

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

22 AUGUST 2022

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool.

Present:

Councillor Shane Moore (In the Chair)

Councillors: Jonathan Brash, Bob Buchan, Tom Cassidy, Brenda Harrison, Jim Lindridge, Sue Little, Amy Prince and Mike Young.

Also Present: as substitutes in accordance with Council Procedure Rule 4.2:
Councillor Moss Boddy for Councillor Melanie Morley,
Councillor Veronica Nicholson for Councillor Andrew Martin-Wells.

Officers: Denise McGuckin, Managing Director
Neil Wilson, Deputy Chief Solicitor
Jill Harrison, Director of Adult and Community Based Services
Chris Little, Director of Resources and Development
Paul Taylor, Strategic Development and Sustainability Manager
Simon Mills,
Steve Hilton, Communications and Marketing Team
David Cosgrove, Democratic Services Team

21. Apologies for Absence

Councillors Andrew Martin-Wells and Melanie Morley.

22. Declarations of Interest

None.

23. Minutes of the meeting held on 26 July 2022

Received.

24. Minutes of the meeting of the Safer Hartlepool Partnership held on 8 March 2022

Received.

25. Town Deal Business Case – Reimagining Middleton Grange Shopping Centre *(Director of Resources and Development)*

Type of decision

Non-key Decision.

Purpose of report

The purpose of the report was to update the Finance and Policy Committee on the development of the project Business Cases under the Council's £25m Town Deal Programme, and to present the business case for the Reimagining Middleton Grange project.

Issue(s) for consideration

The Managing Director reported that the Reimagining Middleton Grange project was the final business case under the Town Deal programme for Member approval prior to forwarding to Tees Valley Combined Authority (TVCA) to be independently assessed to identify residual risks against Town Deal criteria (Strategic, Economic, Commercial, Financial and Management). Following this process, the business case will be forwarded to the Department for Levelling Up Housing and Communities (DLUHC).

The Managing Director indicated that at this time no firm timetable for approval has been provided by DLUHC for this Business Case, although it was hoped that the programme delivery stage of the project could commence in December 2022. The Reimagining Middleton Grange project had already utilised Early Drawdown funding to accelerate the programme to deliver key elements of topographical and structural surveys ahead of delivery stages. Section 4 of the report provides detail on the proposed redevelopment as set out in the Business Case, and Confidential appendices presents the detailed Business Case for redevelopment. The appendices contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

Following consideration of a number of options, the Business Case identified a range of interventions that could be implemented using external grant funding that would unlock the potential and growth of the town centre, which would otherwise be financially-unviable. The Towns Fund allocation of £13.9m for the project was subject to approval of this business case by the Committee and DLUHC.

The economic detail is set out in the Confidential Appendix and the Economic Case details that by rationalising, repurposing and restoring key assets at the Heart of Hartlepool, the preferred option for redevelopment

can deliver a 'strong value for money proposition'. This was evidenced through the performance of economic metrics including the Benefit Cost Ratio (BCR) approaching 3.0, and a Net Present Social Value of +£17.6 million. The BCR demonstrated that for every pound of Town Deal Investment, the project would produce almost three pounds in net value.

The Managing Director stated that the Reimagining Middleton Grange project would have a positive impact on social value in addition to the economic benefits detailed in the report. It was expected to create 185 construction stage jobs providing opportunities for local firms and subcontractors to secure work during the construction phase.

The Chair welcomed the business case and recorded his thanks to all those involved in bringing the business case forward – the Town Deal Board and officers – acknowledging the considerable amount of work that had already been undertaken on this project.

Members questioned some of the statements made within the report. The predicted increase in footfall in the shopping centre was raised with Members commenting that with the economy entering recession and the dramatic changes that the Covid-19 pandemic had made to the way people now shopped, was this deliverable. The Managing Director stated that there was a significant over-supply of retail square footage across Hartlepool and currently 29% of the shopping centre was unoccupied. Officers also commented that the highly detailed and technical metrics and methodology used in the preparation of the business case supported the predications. The metrics and methodology were set by Government.

The Middleton Grange Shopping Centre was currently the third largest covered shopping centre in the North East and was simply too big for Hartlepool. The move towards reducing the amount of retail space and increasing the amount of hospitality could potentially provide the uplift the town centre needed. It was acknowledged that this was not without risk. Members commented on the risk and the investment that had been made in other areas of the town centre that had failed to deliver and this scheme did not need to add to the cynicism some members of the public had about Council backed regeneration schemes. The Chair commented that schemes in the past had 'over promised' and there was a deliberate move away from that now, not recognising the current climate did provide some risks to the scheme, there were greater risks to the town centre without public intervention. The Council did, though, have a role to play in attracting business into the town centre. A Member questioned if there was the potential of any new high street names coming in as part of the redevelopment. The Managing Director indicated that there was a move away from such big stores to independent local shops who only required small units or flexible space to start-up and develop.

Members referred to the provision of jobs and investment in training and development of people. The Managing Director referred to the two schemes

previously approved as part of the Town Deal – the Health and Care Academy and Civil Engineering Academy.

A Member was concerned that there had been past investment in the Marina and Church Street, that had failed to create the footfall that had been promised and there needed to be an honesty with the public that this was a risk. The Council could not be risk-averse needed to manage that risk as best it could.

The meeting moved into closed session so that the contents of the Business Case could be discussed further.

Decision

That the meeting move into closed session.

26. Local Government (Access to Information) (Variation Order) 2006

Under Section 100(A)(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Minute 27 – Town Deal Business Case – Reimagining Middleton Grange Shopping Centre – This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

27. Town Deal Business Case – Reimagining Middleton Grange Shopping Centre *(Director of Resources and Development)* This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (para. 3)

Type of decision

Non-key Decision.

Purpose of report

The purpose of the report was to update the Finance and Policy Committee on the development of the project Business Cases under the Council's £25m Town Deal Programme, and to present the business case for the Reimagining Middleton Grange project.

Issue(s) for consideration

Members continued their debate and questions on the Reimagining Middleton Grange project Business Cases under the Council's £25m Town Deal Programme.

At the conclusion of the debate, the meeting returned to open session and the following decision was agreed without dissent.

Decision

1. That the contents of the report and the update on progress with the development of a complex Business Case for Middleton Grange be noted.
2. That the submission of the Business Cases to the Department for Levelling Up Housing and Communities (DLUHC) following independent assurance (by Tees Valley Combined Authority) be approved.

28. Any Other Items which the Chairman Considers are Urgent

The Chairman informed Members that there would be a forthcoming Members' Seminar and subsequent report to this Committee on the Tees Valley Mayoral Development Corporation proposal. A submission of interest had already been forwarded to Government but the final submission proposal required the full approval of all the partner Councils.

The meeting concluded at 11.05 am

H MARTIN

CHIEF SOLICITOR

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