

**JOINT GREATER MANCHESTER COMBINED AUTHORITY
& AGMA EXECUTIVE BOARD MEETING**

Date: Friday 11 January 2019
Subject: Stockport Mayoral Development Corporation
Report of: Andy Burnham, Mayor of Greater Manchester

PURPOSE OF REPORT:

This report sets out the plans to consult on the establishment of a Mayoral Development Corporation (MDC) covering the Town Centre West area of Stockport.

RECOMMENDATION:

Members are asked to:

1. Endorse the Mayor undertaking a consultation exercise in respect of the designation of a Mayoral Development Corporation in the Town Centre West area of Stockport (para 14-21)
2. Request that a further report be brought back setting out the outcome of the consultation to a future meeting of the Greater Manchester Combined Authority for approval
3. Endorse the general principles which would apply to any GM Mayoral Development Corporation (para 23).

CONTACT OFFICERS:

Simon Nokes, Executive Director, GMCA
Simon.nokes@greatermanchester-ca.gov.uk

INTRODUCTION

1. Stockport's Town Centre West area has the potential to be a new urban village of up to 3,000 new homes with complementary mixed use development and the social infrastructure required to support a significant increase in the residential population. Large-scale regeneration would ensure that Town Centre West is a healthy, sustainable place which incorporates innovation and smart technology into design and urban living as well as the appropriate social, physical and green infrastructure to support existing and new residents.
2. The focus on the regeneration of this part of Stockport is a key part of the Mayoral Town Centre Challenge which was launched in November 2017. A key part of that challenge is to ensure that a stronger housing and employment offer is developed in GM's Town Centres – as their role as retail centres changes, and to ensure that we are maximising the opportunity of developing brownfield land in sustainable locations. This sort of integrated regeneration approach is vital to maximise the viability of such brownfield land sites for housing and employment.
3. The Combined Authority at its meeting in September agreed to consider creating a Stockport Mayoral Development Corporation (MDC) to capitalise on this opportunity for the regeneration of the Town Centre West area subject to further work.
4. It also agreed a draft set of principles for any GM Mayoral Development Corporation to be agreed by a future Combined Authority meeting.

FURTHER WORK

5. Since the September CA meeting a range of further work has been progressed.
6. Cushman & Wakefield have been commissioned by Stockport Council to produce a Strategic Regeneration Framework (SRF) for Town Centre West. This will refine the vision for the area and result in a comprehensive masterplan that maximises the area's advantages in terms of:
 - Its proximity to the wider town centre
 - Its exceptional transport connectivity through the West Coast Mainline and strategic position adjacent to M60
 - The significant momentum created by the development that is currently coming forward in the area (e.g. the Interchange, former Royal Mail Sorting Office, Stockport Exchange, and the redevelopment of the Stockport College site)
 - Its river-side setting
 - Its existing heritage assets and architectural character
 - Significant public sector land ownership
 - Existing community (resident and businesses)
7. The SRF will be set out how Stockport can address the challenges that Town Centre West faces which include fragmented land ownership, topography, marginal viability and

potential remediation / abnormal costs on some sites, and a need to ensure additional social infrastructure is provided.

8. Homes England are actively engaged in the Town Centre West area through the allocation of Housing Infrastructure Fund (Marginal Viability) awards to the Interchange and Weir Mill schemes as well as through its ownership of the Stockport College site. Homes England are currently exploring options to support and encourage accelerated housing delivery in the area with a view to submitting a report to their Board in January on how best to engage with the Town Centre West opportunity.
9. Deloitte have produced a full Business Case for Stockport Council for the creation of a Mayoral Development Corporation. The conclusion the Deloitte business case comes to is that town centre regeneration on the scale required for Town Centre West will require a comprehensive approach to masterplanning and land assembly, engagement with investors and developers, and the careful consideration of how best to support regeneration from a planning point of view. It will also require the coordination of public sector powers, landholdings, and resources at national, GM, and local levels.
10. Town Centre West's scale, its need for place-shaping, its fragmented land ownerships, its multiplicity of stakeholders, and the requirement to create a diverse investment platform will require the creation of a co-ordinated delivery vehicle if its potential is to be achieved.
11. Following an options analysis of the potential delivery vehicles which could be established Deloitte concluded that the creation of an MDC was the optimal regeneration vehicle for this area as it would:
 - deliver the single institutional platform for land assembly, masterplanning, development facilitation, site preparation and infrastructure and place creation; and the ability to harness the resources of local and national government to secure maximum impacts and efficiency
 - have the profile and ability to create a diverse mix of investment propositions to take to the market
 - have the profile to procure development partners underpinned by land sale agreements or joint ventures between public and private sector partners
 - provide a vehicle through which public sector land acquisition powers could be brought together to facilitate and unlock development
 - be able to bring together appropriate experience and capacity in development and place-making from across the public sector, and at Board-level through both Executive and Non-Executive members, to create the momentum to support delivery of a long-term and complex change programme
 - set in place a time-limited but long-term structure and business plan that would sit outside other organisational contexts and pressures. This would ensure that there was a committed and certain resource set in place to underpin its investment strategy. A single place integrated approach for all these key activities and requirements will optimise the relationships between democratic responsibility and the economic and social priorities of the Mayor, Combined Authority and the Council and other public/private partners

- be required to report to both Stockport Council and Greater Manchester Combined Authority to ensure that its proceedings can be scrutinised within existing democratic structures
12. Deloitte have estimated the overall costs (set-up and operational costs) of running the Mayoral Development Corporation (MDC) to be circa £0.500m per annum. In line with this, Stockport Council has included budget of £0.500m per annum in their Medium Term Financial Plan to fund these costs. The inclusion of this budget in the Council's MTFP was approved at the Cabinet meeting on 18 December 2018 and will ensure that the MDC is funded on a permanent basis. The Council has also agreed that any additional costs incurred in 2018/19 relating to the work to develop the MDC proposal will be met from the Council's identified resources.
13. In reviewing the various delivery options Deloitte and PWC have separately looked at the financial and tax implications of driving the regeneration of Town Centre West through an MDC as opposed to delivery via the Local Authority. They have concluded that although there may be additional tax implications of using the MDC model compared to a Local Authority model, the detail will depend on how activities are structured between the MDC and Stockport Council. In particular:
- A broad range of activities undertaken by an MDC established to deliver regeneration and housing are zero-rated for VAT. Therefore there would be no VAT difference between an MDC and Local Authority. Only activity that falls to be non-business or exempt will result in additional VAT costs (e.g. VAT incurred in relation to seconded staff). An MDC supported by public sector partners would have the flexibility to ensure that activities are undertaken by the most VAT-efficient organisation in order to minimise VAT exposure
 - The operating model(s) for any MDC could be set up in order to minimise Stamp Duty Land Transfer costs by carefully structuring how the Local Authority and MDC acquires, holds, and transfers land.

MOVING TO CONSULTATION

14. Based on the above progress this report recommends to the CA that it is appropriate for the Mayor to commence a formal consultation in respect of the designation of a Mayoral Development Corporation in the Town Centre West area of Stockport.
15. The creation of a Mayoral Development Corporation (MDC) in Stockport's Town Centre West would be a significant statement of collective ambition to drive forward regeneration at pace and scale in a town centre context. An MDC's unique ability to lead site acquisition and land assembly for development means that any decision to establish one is likely to generate significant public interest. Therefore it requires robust stakeholder engagement and a formal consultation process, as set out in legislation, before any decision is made. It will be particularly important to clarify what the establishment of an MDC would mean for existing residents, businesses, and landowners.

16. It is proposed that the Mayor will carry out a consultation which will launch on 11th January 2019 following the GMCA meeting and run for a period of eight weeks until Friday 8th March 2019. The results will then be analysed and will inform the Mayor's decision about whether to proceed with the creation of an MDC or not.
17. It is proposed that the consultation is an open, web-based public consultation in addition to the statutory consultees as set out in the legislation which are:
 - Greater Manchester Combined Authority
 - Stockport Council as the Local Authority in which the proposed MDC area falls
 - The Member of Parliament in whose constituency the proposed MDC area falls
 - Any other person whom the Mayor considers it appropriate to consult
18. The proposed consultation will be supported primarily by Stockport Council to ensure that it accurately reflects local circumstances. It is proposed that it will be an online consultation exercise hosted on the GM Consult platform with GMCA's consultation team providing expert advice to ensure the process is robust. Stockport Council will produce the consultation questions and supporting contextual information about the aims and objectives of the proposed MDC. These consultation materials will draw on the emerging Strategic Regeneration Framework that is in preparation for Stockport's Town Centre West area and the business case that has been prepared to support the MDC proposal to ensure that spatial regeneration ambitions and proposed MDC operating model and governance arrangements are set out in the consultation.
19. The consultation will be publicised through Stockport Council's and GMCA's existing communications channels with press releases, social media messaging, and website content produced by Stockport Council in collaboration with GMCA.
20. The Mayor's consultation on the creation of a Mayoral Development Corporation will be followed in spring 2019 by a detailed consultation carried out by Stockport Council on the final draft of its Strategic Regeneration Framework for Stockport's Town Centre West area which will provide a further opportunity for public engagement on the final masterplan proposals that any MDC would be expected to play a central role in delivering.
21. A Mayoral Development Corporation is a statutory body established under Part 8 of the Localism Act 2011 and the Greater Manchester Combined Authority (Functions and Amendment) Order 2017. With regard to planning powers, the Mayor has decided that the Mayoral Development Corporation will not be a local planning authority or have certain specified planning functions. This position is in line with the GM principles outlined below. With regard to powers to grant discretionary relief from non-domestic rates, the Mayor has decided that the MDC will not assume any of the functions of the Local Billing Authority with regard to the billing or collection of non-domestic rates.

TIMELINE AND NEXT STEPS

22. Once the results of the consultation are received and analysed the proposed future steps towards the creation of an MDC are:

- Subject to the consultation results, and paying due regard to the views of the consultees including Stockport Council in whose area the MDC will operate, the Mayor will issue notice that he intends to create an MDC in the Town Centre West area of Stockport. This is likely to come before the March CA meeting
- The consideration period for the designation of a Mayoral Development Area is 21 days beginning with the day the document proposing the designation of the Mayoral Development Area is laid before the GMCA in accordance with the standing orders of the GMCA
- Following this period, the Mayor must publicise the designation and notify the Secretary of State of the designation setting out the name to be given to the Mayoral Development Corporation for the area
- The Secretary of State must issue an Order to bring this into effect. It is noted that, given Parliamentary process and timescales, an Order is unlikely to be passed until Autumn 2019 at which point the MDC could be formally created. In advance of any Order it is proposed that a shadow board would be formed from Spring 2019, subject to the consultation, if the Mayor has issued a designation notice.

WIDER PRINCIPLES FOR ANY GREATER MANCHESTER MAYORAL DEVELOPMENT CORPORATION

23. The principles set out in the September CA report which should underpin any GM Mayoral Development Corporation have been subject to further consideration and examination, including by Deloitte who have endorsed them as sound. The CA is therefore asked to agree the following as principles that should be applied to any GM MDC:
- An assumption that planning powers remain with the Local Authority
 - A commitment from the host Local Authority to underwrite costs, for example the Chair of the Board, the lead Executive and associated activities
 - A commitment from the host local authority to ensure existing staff resources are available to form the core executive team
 - A commitment to collaborative working between the Mayor and host authority to agree how development is to proceed
 - Demonstration that the approach has the ability to simplify decision making
 - All partners to recognise that there should be no significant new revenue cost
 - Any 'Board' has the development expertise, prominence, and leadership capable of securing private investment and that that expertise is balanced in a way which builds in democratic accountability
 - The statutory roles of Chief Finance and Chief Legal Officer to be provided by the host authority and GMCA respectively

RECOMMENDATIONS

24. The recommendations are given at the front of this report.