

Report of:	Executive Member for Regeneration Director of Regeneration and Culture
Submitted to:	Executive
Date:	3 August 2022
Title:	Mayoral Development Corporation – Consultation Response
Report for:	Decision
Status:	Public
Strategic priority:	Town Centre
Key decision:	Yes
Why:	Decision(s) will have a significant impact in two or more wards
Urgent:	Yes
Why:	Needs consideration before consultation deadline

Executive summary

The Tees Valley Combined Authority (TVCA) has indicated that it wishes to establish a Mayoral Development Corporation covering Middlesbrough Town Centre and Middlehaven.

One of the first stages of the process to establish such a vehicle is to consult with stakeholders. A public consultation on the subject has therefore been opened, with a deadline for responses of August 4th. An Executive decision is required to endorse the Council's response, as the establishment of such a corporation would have a significant effect on both the town and the Council.

This report sets out the principles of the Council's response to the consultation, so it can be submitted by the required deadline.

The overall tone of the consultation response is one of broad support, but with requests to be involved in some of the detail being developed around specific powers. The response also sets out that the corporation must not have a detrimental impact on the Council's MTFP.

The response to the consultation has been considered by officers, including those involved in the early stages of the development corporation process from a finance and governance perspective. A positive endorsement from Executive would see the response submitted by the 4th August deadline.

Purpose

1. The purpose of this report is to highlight the potential establishment of a mayoral development corporation in Middlesbrough, and the seek endorsement for a council response to the current consultation exercise being undertaken by TVCA.

Background and relevant information

2. Mayoral Development Corporations
3. In May TVCA announced that it intended to establish a mayoral development corporation that would cover Middlesbrough Town Centre (including Middlehaven). The announcement stated that “The Middlesbrough MDC provides an unprecedented opportunity to define the place, its purpose, ambition, values and target market. It will give the region the tools to speed up delivery of what we need to build strong foundations, attract private investment, people and businesses, while enhancing the town for residents and visitors”.
4. A Mayoral Development Corporation, or MDC, is a statutory body created to accelerate the regeneration of a defined area. It can draw on a wide range of powers to acquire, develop, hold and dispose of land and property, and develop infrastructure.
5. The power to establish a mayoral development corporation is set out in the Localism Act 2011 that empowers the Secretary of State, by order, to establish a Development Corporation for an area and to give that corporation a name notified by the Mayor. Orders would also be placed with the Secretary of State to define the powers and responsibilities of the corporation, but the powers and responsibilities vested in the corporation can clearly vary depending on what an area is trying to achieve. These powers could include:
 - a. infrastructure;
 - b. regeneration, development of land and other related activities;
 - c. acquisition of land by compulsory purchase and overriding third party rights to its land;
 - d. adoption of private streets;
 - e. carrying on of business by the MDC and its participation in subsidiaries and other companies;
 - f. giving of financial assistance;
 - g. planning (including powers set out in the Town and Country Planning Act 1990); and,
 - h. discretionary relief to business (non-domestic rates) rate payers.
6. Such a corporation would be classed as a public body with regard to issues such as the Freedom of Information Act.
7. The concept of mayoral development corporations is not new within Tees Valley, and regeneration of the Teesworks site in Redcar and Cleveland is managed through a similar vehicle. The success of that vehicle is stated by TVCA as a key factor in pushing for something similar in Middlesbrough.

8. In this instance, the objectives of the corporation would be:

- To further the economic development and regeneration of the Middlesbrough area, so that it becomes a major contributor to the Tees Valley economy and the delivery of the Tees Valley's Strategic Economic Plan
- To attract private sector investment and secure additional jobs, available for the people of the Tees Valley
- To transform and improve the environment of the Corporation area, providing good quality commercial, cultural, leisure and housing facilities for the benefit of the people of Middlesbrough.

9. TVCA believe that a mayoral development corporation for Middlesbrough would be able to "co-ordinate land, planning and investments will enable an approach to development that would not otherwise be possible".

10. In terms of governance, the corporation would be led by a board appointed by the Tees Valley Mayor, with the agreement of the Combined Authority Cabinet. It would be made up of local leaders from the public and private sectors to ensure that local views are central to decision making.

Middlesbrough Town Centre

11. Middlesbrough Town Centre has seen significant structural change in recent years and Covid has accelerated some significant global trends that have impacted heavily on the retail offer. The amount of vacant retail space is increasing, and is currently C. 25%.

12. The actions being undertaken by the Council as set out in the previous reports to Executive such as the Future High Street Programme and Town's Fund Programme will make a significant difference to the future of the town centre. The conversion of retail space to leisure and other uses, and the development of new living opportunities in the centre would significantly improve its sustainability and economic future. There is however a limit to how much the Council can achieve within the context of multiple private sector ownerships, rising costs, potential economic downturns and the tightening of national and local government budgets.

13. Middlehaven represents a similar scenario. The Council has clear plans, is making progress, but is limited in its ability to deliver the major steps forward that would quickly transform the area.

14. Although the plans and funding are in place across these two areas, and TVCA are bought into the overall strategic direction being followed, there is an obvious attraction in engaging further with mechanisms or partners who could bring greater influence, greater resources and greater ability to act. The Council its current partners are capable of transforming the town centre and Middlehaven, but perhaps not at the pace or scale that current economic challenges require.

Proposed Area

15. The proposed mayoral development corporation would cover an area that incorporates most of what would be considered as the town centre, and Middlehaven areas, and is shown below.



16. The boundary covers the town centre, Middlehaven and Zetland Historic Quarter, with the intention of tying them together more closely, including crucial assets such as the Boho Zone, Middlesbrough Station, the Northern School of Art, Centre Square and Teesside University.

Consultation

17. The consultation that is open until 4th August is centred on four key questions:
- Do you think the Mayoral Development Corporation will support the economic regeneration of Middlesbrough Town Centre?
 - Do you think the boundary is appropriate?
 - Do you think the proposed powers are the right ones to deliver our ambitions for the site?
 - Do you have any comments on the proposals to include planning powers?
18. Having considered all of the above, the Council's proposed response is as follows:

19. Do you think the Mayoral Development Corporation will support the economic regeneration of Middlesbrough Town Centre?

20. Yes, for the following reasons:

21. The economy of Middlesbrough is evolving in line with national and global trends around retail, travel and leisure. The Covid pandemic has accelerated existing trends and created new challenges that mean the existing plans for Middlesbrough Town Centre are no longer sufficient to guarantee a sustainable, functioning economic area. The extent of the change needed, and the scale of investment required are potentially beyond the reach of Middlesbrough Council, and its existing range of partners.
22. The development of a mayoral development corporation should offer the opportunity to increase the public sector's ability to intervene in the economy of the town centre and engage more effectively with the resources of the private sector.
23. A mayoral development corporation should be able to utilise powers not currently available to the council, providing it with a greater opportunity to regenerate the town centre, and force the issues that would otherwise delay or obstruct the council's ability to act. When fundamental change is required to ensure the town evolves in line with national and global trends, this ability to act could be hugely beneficial.
24. The funding available to Middlesbrough Council in recent years has been significant, but not significant enough to tackle the major physical change required to truly transform the town. A mayoral development corporation may open the door to greater investment from TVCA and from Government. Given the potential links between the current Government's agenda, and the leadership of TVCA and the proposed mayoral development corporation, there is significant potential to ensure Middlesbrough is at the front of the queue for new initiatives, policy changes and funding rounds. If this is exploited, there would be a significant benefit to the town. The increased opportunity to influence government policy thinking should also be exploited.
25. Overall, a mayoral development corporation should be able to accelerate the regeneration of the town centre, and provide greater influence, resources and strategic direction to the planned transformation, than would otherwise be achieved without it.

26. Do you think the boundary is appropriate?

27. Yes, for the following reasons:

28. The current proposed boundary takes in the majority of the areas where change is required in the centre of Middlesbrough. The key buildings that need transforming, and the public areas that needs uplifting are all currently included. There are a number of institutions and organisations that currently sit outside of the boundary, and the Council would not be averse to further extension of the boundary on the basis of including, rather than excluding those partners that would strengthen the overall business case.
29. Although the need for a boundary is understood, and the extent of the current boundary is agreeable, there needs to be some consideration given to its application if it results in situations where division causes issues sitting outside of the line (grants programmes for example).

30. Do you think the proposed powers are the right ones to deliver our ambitions for the site?

31. In broad terms, yes, but without having the details around the package of powers to be requested from Government then it is difficult to be too definitive. The mayoral development corporation has the opportunity to request and use powers that are either not available to local authorities, or are difficult for local authorities to implement, and these should be utilised fully.

32. We would expect to see those powers concerned with infrastructure, regeneration and acquisition used to the full to progress the strategic transformation required. The use of further powers around planning and business rates would obviously have some implications for the council, and as such we would welcome engagement over how they are shaped. We would clearly want to understand our own complementary role at an early stage, and ensure that there is no detrimental financial impact upon the council.

33. Do you have any comments on the proposals to include planning powers?

34. As above we would be supportive of the proposals if it can be demonstrated that they are required to deliver the regeneration agenda. The use of planning powers would obviously have some implications for the council, and as such we would welcome engagement over how they are shaped. We would clearly want to understand our own complementary role at an early stage, and ensure that there is no detrimental financial impact upon the council.

Timescales

35. Alongside the consultation process, TVCA will be formally considering decisions to write to the Secretary of State to formally designate the mayoral development corporation. If this is submitted in July/August, specific legislation will then need to be passed in Parliament, which could happen as early as October. A Master Plan would also be prepared for the Development Corporation and will be launched once it is fully established as a legal entity.

36. A period of negotiation around the relationship between Middlesbrough Council and the mayoral development corporation would take place during this time, and ensure that any decisions required by the Council or its Executive are scheduled accordingly.

What decision(s) are being recommended?

That the Executive:

- Endorses the proposed consultation response for submission by August 4th.

Rationale for the recommended decision(s)

37. The consultation offers the Council the opportunity to register its broad support, but also to flag up the areas where there is felt to be significant further work to be done to fully understand the future relationship with the corporation, and how it will operate.

Other potential decision(s) and why these have not been recommended

38. If the Council was not broadly supportive of the establishment of such a corporation, the responses would be significantly different. It would also be necessary to engage with TVCA to challenge the principles being set out.
39. A decision to oppose a corporation would need to consider the ability of the Council and its existing partners to deliver the regeneration of the town centre and Middlehaven, and whether it could achieve as much, as quickly. Although a significant amount could still be achieved, there is no evidence to suggest that this would exceed what could be achieved with a mayoral development corporation in place.

Impact(s) of the recommended decision(s)

Legal

40. The establishment of a mayoral development corporation could impact significantly upon the Council's legal remit – especially in relation to planning powers. The extent to which this would happen, and the extent of the powers that would be sought by the corporation are not yet known. It is therefore vital that the Council remains in constant contact with TVCA to understand, influence and negotiate how the benefits for the town can best be achieved without detrimental impacts on the organisation.
41. At this stage, there are no legal implications to submitting the consultation response.

Strategic priorities and risks

42. The remit of the proposed mayoral development corporation will encompass many of the priorities set out in the Strategic Plan. Key priorities affected would include:
- a. Develop an Urban Farm
 - b. Installation of 15 new EV charging points across town
 - c. Establish the requirement for potential CPO of derelict buildings and problem sites
 - d. Consider potential for BOHO digital expansion
 - e. St Hilda's housing starts around Old Town Hall
 - f. Protect and celebrate heritage through marketing and comms strategies and complete planned works on Capt Cook pub and Old Town Hall
 - g. Open three entertainment facilities within Captain Cook Square
 - h. Commercial and residential development of west and south side Middlehaven sites
 - i. Action plan agreed and commenced for House of Fraser building
 - j. Action plan agreed and commenced for Centre North East
 - k. Action plan agreed and commenced for the Crown Pub building
 - l. Action plan agreed and commenced for Gurney House
43. The purpose of the corporation would be to accelerate the delivery of these priorities, but until the full details of the corporation's workplan are known, it is impossible to determine the exact impact on the strategic plan.

Human Rights, Equality and Data Protection

44. As any mayoral development corporation would be classed as a public body, the same legal protections would apply to it that currently apply to Middlesbrough Council. No issues have yet been identified, but these would be considered in the future, once the potential impacts on the Council's role are clear.

Financial

45. The establishment of a mayoral development corporation could have significant implications for Middlesbrough Council, including the transfer of assets (and their accompanying incomes and liabilities) and the use of income generating powers currently held by the Council (including Planning Fees).

46. These implications are well recognised, and have been referenced specifically in the consultation response, stating that there must be no detrimental impact upon the Council's financial position.

47. This represents perhaps the greatest area that requires further detail and negotiation before the full benefits and implications of a mayoral development corporation can be defined. This has been communicated clearly to TVCA outside of the formal consultation process.

48. At this stage, there are no financial implications to submitting the consultation response.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Submission of consultation response	Director of Regeneration	August 4 th , 2022

Appendices

1	
2	
3	

Background papers

Body	Report title	Date

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