

MIDDLESBROUGH COUNCIL

Report of:	Corporate Director for Regeneration and Housing, Richard Horniman
Submitted to:	Audit Committee
Date:	25 June 2026
Title:	Deep Dive Review on Strategic Risk 17 – Funding for Key External Projects led by TVCA or MDC
Report for:	Information
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)

That the Audit Committee:

- **NOTES** the latest position regarding Strategic Risk 17; and,
- **CONSIDERS** whether they have received sufficient information to be assured that there are appropriate arrangements are in place to manage the risk.

Executive summary

Strategic Risk 17 relates to Funding for key external projects led by TVCA or MDC, and more specifically if there is a funding gap for key projects led by the Tees Valley Combined Authority (TVCA) and its Mayoral Development Corporation (MDC) that results in a risk of delays, disruption, or failure to deliver on key regeneration sites in the town centre. This could negatively affect economic growth, community development, and investor confidence in the region. This risk is yet to materialise, although there are indications with regard to the Gresham project that the risk could be problematic. The overall delays in relation to projects led by TVCA or MDC is however already having a negative effect on the potential for regeneration of the town. Although control and even influence over the risk factors is very limited, the Council is continuing to liaise with TVCA/MDC to manage the risk as effectively as possible.

1. Purpose

- 1.1 This report sets out the background to Strategic Risk 17 relating to the funding for key external projects led by TVCA or MDC. The report sets out the nature of the risk, the latest position and the proposed next steps.

2. Recommendations

- 2.1 That the Audit Committee:

- **notes** the latest position with regard to Strategic Risk 17; and,
- **considers** whether they have received sufficient information to be assured that there are appropriate arrangements in place to manage the risk.

3. Background and relevant information

- 3.1 In October 2025 a strategic risk was identified regarding the funding for external projects led by TVCA or their MDC. The risk was identified due to the potential for any issues with funding causing a slow down of regeneration activity, a loss of inward investment activity and ultimately a direct financial impact upon the Council through reduced business rates.

- 3.2 Although TVCA have traditionally been a regular funder of Council led regeneration, the risk was identified specifically in terms of the projects that would be led directly by TVCA or the MDC.

- 3.3 At the time of specifying the risk, the two key projects identified as being led by TVCA and the MDC that would impact upon Middlesbrough were the Cultural and Creative Investment Zone, and the redevelopment of land at Gresham (including the Crown). Although other projects were potentially under consideration at the time, none were identified as commitments when the risk was specified or have come forward since. The three key elements relating to this risk are therefore considered to be:

- The Digital and Creative Investment Zone
- Gresham (including the Crown)
- Overall confidence in the regeneration of Middlesbrough, as a result

The Digital and Creative Investment Zone

- 3.4 In April 2025 an £80m package for Middlesbrough and Hartlepool was announced that would comprise a mixture of business rate relief, revenue grant funding for businesses in the sector, revenue support for sector wide business support and capital funding to provide the right space for the sector to thrive. This funding is managed through TVCA.

- 3.5 The position as at the end of May is that a significant programme of revenue support is being developed jointly between TVCA and Teesside University. Although this has not happened as quickly as was originally expected, none of the available funding has been lost or is felt to be at risk.

- 3.6 Proposals to spend the capital funding available to invest in infrastructure and accommodation are not however as clearly defined. Although specific buildings were identified in the original submission made by TVCA, this focus on specific buildings is no longer in place. A subsequent piece of work is now being undertaken to identify the appropriate targeting of the capital funding, prior to its release.
- 3.7 It could be argued that the capital funding is at greater risk of not being spent within the timescales set by Government upon its award, but this is not yet impacting negatively upon Middlesbrough.

Gresham (including the Crown)

- 3.8 The development of Gresham was to be facilitated by the MDC through an agreement with a private sector developer. Although a development agreement is in place, a deliverable funding package for the development is yet to be agreed. The private sector development partner is currently looking at amending the proposals to enable a funding package to be agreed, but nothing has yet come forward.
- 3.9 The future of the mayoral development corporations in Middlesbrough and Hartlepool is currently under review by TVCA, which may impact upon the future direction of the Gresham project. At this stage it is impossible to determine whether the MDC in Middlesbrough will continue, or whether a deliverable funding package for Gresham will be agreed.

Overall Confidence in the Regeneration of Middlesbrough as a Result

- 3.10 Although progress on the above schemes has been slower than expected, and still carries a large degree of uncertainty, neither can be said to have had a direct *detrimental* impact upon the regeneration of Middlesbrough. The delay experienced in translating either project from press release through to visible action does however have a detrimental impact upon the overall confidence that other investors, businesses and residents have in the regeneration of Middlesbrough. The continued announcement of new investment builds a perception that much is happening but can be seen to be a significant negative for the town if this is not followed up by visible progress.
- 3.11 Delays such as those detailed above are not uncommon with major regeneration programmes but in this instance have combined with the uncertainty around the role, and now the future of the MDC to create a feeling of inertia that will be difficult to overcome.

Managing the Risk

- 3.12 The Council has taken a number of steps to enable a constant assessment of the risk to be made, to assist in managing the potential risk, and to enable a swift response to be put in place should the risk materialise. These include:
- 3.13 Representation on the board of both TVCA and the MDC, where the Elected Mayor of Middlesbrough represents the Council's interests.

- 3.14 Regular liaison between officers of MBC, TVCA and MDC to ensure a clear picture of progress is known.
- 3.15 Preparation of plans for the regeneration of the town and town centre that are complimentary, but not dependent upon the funding sources identified above.
- 3.16 Preparation of alternative plans for the sites, buildings and sectors identified above to be rolled out either instead of those prepared by TVCA/MDC, or as part of those prepared by TVCA/MDC in the event of partial delivery.
- 3.17 Plans are also being prepared regarding marketing and promotional campaigns to counter the negative inertia created by the lack of progress following TVCA / MDC funding announcements.

Next Steps

- 3.18 The ongoing review of the MDC could potentially have an effect on the future direction of the Gresham development and will therefore be a critical factor in the likelihood of the risk materialising. Officers will continue to liaise closely with TVCA throughout the review process.
- 3.19 Officers will also continue to liaise with TVCA on the development of the digital and creative investment zone to ensure the funding is utilised and not lost.
- 3.20 As noted above, work will continue on the future plans for the town centre, to either supplement or replace those promised funding through TVCA/MDC. The marketing and promotional activity that would accompany it will also continue to be developed.

4. Other potential alternative(s) and why these have not been recommended

Do Nothing

- 4.1 The risk of either, or both of the major initiatives not coming forward is significant, and the implications could potentially be detrimental for the town. Although the risk is not within the Council’s control, ignoring the risk, or taking no action to try to influence it would be negligent.

Take More Direct Control

- 4.2 In theory the Council could take a more direct and proactive role in the Gresham development, but this would come with an associated increase in the level of risk the Council is exposed to. At present the risk relates to the impact on the town, whereas a more direct role would place the risk more directly with the Council’s finances. At present the appetite for increasing the risk in this way is low. x

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including Social Value)	KA to complete *At present there is no direct financial risk to the Council*
Procurement	There are no procurement issues relating to this risk.

Legal	There are no legal issues relating to this risk.
Risk	The risk continues to be monitored, and the issues are set out above. SR 17 continues to be reviewed monthly with the Risk and H&S Manager and Corporate Director Regeneration and Housing. Significant updates are provided to the CEX for review.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no implications relating to this risk.
Reducing poverty	A detrimental impact arising from this risk could potentially make efforts to reduce levels of poverty in the town more difficult.
Climate Change / Environmental	There are no implications relating to this risk.
Children and Young People Cared for by the Authority and Care Leavers	There are no implications relating to this risk.
Data Protection	There are no implications relating to this risk.

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