

Hartlepool Development Corporation Board

Date: Tuesday 2 December 2025 at 3:00pm

Venue: Sir William Gray Suite, Museum of the Royal Navy, Hartlepool

Membership:

Mark Robinson (**Independent Chair**)

Councillor Pamela Hargreaves (Leader of Hartlepool Borough Council)

Sarah Bedford (Independent member)

Alison Gwynn (Independent member)

Brenda McLeish (Independent member)

Lisa Molloy (Independent member)

Shane Moore (Independent member)

Martin Raby (Independent member)

Matt Storey (Independent member)

Associate Members:

Denise McGuckin (Managing Director, Hartlepool Borough Council)

Tom Bryant (Chief Executive, TVCA)

	AGENDA
1.	Apologies for Absence To receive any apologies for absence.
2.	Declarations of Interest To receive any declarations of interest.
3.	Minutes of the previous meetings To approve as a correct record the minutes of the AGM and Board meeting held on 2 September 2025.
4.	Governance and Appointments To receive a report from the Interim Group Chief Legal Officer/Monitoring Officer providing an update on key matters in relation to Hartlepool Development Corporation.
5.	Chair and Chief Operating Officer's Update To receive a presentation from the Chair and Chief Operating Officer on key matters in relation to Hartlepool Development Corporation.
6.	Middleton Grange Shopping Centre To receive a report from the Chief Operating Officer providing an update on the operations of Middleton Grange Shopping Centre. <i>The Appendices to this report are not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)); of schedule 12a Local Government Act 1972.</i> The following are Confidential Appendices to this report: Appendix 1 – Confidential MGSC Quarter 2 and forecasted outturn finance report.

	Appendix 2 – Confidential MGSC Quarterly Business Plan Update July-September 2025.
7.	Planning Update To receive a report from the Head of Planning providing an update on the position of planning service delivery and the status of planning applications.
8.	Quarter 2 Forecast Revenue Outturn 2025/26 & 2025-2029 Capital Budget and Programme update To receive and consider a report from the Interim Group Director of Finance and Resources presenting an update on the financial position of the Hartlepool Development Corporation. The Appendix to this report is not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)); of schedule 12a Local Government Act 1972.
9.	Treasury Management Mid-Year Review 2025/26 To receive and consider a report from the Interim Group Director of Finance and Resources presenting an update on the mid-year performance against the Treasury Management Strategy.
10.	Urgent and Delegated Decisions To receive a report from the Chief Legal Officer and Monitoring Officer providing an update on urgent and delegated decisions since the last Board meeting. <i>Sections of Appendices 1, 2 and 3 are not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)); of schedule 12a Local Government Act 1972.</i>

11.	Date and Time of Next Meeting Tuesday 17 March 2025
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Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting or for details of access to the meeting for disabled people, please contact:

tvagovernance@teesvalley-ca.gov.uk

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Hartlepool Development Corporation Declaration of Interests Procedure

1. The purpose of this note is to provide advice and guidance to all members of the Development Corporation Board and Audit and Risk Committee on the procedure for declaring interests. The procedure is set out in full in the Development Corporation's Constitution under the "Code of Conduct for Members" (Appendix 2).

Personal Interests

2. The Code of Conduct sets out in full, the principles on the general conduct of members in their capacity at the Development Corporation. As a general principle, members should act impartially and should not use their position at the Development Corporation to further their personal or private interests.
3. There are two types of personal interests covered by the Constitution:
 - a. **"disclosable pecuniary interests"**. In general, a disclosable pecuniary interest will involve any financial interests, such as paid employment or membership of a body, interests in contracts, or ownership of land or shares. Members have a pecuniary interest in a matter where there is a reasonable likelihood or expectation that the business to be considered will affect your well-being or financial position, or the well-being or financial position of the following persons:
 - i. a member of your family;
 - ii. any person with whom you have a close association;
 - iii. in relation to a) and b) above, their employer, any firm in which they are a partner, or a company of which they are a director;
 - iv. any person or body in whom persons described in a) and b) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - v. any body as described in paragraph 3 b) i) and ii) below.
 - b. **Any other personal interests**. You have a personal interest in any business of the Development Corporation where it relates to or is likely to affect:
 - i. any body of which you are a member (or in a position of general control or management) and to which you are appointed or nominated by the Development Corporation;
 - ii. any body which:
 - exercises functions of a public nature;
 - is directed to charitable purposes;
 - one of whose principle purposes includes influencing public opinion or policy (including any political party or trade union) of

which you are a member (or in a position of general control or management).

Declarations of interest relating to the Councils' commercial role

4. Financial relationships between the Development Corporation and individual councils do not in themselves create a conflict of interest for Council Leaders who are also Development Corporation Board members. Nor is it a conflict of interest if the Development Corporation supports activities within a council boundary. Nevertheless, there are specific circumstances where the Board may consider entering into direct contractual arrangements with a council, for example in relation to a particular commercial investment project, or in which that council is a co-funder. In these circumstances a non-pecuniary declaration of interest should be made by the Council Leader or their substitute.

Procedures for Declaring Interests

5. In line with the Code of Conduct, members are required to adhere to the following procedures for declaring interests:

Register of Interests

6. Each member is required to complete a register of interests form with their personal interests, within 28 days of their appointment to the Development Corporation. If no declaration is received from elected members within 28 days the matter may be referred to the Head of Paid Service of your local authority and Leader of the political group you represent on your council for action. If a Declaration is not submitted within an appropriate timescale you may be prevented from attending committee meetings. Details of any personal interests registered will be published on the Development Corporation's website, with the full register available at the Development Corporation's offices for public inspection. The form will be updated on an annual basis but it is the responsibility of each member to notify the Monitoring Officer of any changes to the register throughout the year. Notification of a change must be made to the Monitoring Officer within 28 days of becoming aware of that change.

Declaration of Interests at Meetings

7. The Development Corporation will include a standing item at the start of each statutory meeting for declaration of interests. Where members are aware that any of their personal interests are relevant to an item of business being considered at a meeting they are attending, they must declare that interest either during the standing item on the agenda, at the start of the consideration of the item of business, or when the interest becomes apparent, if later.

8. Where members consider that their interest could be considered by the public as so significant that it is likely to prejudice the members' judgement then they may not participate in any discussion and voting on the matter at the meeting, but may attend the meeting to make representations, answer questions or give evidence relating to the business, before it is discussed and voted upon.
9. If the interest is a disclosable pecuniary interest (as summarised in paragraph 3a) then the member must leave the meeting room during discussion and voting on the item of business, but may make representations, give evidence and answer questions before leaving the meeting room. Failure to comply with the requirements in relation to disclosable pecuniary interests is a criminal offence.

Sensitive Information

10. Members can seek the advice of the monitoring officer if they consider that the disclosure of their personal interests contains sensitive information.

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HARTLEPOOL DEVELOPMENT CORPORATION BOARD

ANNUAL GENERAL MEETING

Tuesday 2 September 2025 at 3:30pm

Meeting held at Hartlepool Town Hall Theatre

(These minutes are in draft form until approved at the next Board meeting and are therefore subject to amendments.)

ATTENDEES	
Members	
Mark Robinson	Independent Chair
Councillor Brenda Harrison	Leader of Hartlepool Borough Council
Sarah Bedford	Independent Member
Brenda McLeish	Independent Member
Lisa Molloy	Independent Member
Shane Moore	Independent Member
Alison Gwynn	Independent Member
Pamela Hargreaves	Independent Member
Martin Raby	Independent Member
Associate Member	
Tom Bryant	Chief Executive Officer, TVCA
Officers and other representatives	
Beverley Bearne	Chief Operating Officer, HDC
Jodie Townsend	Interim Group Chief Legal Officer & Monitoring Officer, TVCA
Shaun Natrass	Group Legal Manager, TVCA
Justine Matchett	Lichfields
Neil Westwick	Lichfields
Kate Smith	Governance Officer, TVCA
Apologies	
Simon Corbett	Independent Member
Matt Storey	Police and Crime Commissioner, Cleveland Police
Denise McGuckin	Managing Director, Hartlepool Borough Council
Victoria Fuller	Chief Constable, Cleveland Police
Jo Moore	Interim Group Director of Finance and Resources, TVCA
Julie Hurley	Interim Director of Infrastructure & Head of Planning, TVCA

HDC 01/25	APOLOGIES FOR ABSENCE The Chair welcomed everyone to the meeting. Apologies were noted in the Attendees list.
HDC 02/25	DECLARATIONS OF INTEREST There were no declarations of interest.
HDC 03/25	GOVERNANCE AND APPOINTMENTS The Chair introduced a report which detailed various appointments for agreement and confirmation by the Hartlepool Development Corporate Board at its Annual General Meeting (AGM). It was noted by the Chair that there is a discrepancy in the Constitution regarding the maximum number of Board Members. (Constitution states maximum of 10 members, there are currently 11 members). The Interim Monitoring Officer advised that there is to be a full review of the HDC Constitution which will pick up and address anomalies such as this. Members were reassured that this meeting can go ahead today as there are no items to be approved, and the members in attendance does not exceed the maximum number. Comments and questions were invited from Members, and these are summarised below: • It was noted by members that there had been a lot of consultation with the Local Authority around the Improvement Plan for the Best Value Notice, and it is hoped that the Development Corporation can also be involved with the development of the Constitution. It was acknowledged by officers that the constitution can be quite technical and the need for discussion and questions is at the forefront of the plan to hold workshops going forward. • Members stated that there has previously been a feeling disconnection between the Development Corporation, Town Council and Borough Council. It was suggested that there is a willingness for collaboration and change will happen as long as the Board is working alongside the appropriate people and engaging with people of the town. • A member requested clarification regarding the Planning Scheme of Delegation (appendix 2). Concerns were raised that, for example, where

	there are existing conditions on land and it does not come back to the Board, these conditions could potentially be disregarded. It was stated that an amendment should be made so that where conditions are attached, this should come back to the Board for further discussion. The representative from Lichfield explained that this was in place to avoid dealing with lots of applications for small schemes with minor conditions, and there would be the opportunity to call back to the Board. • A member suggested that level of significance should also be looked at as part of the constitution. • The Leader of Hartlepool Borough Council noted that with regards to normal planning at the Council, the people of the town know what is happening, and in the case of the Development Corporation, the process of raising objections needs to be made more accessible. In response, it was explained that existing statutory processes are followed, however a new Development Management System has been developed, which will be going live in the coming weeks. This will be map based and will make applications easily visible and accessible for the public. It is proposed that workshops will be held to share information about this. It was also stated that there are currently reasonable links with Ward Councillors so it is hoped that information will be widely shared. • The representative from Lichfields acknowledged there are concerns around Planning Obligations and outlined that the Scheme of Delegation has been copied from the Council's own Scheme, however this can be reviewed. Members discussed that this could also be picked up and developed in the review of the Constitution. It was recognised that there is confusion amongst members of the public regarding the process, and it is hoped that by raising the profile of the Development Corporation as part of the wider reset will help to make information more accessible. It was suggested that the current scheme can be used in the interim as the documents are complex. RESOLVED – The Hartlepool Development Corporation Board: (1) NOTED the changes to the HDC Constitution approved by Cabinet on 27 June 2025 as detailed in paragraphs 2.1-2.6. (2) NOTED that a full review of the HDC Constitution will be undertaken and will be aligned to the Best Value Notice Organisational Improvement Plan and be presented to a future Cabinet for approval. (3) RECONFIRMED the Officer Scheme of Delegation as detailed in the HDC Constitution at Appendix 1. (4) NOTED its membership as set out at paragraph 2.10. (5) NOTED the appointment by the Tees Valley Mayor of an Independent Chair of HDC Board, as noted by TVCA Cabinet on 27 June 2025. (6) RECONFIRMED the elected member of Hartlepool Borough Council (HBC) as Vice Chair of the HDC Board.
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	(7) NOTED membership of the HDC Audit & Governance Committee. (8) NOTED the appointment by the Tees Valley Mayor of the Chair of the HDC Audit & Governance Committee. (9) RECONFIRMED the Planning Scheme of Delegation as detailed in Appendix 2. ACTION: The Interim Monitoring Officer confirmed that this would be taken away as an action and reviewed. It will be brought back to the Board at the earliest opportunity. (10) RECONFIRMED the Middleton Grange Shopping Centre Scheme of Delegation as detailed in Appendix 3. (11) NOTED the Members Allowance Scheme for 2025-2026 in Appendix 4. (12) RECONFIRMED the position that the HDC Board is the decision maker for HDC planning applications. (13) APPROVED and NOTED the proposed dates for the ordinary meetings of HDC as detailed at 6.
HDC 05/24	DATE AND TIME OF FUTURE BOARD MEETINGS • Tuesday 2 September 2025 • Tuesday 2 December 2025 • Tuesday 17 March 2025 • Tuesday 9 June 2025 (The meeting concluded at 15:54)



HARTLEPOOL DEVELOPMENT CORPORATION BOARD

Tuesday 2 September 2025 at 4pm

Meeting held at Hartlepool Town Hall Theatre

(These minutes are in draft form until approved at the next Board meeting and are therefore subject to amendments.)

<u>ATTENDEES</u>	
Members	
Mark Robinson	Independent Chair
Councillor Brenda Harrison	Leader of Hartlepool Borough Council
Sarah Bedford	Independent Member
Brenda McLeish	Independent Member
Lisa Molloy	Independent Member
Shane Moore	Independent Member
Alison Gwynn	Independent Member
Pamela Hargreaves	Independent Member
Martin Raby	Independent Member
Associate Member	
Tom Bryant	Chief Executive Officer, TVCA
Officers and other representatives	
Jo Moore	Interim Group Director of Finance and Resources, TVCA
Beverley Bearne	Chief Operating Officer, HDC
Jodie Townsend	Interim Group Chief Legal Officer & Monitoring Officer, TVCA
Shaun Natrass	Group Legal Manager, TVCA
Justine Matchett	Lichfields
Neil Westwick	Lichfields
Kate Smith	Governance Officer, TVCA
Apologies	
Simon Corbett	Independent Member
Matt Storey	Police and Crime Commissioner, Cleveland Police
Denise McGuckin	Managing Director, Hartlepool Borough Council
Victoria Fuller	Chief Constable, Cleveland Police
Victoria Smith	Group Financial Controller, TVCA
Julie Hurley	Interim Director of Infrastructure & Head of Planning, TVCA

HDC 05/25	APOLOGIES FOR ABSENCE The Chair welcomed everyone to the meeting. Apologies were noted in the Attendees list.
HDC 06/25	DECLARATIONS OF INTEREST Alison Gwynn declared a non-pecuniary interest as CEO of North East Screen. Martin Raby declared a non-pecuniary interest as Director of the Northern School of Art.
HDC 07/25	MINUTES OF THE PREVIOUS MEETING AND MATTERS ARISING Members were invited to raise any concerns or amendments regarding the minutes of the meeting held on 19 June 2025. No comments were received. RESOLVED – The Hartlepool Development Corporation Board APPROVED the minutes of the meeting held on 19 June 2025 as a correct record.
HDC 08/25	CHAIR AND CHIEF OPERATING OFFICER'S UPDATE The Board received a presentation and verbal update from the Chair and the Chief Operating Officer of Hartlepool Development Corporation. It was outlined that there is the need to raise the profile of the Development Corporation. The following updates were noted: • Production Village application – This will be presented to the Planning Board on 16 September 2025. • Middleton Grange Shopping Centre (MGSC): A Focus Day will be held on Monday 15 September with the aim to provide clarity to the Board and Hartlepool Borough Council. This will be to ensure that operationally MGSC is as efficient as it can be, and reporting is accurate. This will be brought back to the Board comprehensively in December. • Anti-Social Behaviour – there is funding available to the Development Corporation to work with all stakeholders in the town centre. The Chair outlined that a proposal was put to the Retail Trust last week in relation to an ASB Training Regime pilot for a 'whole town' approach to work with victims of ASB, especially shop workers and this will be brought before the Board in the future. • HMOs and planning – article 4 applied within DC. Deliver what is best.

	The Chair noted comments from a member that, as a Board there is the need to improve communication, particularly with HMOs. It was stated that the Board should not be afraid to make comment on these, which feeds into the national narrative. • Board Members were advised by the Chair that there is work ongoing with the Chief Executive Officer on a 5-year Strategic Plan, which will be relevant to the people of Hartlepool, and make meaningful change to people's lives. These changes will involve new asks for resources/capital to deliver. Comments and questions were invited from the Board, and these are summarized below: • A member noted that it is important to get the best value out of the consultants to deliver change at MGSC. • A Member requested clarification on how the difference between student accommodation and HMO is determined in planning applications. They were advised by the representatives from Lichfields that conversations are held with the applicant to establish if the application is for just for students or for open consent. In cases where it is solely for student use the description is amended, and separate consent would be needed if use was for anything but students. It was explained that, in the case of Church Street, the intention is for students, however as the building is listed, there is considerable lead-in time between getting consent and having premises ready. The developer is not prepared to take the risk that the demand for students will still be there and therefore, open consent was being sought. Another Member confirmed that, at the current time there is only need for 100 bed space, as there is adequate provision from the private sector. • Members discussed the need to keep developing the policy, and for every application to receive due scrutiny, upholding the highest standards. It was highlighted that many HMO applications have already been approved, and it was asked whether there is provision for call-in where issues arise. Members were advised that there is no call-in provision, however decisions are made in accordance with the Development Plan, with the primary document of reference being the Local Plan. The Local Plan does not contain any policies which give the opportunity to refuse HMOs in certain locations. • Additionally, Members were advised that representatives from Lichfields have met with officers from HBC with the intention to produce a policy document. HDC cannot produce policy documents however the Council can produce a Supplementary Planning Document (SPD), which could then form part of the Development Plan. Linked to this, all HMO applications, whether student or HMO, should be reported to the Board for determination. • It was explained to Members that this document is being produced, and HBC are very supportive of this. The SPD should give weight and substance to the Development Corporation.
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	It was noted that HBC require 8 weeks, however the intention is to have the document out for consultation within a month. This should include space standards, sandwich policy (concentration of HMOs in a particular street), and other amenity issues as well. It is understood this will be circulated at the next Council meeting. RESOLVED – The Hartlepool Development Corporation Board NOTED the update.
HDC 09/25	ANNUAL GOVERNANCE STATEMENT The Board received a report from the Interim Group Chief Legal Officer and Monitoring Officer presenting the draft Annual Governance Statement for 2024/2025. Comments and questions were invited from the Board, and these are summarized below: • A member noted that it would be helpful for the Board to have sight of, and discussions regarding the Risk Register, particularly the 'risk appetite' at an appropriate point. This was noted by the Chief Operating Officer and by the Chair, and assurances were made that this would be brought back to the Board and updated. RESOLVED – The Hartlepool Development Corporation Board NOTED the content of the draft Annual Governance Statement for 2024-25 and NOTED that it was published as a draft with the draft Financial Statements for Hartlepool Development Corporation.
HDC 10/25	PLANNING UPDATE The Board received a Planning Update from the Head of Planning on planning applications within the Hartlepool Mayoral Development Corporation boundary for Hartlepool Development Corporation. The following update was noted: • Hellens application at Queens Meadows – this was due to come to the last Board which was cancelled. Further information has recently been received to considerably increase floor space within hybrid part of the application and include data centre in potential uses. The revised proposal will have to be sent for re-consultation and is currently on hold for additional work. A further update will be provided in due course. Comments and questions were invited from the Board, and these are summarized below:

	The Leader of HBC advised the Board that, following conversations with Hellens, the financial offer for the S106 to the Council is not deemed to be fair, and will need to be re-addressed. This was noted by representatives from Lichfield, who confirmed this can be picked up as part of onward discussions and will go back for re-consultation. RESOLVED – The Hartlepool Development Corporation Board NOTED the update
HDC 11/25	Q1 FORECAST OF REVENUE 2025/26 & 2025/2029 CAPITAL PROGRAMME The Board received a report from the Interim Group Director of Finance and Resources providing details of the 2025/26 revenue and capital forecast outturn position for Hartlepool Development Corporation, highlighting any significant variances against the approved budget for the year, based on the position as at the end of June 2025. The appendix to this report is not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)); of schedule 12a Local Government Act 1972. <i>Members were informed that the confidential appendix held commercial information which could not be public, and if members wished to discuss, then the session would have to be closed.</i> The following points were noted: - Members were provided with an overview of the report, and it was explained that the format of the report has been revised, to provide more information than previously shown. - Overspend of £135k in terms of revenue and this is with the additional operating costs for the shopping centre. - Initial £10m grant from TVCA - £2m revenue / £7.9m capital. Underspend of £216k. Budget for feasibility study. Allocate to MGSC capital budget. Residual will be reallocated to revenue. Gone back to auditors - £10m grant not been paid over in full – paid as needed. Estimates at the time – next tranche would like to reallocate to overspend. Funded through mixture of cost savings. Comments and questions were invited from the Board, and these are summarized below: - A Member raised concerns that the report is flagged as a medium risk issue, considering the rise from £1.287m to £1.986m after the budget was set. It was suggested this should have been addressed in the discussion. Members were advised that external work has been commissioned to firm up the budget, and the Chief Operating Officer stated that a number of

	retailers have recently exited the shopping centre. There have also been immediate repair issues which were not previously anticipated. It was stated that as part of the risk review this will be adequately referenced. • A Member suggested that the picture going forward is not particularly comfortable as the shopping centre losses increase and questions were raised over the ability to generate funds. It was highlighted that MGSC is a significant risk factor now, and it is important to engage with the Board to address risk issues going forward. The Chair noted the concerns raised and confirmed that there is now real data to work with to consider the longer-term funding for the Development Corporation. This is critical to the ongoing function of this Board. • The Chief Executive for the TVCA also acknowledged the comments and stated that it is not possible to turn back the clock. Members were reassured of the commitment to the Board going forward, and that the Risk Register is a live document. It was also outlined that the £10m has enabled the current position, and further work is being done as to what is next. There is the need to explore the whole suite of funding opportunities and give the Board proper foresight. • Members welcomed the thorough reset. RESOLVED – The Hartlepool Development Corporation Board: I. <u>NOTED</u> the Q1 forecast revenue outturn of £0.135m overspend for 2025/26. II. <u>NOTED</u> the Q1 Capital Outturn Forecast for 2025/26 as at the end of quarter 1 and the forecast overspend of £0.1m for 2025/26. III. <u>APPROVED</u> the reallocation of £0.1m from the initial Project Development budget to offset the forecast overspend on the MGSC capital budget. IV. Formally <u>REQUESTS</u> of TVCA a reallocation of £0.116m initial Project Development budget to be used for revenue funding to partially offset the forecast overspend. V. <u>NOTED</u> that the revenue allocation of £2.056m from the £10m (£2.056m Revenue and £7.944m Capital) grant from TVCA is forecast to be fully utilised in 2025/26. VI. <u>NOTED</u> the revised capital programme for the period April 2025 to March 2029 incorporating the changes above if approved as set out in Table 10. VII. <u>NOTED</u> the impact to the Medium-Term Financial Plan for the period to March 2029 of the changes above as set out in Table 4. VIII. <u>APPROVED</u> the increase of £0.0116m to the MGSC revenue budget for the period to 31 March 2026. IX. <u>NOTED</u> the financial risks as set out from paragraph 39. X. <u>NOTED</u> the future years' revenue implications of the revised capital Investment programme as set out in paragraph 26.
HDC 11/25	URGENT AND DELEGATED DECISIONS

The Board received an update for the Hartlepool Development Corporation Board of Delegation and Urgent Decisions taken since the last Development Corporation Board meeting.

The appendices to this report are not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)); of schedule 12a Local Government Act 1972.

Members were informed that the confidential appendices held commercial information which could not be public, and if members wished to discuss, then the session would have to be closed.

Comments and questions were invited from the Board, and these are summarized below:

- A Member raised concerns over one of the Urgent Decisions (Item 13) which was in relation to a fixed term Marketing contract. Clarification was requested as to why this should be marked as an urgent decision when it was a fixed term contract, and therefore clear as to when it would be coming to an end. It was suggested that it was necessary for the contract to be re-procured, and therefore the decision was taken to continue the contract while this took place. The decision sat between Board meetings. The Chair confirmed that he would investigate this for further clarity.
- The Chief Executive advised Members that an improved Forward Plan would help to minimise the number of Urgent Decisions, and ensure more decisions come to the Board.
- The question was also raised whether Members were happy with the management agent currently in place for MGSC, given the number of unexpected 'surprises'. The Chair offered assurances that a full procurement exercise is being carried out.

RESOLVED – The Hartlepool Development Corporation Board:

- i. **NOTED** the Delegated Decision detailed in paragraph 3 and confidential Appendix 1.
- ii. **NOTED** the Delegated Decision detailed in paragraph 4 and confidential Appendix 2.
- iii. **NOTED** the Delegated Decision detailed in paragraph 5 and confidential Appendix 3.
- iv. **NOTED** the Delegated Decision detailed in paragraph 6 and confidential Appendix 4.
- v. **NOTED** the Delegated Decision detailed in paragraph 7 and confidential Appendix 5.
- vi. **NOTED** the Delegated Decision detailed in paragraph 8 and confidential Appendix 6.

	vii. <u>NOTED</u> the Delegated Decision detailed in paragraph 9 and confidential Appendix 7. viii. <u>NOTED</u> the Delegated Decision detailed in paragraph 10 and confidential Appendix 8. ix. <u>NOTED</u> the Delegated Decision detailed in paragraph 11 and confidential Appendix 9. x. <u>NOTED</u> the Urgent Decision detailed in paragraph 12 and confidential Appendix 10. xi. <u>NOTED</u> the Urgent Decision detailed in paragraph 13 and confidential Appendix 11. xii. <u>NOTED</u> the Urgent Decision detailed in paragraph 14 and confidential Appendix 12. xiii. <u>NOTED</u> the Urgent Decision detailed in paragraph 15 and confidential Appendix 13. xiv. <u>NOTED</u> the Urgent Decision detailed in paragraph 16 and confidential Appendix 14. xv. <u>NOTED</u> the Urgent Decision detailed in paragraph 17 and confidential Appendix 15. xvi. <u>NOTED</u> the Urgent Decision detailed in paragraph 18 and confidential Appendix 16.
HDC 08/25	DATE AND TIME OF NEXT MEETING Tuesday 2 December 2025 (The meeting concluded at 16:46)

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GOVERNANCE AND APPOINTMENTS

SUMMARY

This report details the change to the HDC Board's Executive Member and seeks the Board's appointment of a new Vice Chair.

RECOMMENDATIONS

It is recommended that the Hartlepool Development Corporation Board:

- i. **NOTES** the changes to the HDC Board's Executive Member detailed at paragraphs 1 and 2 of this report; and
- ii. **CONFIRMS** the appointment of a new Vice Chair to the HDC Board as detailed at paragraph 3 of this report.

DETAIL

1. On 2 October 2025, Councillor Brenda Harrison announced that she would be stepping down from her role as Leader of Hartlepool Borough Council.
2. Councillor Pamela Hargreaves was subsequently appointed as Leader of Hartlepool Borough Council. As such, in accordance with HDC's Constitution, Councillor Hargreaves will replace Councillor Harrison on the HDC Board as Hartlepool Borough Council's elected Member(s).
3. In line with HDC's Constitution, HDC Board are required to appoint a Vice Chair who shall be an elected member of Hartlepool Borough Council. The Board are asked to consider this appointment and confirm which member will undertake this role.

FINANCIAL IMPLICATIONS

4. Support for the governance of the Tees Valley Combined Authority and Hartlepool Development Corporation is provided from within the Authority's core budget, as agreed by Cabinet through the annual budget process, and funded through resources devolved from central government.

LEGAL IMPLICATIONS

5. Paragraph 17b of the HDC Constitution provides that the quorum for HDC Board shall include at least one member who is an elected member of Hartlepool Borough Council.
6. Paragraph 9 of the HDC Constitution provides that an elected member of Hartlepool Brough Council shall be the Vice Chair of the Corporation Board.

RISK ASSESSMENT

7. This report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION & COMMUNICATION

9. The Board is asked to consider the appointment of the new HDC Board Vice Chair as part of this report.

EQUALITY & DIVERSITY

10. The subject of this report is not expected to have any impacts on groups of people with protected characteristics.

Name of Contact Officer:	Shaun Nattrass
Post Title:	Group Legal Manager
Email Address:	Shaun.Nattrass@teesvalley-ca.gov.uk

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The appendices to this report are not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)); of schedule 12a Local Government Act 1972.

Agenda Item 6
Report to the Hartlepool Development Corporation Board
2 December 2025
Report of Chief Operating Officer

MIDDLETON GRANGE SHOPPING CENTRE

SUMMARY

The acquisition of the Middleton Grange Shopping Centre long leasehold completed on 19 December 2023. This report provides Board Members with an update on the operations of the shopping centre since the last update in June 2025.

RECOMMENDATIONS

It is recommended that the Hartlepool Development Corporation Board **NOTES** the updates provided in this report and in confidential appendices 1 and 2.

DETAIL

Finance

1. Since completion of the purchase of the shopping centre, HDC officers have worked with JLL, the appointed property management company, to obtain comprehensive financial information. This information covers, for example, tenant schedules, current contract terms, operating costs and arrears reports.
2. The information provided has allowed officers to review the current rent roll, current debtors and identify any irrecoverable costs – and to review the potential impact certain scenarios would have on financial results for the year. From this information officers have prepared a forecast position and compared to actuals and this is included in confidential **appendix 1** to this report.

3. A monthly review of actuals to forecasts is undertaken and any variances will be considered by management and discussed with JLL. Both the financial information and the forecasts are updated for any new lease agreements entered, costs which have arisen and tenants who may have vacated their premises in the period. Provisions are reviewed and updated as necessary.
4. The debtor's position is analysed monthly, and potential high-risk tenants identified. Tenants are considered high risk if they have not made payments for a significant period or if their payments are turnover-based and there has been a significant fall in turnover, reducing the amount receivable.
5. A quarterly finance update of performance against forecast will be presented to the Board as part of the overall shopping centre update. For the year ended 31 March 26 there is a negative net operating position. Details are included in confidential **appendix 1**.
6. The purchase of the shopping centre was approved by the board in November 2023. The total cost was funded from the Hartlepool MDC £10m allocation received from TVCA Investment Plan. A programme plan and phased profile of remediation works identified as part of the purchase is now being managed and monitored post-transaction.
7. In advance of the acquisition and during the acquisition costs had been incurred on professional fees. The costs were funded via the project development allocation, under the delegation approved on the 19 February 2024.

Capital Expenditure

8. The market hall area of the centre was closed in September 2024. This area is secured and isolated from the rest of the centre.
9. A procurement process has been completed by JLL's building consultancy services to obtain competitive tenders to address the short-term risk mitigation works to vital areas of the market hall works to enable safe access to vital areas of the market hall for maintenance of services. This tender also includes some crucial repairs to other key operational areas of the centre as a package of works.
10. Following the completion of a complaint tender process, which involved the review of three bids received, JLL's building consultancy team subsequently recommended for HDC to proceed with instructing J.P. Wild Limited to carry out the risk mitigation works as their tender was the most cost-effective option. Works are scheduled to begin in early December.

11. Assessment of the potential longer-term options for the future of the market hall continue. These options are being considered in conjunction with the options for the regeneration of the wider Middleton Grange focus area.
12. Separately, costs for the repairs required to the currently closed vehicle ramp have been received, and HDC are working with JLL's building consultancy team to review next steps.

Marketing

13. Over the past quarter contracted marketing provider, Cool Blue, has continued to deliver against Middleton Grange's strategic marketing objectives through a mix of seasonal campaigns, targeted digital activity, PR and event delivery. All activity was designed to strengthen community engagement, increase footfall and elevate the Centre's overall brand visibility.
14. Digital presence: Continuing to implement a proactive content plan to maintain steady online engagement and reach. From July-September 2025, social media achieved an organic reach of 717,783 across all platforms, up 500% on the previous quarter's reach of 119,529. Total organic engagements in the quarter was 5,691, up 48% on the previous quarter of 3,383. Engagement spikes were driven by the Boyes 'Coming Soon' announcement, Summer Saturdays launch and community-focused content. Cool Blue visited the centre on 17 July for a social content shoot and created engaging reels focusing on summer sales, summer treats, school holiday essentials and trending TikTok finds. The centre's email subscriber database has grown to 1,049 recipients, up 1.6% from the previous quarter (1,032), supporting ongoing communication and campaign visibility. A monthly newsletter distributed to the database, with content focuses on Summer Saturdays events, seasonal sales and offers, the announcement of Boyes coming soon and upcoming Autumn events.
15. Tenant communications: Cool Blue maintained strong communication with tenants through regular bi-weekly updates, ensuring cross-promotion of in-store offers and events. Proactive support was provided to amplify tenant-led activity across digital channels.
16. Events: As part of the wider Summer Events Programme, Cool Blue developed and delivered Summer Saturdays- a series of themed, family-focused activations throughout July and August. Each Saturday featured a unique theme and activity to engage different audiences- from young families to local creatives. Highlights included free family activities including face painting, character meet and greets, crafts, sports sessions and an artisan market. The

beach-themed finale event transformed the Centre into a seaside escape. The cumulative footfall for the Summer Saturdays events was 82,540.

17. Digital advertising: Supported wider awareness of the Summer Saturdays and Beach events with a paid digital advertising campaign, designed to target local families and community groups. Summer Saturdays achieved 15,593 reach, 57,855 impressions and 493 engagements. The Beach event achieved 13,259 reach, 23,436 impressions and 2,968 engagements. – achieved 12,928 reach, 47,693 impressions and 553 engagements. The Boyes Announcement was also supported by a paid digital advertising campaign, which achieved 174,848 reach, 70,826 impressions and 763 engagements.
18. Website: The Middleton Grange website continues to perform well with steady visitor numbers and regular content updates. In the last quarter, the website has had 13,244 visitor sessions, with 7,575 of those coming through to the site directly. 6,063 came through organic search and 1,155 from organic social media.
19. Site signage: The first phase of refreshed interior signage was designed and installed, with Cool Blue supporting on-site surveys, measurements and supplier coordination.

Footfall

20. Counters are installed at various entrances around the Centre.
21. For the year-to-date period January 2025 – 5 October 2025, the total number of visitors to the Centre was 3,259,701 which is 0.6% down on the same period in 2024 (compared to the UK average of +0.8% and a North/Yorkshire average of +0.1%).
22. September 2025 (which was a 5-week month to 5 October 2025) saw 429,726 visitors to the Centre (-1.1% on 2024). This compares to a UK average of -0.3% and a North/Yorkshire average of -0.7%.
23. Compared to 2024, August 2025 saw a decrease in visitors of -2.1% (322,093) and July 2025 saw an increase in visitors of 1.9% (324,523).

Business Plan

24. At its meeting in July 2024, the HDC Board approved a strategic asset business plan which set out at a high level the actions required over a 12-18 month period to ensure that the underlying investment is preserved while the longer-term aspirations and viability is tested. Confidential **appendix 2** provides an update on progress against that plan for the period July 2025- September 2025.
25. At its meeting in July 2024, HDC Board also approved a scheme of delegation defining the decision-making functions of the HDC Board and HDC Statutory Officers with the aim of streamlining operations, ensuring time critical decisions can be made between quarterly board meetings and reducing the volume of board decisions on standard items. Details of the decisions taken by officers under this scheme of delegation since its approval can be found at agenda item 9 of this meeting.

Operational Contracts

26. Since the last board meeting HDC has undertaken procurement exercises for various operational contracts at Middleton Grange Shopping Centre. Please see updates on each procurement below.
27. Property Management: HDC's contract with Jones Lang LaSalle (JLL) to provide property management services at Middleton Grange Shopping Centre will expire on 18 December 2025. HDC has undertaken a procurement process to appoint a property manager for the centre from 19 December 2025. On 18 September 2025, HDC published an Open Tender which invited submissions to provide property management services for a term of 1 year with an optional extension for up to an additional year. The tender notice closed on 20 October 2025. A total of 8 tenders were received and subsequently evaluated by officers in accordance with the evaluation criteria set out in the invitation to tender which covered experience and track record, resourcing and communication, regeneration experience, fees and social value. Following the evaluation process a preferred supplier has been selected, the appointment approved and a contract issued by officers under delegated powers.
28. Marketing Agent: HDC's contract with Cool Blue Marketing Ltd to provide marketing services at Middleton Grange Shopping Centre will expire on 30 November 2025. On 29 October 2025, HDC published a request for quote which invited four agencies to submit a response to provide marketing services for 16 months (December 2025- March 2027), with the option to renew for a further 2 months. The 16-month contract will bring the contract expiry in line with the end

of the service charge budget year. The request for quote closed on 14 November 2025 and officers are evaluating submissions in accordance with the evaluation criteria set out in the specification, which covered resourcing, strategic and creative approach, track record, fees and social value. An update regarding the appointed agency will be reported to members at the next HDC board meeting.

29. Letting Agent: HDC's contract with Barker Proudlove Ltd for letting agent services at Middleton Grange Shopping Centre will expire on 18 December 2025. On 30 October 2025, HDC published a request for quote which invited four agencies to submit a response to provide letting agent services for a term of 1 year (December 2025- December 2026) with optional extension up to an additional year. The request for quote will close on 18 November 2025 and officers will evaluate submissions in accordance with the evaluation criteria set out in the specification which covered experience and track record, resourcing, social value and fees. An update regarding the appointed agency will be reported to members at the next HDC board meeting.
30. Asset Management: HDC's contract with Jones Lang LaSalle (JLL) to provide asset management services at Middleton Grange Shopping Centre will expire on 18 December 2025. HDC has undertaken a procurement process to appoint an asset manager for the centre from 19 December 2025. On 24 October 2025, HDC published an Open Tender which invited submissions to provide asset management services for a term of 2 years with optional extension up to an additional year. The tender notice will close on 24 November 2025 and officers will evaluate submissions in accordance with the evaluation criteria set out in the specification which covered track record, compliance and risk management, strategic approach, resourcing, social value and fees. An update regarding the appointed supplier will be reported to members at the next HDC board meeting.

FINANCIAL IMPLICATIONS

31. The shopping centre generates income from rents. There are a range of lease agreements, for example, some agreements are rates only. Where properties are vacant, HDC as landlord is liable for service charge fees and business rates.
32. After landlord liabilities for void service charges and business rates, and non-recoverable operating fees, are deducted there is an operating deficit due to the transition costs this financial year to be in the region of £1.2m. Officers are working closely with JLL to manage these pressures through tighter control of maintenance and operational budgets, as well as proactive asset management aimed at improving income to offset rising costs. Should these measures prove

insufficient, the Corporation will need to seek additional financial support from the TVCA Cabinet.

33. No financial implications from the capital expenditure on current repair or investigation activity, as the purchase price was reduced to cover these as part of the negotiations.

LEGAL IMPLICATIONS

34. Once HDC has entered into a Lease for a particular unit it will be bound by its terms. HDC has instructed a number of industry experts to ensure that all legal documentation is based on accurate industry advice.
35. External solicitors are instructed by HDC to complete all legal documentation and provide ongoing advice as required. This is managed by the TVCA in-house legal function.
36. Consideration will be given to, and an assessment produced to manage any risk under the Subsidy Control Act 2022, whereby a public authority provides resources to give one entity a commercial advantage over another. This will be considered, and an assessment made in respect of any letting, before it is agreed.

RISK ASSESSMENT

38. Property Management: HDC does not have the internal expertise to proactively manage the MGSC and ensure continuity of rent collection, service charge management and general property management. This is mitigated with the appointment of JLL as property managers.
39. Asset Management: HDC does not have the internal expertise to strategically manage the MGSC asset. This is mitigated by the appointment of JLL as asset manager alongside experienced letting agents and legal advisors.
40. Financial Risk: Declining income: Micro and macro-economic conditions may deteriorate leading to additional tenants vacating units or entering liquidation. This may reduce net income to a deficit level. This risk will continue and is inherent to the retail asset type. This is partly mitigated with increasing marketing activity to attract footfall, a proactive asset management and reletting strategy to stabilise and grow income, pending ongoing review of the asset as part of the forthcoming wider plans.
41. Financial Risk: Operational cost liability: There is a risk income voids from vacant premises means service charge is not covered and must be paid by HDC as owner.

This is partly mitigated by income from rents which could be used to offset void service charge and rates costs. The delivery of the asset management business plan aims to stabilise and grow tenancies, whilst rationalising retail space, will seek to increase demand and reduce costs to reduce the long term risk of income and service charge void.

42. Abortive Costs: Works are required in the short term to ensure health and safety requirements are met and the shopping centre can continue to operate. The vision for the area will indicate places where rationalisation will take place. Spending in these areas would not incur costs unless necessary for H&S reasons.

43. The risks are categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION AND COMMUNICATION

44. The contents of this require do not require further consultation.

EQUALITY AND DIVERSITY

45. It is not expected that the subject of the report will have an effect on groups of people with protected characteristics.

Name of Contact Officer:

Beverley Bearne

Post Title:

Chief Operating Officer – Hartlepool & Middlesbrough DCs

Email Address:

beverley.bearne@teesvalley-ca.gov.uk

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PLANNING UPDATE

SUMMARY

Responsibility for the determination of planning applications within the Hartlepool Mayoral Development Corporation boundary lies with the Hartlepool Development Corporation [HDC].

In accordance with the approved Scheme of Delegation, 8 applications have been approved under delegated powers since the last Board Meeting on 2nd September 2025.

At the end of September HDC launched a new development management system (ldox) to provide an enhanced user experience for all involved in the planning function. Training is available to Members if desired.

HDC's intention to put in place a non-immediate Article 4 Direction to remove permitted development rights for the change of use from a Class C3 dwelling house to a Class C4 House in Multiple Occupation has been formally published in the press. If confirmed, the Article 4 will come into effect on 25th September 2026.

RECOMMENDATIONS

It is recommended that the Hartlepool Development Corporation Board note the updated position of planning service delivery and the status of planning applications submitted for consideration.

DETAIL

1. Delivery of planning service functions relating to town and country planning and development control within the Hartlepool Mayoral Development Corporation area is now overseen by the Head of Planning with operational services delivered through Lichfields.

2. Since the Board meeting on 2nd September 2025, 10 new planning applications have been submitted¹. There are 13 valid planning applications currently being considered by HDC and a further 2 applications have been submitted but are currently invalid.
3. 8 applications have been determined under delegated powers since the last Board meeting. Details are provided in the accompanying schedule.
4. 2 applications, submitted in December 2023, at Queens Meadows Business Park will need to be reported to Board for determination, as required by the approved Scheme of Delegation. Two member site visits have now taken place and it is likely that the applications will be considered by the Board in 2026.
5. The first of the applications seeks outline planning permission for the erection of up to 210 dwellings on an allocated employment site. Officers have been liaising with the Applicant in response to objections received from consultees and neighbours.
6. The second application originally proposed the erection of 14 employment buildings and up to a further 451,000sqft of employment floorspace. The applicant has indicated that revised plans are being prepared and once these are received a further consultation exercise will need to be undertaken before officers can prepare a report to the Board.
7. Local planning authorities in England are required to submit quarterly returns to central government to provide summary information relating to the number and status of planning and related applications in each quarter. The last submission was made by the Hartlepool Mayoral Development Corporation on 31st October 2025 and future quarterly returns will be submitted as required.
8. There are no new enforcement cases to report.
9. When the HDC development management function came into existence in 2023, a temporary website and data sharing facility was established and hosted by Lichfields. TVCA subsequently sought to commission a permanent replacement system and Idox was appointed to deliver this. Over the last 12 months Lichfields and TVCA Officers have worked alongside Idox to implement this new application portal.
10. The new Idox portal went live at the end of September 2025 and provides a significantly improved user experience. The new system allows users to search for applications more easily using a keyword, reference number, postcode,

¹ As of 17th November 2025 when report was prepared.

EQUALITY & DIVERSITY

17. This report does not impact on groups of people with protected characteristics.

Name of Contact Officer: Julie Hurley

Post Title: Head of Planning

Telephone Number: 01325 792600

Email Address: julie.hurley@teesvalley-ca.gov.uk

Hartlepool Development Corporation

Delegated Planning Decisions¹ since Board Meeting on 2nd September 2025

Application Number	Address	Summary of Development	Delegated Decision	Decision
HMDC/2025/0015	21-27 Scarborough Street	Change of use of ground floor to Class E and first floor to 3no. Class C3 residential flats, erection of 2 storey rear extension, replacement timber windows, refurbishments to front elevations and associated internal alterations (Part Retrospective)	Granted	18 th September 2025
HMDC/2025/0029	25-27 Church Street	Change of Use of the Upper floors (1st, 2nd & 3rd) from Public House & Premises (Sui Generis) to a 16-bed House of Multiple Occupation 'HMO' (Sui Generis)	Granted	3 rd October 2025
HMDC/2025/0041	7/7A Bank Chambers, Church Square	Change of use of vacant beauty salon and offices (Use Class E) to provide Bar (Sui Generis) at basement and ground floors and 8-bed HMO (Sui Generis) on first and second floors and alterations to rear elevation	Granted	5 th September 2025
HMDC/2025/0046	The Ward Jackson, Church Square	Replacement of damaged windows to principal elevations and roof works including, removal of HVAC equipment re-roofing, installation of new plant screen and reinstallation of HVAC equipment	Granted	18 th September 2025
HMDC/2025/0047	48 Church Street	Discharge of conditions 3 and 4 on HMDC/2025/0002 (Change of use of ground floor and lower ground floor to bar and restaurant premises E(b) (Retrospective) and alterations to rear elevation to provide enlarged opening with double doors to refuse store).	Granted	6 th October 2025
HMDC/2025/0048	14 - 18 Scarborough Street	Change of use from offices (Class E) to mixed use pop up restaurant, drinking and gaming venue (Sui Generis), and external alterations including part demolition of existing ground and first floor extensions and erection of single and two storey rear extensions and external terrace, reinstatement of front	Granted	5 th November 2025

¹ As of 17th November 2025 when report was prepared.

Application Number	Address	Summary of Development	Status
HMDC/2025/0022	Land at entrance to Queens Meadow Business Park	Erection of drive-thru restaurant (Use Class E), Petrol Filling Station (Sui Generis) and Electric Vehicle charging stations, with associated car parking, landscaping, and other works	Received 23 rd April 2025 Valid 18 th June 2025 Under consideration
HMDC/2025/0051	48 Church Street	Change of use of the first, second and third floors from residential (Class C3) to spa and wellness centre (Class E)	Received 28 th August 2025 Valid 30 th October 2025 Under consideration
HMDC/2025/0055	24 Church Street	Discharge of conditions 4 and 7 on HMDC/2023/0018 (Change of use of basement (part), ground (part), first and second floors from Class E to 6-bed HMO (Use Class C4) including internal and external alterations (amended description)	Received and valid 15 th September 2025 Under consideration
HMDC/2025/0060	Footpath Outside 53 Church Street	Full Application: Installation of 1No. BT Street Hub Unit and associated advertisement panels on either side of the unit	Received and valid 7 th October 2025 Under consideration
HMDC/2025/0061	Footpath Outside 53 Church Street	Advertisement Consent: Two digital 75 inch LCD display screen, one on each side of the Street Hub unit	Received and valid 7 th October 2025 Under consideration
HMDC/2025/0062	Footpath Outside 1 Victoria Road	Full Application: Installation of 1No. BT Street Hub Unit and associated advertisement panels on either side of the unit	Received and valid 7 th October 2025 Under consideration
HMDC/2025/0063	Footpath Outside 1 Victoria Road	Advertisement Consent: Two digital 75 inch LCD display screen, one on each side of the Street Hub unit	Received and valid 7 th October 2025 Under consideration
HMDC/2025/0064	27 Scarborough Street	Removal of existing concrete tile roof and replacement with slate effect tile roof to match the existing adjacent roofs of 21-25 Scarborough Street	Received 8 th October 2025 Valid 10 th October 2025 Under consideration

Application Number	Address	Summary of Development	Status
HMDC/2025/0067	Little Black Book, 18 Whitby Street	Discharge of conditions 4, 5 and 8 on HMDC/2024/0036 (Change of use to 15 student apartments)	Received and valid on 23 rd October 2025 Under consideration
HMDC/2025/0068	Saica Pack, Oakesway	Proposed Canopy to the Existing Warehouse Building	Received and valid on 24 th October 2025 Under consideration

Enforcement Cases

Address	Unauthorised Works and date reported	Requirement of Enforcement Notice	Status
37 Church Street	Installation of white UPVC window frames 6 th November 2023	Remove and replace with timber frames	Timber frames have been installed.
9 Upper Church Street	Removal of front dormer window	Reinstate timber dormer	Period for compliance ended 20 th April. Papers currently being prepared by TVCA solicitors to enable prosecution in magistrate's court.
Engineers Social Club, 28 Raby Road, TS24 8AE	Unauthorised felling of 4 TPO'd trees. 26 th March 2025	N/A	Discussions underway with new owner regarding re-planting and wider plans for the site.

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The appendix to this report is not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)); of schedule 12a Local Government Act 1972.

Agenda Item 8

Report to the Hartlepool Development Corporation Board

2 December 2025

Report of the Interim Group Director of Finance and Resources

QUARTER 2 FORECAST REVENUE OUTTURN 2025/26 & 2025-2029 CAPITAL BUDGET AND PROGRAMME UPDATE

PURPOSE OF THE REPORT

To provide details of the 2025/26 revenue and capital forecast outturn position for Hartlepool Development Corporation (HDC), highlighting any significant variances against the approved budget for the year, based on the position as at the end of September 2025 (Quarter 2).

SUMMARY

During the financial year, the Board is presented with quarterly reports with details of how the Corporation is performing against the financial framework and specific budgets. This report presents the forecast position for both revenue and capital as at the end of Quarter 2.

On 2 September 2025 the Board approved the virement of £0.1m of the remaining £0.216m Initial Project Development capital budget to Middleton Grange Shopping Centre (MGSC) capital budget to offset the forecast overspend. The Board then approved the reallocation of £0.116m of remaining capital allocation to be repurposed to revenue funding to partially offset the forecast overspend at the end of Quarter 1.

Using capital for revenue purposes is not permitted under local authority accounting rules. However, in this case, this was not use of capital funding but merely a reallocation of the initial £10m grant from TVCA – TVCA cabinet did not specify whether the grant was to be used for capital or revenue. Decision was delegated to the HDC Board. At the time of

setting the budgets the split between capital and revenue was merely an estimate at that stage.

At the end of Quarter 1, following the budget virements and allocation above, HDC was forecasting a revenue overspend of £0.019m. For Quarter 2, the forecast revenue overspend has now increased by £1.23m to £1.25m.

The key drivers for this adverse movement are a revised forecast overspend for the MGSC of £1.20m reflecting emerging pressures and updated assumptions since the previous Quarter. The forecasted overspend is partly driven by the wider downturn in the retail market and broader macroeconomic pressures, but also the budget allocated did not adequately reflect the operating requirements of the shopping centre.

HDC is working closely with advisors to mitigate the deficit with strategies aimed at reversing the financial losses, stabilising income and repositioning the centre for long-term sustainability while ensuring decisions are commercially sound and aligned with the long-term regeneration goals.

An additional overspend of £0.18m is now forecast against the planning service losses. To mitigate this pressure, discussions have been held with Lichfields and a fixed ceiling figure for planning fees has been agreed. Based on planning fee income to date and subject to the introduction of a new charging regime for pre-application advice the net costs from January 2026 for HDC will be broadly neutral.

Further options are being pursued to mitigate the forecast overspend through cost savings and revenue optimisation, with the aim of managing expenditure within a balanced budget, and management continues to monitor the position closely.

Members should note that the forecast at the end of Quarter 2 assumes that the £10m TVCA grant will be fully utilised. Within the capital budget for 25/26 there is an allocation of £0.5m for asset transfer which is not currently contractually committed and circa £1.3m for MGSC. However, the remainder of the capital budget is contractually committed.

If the mitigated actions are not able to reduce the forecast overspend then the Board may need to request additional funding from TVCA Cabinet in order to balance the revenue budget for 2025/26.

RECOMMENDATIONS

It is recommended that the Hartlepool Development Corporation Board:

- I) Notes the Q2 forecast revenue outturn of £1.25m overspend for 2025/26;

- II) Notes the costs savings from January 2026 in relation to the planning function of HDC.
- III) Notes that officers are actively exploring options to mitigate the forecast overspend.
- IV) Notes that if the revenue overspend cannot be mitigated through current options being pursued, additional financial support may need to be requested from the TVCA Cabinet.

DETAIL

Background

1. This report sets out HDC's forecast revenue and capital outturn for 2025/26 (as at 30 September 2025 - Q2). The financial position presented below represents all forecast funding and expenditure for the plan period.

2025/26 Revenue Forecast Outturn

2. Tables 1 and 2 below summarise the current projected revenue outturn position for HDC for 2025/26, showing a forecast overspend of £1.25m, and set out the movement between the Q1 and Q2 forecasts. Analysis of the figures indicates that HDC's revenue expenditure is forecast to exceed the allocated budget, while income is projected to fall short, primarily due to the performance of the Middleton Grange Shopping Centre (MGSC) and increased planning-related costs.
3. Table 1 provides a subjective (category of expenditure) breakdown of the current budget, expenditure to 30 September 2025, and the forecast outturn for 2025/26.

Table 1 – HDC forecast revenue outturn summarised by type of expenditure & Income – Q2 2025-26

	Revised Annual Budget £'000	YTD Actual £'000	Forecast Outturn £'000	Variance £'000
MGSC Income	(2,197)	(1,149)	(1,839)	358
MGSC Expenditure	2,513	1,373	3,038	525
Net (surplus)/deficit MGSC	316	224	1,199	883
Employees	275	124	204	(72)
Supplies and Services	157	229	488	331
Third Party Payments	23	-	23	-
Expenditure	455	353	715	260
Planning Fee Income	(90)	(42)	(58)	32
Preplanning application income	-	-	(13)	(13)
Investment Zone Income	(175)	-	(175)	-

Other Income	(33)	-	-	33
TVCA Revenue Funding	(423)	(381)	(423)	-
Income	(721)	(423)	(669)	52
Net (surplus)/deficit	50	154	1,245	1,195

Budget virements

- Members should not there are no proposed budget virements for Quarter 2.
- Table 2 provides a breakdown of the forecasted outturns for Q1 and Q2 by expenditure category.

Table 2: Analysis of movement between Q1 and Q2 forecasted outturns for 2025/26

	Forecast Outturn Q1	Forecast Outturn Q2	Movement
	£'000	£'000	£'000
MGSC Income	(2,183)	(1,839)	344
MGSC Expenditure	2,521	3,038	517
Net (surplus)/deficit MGSC	338	1,199	861
Employees	189	204	15
Supplies and Services	157	488	331
Third Party Payments	23	23	-
Expenditure	369	715	428
Planning Fee Income	(90)	(58)	32
Preplanning application income		(13)	(13)
IZ Income	(175)	(175)	-
TVCA Revenue Funding	(423)	(423)	-
Income	(688)	(669)	32
Net (surplus)/deficit	19	1,245	1,110

- Table 2 presents above shows the movement in forecasted outturns for Q1 and Q2 across subjective expenditure and income categories. The Q2 forecasted outturn indicates a net expenditure of £1.25m, representing an increase of £1.110m compared with the Q1 position. Following a detailed review of HDC forecasted expenditure officers are actively exploring options to mitigate these overspends and bring the forecast back within budget, ensuring ongoing financial sustainability.

7. Employee costs have risen by £0.015m in Q2, due to an update in the time allocation of the Group Legal Manager. The forecasted outturn shows by an underspend on staff costs due to vacant posts of £0.072m. The vacant posts will be managed to achieve the current underspend run rate.
8. Supplies and Services expenditure has increased by £0.331m, primarily due to Lichfields' costs associated with delivering the planning function on behalf of HDC. These planning costs are a key contributing factor to the overall overspend on revenue expenditure. To mitigate this pressure, discussions have been held with Lichfields and a fixed ceiling figure for planning fees has been agreed. Based on planning fee income to date and subject to the introduction of a new charging regime for pre-application advice the net costs from January 2026 for HDC will be broadly neutral.
9. Net deficit on MGSC has increased by £0.861m following a review of the shopping centre costs/income undertaken by JLL, the asset manager. The review updated tenancy assumptions and associated property costs, resulting in higher forecast spend. Officers are working closely with JLL to manage these pressures through tighter control of maintenance and operational budgets, as well as proactive asset management aimed at improving income to offset rising costs.
10. Assets can carry liabilities such as contamination or structural defects. To help mitigate these risks, an asset management review has been commissioned. As part of this work, business rates across the asset portfolio are being examined, with the potential to apply for reductions where asbestos is identified. In addition, a targeted review of the empty void units at Middleton Grange Shopping Centre will be undertaken, including exploring the possibility of securing a business rates reduction for the areas currently unoccupied.
11. The detailed information associated with this overspend in MGSC is included in Appendix 1.
12. Within the capital budget there is £0.489m allocated to the Film Studios. As this is an investment zone project an application is being considered to fund £0.324m from IZ capital grant. Which would then free up the HDC capital budget funded by TVCA grant.
13. A review of MGSC expenditure will be undertaken for Quarter 3 to determine whether any revenue expenditure is eligible for capitalisation. If this is the case approval will be sort from the Board in Q3 to vire the available capital budget for this purpose.

2025-26 Capital Forecast Outturn

14. HDC currently has a 2025/26 Capital Budget of £2.415m after approval of the £0.116m reallocation in Q1. Table 5 below provides a subjective (category of expenditure) breakdown of the current Capital Budget, expenditure to 30 September 2025 and the forecast outturn for 2025/26.

Table 5 HDC Capital Outturn forecast summarised by type of expenditure – Q2 2025/26

	Revised Annual Budget £'000	YTD Actual £'000	Forecast Outturn £'000	Variance £'000
Professional Fees	30	30	30	-
Construction Costs	1,561	-	1,561	-
Project Management	-	-	-	-
Legal Services	500	-	500	-
Payment of Capital Grant	324	159	324	-
	2,415	189	2,415	-

15. Table 6 below analyses the current capital activity by areas of Investment.

Table 6 – Forecast HDC Capital Outturn summarised by areas of investment – Q2 2025/26

	Revised Annual Budget £'000	YTD Actual £'000	Forecast Outturn £'000	Variance £'000
HDC Film Studios Capital	324	159	324	-
Project Development	-	-	-	-
HDC Town Hall Capital	30	30	30	-
Asset Transfer	500	-	500	-
MGSC	1,561	-	1,561	-
	2,415	189	2,415	-

16. Tables 5 and 6 above indicate that the current spend is within the approved capital budget and there are no forecasted overspends for 2025/26.

Future Capital Investments

17. TVCA Cabinet has approved a borrowing facility available to fund future HDC capital Investment up to a maximum of £75m. To access the borrowing facility robust business cases will need to be approved by the Development Corporation Steering Group, HDC Board and TVCA along with evidence that HDC can fully service the cost of borrowing (MRP and Interest payments).
18. Borrowed funds can only be spent on Capital Investments. The Board should be cognisant that developing capital projects may lead to abortive costs that are treated as revenue in nature if any scheme does not progress into capital investment. Such abortive fees would require funding from HDC-generated revenue income. Revenue funding is forecast to be fully utilised in 2025/26 and therefore careful consideration must be given to future borrowing approvals and the source and certainty of revenue funding to service the borrowing.
19. Capital investment activity funded by borrowing could have a material impact on the recurrent revenue costs of HDC. The value and length of the revenue impact will be governed by the value of the loans drawn down and the Minimum Revenue Provision (MRP) policy adopted.
20. An indicative Capital Financing cost that would require revenue funding is c£0.058m per annum per £1m of Capital investment based upon an assumed 4% interest rate and the relevant investment period of 30 years.

Reserves

21. Due to the funding nature of the Development Corporation, there are no usable reserves in Hartlepool Development Corporation. At the end of March 2026, HDC is forecast to have utilised the full £10m TVCA grant allocation for both the revenue and capital element.

CONCLUSION

22. Revenue grant funding provided by TVCA to HDC is likely to be fully utilised in 2025/26. There is a forecast revenue funding gap in 2025/26 of £1.25m.
23. The financial performance of the Hartlepool Development Corporation has shown a significant deterioration from Quarter 1 to Quarter 2. The overspend is currently under review, and officers are looking at options to mitigate the overspend and bring expenditure back within budget. Should these measures prove insufficient, the Corporation will need to seek additional financial support from the TVCA Cabinet. A decision on this matter is expected in Quarter 3.

24. At the end of March 2026, HDC is forecast to have utilised the full £10m TVCA grant allocation for both the revenue and capital element.

FINANCIAL IMPLICATIONS

25. This report gives an update on performance against the budget for the Hartlepool Development Corporation, updates the forecasted outturn and provides an analysis of of the movement in expenditure and income from Q1 to Q2.

LEGAL IMPLICATIONS

26. There are no legal implications associated with the recommendations in this report.

RISK ASSESSMENT

27. This Report has been categorised as high risk to reflect the updated work on the implementation of the TVCA group risk management strategy. The group corporate risk register has been updated to reflect funding uncertainty. The existing management systems and daily routine activities are sufficient to control and reduce risk.
28. The risk of increased costs through economic factors is closely monitored and is being managed through the revised borrowing strategy put in place. A robust business case development process reduces the risk of cost pressures of investments by ensuring sufficient contingencies are built in resulting in no additional asks of Corporations funds.
29. Borrowing Commitments: A £75m borrowing facility is available but will require robust business cases and demonstrable ability to service debt. Any drawdown would create ongoing revenue commitments for interest and MRP increasing pressure on limited revenue resources.
30. Asset Transfers: £0.5m has been allocated for transfer costs, but operational and maintenance costs could exceed this budget. There is uncertainty until independent asset management review work is complete.
31. Revenue Impact of Abortive Costs: If capital schemes do not progress, abortive costs become revenue in nature, adding to pressure on already limited and time-bound revenue funding.
32. The projected overspend heightens financial risk position for the remainder of the financial year. If unaddressed, this variance may affect the delivery of planned objectives within approved funding limits. Strengthened budget monitoring and

targeted cost-control measures are being implemented to manage the risk and stabilise the forecast.

CONSULTATION & COMMUNICATION

33. The subject of this report is a matter for HDC Board approval therefore no additional consultation and communication has been undertaken.

EQUALITY & DIVERSITY

34. There are no equality and diversity implications associated with the recommendations in this report. Specific proposals associated with business cases and Investment Plan funding draw down will consider these implications where applicable.

Name of Contact Officer: Jo Moore
Post Title: Interim Group Director of Finance and Resources
Email Address: jo.moore@teesvalley-ca.gov.uk

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TREASURY MANAGEMENT MID YEAR REVIEW 2025/26

SUMMARY

This report provides an update on treasury management activities for the first six months of the 2025/26 financial year together with the Corporation's performance against the Treasury Management Strategy and prudential indicators, approved by Hartlepool Development Corporation (HDC) 6 March 2025.

Treasury management comprises the management of HDC's cash flows, borrowing and investments together with the associated risks.

Treasury management activity seeks to ensure that cash flow is adequately planned, with cash being available when it is needed and with any surplus cash balances arising from the day-to-day financial operations of the Corporation invested appropriately to obtain an optimal return, while ensuring security of capital and liquidity.

Treasury management manages the effective funding and cashflows of the Corporation's longer term capital plans and effectively manages cashflows to minimise the need to undertake external borrowing. Furthermore, it effectively manages interest rate and refinancing risk where appropriate seeking to minimise the impact of the costs of borrowing on the Corporation's revenue budgets.

HDC are currently in transitional position with their banking arrangements while full operational bank accounts are established. Currently all transactions are facilitated through TVCA. As such there are no cash balances held by the authority and all expenditure undertaken is fully grant funded or funded through revenue receipts.

HDC are still required to report on their Treasury management activities, and this report complies with CIPFA's Code of Practice on Treasury Management.

External Context

Economic Background

3. UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.
4. The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.
5. Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.
6. The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.
7. GDP is expected to remain weak in the near-term while over the medium term outlook will be influenced by domestic and global developments.
8. Arlingclose, the Corporation's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.
9. Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.

10. The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.

Financial Markets

11. After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.
12. Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

Credit Review

13. Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
14. Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long-term rating on the United States sovereign to Aa1 in May and affirmed OP Corporate's rating at Aa3.
15. Then in the second quarter, Fitch upgraded Clydesdale Bank and HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.
16. After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.
17. European banks' CDS prices has followed a fairly similar pattern to the UK, as have Singaporean and Australian lenders while Canadian bank CDS prices remain modestly elevated compared to earlier in 2025 and in 2024.

18. Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
19. Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Corporation's counterparty list recommended by Arlingclose remain under constant review.

Local Context

20. The treasury management position on 30th September 2025 and the change in year is shown in Table 1 below. As previously noted HDC currently do not hold any invested funds and as a result the table presented indicates zero activity

Table 1: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	30.9.25 Balance £m
Long-term borrowing	-	-	-
Short-term borrowing	-	-	-
Total Borrowing	-	-	-
Long-term investments	-	-	-
Short-term investments	-	-	-
Cash and cash equivalents	-	-	-
Total Investments	-	-	-
Net Investments	-	-	-

21. In January 2024, TVCA Cabinet approved a borrowing facility that allows the Corporation to access up to £75 million in borrowing from Public Works Loan Board ("PWLb") via TVCA. Proposals to access this funding will be brought to Corporation Board meetings to consider the business plan, risks/opportunities associated with the investment and the type and level of finance required to deliver the proposals as part of the Corporation's Final Investment Decision (s) including any debt finance requested from TVCA.
22. An assumption has been made within the Treasury Management and Capital Strategies that all investments will be borrowing via PWLB and will take three years until they are operational and that all interests will be capitalised during this period. Alongside each Investment proposal the treasury management indicators will be updated and presented to Board.
23. During the period no proposal has come forward and Hartlepool Development Corporation at 30 September 2025 have no borrowings.

24. Hartlepool Development Corporation was approved an allocation of £10m in the TVCA Investment Plan, to support the Development Corporation, and £10m from within the Town Centre Accessibility Investment package for spend on eligible transport projects within the DC areas.
25. These approved allocations have been drawn upon to fund expenditure to date. It is forecast that these approvals will be fully utilised by the 31 March 26.

Borrowing

26. As outlined in the treasury strategy, the Corporation's chief objective when borrowing will be to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Corporation's long-term plans change being a secondary objective.
27. The Corporation's borrowing strategy will address the key issue of affordability without compromising the longer-term stability of the debt portfolio. By following the borrowing strategy, the Corporation will be able to reduce any net borrowing costs and reduce overall treasury risk.
28. The Corporation' intend to raise the majority if its long-term borrowing from TVCA who will access the PWLB. PWLB loans are no longer available to buy investment assets primarily for yield; the Corporation intends to avoid this activity in order to retain its access to PWLB loans via TVCA.
29. Alternatively, the Corporation may arrange forward starting loans during 2025/26, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. A robust business case would that looked to secure an appropriate income stream would be approved prior to entering any borrowing arrangements
30. After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.
31. The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%.
32. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.

33. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Corporation. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Corporation has no new plans to borrow to invest primarily for financial return.

34. At 30th September the Corporation held no loans. Outstanding loans on 30th September are therefore zero as summarised in Table 2 below.

Table 2: Borrowing Position

	31.3.25 Balance £m	Net Movement £m	30.9.25 Balance £m	30.9.25 Weighted Average Rate %	30.9.25 Weighted Average Maturity (years)
Public Works Loan Board Via TVCA	-	-	-	-	-
Total Borrowing	-	-	-	-	-

Other Debt Activity

35. The Corporation has no other debt activity.

Treasury Management Activity

36. The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Corporation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

37. The HDC holds no invested funds. The investment position at the end of September is shown in table 3 below which demonstrates that HDC have no invested funds.

Table 3: Treasury Investment Position

	31.3.25 Balance £m	Net Movement £m	30.9.25 Balance £m	30.9.25 Income Return %
Banks & Building Societies	-	-	-	-
Government (incl. LAs)	-	-	-	-
Money Market Funds	-	-	-	-
Total Investments	-	-	-	-

38. Both the CIPFA Code and government guidance require the Corporation to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Corporation's objective if investing money will be to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
39. As demonstrated by the liability benchmark later in this report, the Corporation has no plans to enter into any long-term borrowing.
40. Following the establishment of an operational bank account and HDC undertaking its payment and income activity through its own bespoke bank account, any new treasury investments will primarily be made to manage day-to-day cash flows using short-term low risk instruments.
41. Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025. Short term interest rates have largely followed these levels. The rates on DMADF deposits was 4.93% and money market rates between 4.8% and 5.3%.
42. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 4 below.

Table 4: Investment Benchmarking – Treasury investments managed in-house.

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2020	4.30	AA-	92%	11	0.50
31.03.2021	4.63	A+	75%	10	0.02
31.03.2022	4.13	AA-	38%	3	0.01
31.03.2023	4.72	A+	100%	1	3.62
31.03.2024	5.02	A+	0.72	7	5.62
30.09.2024	4.74	A+	100%	1	5.03
30.09.2025	4.7	A+	100%	1	4.09
Similar LAs	4.39	AA-	47%	82	5.07
All LAs	4.38	AA-	62%	11	4.06

Non-Treasury Investments

43. The definition of investments in the Treasury Management Code now covers all the financial assets of the Corporation as well as other non-financial assets which the Corporation holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return). The Corporation does not hold any non-treasury investments.

Compliance

44. The Group Director of Finance and Resources reports that all treasury management activities undertaken during complied fully with the CIPFA Code of Practice and the Corporation's approved Treasury Management Strategy. As noted, HDC currently has no outstanding debt and so compliance with the authorised limit and operational boundary for external debt is demonstrated in table 5.

Table 5: Debt Limits

	Maximum in Year To Date £m	30.9.25 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied?
Borrowing	-	-	75.00	75.00	Yes
Finance Leases	-	-	-	-	Yes
Total	-	-	75.00	75.00	Yes

45. Compliance with specific investment limits is demonstrated in table 6 below.

Table 6: Investment Limits

	30.9.25 Actual £m	2025/6 Limit	Complied? Yes/No
Any single organisation, except the UK Central Government	-	£15m per organisation	Yes
UK Central Government	-	Unlimited	Yes
Any group of organisations under the same ownership	-	£15m per organisation	Yes
Any group of pooled funds under the same management	-	£37.5m	Yes
Negotiable instruments held in a broker's nominee account	-	£37.5m	Yes
Foreign countries	-	£15m	Yes
Registered providers and registered social landlords	-	£37.5m	Yes
Unsecured investments with building societies	-	£15m	Yes
Loans to unrated corporates	-	£15m	Yes
Money Market Funds	-	Unlimited	Yes
Real estate investment trusts	-	£37.5m	Yes

46. The Corporation measures and manages its exposures to treasury management risks using the following indicators.

47. Maturity Structure of Borrowing: This indicator is set to control the Corporation's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing are set out in table 7 below.

Table 7: Borrowing Maturity

	30.9.25 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	0%	100%	0%	Yes
12 months and within 24 months	0%	100%	0%	Yes
24 months and within 5 years	0%	100%	0%	Yes
5 years and within 10 years	0%	100%	0%	Yes
10 years and above	0%	100%	0%	Yes

48. Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Corporation's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 8: Long Term Investments

	2025/26	2026/27	2027/28
Actual principal invested beyond year end	£0	£0	£0
Limit on principal invested beyond year end	£1m	£1m	£1m
Complied?	Yes	Yes	Yes

49. This indicator compares the Corporation's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

Table 9: Liability Benchmark

	31.3.25 Actual £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
Loans CFR	-	-	-	-
Less: Balance sheet resources	-	-	-	-
Net loans requirement	-	-	-	-
Plus: Liquidity allowance	-	-	-	-
Liability benchmark	-	-	-	-

FINANCIAL IMPLICATIONS

50. This report is an update and therefore there are no specific financial implications.

LEGAL IMPLICATIONS

51. There are no legal implications associated with the recommendations within this report.

RISK ASSESSMENT

52. The interest rate risk is classified as Medium in the corporate risk register. The risk is managed through regular reviews of forecasts and scenario analysis with our Treasury management advisors.

CONSULTATION & COMMUNICATION

53. None

Name of Contact Officer:	Jo Moore
Post Title:	Group Director of Finance and Resources
Email Address:	Jo.moore@teesvalley-ca.gov.uk

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The appendices to this report are not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information); of schedule 12a Local Government Act 1972.)

Agenda Item 10

Report to the Hartlepool Development Corporation Board

2 December 2025

Report of Interim Group Chief Operating Officer/Monitoring Officer

URGENT AND DELEGATED DECISIONS

SUMMARY

This report provides an update for the Hartlepool Development Corporation (HDC) Board of Delegated and Urgent Decisions taken since the last Development Corporation Board meeting on 2 September 2025.

RECOMMENDATIONS

It is recommended that the Hartlepool Development Corporation Board:

- i. **NOTES** the Delegated Decision detailed in paragraph 3 and confidential **Appendix 1**.
- ii. **NOTES** the Delegated Decision detailed in paragraph 4 and confidential **Appendix 2**.
- iii. **NOTES** the Urgent Decision detailed in paragraph 5 and confidential **Appendix 3**.

DETAIL

1. Attached to this report are two Delegated Decision Record and one Urgent Decision Record.
2. The records contain commercially sensitive information pertaining to tenants of Middleton Grange Shopping Centre. The details of the delegated and urgent decisions are therefore not for publication under paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Schedule of 12A of the Local Government Act 1972.

Delegated Decisions

3. The Delegated Decision below has been taken in line with the Middleton Grange Shopping Centre Scheme of Delegation (June 2024) as agreed by the board on 11 July 2024 under item 10.3:
 - a. A decision was made to agree lease renewal terms with an existing tenant of a unit within Middleton Grange Shopping Centre and to grant the tenant a renewal lease. The lease terms were negotiated by external property retail consultants engaged on behalf of Hartlepool Development Corporation. The Board delegated authority to Hartlepool Development Corporation Statutory Officers to enter into any letting with a rent value up to £150,000pa.
 - b. A copy of the Delegated Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at confidential **Appendix 1.**
4. The Delegated Decision below has been taken in line with the Middleton Grange Shopping Centre Scheme of Delegation as agreed by the board on 11 July 2024 under item 10.3:
 - a. A decision was made to agree new lease terms and grant a new lease to a prospective tenant of a unit within Middleton Grange Shopping Centre. The lease terms were negotiated by external property retail consultants engaged on behalf of Hartlepool Development Corporation. The Board delegated authority to Hartlepool Development Corporation Statutory Officers to enter into any letting with a rent value up to £150,000pa.
 - b. A copy of the Delegated Decision form, recording the action taken by those officers to whom delegated authority was given, is attached at confidential **Appendix 2.**

Urgent Decisions

5. The Urgent Decision below was taken in respect of Middleton Grange Shopping Centre on 29 July 2025 by the Chief Executive exercising his delegated power in accordance with Procedure Rule 20, Hartlepool Development Corporation Constitution:

- a. Hartlepool Development Corporation, as landlord of Middleton Grange Shopping Centre, received notice from an insolvency practitioner that a Tenant of a unit in the Centre proposed a restructure to their business due to financial difficulties. The Tenant commenced a procedure under Part 26A of the Companies Act 2006 to restructure its company debts and obligations to various creditors and has instructed insolvency practitioners to propose a restructuring plan to its creditors. As the landlord of the Tenant, HDC is a creditor for the purposes of the rent, service charge, utilities and rates obligations under the Tenant's lease. A meeting of the creditors was held by the Tenant's insolvency practitioner in mid-August 2025 and it was open to HDC whether it wishes to vote at the meeting (either by attending or by proxy) or abstain from voting. A decision was made for HDC to vote in favour of the Tenant's restructuring plan via proxy and to authorise the Group Legal Manager to complete and sign the relevant forms on HDC's behalf to give effect to this decision.
- b. A copy of the Urgent Decision recording the action taken by those officers who exercised their delegated authority in accordance with the HDC constitution is attached as confidential **Appendix 3**.

FINANCIAL IMPLICATIONS

6. The financial implications in relation to each Delegated and Urgent Decision are identified within each decision form.

LEGAL IMPLICATIONS

7. The decisions referred to in this report have been taken in accordance with the Hartlepool Development Corporation Constitution and Middleton Grange Shopping Centre Scheme of Delegation (June 2024).
8. The Middleton Grange Shopping Centre Scheme of Delegation (June 2024) was agreed by the board on 11 July 2024 under item 10.3. The main body of the report identifies the specific delegations exercised by the Statutory Officers in accordance with the Scheme of Delegation and Constitution.

RISK ASSESSMENT

9. This report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION & COMMUNICATION



10. Save for where provided in the Urgent or Delegated Decision Record, no consultation is required in relation to reporting to the Board.

EQUALITY & DIVERSITY

11. It is not expected that the content of this report will have an adverse effect on any individual with protected characteristics.

Name of Contact Officer:	Shaun Natrass
Post Title:	Group Legal Manager
Email Address:	Shaun.Natrass@teesvalley-ca.gov.uk

RECORD OF THE EXERCISE OF DELEGATIONS TO CHIEF OFFICERS AS DETAILED IN THE MIDDLETON GRANGE SHOPPING CENTRE SCHEME OF DELEGATION JUNE 2024

This form should be used to record decisions taken in accordance with the delegations provided in the Hartlepool Development Corporation Constitution to one or more Chief Officers (as relevant) – Chief Executive, Section 73 Officer and Monitoring Officer.

OFFICER: Chief Executive, Interim Group Director of Finance and Resources and Group Legal Manager	DATE DECISION TAKEN: 10 September 2025
DECISION NO: HDC AF19-2025	
REFERENCE – TYPE OF DELEGATION Delegation to HDC Statutory Officers - Middleton Grange Shopping Centre Scheme of Delegation (June 2024)	DELEGATION POWER Delegation to HDC Statutory Officers – Any letting with rent level up to £150,000 pa.
DETAILS OF DECISION: <u>Background</u> Hartlepool Development Corporation (“HDC”), as landlord of Middleton Grange Shopping Centre, is negotiating terms with an existing tenant, the details of which are set out in confidential appendix A (“the Tenant”), to agree a renewal lease of a unit in the Centre. The Tenant has indicated their wish to enter into a lease to remain at the Centre for a further 3 years and has provisionally agreed the terms of the renewal lease. Terms of the renewal lease have been negotiated by Barker Proudlove, HDC’s external retail property consultants. The proposed Heads of Terms are summarised in the attached confidential Appendix B and are set out in full in JLL’s recommendation at confidential Appendix C. <u>Decision</u> A decision has been made to agree the terms of the renewal lease to the Tenant as set out in the attached recommendation at confidential Appendix C and completion of the renewal lease on those terms.	
FINANCIAL IMPLICATIONS:	

The Tenant has agreed to continue paying the same annual rent to HDC therefore the lease renewal will have the same effect on the Net Operating Income of the unit. The rent will continue to be inclusive of service charge.

The fees associated with the transaction are as follows:

Anthony Collins Solicitors:	£950.00 plus VAT
JLL:	£4,000.00 plus VAT
<u>Total:</u>	<u>£4,950.00 plus VAT</u>

PROCESS OF PARTNER CONSULTATION:

There has been no partner consultation prior to making this decision.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

Not to agree to the recommended lease terms – this may result in the Tenant no longer wishing to operate their business from the Centre and vacating the unit. This would consequently mean that HDC would need to continue to cover the void costs for the unit as the unit would become vacant.

ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS:

The Chief Executive of Hartlepool Development Corporation is also the Chief Executive of Tees Valley Combined Authority. This creates a perceived conflict of interest. By exercising this delegation, under the Hartlepool Development Corporation Constitution, the Chief Executive has considered whether this creates an actual conflict of interest. This decision will not adversely affect the Tees Valley Combined Authority, and as such, the decision maker is content that no actual conflict arises, such that the decision can be made free from such conflict.

The Interim Group Director of Finance & Resources of Hartlepool Development Corporation is also the Interim Group Director of Finance & Resources of Tees Valley Combined Authority. This creates a perceived conflict of interest. By exercising this delegation, under the Hartlepool Development Corporation Constitution, the Interim Group Director of Finance & Resources has considered whether this creates an actual conflict of interest. This decision will not adversely affect the Tees Valley Combined Authority, and as such, the decision maker is content that no actual conflict arises, such that the decision can be made free from such conflict.

The Group Legal Manager of Hartlepool Development Corporation is also the Group Legal Manager of Tees Valley Combined Authority. This creates a perceived conflict of interest. By exercising this delegation, under the Hartlepool Development Corporation Constitution, the Group Legal Manager has considered whether this creates an actual conflict of interest. This decision will not adversely affect the Tees Valley Combined Authority, and as such, the decision maker is content that no actual conflict arises, such that the decision can be made free from such conflict.

ANY OTHER INFORMATION TO BE INCLUDED AS PART OF THE DECISION RECORD:

None

SIGNATURE:  CHIEF EXECUTIVE DATE: 25th September 2025	SIGNATURE:  GROUP LEGAL MANAGER (with the necessary delegations for the Monitoring Officer) DATE: 10 September 2025	SIGNATURE:  INTERIM GROUP DIRECTOR OF FINANCE & RESOURCES DATE: 25th September 2025
Date Reported to HDC Board		

RECORD OF THE EXERCISE OF DELEGATIONS TO CHIEF OFFICERS AS DETAILED IN THE MIDDLETON GRANGE SHOPPING CENTRE SCHEME OF DELEGATION JUNE 2024

This form should be used to record decisions taken in accordance with the delegations provided in the Hartlepool Development Corporation Constitution to one or more Chief Officers (as relevant) – Chief Executive, Section 73 Officer and Monitoring Officer.

OFFICER: Chief Executive, Interim Group Director of Finance and Resources and Group Legal Manager	DATE DECISION TAKEN: 10 September 2025
DECISION NO: HDC AF18-2025	
REFERENCE – TYPE OF DELEGATION Delegation to HDC Statutory Officers - Middleton Grange Shopping Centre Scheme of Delegation (June 2024)	DELEGATION POWER Delegation to HDC Statutory Officers – Any letting with rent level up to £150,000 pa.
DETAILS OF DECISION: <u>Background</u> Hartlepool Development Corporation (“HDC”), as landlord of Middleton Grange Shopping Centre, is negotiating terms with an existing tenant, the details of which are set out in confidential appendix A (“the Tenant”), to agree a renewal lease of a unit in the Centre. The Tenant has indicated their wish to enter into a lease to remain at the Centre for a further 5 years and has provisionally agreed the terms of the renewal lease. Terms of the renewal lease have been negotiated by Barker Proudlove, HDC’s external retail property consultants. The proposed Heads of Terms are summarised in the attached confidential Appendix B and are set out in full in JLL’s recommendation at confidential Appendix C. <u>Decision</u> A decision has been made to agree the terms of the renewal lease to the Tenant as set out in the attached recommendation at confidential Appendix C and completion of the renewal lease on those terms.	
FINANCIAL IMPLICATIONS:	

The Tenant has agreed to continue paying the same annual rent to HDC therefore the lease renewal will have the same effect on the Net Operating Income of the unit. The rent will continue to be exclusive of service charge, business rates and insurance rent.

The fees associated with the transaction are as follows:

Anthony Collins Solicitors:	£950.00 plus VAT
JLL:	£4,000.00 plus VAT
<u>Total:</u>	<u>£4,950.00 plus VAT</u>

PROCESS OF PARTNER CONSULTATION:

There has been no partner consultation prior to making this decision.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

Not to agree to the recommended lease terms – this may result in the Tenant no longer wishing to operate their business from the Centre and vacating the unit. This would consequently mean that HDC would need to continue to cover the void costs for the unit as the unit would become vacant.

ACTUAL OR PERCEIVED CONFLICT OF INTEREST BY ANY OF THE DECISION-MAKERS:

The Chief Executive of Hartlepool Development Corporation is also the Chief Executive of Tees Valley Combined Authority. This creates a perceived conflict of interest. By exercising this delegation, under the Hartlepool Development Corporation Constitution, the Chief Executive has considered whether this creates an actual conflict of interest. This decision will not adversely affect the Tees Valley Combined Authority, and as such, the decision maker is content that no actual conflict arises, such that the decision can be made free from such conflict.

The Interim Group Director of Finance & Resources of Hartlepool Development Corporation is also the Interim Group Director of Finance & Resources of Tees Valley Combined Authority. This creates a perceived conflict of interest. By exercising this delegation, under the Hartlepool Development Corporation Constitution, the Interim Group Director of Finance & Resources has considered whether this creates an actual conflict of interest. This decision will not adversely affect the Tees Valley Combined Authority, and as such, the decision maker is content that no actual conflict arises, such that the decision can be made free from such conflict.

The Group Legal Manager of Hartlepool Development Corporation is also the Group Legal Manager of Tees Valley Combined Authority. This creates a perceived conflict of interest. By exercising this delegation, under the Hartlepool Development Corporation Constitution, the Group Legal Manager has considered whether this creates an actual conflict of interest. This decision will not adversely affect the Tees Valley Combined Authority, and as such, the decision maker is content that no actual conflict arises, such that the decision can be made free from such conflict.

ANY OTHER INFORMATION TO BE INCLUDED AS PART OF THE DECISION RECORD:

None

SIGNATURE:  CHIEF EXECUTIVE DATE: 25th September 2025	SIGNATURE:  GROUP LEGAL MANAGER (with the necessary delegations for the Monitoring Officer) DATE: 10 September 2025	SIGNATURE:  INTERIM GROUP DIRECTOR OF FINANCE & RESOURCES DATE: 25th September 2025
Date Reported to HDC Board		

DELEGATED DECISION IN CASE OF URGENCY (PROCEDURE RULE 20 – HARTLEPOOL DEVELOPMENT CORPORATION CONSTITUTION)

This form should be used to record decisions taken under urgent decision arrangements by the Chief Executive in consultation with the Chair of the Hartlepool Development Corporation Board, Group Director of Finance & Resources and Monitoring Officer, where the decision needs to be taken urgently and it is not practicable to form a quorate meeting of the board.

A record of this decision must be submitted to the next HDC Board. An annual record is also maintained by the Monitoring Officer.

OFFICER: CHIEF EXECUTIVE	DATE DECISION TAKEN: 29 July 2025
DECISION NO: HDC UD 12-2025	DELEGATION POWER AND PAGE OF CONSTITUTION: Procedure Rule 20, Hartlepool Development Corporation Constitution
DETAILS OF DECISION: <u>Background</u> Hartlepool Development Corporation ("HDC"), as landlord of Middleton Grange Shopping Centre, has received notice from an insolvency practitioner that a tenant of a unit in the Centre ("the Tenant") is proposing to restructure their business due to financial difficulties. The Tenant has commenced a procedure under Part 26A of the Companies Act 2006 to restructure its company debts and obligations to various creditors and has instructed insolvency practitioners to propose a restructuring plan to its creditors. As the landlord of the Tenant, HDC is a creditor for the purposes of the rent, service charge, utilities and rates obligations under the Tenant's lease. HDC's asset managers, JLL, have reviewed the restructuring plan proposal on behalf of HDC and have provided a summary. A copy of JLL's summary can be found attached to this record at confidential Appendix A. A meeting of the creditors is due to be held by the Tenant's insolvency practitioner in mid August 2025 and it is open to HDC whether it wishes to vote at the meeting (either by attending or by proxy) or abstain from voting. It is JLL's recommendation that HDC votes at the meeting in favour of the restructuring plan for the reasons set out in the Financial Implications section of this record. In order for the restructuring plan to be passed and put into effect, the whole proposal requires a 75% vote in favour. If a creditor does not vote but the Plan is successful and sanctioned by the Court, they will still be bound by the outcome of the plan from the effective date. Should the plan not be passed by the creditors, it is likely that the Tenant will be placed into administration. It is not feasible to wait until the next HDC Board on the basis that HDC must indicate its intention to vote at the creditors meeting by 15 August 2025. <u>Decision</u> A decision has been made for HDC to vote in favour of the Tenant's restructuring plan via proxy and to authorise the Group Legal Manager to complete and sign the relevant forms on HDC's behalf to give effect to this decision. Appendices A, B and C to this Record of Decision are not for publication under the terms of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) and paragraph 5 (Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings) of Schedule 12A of the Local Government Act 1972.	