


## OFFICER DELEGATED DECISIONS FORM

<b>State the Delegated Authority that you are relying on in order to make this decision:</b> e.g. specific (identified in constitution) or general
Delegated authority for the Director of Finance in consultation with the Executive Member for Finance & Governance. Executive – 1 <sup>st</sup> September 2020. Middlesbrough Development Company report.
<b>Subject of decision:</b> e.g. freehold disposal of land (16K-149K), contract extension, new policy
To approve the contractual terms in relation to the surrender of an option and the sale of land for the Boho Village scheme at Middlehaven; and to grant capital borrowing of up to £7m from the Council to Middlesbrough Development company to fund the scheme.
<b>Text of decision:</b> e.g. can include monies received by the Council, list any terms agreed, brief summary of the policy – Do not include any confidential information.
<p>In December 2018, Executive approved the sale of plots of land in Middlehaven to a developer via an option agreement. A scheme has been developed and a planning application has been submitted but third party funding is required to construct the units. A deal proposed by the developer to utilise Registered Provider funding and pre-sell units has stalled, but the providers have indicated their willingness to deal directly with MDC.</p> <p>Discussions between the developer, the Council and MDC have concluded that the scheme can be delivered if MDC take over the role of developer, acquire the land from the Council, provide project funding, and, underwrite the purchase of unsold units. The developer has agreed to terminate the existing option agreement with the Council, if there is agreement that the land will be sold to MDC to facilitate the development. There are in-principle agreements with two Registered Providers to purchase blocks of units and the original developer will take on the role of Development Manager.</p> <p>A detailed Project Plan has been produced that proposes that MDC take on the role of developer. It is proposed that MDC would provide funding of up to £7m to construct the scheme, and up to £1m for longer term rent backed investment. The Council will need to ensure that MDC is adequately funded to proceed with the project.</p> <p>Within the report it is recommended that the Executive approve additional Council capital borrowing of up to £7m for the scheme, which will be provided to MDC in the form of a commercial loan. Although the financial arrangements of any deals would be a matter for the MDC Board rather than the Council, the Council's Section 151 officer would need to be satisfied that the funding is being used appropriately and in line with the Company's objectives, and that it represents an appropriate use of the Council's resources.</p> <p>The Executive approved at its meeting on 1st September 2020:</p> <ul style="list-style-type: none"><li>- the surrender of an existing option, and subsequent disposal of land at Middlehaven on mirror terms to MDC in order to facilitate the delivery of the Boho Village development, with the Director of Finance granted delegated authority to authorise any variation from the existing option terms, if required;</li><li>- capital borrowing of up to £7m to fund the construction of the Boho Village development at Middlehaven (subject to further sign off from the Council's Section 151 Officer).</li></ul>

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<b>Reason for decision:</b> e.g. benefits, new legislation requires a policy, review of opening hours, non- key decision, outside of agreed budget framework
<p>For the Director of Finance, in consultation with the Executive Member for Finance &amp; Governance, to agree the delegation given by Executive. To approve the surrender of the option and disposal of the land at Middlehaven and to grant capital borrowing of up to £7m in the form of a commercial loan.</p> <p>The Elected Mayor of Middlesbrough has an ambition to attract an additional four thousand people to live in the town centre in the next ten years. The Mayor's ambition accords with the priorities for Place, set out in the Strategic Plan 2020-23, which states that the Council will:</p> <p>a) develop Middlehaven as a residential, leisure and commercial centre of national significance; and, b) build more town centre homes to boost businesses and increase vibrancy, while reducing the need to build on green space.</p> <p>The establishment of a viable and vibrant city centre living concept will give confidence to occupiers, developers and investors that the town centre is a safe, comfortable and well managed place in which to enjoy living, learning/working and leisure time and is key to diversifying the town centre economy.</p>
<b>Other options considered (if any)</b>
<p>In respect of the recommendation for the Council to borrow additional capital in order to fund the Boho Village project, other potential decisions were considered and are summarised in the following paragraphs:</p> <ul style="list-style-type: none"><li>- Do nothing - Without an investment partner the scheme is very unlikely to be delivered. The developer does not have funding and registered providers have been very cautious about dealing directly with up-front payments utilised to fund construction.</li><li>- Grant fund third party developer / investor – Providing grant funding to a third party would hand over funding that could not be recovered by the Council or MDC.</li></ul> <p>Direct project delivery by MDC – The site is optioned by the developer, so MDC cannot simply step in.</p>
<b>Has an Impact Assessment been completed Yes/No – if yes please attach to the decision.</b>
Yes
<b>Declarations of Interest by any member or relevant local government body</b>
Not applicable.

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<b>Who have you consulted as part of the decision making process</b> e.g. Head of Service, Executive Member, Community Association, Surveyor?
Executive Member for Finance & Governance: Director of Finance, Director of Regeneration & Culture, Director of Legal & Governance Services, Middlesbrough Development Company
<b>Date of decision</b>
9 October 2020
<b>Service area</b>
Finance
<b>Name of Delegated Officer making decision</b> - i.e. Officer who is designated the power in the Constitution
Ian Wright – Director of Finance
<b>Name of the Officer making the decision – if power has been sub-delegated to another Officer.</b>
Not applicable
<b>List of background papers</b> (do not list if contain exempt/confidential information)
Executive Report – 1 <sup>st</sup> September 2020 Impact Assessment – Boho Village Scheme Briefing Note on Boho Village Scheme and proposed loan - from Head of Finance & investments to the Director of Finance and the Executive Member for Finance & Governance.
<b>Signed:</b> 
<b>Dated: 13.10.2020</b>