is a commitment that surplus revenue is reinvested into grassroots football within the local authority area and local involvement in the completed Hub through the establishment of a Local Advisory Group (LAG).

31. The LAG would be an NFT sub-committee with a core membership from the Local Authority, County FA, facility operator and selected others. Alongside advising the NFT Board on local reinvestment the group would have delegated powers and responsibilities from the NFT for dealing with local matters (e.g. pricing, programming, site development plan), monitor performance/operation, support relationships with key users and enable new opportunities/activities at the site.

COMMUNITY IMPACT IMPLICATIONS

32. Throughout the lifetime of the projects the Council will give consideration to the potential impact on any protected characteristics and the needs of diverse groups when designing and delivering services so that people can access fairer opportunities and equal services.
33. The Council will seek 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 have the opportunity to give their input about issues that affect them.
34. The proposals within the Levelling Up Fund 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.
35. The Billingham Sports Hub proposals are being progressed via the Football Foundations Hubs Programme. As well as providing excellent training and match play facilities for clubs and leagues, this programme provides facilities that support the objective of tackling inequalities and provides opportunities for all to access safe, inclusive and welcoming facilities.
36. 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.
37. A detailed communication plan has been developed for projects, which will be carefully considered to ensure no form of direct or indirect discrimination occurs.

CORPORATE PARENTING IMPLICATIONS

38. As part of the town centre development 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

39. The capital interventions outlined within this report are to be funded from the Levelling Up Round 3 grant of £20m.
40. As outlined in para 25 the funding to progress to RIBA stage 3 is available. This will be added into the capital programme at the next MTFP report if approved. The project is being progressed through design via available resource and project development costs from the Football Foundation with a view to submitting formal funding applications to the Football Foundation and TVCA later this year to enable delivery. Approval of the recommendations will allow continuation of the project.

LEGAL IMPLICATIONS

41. The Council has a power to acquire land or property pursuant to section 120 of the Local Government Act 1972.
42. 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.
43. 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.
44. 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).
45. These powers may be used to facilitate the intervention that is anticipated to have a positive impact in achieving the aims of the Levelling Up Fund.
46. 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.

Sports Hub

47. No significant legal implications are identified at this stage of the Billingham Hub project which is progressing towards formal funding applications. The report includes a recommendation to provide in-principle support to vesting the completed facility within the National Football Trust and to delegate all legal contracts and final terms in relation Billingham Sports Hub to the Director of Regeneration and Inclusive Growth to approve in consultation with the Leader of the Council.

RISK ASSESSMENT

48. A project risk register has been produced for Billingham Town Centre, which is categorised as medium risk. A project risk register has also been produced for the Billingham Sports Hub which is reflective of risks pertinent to the progression of the project. Existing management systems and daily routine activities are deemed sufficient to control and reduce risk.

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

49. Specific engagement with directly affected Wards and Ward Councillors has taken place and further briefings will be scheduled to keep Members up to date with specific interventions relating to Billingham.

BACKGROUND PAPERS

50. Reference should be made to reports considered by the Council's Cabinet on 13 July 2023, February 2021, 15 October 2020 and the Council's Medium Term Financial Plan considered by Full Council at its meeting on 26 February 2020.

Name of Contact Officer: Iain Robinson
Post Title: Assistant Director - Town Centre Development
Telephone No. 01642 526017
Email Address: iain.robinson@stockton.gov.uk