

Our Ref: BH/SB/JL-164

28 February 2023

Dear TVCA Cabinet Members

### **MDC CONSULTATION UPDATE**

Since formal designation of the Middlesbrough Development Corporation (MDC) to the Secretary of State in October 2022, work has continued at pace with Middlesbrough Council (MBC) on the establishment of the Development Corporation. This letter provides TVCA Cabinet members with an update on the current position.

The Establishment Order for MDC was laid before Parliament on 6 February 2023. A meeting of Middlesbrough full Council took place on Friday 24 February 2023 to discuss MDC. Members were given a comprehensive level of detail on the formal establishment of the MDC, including the draft Constitution, the Establishment Order, Business Rates and Planning powers and the transfer of publicly owned assets. The Establishment Order for MDC was confirmed in to statute on Monday 27 February 2023. The Middlesbrough Development Corporation is now a legal entity.

This letter provides TVCA Cabinet members with an update on the discussions that have been held with Middlesbrough Council on the implementation of the powers to be discharged by MDC and I wanted to draw your attention to the final position in respect of business rate and planning powers.

As you will be aware, the MDC will have the power to grant discretionary business rate relief and to discharge certain planning powers. This legislation is currently being drafted by government and will be laid before Parliament in due course.

In respect of the power to grant discretionary rate relief to businesses within the redline boundary, I have made a commitment to the Council that the default position will be that business rate relief can be granted within the DC area, but the DC must compensate Middlesbrough Council for any resulting loss of business rates income.

Where this applies to new rates (for example, related to new investment) there would be an agreement between the DC and MBC that the Tees Valley Mayor could offer this without compensating the Council, but only if it is agreed by the DC Board, with agreement from MBC Board Member. In the event this isn't granted it reverts to the above default position. Therefore, the MBC Board Member will have a veto over any such scheme but having this agreement allows the DC the flexibility to move forward without involving MBC for new investment. Where there is an impact on Council finances, again it reverts to the default position.

In respect of planning powers, MDC will discharge planning powers for the purposes of planning applications and decisions on applications within the redline boundary area that fall within the strategic definition that has been proposed to the Council. For clarity, MDC will not be responsible for the Local Plan, enforcement or applications for overhead electricity lines, these powers will remain with Middlesbrough Council.

As you are aware, alongside the formal process for establishment into law, a masterplan has been developed and you will be invited to the launch event in due course.

There will be a further update report on the MDC at the Cabinet meeting on 17 March 2023. If you have any comments in advance of the publication of the Cabinet paper, please don't hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ben', with a large, stylized initial 'B'.

**Ben Houchen**  
Tees Valley Mayor