



MIDDLESBROUGH DEVELOPMENT CORPORATION BOARD

Thursday, 19 June 2025 at 2:00pm

Teesside International Airport, Business Suite, Darlington, DL2 1NJ

<u>ATTENDEES</u>	
<u>Members</u>	
Mayor Ben Houchen (Chair)	Tees Valley Mayor (Chair)
Mayor Chris Cooke	Middlesbrough Mayor (Elected Member of Middlesbrough Council)
Martin Raby	Independent Member
Imran Anwar	Independent Member
Paul Bell	Independent Member
Riaz Hameed	Independent Member
<u>Associate Members</u>	
Erik Scollay	Associate Member
<u>Officers in Attendance</u>	
Gary Macdonald	Group Director of Finance and Resources, TVCA
Beverley Bearne	MDC Chief Operating Officer
Emma Simson	Chief Legal Officer and Monitoring Officer, TVCA
Hugh Grime	Head of Legal Services (Deputy Monitoring Officer)
Tom Bryant	Interim Chief Executive, TVCA
Laura Metcalfe	Development Corporation Manager, TVCA
Eleanor Thomas	Governance Officer, TVCA
Justine Matchett	Lichfields
<u>Apologies</u>	
Stephanie Spensley	Independent Member
Father Glynn Holland	Independent Member
Tony Grainge	Independent Member
Matt Storey	Independent Member
Mark Webster	Independent Advisor

MDC 61/24	<p>Apologies for Absence</p> <p>The Chair welcomed all in attendance to the Middlesbrough Development Corporation (MDC) Board meeting.</p> <p>Apologies for absence were submitted as detailed above.</p>
MDC 62/24	<p>Declarations of Interest</p> <p>The following declarations were made:</p> <p>Mayor Ben Houchen declared a non-pecuniary interest in relation to the statutory audit recommendations and being a member of TVCA Cabinet.</p> <p>Mayor Chris Cooke declared a non-pecuniary interest in relation to being a member of TVCA Cabinet.</p>
MDC 63/24	<p>Minutes of Previous Meeting</p> <p>RESOLVED: The minutes of the meeting held on Thursday, 20 March 2025 were approved as a correct record.</p>
MDC 64/24	<p>External Audit Statutory Recommendations June 2025</p> <p>Gary Macdonald, Group Director of Finance and Resources noted that this report was in response to the acceptance of the recommendations under Section 24 Schedule 7 (2) of the Local Audit and Accountability Act 2014, following receipt of a letter from the Board's external auditors, Ernst and Young LLP. The proposed actions are set out within the papers.</p> <p>It was noted that the letter stated that the MDC must consider the statutory recommendations at a public meeting held before the end of the period of one month, beginning the day on which the letter was sent to the Board which was on 4th June 2025 and hold the meeting before 3 July 2025, so this meeting is within that timeframe.</p> <p>All the four recommendations are shown in full text extract in the papers and for ease of reference they are also in paragraph 4 and attached in full.</p> <p>Gary Macdonald, Group Director of Finance and Resources explained that the first two recommendations deal with the requirement for the Development Corporation to consider the services it receives from the TVCA, in relation to the finance team's capacity. The corporation must consider the sufficiency and advocacy of the resources going forward into the future.</p>

	<p>The third recommendation is in relation to the public inspection period for the accounts. It was explained that once you publish accounts you are supposed to leave a clear working day between when you publish accounts and then launch a commencement of your public inspection period. The prior year, the accounts were published and launched the inspection period on the same day, which was noncompliant. Therefore, going forward there is a process, and a detailed timetable to deal and address with that, so it doesn't happen again.</p> <p>The fourth recommendation is around assurance of the 2024/2025 financial year (the current financial audits work), and there is a detailed timetable that can deliver the accounts on time for 2024/2025 financial year. Gary Macdonald noted that he was pleased to note that the accounts have already been produced for MDC, and the annual Governance Statement (AGS), which are the two documents required to be uploaded for the inspection period for the 2024/2025 financial year.</p> <p>It was noted that there is a working place with the auditors, such as weekly meetings with the team and the external audit team, fortnightly catchups with the audit partners to access by exception of any issues with the audit and periodically there are meetings with senior auditor partners to make sure everything is going as it should be throughout the audit cycle.</p> <p>The Board will receive an updated report in September, to report on how things are going on with the audits through the audit cycle, and a further report in November.</p> <p>Questions and Comments were invites from the Board; none were received.</p> <p>RESOLVED: That the Board:</p> <ul style="list-style-type: none"> i. NOTES the content of the letter from Ernst & Young LLP; ii. ACCEPTS the four statutory recommendations and other actions as detailed in the letter referred to in (i) above and detailed in Paragraph 4 of this Report; iii. APPROVES the action to be taken to address the four statutory recommendations and other actions set out within this report at paragraphs 8-19 and at Appendices 2-5; and iv. APPROVES the proposed reporting arrangements as identified in paragraph 21 of this Report.
<p>MDC 65/24</p>	<p>COO Report External Audit Statutory Recommendations June 2025</p> <p>The Board received a report from the MDC Chief Operating Officer to update the MDC Board in respect of work to ensure the necessary</p>

	<p>insurances from TVCA support services in response to the external audit issuance of recommendations under Section 24 Schedule 7 (2) of the Local Authority Act 2014.</p> <p>Beverley Bearne, MDC Chief Operating Officer informed the Board that she would be undertaking an options appraisal with regards to all the services that the Development Corporation currently bars in from the TVCA. As part of the option appraisal, it will include other mechanisms to secure the resources that will be needed, whether this be through TVCA or other routes.</p> <p>The intention is to bring the options appraisal to the September Board meeting for consideration and recommendation on how to move forward so that there is assurance and can meet the requirements for the Development Corporation in the long run.</p> <p>Ben Houchen noted that the Middlesbrough Development Corporation received this letter, due to TVCA being the financial support for the MDC and that because of the work that needs to be done at TVCA, the letter was issued because the Development Corporation is buying in that service that needs to improve capacity and capabilities. Therefore, the option appraisal would give the Board the decision to decide on what structure they want going forward, which would take into account things like risk, capacity in teams, workloads that the Development Corporation is trying to deliver.</p> <p>Questions and Comments were invites from the Board; none were received.</p> <p>RESOLVED: That the Board <u>noted</u> the MDC Chief Operating Officer approach to securing the necessary assurances from TVCA support services following the receipt of statutory recommendations from the external auditor.</p> <p>ACTION – Beverley Bearne to conduct a full options appraisal, which will be shared to Board members, to receive recommendations and Board to decide which option at the September Board meeting.</p>
<p>MDC 66/24</p>	<p>Chair's Update</p> <p>The Chair, Ben Houchen informed the Board that this would be his last meeting Chairing the MDC Board, and he was stepping down as Chair. The Board were informed that the new Chair of the MDC, is a Mayoral Appointment, which is a process which has included an application process, interview process, and a criteria process. There was a panel and for the MDC interview panel, it included himself, Bev Bearne as Chief Operating Officer of the Development Corporation and Denise McGuckin (Managing</p>

	<p>Director at Hartlepool Borough Council), the reason being that it felt appropriate for all the Chief Executives to be on one of interview panels, for example Erik Scollay was on the South Tees Development Corporation interview panel.</p> <p>Questions and comments were invites from the Board; none were received.</p> <p>RESOLVED: That the Board <u>noted</u> the Chair’s update.</p>
<p>MDC 67/24</p>	<p>Chief Operating Officer Update</p> <p>The Board received a report from the MDC Chief Operating Officer with an update on the activities of Middlesbrough Development Corporation (MDC) since the last meeting of the Board and to seek approval to develop a five-year strategic business plan with accompanying annual action plan, investment plan and communications, marketing and public affairs strategy.</p> <p>Beverley Bearne, MDC Chief Operating Officer noted this was her first Chief Operating Officers report to the MDC, and that she is pleased that she has managed to speak to the majority of Board members ahead of the meeting.</p> <p>It was noted that previously there have been numerous reports on specific projects and going forward to try and amalgamate as much as we can to give an overview of progress on those schemes that are already in delivery. Therefore, in the report it shows an update on key projects around the town centre neighbourhood area, the station quarter, the investment zone funding and there’s a separate report on the agenda for Gresham.</p> <p>Beverley Bearne explained that she particularly wants to secure approval from the Board to work collaboratively on a five-year strategic plan business plan, with the intention to take a reflection on what has been achieved to date, what has been set out in the original master plan and to provide a stronger framework going forward to manage oversight and delivery of key priority projects. Also including key workstreams, social value, sustainability, community safety and anti-social behaviour, this would all be underpinned by an annual action plan.</p> <p>Questions and comments were invited from the Board:</p> <ul style="list-style-type: none"> - Martin Raby emphasised how helpful the development of the five-year strategic business plan would be and noted that it was very much needed. - Ben Houchen noted how it was important for all members of the Board to have a good working relationship with Bev and using Bev as first point of call for the Middlesbrough Development Corporation.

	<p>RESOLVED: That the Board:</p> <ul style="list-style-type: none"> i. Noted the updates provided in the report ii. Approved the development of: <ul style="list-style-type: none"> a. a five-year strategic business plan; b. an annual action plan; c. an investment strategy; and d. a communications and marketing strategy.
<p>MDC 68/24</p>	<p>Governance & Appointments</p> <p>Emma Simson, Group Chief Legal Officer and Monitoring Officer, informed the Board that this report is to firstly seek confirmation of the appointment of the Head of Planning and Deputy Head of Planning. Previously Helen Kemp was the Head of Planning but has left her employment with TVCA, and Tom Bryant was the Deputy Head of Planning, but has now assumed the role of Interim Chief Executive at TVCA. Therefore, it is proposed that Julie Hurley, Interim Director of Infrastructure at TVCA, be appointed as Head of Planning for MDC, and Alan Weston, Head of Transport at TVCA, be appointed as Deputy Head of Planning for MDC.</p> <p>It was also noted that an independent member of the Middlesbrough Audit & Governance Committee has resigned.</p> <p>Members were informed that the Middlesbrough Development Corporation (MDC) constitution has been amended to reflect the decision of the Tees Valley Mayor to step down as Chair of the Mayoral Development Corporations, following the new Governance guidance. The MDC Constitution has also been amended to reflect the deletion of the Group Chief Executive post and increase the maximum Board membership to 10, the increase to Board membership has already been approved by the Board at a meeting held on 1 July 2024. There have also been Minor amendments to the MDC Constitution to reflect the legislative position around the appointment of members under the Chair to the Board, it is a Mayoral power to appoint members and a Chair to the Board.</p> <p>Questions and comments were invited from the Board; none were received.</p> <p>RESOLVED: That the Board:</p> <ul style="list-style-type: none"> 1. Confirms: the appointment of Julie Hurley as the Head of Planning for Middlesbrough Development Corporation; and 2. Confirms: the appointment of Alan Weston as Deputy Head of Planning for Middlesbrough Development Corporation: and 3. NOTES: Owen Williams, an independent member on the Middlesbrough Audit & Governance Committee has resigned.

	<p>4. APPROVES the amendments to the Constitution documents as set out at Appendix 1</p>
<p>MDC 69/24</p>	<p>QUARTER 4 BUDGET REPORT AND MEDIUM-TERM FINANCIAL PLAN UPDATE</p> <p>Gary Macdonald, Group Director of Finance and Resources, provided a detailed overview on the financial position of the Development Corporation for the period ending 31 March 2025 and presented the revised Medium-Term Financial plan (MTFP).</p> <p>The Board were informed that publication for statutory accounts is on 30th June, and these accounts have been finalised and will be uploaded on time. The report shows the management accounts, which shows just shy of 5 million pounds in investment in the 2024/2025 financial year, the forecast is in the table shown in paragraph 5. The majority of that is on project development activity, particularly on the Gresham project.</p> <p>It was explained that within the report, in paragraph 12, it shows how the money is being ear marked out in the table and the column analysis in terms of the different schemes for Gresham, Transport, House of Fraser, etc and each are all broken out in terms of the initial allocations and how committed they are in terms of expenditure.</p> <p>Questions and comments were invited from the Board and none were received.</p> <p>RESOLVED: That the Board:</p> <ul style="list-style-type: none"> a) Noted the quarter 4 outturn position for 2024/25; and b) Approved the revised Medium-Term Financial Plan.
<p>MDC 70/24</p>	<p>Planning update</p> <p>The Board was provided with an updated position on planning service delivery and the status of planning applications.</p> <p>Justine Matchett noted that she had no further updates to add and was happy to answer any comments or questions.</p> <p>Questions and comments were invited from the Board:</p> <ul style="list-style-type: none"> - Mayor Chris Cooke queried whether a summary of the key statistics which are being monitored could be reported back to the Board, as some applications are taking longer than others. Justine noted that this is done on a quarterly basis, but as part of the regular planning update this would be added.

	<p>RESOLVED: That the Board <u>noted</u> the updated position of planning service delivery, and the status of planning applications submitted for consideration.</p>
<p>MDC 71/24</p>	<p>Delegated and Urgent Decisions</p> <p>The Board received a report which detailed Delegated and Urgent Decisions taken since the last Board meeting on 20 March 2025.</p> <p>Questions and comments were invited from the Board; none were received.</p> <p>RESOLVED: That the Board:</p> <ul style="list-style-type: none"> i. <u>Noted</u> the Delegated Decisions detailed in Paragraph 1 and Appendix 1; and ii. <u>Noted</u> the Urgent Decisions detailed in Paragraph 3 and Appendix 2.
<p>MDC 72/24</p>	<p>Gresham update</p> <p>Beverley Bearne, MDC Chief Operating Officer provided the Board with an update on the Gresham development. It was noted that, planning permission for the first phase was submitted by Tarras Park Properties Limited (TPPL) on 27th January 2025, Middlesbrough Council approved the transfer of land to MDC on 2nd April 2025, and the planning application was approved on 11th April 2025.</p> <p>It was noted that there has been significant conversation with CBRE, to support in the sourcing of capital via a 50-year inclusive strip mode but also considering public funding mechanisms. The report would need to go to TVCA Cabinet to get approval for whichever funding model has been decided on. These updates will be shared with Board members, and this will help clarify where they've got with the viability gap and what it looks like and how it will be intended to fill that. It was noted that they are also getting tax advice on the implications of some of the operating structures that will need to be established going forward in terms of the ability to operate the hotel and other developments.</p> <p>It was noted that one of the key recommendations in the report for the Board to approve is the draft heads of terms for the hotel management agreement. The next steps of getting heads of terms will allow for the delivery of the hotel asset within phase one of the scheme.</p>

	<p>Questions and comments were invited from the Board:</p> <ul style="list-style-type: none"> - Martin Raby queried the funding mechanisms, and the financial risks to the MDC, it was noted that his understanding previously was that the MDC would not be borrowing any funds and the lease wrap arrangement would be from TVCA and queried where the MDC risk might fall within this. Gary Macdonald explained that categorically there won't be any financial risks to MDC, it will be TVCA in terms of the arrangements. - Martin Raby queried that in paragraph 17 in terms of feedback on the investment market and the yields, how concerned should we be about the feasibility of the lease wrap given where the numbers are at the moment. Gary Macdonald explained it's across the country with uncertain markets and that from the MDC perspective, they are working with CBRE and advisors to look at what other potential funding options there is to have viable a scheme. Although the markets are challenging, it doesn't mean that the markets won't come up with options and solutions. <p>RESOLVED: That the Board</p> <ol style="list-style-type: none"> a. <u>NOTED</u> the update and progress made with the project. b. <u>APPROVED</u> the draft Heads of Terms of the Hotel Management Agreement as detailed in Confidential appendix 009.5, and delegates authority to the Chief Executive Officer, S73 Officer and Monitoring Officer to approve the terms and enter into the Hotel Management Agreement on those terms, or other such terms as considered necessary by the Chief Executive Officer, S73 Officer and Monitoring Officer.
<p>MDC 73/24</p>	<p>DATE AND TIME OF NEXT MEETING</p> <p>TBC</p>