Stockton-on-Tees BOROUGH COUNCIL
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Executive Scrutiny Committee

Agenda

Date:
Tuesday 1 December 2026 at 10.00 am

Venue:
Council Chamber, Dunedin House, Columbia Drive, Thornaby, Stockton-on-Tees TS17 6BJ

Cllr Sylvia Walmsley (Chair)
Cllr Kevin Faulks (Vice-Chair)

Cllr Jim Beall, Cllr Marc Besford, Cllr Carol Clark, Cllr Stephen Dodds, Cllr Lynn Hall, Cllr Shakeel Hussain, Cllr Niall Innes, Cllr Mrs Ann McCoy, Cllr Sufi Mubeen, Cllr Tony Riordan and Cllr Marilyn Surtees

Agenda

1. Livestreaming

This meeting will be filmed for live and / or subsequent broadcast on the Council's website. The whole of the meeting will be filmed, except where there are confidential or exempt items, and the footage will be on the website for 12 months. A copy of it will also be retained in accordance with the Council's data retention policy.

If you attend and make a representation to the meeting, you will be deemed to have consented to being filmed. When admitted to the Council Chamber you are also consenting to being filmed and to the possible use of those images and sound recordings for livestreaming and / or training purposes. If you do not wish to have your image captured, please contact Democratic Services prior to attending the meeting.

If there are any technical difficulties with the livestreaming, the meeting will still proceed.

2. Evacuation Procedure (Pages 7 - 10)

3. Apologies for Absence

4. Declarations of Interest

5. Procedure (Pages 11 - 12)

6. Billingham Town Centre (Pages 13 - 192)



Jonathan Nertney
Head of Democratic Services
Monday 23 November 2026

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, including the opportunities available for any member of the public to speak at the meeting; or for details of access to the meeting for disabled people, please.

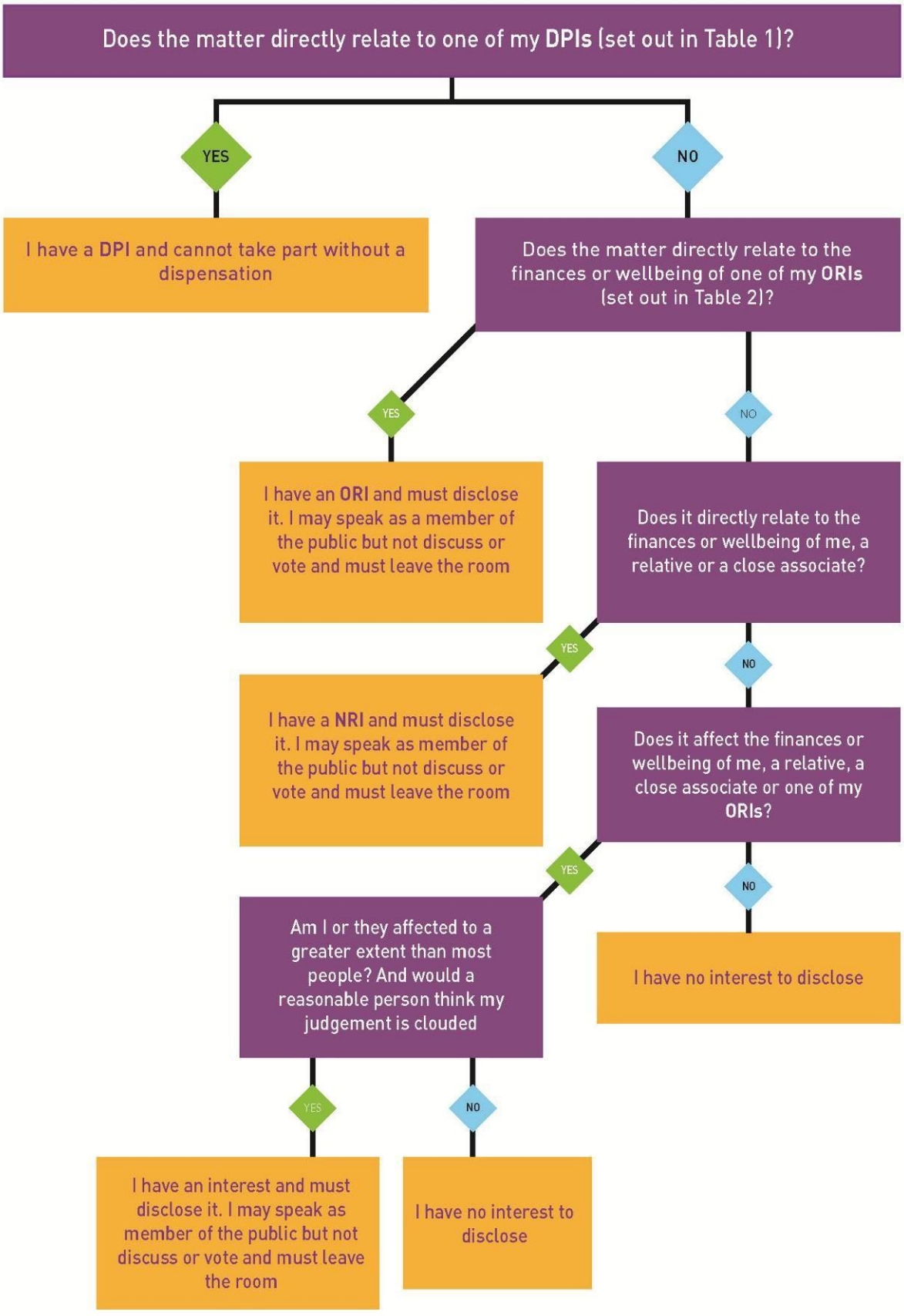
Contact: Michael Henderson, Democratic Services on email Judy.Trainer@stockton.gov.uk

Stockton-on-Tees BOROUGH COUNCIL

Key – Declarable interests are :-

- Disclosable Pecuniary Interests (DPI's)
- Other Registerable Interests (ORI's)
- Non Registerable Interests (NRI's)

Members – Declaration of Interest Guidance



Stockton-on-Tees
BOROUGH COUNCIL

Table 1 - Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2 – Other Registerable Interest

You must register as an Other Registrable Interest:

a) any unpaid directorships

b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority

c) any body

(i) exercising functions of a public nature

(ii) directed to charitable purposes or

(iii) one of whose principal purposes includes the influence of 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

Council Chamber, Dunedin House
Evacuation Procedure & Housekeeping

Entry

Entry to the Council Chamber is via the Council Chamber entrance indicated on the map below.



In the event of an emergency alarm activation, everyone should immediately start to leave their workspace by the nearest available signed Exit route.

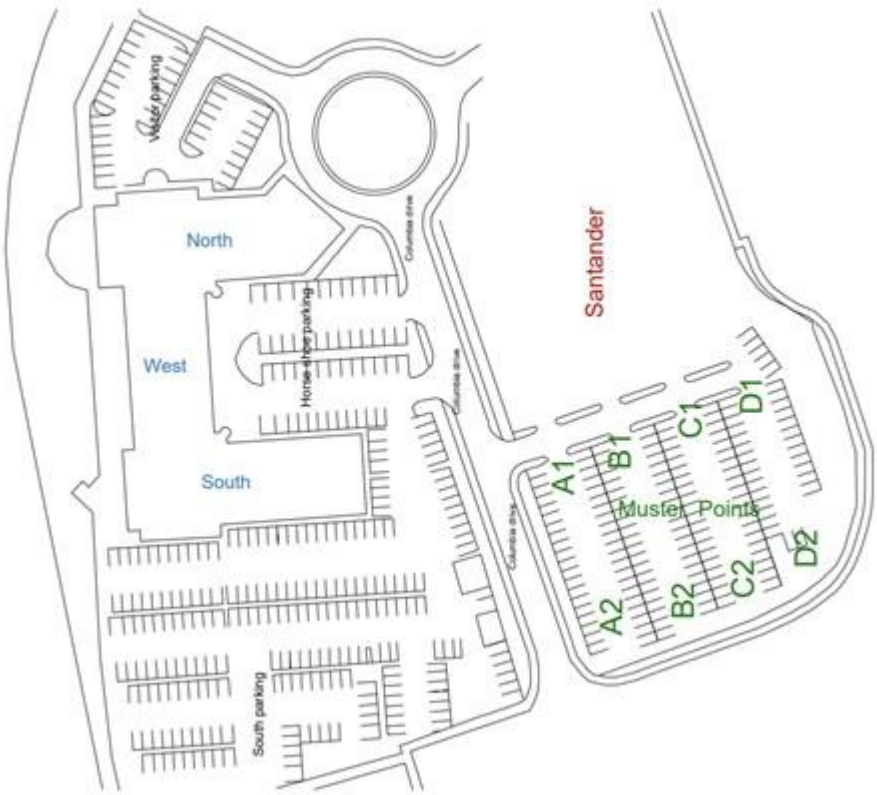
The emergency exits are located via the doors to the left of the raised seating area at the front of the Council Chamber and the rear of the Council Chamber.

Fires, explosions, and bomb threats are among the occurrences that may require the emergency evacuation of Dunedin House. Continuous sounding and flashing of the Fire Alarm is the signal to evacuate the building or upon instruction from a Fire Warden or a Manager.

The Emergency Evacuation Assembly Point is in the overflow car park located across the road from Dunedin House.

The allocated assembly point for the Council Chamber is: D2

Map of the Emergency Evacuation Assembly Point - the overflow car park:



All occupants must respond to the alarm signal by immediately initiating the evacuation procedure.

When the Alarm sounds:

1. **stop all activities immediately**. Even if you believe it is a false alarm or practice drill, you MUST follow procedures to evacuate the building fully.

2. **follow directional EXIT signs** to evacuate via the nearest safe exit in a calm and orderly manner.

    - do not stop to collect your belongings
    - close all doors as you leave

3. **steer clear of hazards**. If evacuation becomes difficult via a chosen route because of smoke, flames or a blockage, re-enter the Chamber (if safe to do so). Continue the evacuation via the nearest safe exit route.

4. **proceed to the Evacuation Assembly Point.** Move away from the building. Once you have exited the building, proceed to the main Evacuation Assembly Point immediately - located in the **East Overflow Car Park**.

    - do not assemble directly outside the building or on any main roadway, to ensure access for Emergency Services.

5. **await further instructions.**

    - **do not re-enter the building under any circumstances without an "all clear"** which should only be given by the Incident Control Officer/Chief Fire Warden, Fire Warden or Manager.
    - do not leave the area without permission.
    - ensure all colleagues and visitors are accounted for. Notify a Fire Warden or Manager immediately if you have any concerns

Toilets

Toilets are located immediately outside the Council Chamber, accessed via the door at the back of the Chamber.

Water Cooler

A water cooler is available at the rear of the Council Chamber.

Microphones

During the meeting, members of the Committee, and officers in attendance, will have access to a microphone. Please use the microphones, when invited to speak by the Chair, to ensure you can be heard by the Committee and those in attendance at the meeting.

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This document was classified as: OFFICIAL

Meeting Procedure for Call In

At this meeting, it is suggested that the following procedure be followed, at the discretion of the Chair:

1. The Statutory Scrutiny Officer will present the report to the Committee.

2. The Monitoring Officer/Proper Officer will present their report (attached as an appendix) and explain their reasons for validating the call in request.

3. A spokesperson for the Members who have requested the call in, will present and explain the reasons for calling in the decision and why they submit that it does not meet the decision making principles. The decision making principles are detailed at paragraph 1.35 of the Constitution.

4. The Cabinet Member(s) will present and explain why the decision making principles were complied with. On more technical or professional issues the Cabinet Member(s) may wish to call on Directors or specialist Officers to assist the Committee.

5. The Committee may ask questions and/or seek clarification on what has been presented. Also, with the permission of the Chair, a Member/Officer, who has been required to attend the meeting, may request clarification of any points.

6. The Committee may ask questions and/or seek clarification from Members, Officers and other interested parties who have been requested/required to attend the meeting.

7. The Committee will deliberate and come to a decision.

Executive Scrutiny Committee can take one of the following actions in response to a call in:

a) If the Committee considers that the decision was taken in accordance with decision making principles as set out in the constitution, it need take no further action and the decision will become effective immediately at the close of the meeting

OR

b) If the Committee makes a finding that the decision did not meet/comply with the decision-making principles, it may refer it back to Cabinet for reconsideration, providing a statement of the reasons for the referral. All Members who signed the call in petition will be invited to the relevant Cabinet meeting. The Cabinet's reconsideration of the matter, and subsequent decision, (i.e. whether to amend or retract the decision) will be final.

(Note: If the Committee, having taken appropriate advice, considers the decision is contrary to the Council's policy framework or approved budget/Medium Term Financial Plan, or is not within the Cabinet's remit or powers, it can refer the matter to Council.)

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Agenda Item 6

REPORT TO EXECUTIVE SCRUTINY COMMITTEE

1 DECEMBER 2026

REPORT OF CORPORATE MANAGEMENT TEAM

Call In - Billingham Town Centre

Detail

1. The decision taken by Cabinet on 4th November 2026, relating to the acquisition of Billingham Town Centre has been subject to a valid call-in.

CABINET RESOLVED:-

1) That Cabinet, having considered the regeneration objectives, alternative options, valuation evidence, independent professional advice, financial implications and risks set out in this report and its exempt appendices, approves the acquisition of Billingham Town Centre from Sheet Anchor Evolve for a purchase price of £13 million, together with associated Stamp Duty Land Tax and professional fees within the approved acquisition budget, for the purposes of facilitating the regeneration of Billingham Town Centre.

2) To delegate to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer, authority to apply the £20m Local Regeneration Fund allocation towards the acquisition of Billingham Town Centre and the delivery of Phase 1 works in accordance with Exempt Annex A, subject to compliance with the applicable funding conditions and approved programme budget.

3) To develop a Full Business Case to draw down circa £10m of allocated TVCA funding to achieve the sustainable regeneration of Billingham Town Centre. The resulting Full Business Case and any proposal to commit the associated funding shall be reported back to Cabinet for consideration.

4) That Cabinet delegates authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer and Director of Corporate Services (Monitoring Officer), to complete the acquisition of Billingham Town Centre on the terms approved by Cabinet, including entering into all necessary agreements and contracts, and to establish effective arrangements for the ongoing management of the asset.

5) In exercising this delegation, officers will have regard to any material changes in the financial, legal or commercial circumstances arising before completion. Any material change which calls into question the basis upon which Cabinet has

approved the acquisition will be referred back to Cabinet for further consideration and determination.

6) To delegate authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer, to procure and enter into contracts necessary to deliver Phase 1 works, including demolition of Queensway South, the former library and clinic site, urgent condition works and associated operational arrangements, subject to approved budget provision and compliance with the Council's Financial Procedure Rules, Contract Procedure Rules and applicable procurement legislation.

7) To delegate to the Director of Regeneration and Inclusive Growth in consultation with legal services officers the authority to enter into all necessary contracts to enable the decant of remaining tenants from West Precinct subject to compliance with the Council's Constitution, Financial Procedure Rules, Contract Procedure Rules, approved budget provision and applicable procurement legislation.

8) To delegate authority to the Director of Regeneration and Inclusive Growth to undertake preparatory work, surveys, design development, procurement activity and business case preparation relating to the proposed demolition of West Precinct and Kingsway Car Park. Any decision to enter into a contract resulting in a material financial commitment for the delivery of those demolition works shall be subject to a further Cabinet report following confirmation of external funding and approval of the associated business case.

9) To delegate authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer and relevant legal officers, to enter into, vary, renew, surrender or terminate leases and licences necessary for the effective management and regeneration of Billingham Town Centre, subject to compliance with the Council's Constitution, Financial Procedure Rules and approved budget provision.

10) To initiate a programme of community engagement to refresh the vision for the regeneration of Billingham Town Centre.

11) To establish a Billingham Regeneration Board to act in an advisory capacity and support engagement of local stakeholders and the community to ensure that local voices help shape the development of regeneration plans.

12) To appoint Mark White CBE DL, as the Independent Chair of the Billingham Regeneration Board.

13) To bring forward to Cabinet, following public engagement and development of the masterplan, a proposed regeneration scheme for Billingham Town Centre together with any necessary delivery, funding and governance proposals.

14) To note the advice of the Chief Financial Officer concerning affordability, prudence and sustainability and the advice of the Monitoring Officer concerning the legal and governance implications of the proposed acquisition.

15) To note that any future proposal involving material prudential borrowing or a material change to the approved funding strategy shall be subject to further consideration through the Council's established governance arrangements.

2. The Monitoring Officers report notes that the main proposal which is the subject of the call-in request is the recommendation to acquire Billingham Town Centre for £13million. The Monitoring Officer report addresses the scope of the call in and that it does not relate to recommendations 6 - 15. The reasons for the validation of the call in relate to the following principles of decision making:

   - Proportionality
   - Clarity and explanation of information provided

3. The following Members and Officers have been requested to be present at the meeting:-

   - Cllr Paul Rowling – Deputy Leader and Cabinet Member for Resources and Regeneration
   - Clare Harper – Chief Financial Officer
   - Ged Morton – Director of Corporate Services
   - Tracey Carter – Director of Regeneration and Inclusive Growth
   - Iain Robinson – Assistant Director – Town Centre Development

4. The following documents are attached to assist with the Committee's consideration:-

Call in form	Appendix 1
Cabinet Report	Appendix 2
Decision Record	Appendix 3
Report of Monitoring Officer	Appendix 4

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Name of Contact Officer: Jonathan Nertney

Post Title: Head of Democratic Services

Telephone number: 01642 526312

Email address: jonathan.nertney@stockton.gov.uk

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Stockton-on-Tees Borough Council

Call-In Request Form

I/We request that the following matter be called-in for consideration by the Executive Scrutiny Committee for the reason(s) stated below.

I/We understand that a minimum of six Members of the Council excluding Cabinet Members, or two Education representatives with voting rights in respect of education matters, must submit this request before the call-in procedure is implemented.

Decision making body ie. Cabinet, Officer, or Joint Arrangement	Cabinet

Details of decision	Approval to acquire Billingham Town Centre from Sheet Anchor Evolve for £13 million, together with associated Stamp Duty Land Tax and professional fees.
Ref. number (if any)	
Date of decision	4th November 2026

We consider that the decision is not in accordance with the following principle(s) of Paragraph 1.35 of the Constitution for the reason stated -	
Principle(s) (overleaf)	**Reason(s)**
• proportionality (i.e. the action must be proportionate to the desired outcome); • due consultation and the taking of professional advice from Officers; • respect for human rights and equality of opportunity; • a presumption in favour of openness; • clarity of aims and desired outcomes; and • an explanation of what options have been considered and giving the reasons for decisions • relevant matters have not been ignored • clarity and explanation of information provided	This call-in is submitted on the grounds that there are significant concerns as to whether the decision to acquire Billingham Town Centre for £13 million was reached in accordance with the Council's published decision-making principles. The decision is of considerable financial, commercial and strategic significance. It commits the Council to acquiring a substantial and complex commercial property asset, with significant existing liabilities and further financial and delivery risks. The Cabinet report itself acknowledges that material concerns identified by CIPFA remain unresolved, particularly in relation to value for money, property condition, rental income sustainability and the long-term implications of ownership. The fact that Cabinet approved all 15 recommendations does not, in itself, demonstrate that the decision-making principles were properly applied. The issue is whether members had sufficient reliable information, whether all reasonable alternatives

	remained genuinely open for consideration, whether the risks were properly understood and whether the decision was proportionate and supported by a sufficiently mature business case. The call-in therefore asks the Executive Scrutiny Committee to examine whether Cabinet had the information necessary to make a balanced and properly informed decision before committing the Council to the acquisition. **Decision-making principles and outstanding concerns.** **A. Proportionality – the action must be proportionate to the desired outcome** The Council must demonstrate that committing £13 million of public money, together with the associated liabilities and risks of ownership, is proportionate to the regeneration outcomes it seeks to achieve. There are several significant matters which require further scrutiny before Cabinet may reasonably reach that conclusion. **1. The purchase price and value for money** • CIPFA identifies the proposed £13 million purchase price as being towards the upper end of the 'available valuation evidence' and says that a strong justification is required. • CBRE's assessment of general market pricing was approximately £10.753 million, around £2.25 million below the agreed purchase price. • The seller's £13 million valuation evidence was based on assumptions which included redevelopment works, tenant relocation and demolition having been completed using public funding. • The Cabinet report does not remove the need to demonstrate why paying a premium above CBRE's market pricing assessment is justified by the benefits attributable to the acquisition itself. **Information required:** A clear, quantified explanation of the premium being paid, the benefits which justify it, the negotiating position adopted and why a lower price or different acquisition structure could not have achieved the Council's objectives.

	2. The full financial exposure • The £20 million Phase 1 budget includes the £13 million purchase price, SDLT, decanting and demolition, repairs, professional fees and contingency. • The wider scheme is estimated at £30 million. • Knight Frank identified approximately £6.5 million of repair and maintenance liabilities for retained buildings, including fees and contingency. • The initial £2 million Phase 1 repairs allocation is not intended to discharge all existing and future maintenance obligations. • Further investigations into mechanical and electrical systems, fire compartmentation, structural condition and compliance are to take place after acquisition. The report therefore confirms that the Council will assume ownership before all condition and compliance liabilities have been fully established. **Information required:** A consolidated assessment of the Council's maximum reasonably foreseeable financial exposure, including adverse scenarios for repairs, compliance, demolition, delays, tenant departures and future operational costs. Cabinet Members should also have been provided with a clear explanation of how any overspend or funding shortfall would be met. **3. The proportionality of accepting unresolved risks** The Section 151 advice recognises that the Council is operating in a challenging financial environment, with significant demand and inflationary pressures, annual budget gaps and low reserves. It also warns that a material adverse financial outcome would have a greater impact on the Council because its financial resilience is more limited. The advice concludes that significant financial, value-for-money and delivery risks remain. **Information required:** That Cabinet Members were provided with evidence demonstrating why accepting these residual risks was proportionate, particularly when the Council's financial resilience is already constrained.

B. Due consultation and the taking of professional advice from Officers

Cabinet was required to consider professional advice objectively and establish that material concerns had been adequately addressed before making its decision.

1. CIPFA's advice and outstanding recommendations

CIPFA identified significant risks and advised extreme caution before the Council entered into a binding commitment.

Its concerns included:

- The purchase price and value for money.
- The need for a refreshed business case.
- The maturity of cost estimates and potential optimism bias.
- The condition of the property and future maintenance liabilities.
- The sustainability of rental income.
- The absence of a sufficiently developed long-term ownership and exit strategy.
- The need to test alternative options, including compulsory purchase.

The Cabinet report acknowledges at paragraph 32 that not all CIPFA concerns had been resolved.

Information required: Why Cabinet Members did not request a recommendation-by-recommendation schedule identifying which CIPFA recommendations were fully addressed, which were only partially addressed, and which remained outstanding when Cabinet made its decision. Cabinet Members should have been given a clear explanation of why any outstanding recommendations did not prevent approval.

2. The revised business case

The original Jacobs appraisal identified approximately £65.4 million in net additional present value benefits and a benefit-cost ratio above 2. However, the Cabinet report acknowledges that the original assessment cannot be treated as definitive for the revised acquisition-led and phased approach.

	CIPFA also identifies that the original funding business case related to a different scheme, with different outputs and assumptions. It recommends that the business case be revisited and updated. The Cabinet recommendations defer further work on the masterplan, community engagement and the development of the future regeneration scheme until after acquisition. **Information required:** A refreshed economic and financial appraisal demonstrating that the revised proposal, including the acquisition-led approach, still delivers sufficient benefits to justify its costs and risks. Members should have been given the updated evidence before approving the purchase, rather than relying on an appraisal which the report itself says is no longer definitive. **3. Property condition and liabilities** The report confirms that further surveys and investigations will be required after acquisition. The Council will assume landlord obligations and responsibility for statutory compliance upon completion. **Information required:** Confirmation of which surveys were complete, which remained outstanding, what risks could not yet be quantified and why it was considered appropriate to accept those liabilities before completing the investigations. **4. Financial and legal advice** The TVCA letter provides a commitment to reserve up to £10 million, but drawdown remains conditional upon approval of detailed business cases and compliance with funding requirements. The LRF funding also remains subject to its conditions and the relevant funder's requirements. **Information required:** Clear confirmation of the funding conditions, the status of the relevant approvals, the consequences of any funding being delayed or refused, and the legal and financial advice given to Cabinet about the risks of relying on these funding arrangements.

	C. Respect for human rights and equality of opportunity The decision has implications for local businesses, employees, residents, customers and users of the town centre. The acquisition and subsequent regeneration proposals could involve tenant relocation, demolition, changes to access and parking, and significant changes to the town centre's existing facilities and uses. The Cabinet report proposes further public engagement after the acquisition has been approved. **Outstanding questions:** • What consultation with affected businesses and tenants had taken place before Cabinet approved the purchase? • What assessment had been undertaken of the impact on businesses and those who depend upon the services they provide? • Had the equality and poverty impact of the proposed acquisition and initial regeneration works been fully assessed? • How could Cabinet be confident that the proposed future uses would meet the needs of the wider Billingham community when the public engagement exercise and detailed masterplan were still to be developed? **Information required:** The completed Equality and Poverty Impact Assessment, the evidence of consultation undertaken before the decision, and an explanation of how the interests of affected businesses, residents and other users had been considered. **D. A presumption in favour of openness** A decision of this financial and strategic importance must be supported by a transparent and comprehensible record of the evidence, advice and reasoning relied upon. The use of exempt information may be justified for commercially sensitive matters. However, confidentiality should not prevent members from receiving sufficient information to scrutinise the

	proposal or prevent the public from understanding the basis of the decision to the greatest extent possible. **1. The August Cabinet members unpublished meeting and whether the decision was already taking shape** The CIPFA report refers to a presentation made to members on **24 August 2026**, setting out options for partial acquisition of the centre and the redirection of funding. CIPFA records that: • The Council had previously intended to pursue partial acquisition. • The presentation to members considered partial acquisition and redirection of funding. • The original funding business case had subsequently changed significantly. • The option of renegotiating to use funding on the Queensway development and make it a mixed-use scheme, potentially attracting a commercial purchaser for the shopping centre, had been considered and rejected by members. The CIPFA report raises questions about how the options were considered, what conclusions had already been reached and whether the full range of alternatives remained genuinely open when Cabinet subsequently considered the £13 million acquisition. The existence of an earlier members' discussion does not, by itself, establish that the final decision had been predetermined. However, it does require clarification of the status and outcome of that meeting. **Information required:** • The minutes, presentation papers and attendance record for the meeting on 24 August 2026. • The options presented to members and the financial evidence supporting each option. • The identity of those who determined that the alternative Queensway approach should be rejected. • Whether members were asked to express a preference, make a decision or simply receive an update.

	• What authority, if any, was exercised at that meeting. • Whether the decision to pursue full acquisition had effectively been settled before the formal Cabinet decision on 4 November. It needs to be established whether Cabinet genuinely considered all reasonable options or was presented with a proposal whose preferred outcome had already been established. **E. Clarity of aims and desired outcomes** The Council's broad objective of regenerating Billingham Town Centre is understandable and supported by the need to address the centre's decline. However, the acquisition decision should have been supported by clear and measurable objectives for the asset and the proposed regeneration. CIPFA identifies that the long-term ownership strategy, intended outcomes and future use of the asset require greater clarity. The Cabinet recommendations defer the refreshed masterplan, community engagement, future development proposals and delivery arrangements until after the acquisition. **Outstanding questions:** • What is the precise end use and long-term purpose of the acquired asset? • How long does the Council expect to own the centre? • What are the measurable outcomes which justify the £13 million purchase? • What is the proposed exit strategy if the intended regeneration cannot be delivered? • What are the financial and operational implications if the Council retains the asset for longer than anticipated? **Information required:** A clear ownership strategy, intended holding period, measurable regeneration outcomes, delivery timetable and exit strategy. Cabinet should have been able to explain how ownership itself would deliver the desired outcomes, rather than relying on future proposals which had not yet been developed.

	F. An explanation of the options considered and the reasons for decisions The decision-making principles require members to understand what options have been considered and why the preferred option has been selected. CIPFA specifically identifies the need for stronger evidence on the alternatives and their costs, benefits and risks. **1. Full acquisition compared with partial acquisition** The Council had previously considered partial acquisition. The August members' meeting discussed partial acquisition and redirection of funds. **Information required:** A comparative financial and delivery appraisal explaining why full acquisition was preferable to partial acquisition, including the additional liabilities and risks assumed by purchasing the whole centre. **2. Compulsory purchase** CIPFA specifically identifies compulsory purchase as an alternative which should be properly documented, including its costs, risks and timescales. **Information required:** The comparative costs, likely timescale, legal risks and deliverability of a compulsory purchase route, and the reasons it was rejected or considered less appropriate. **3. Negotiation and purchase price** The Council's own commercial advice recommended opening negotiations below the £10.7 million market pricing recommendation. The eventual purchase price was £13 million. **Information required:** A complete explanation of the negotiation strategy, the basis on which the Council moved from its initial position to £13 million and why members considered the final price represented value for money. **4. Doing nothing or delaying acquisition** The consequences of not acquiring the centre must be weighed against the risks of proceeding before the

	business case and long-term ownership arrangements are fully developed. **Information required:** A clear comparison of the consequences of immediate acquisition, delayed acquisition, alternative intervention and non-acquisition, including the risks to external funding and the Council's existing leasehold interests. **G. Relevant matters have not been ignored** The decision must take account of all relevant matters, including material risks, professional advice, financial implications and alternative options. There are several matters which required a clear response before Cabinet could approve the acquisition. **1. Rental income and tenant risk** The report identifies uncertainty around future rental income, concentration of income among a relatively small number of occupiers and a number of forthcoming lease events. CIPFA identifies that the departure of four significant tenants could reduce net operating income by approximately £600,000 per year. **Information required:** Sensitivity analysis showing the effect of tenant departures, rent reductions, rent-free periods, voids and increased service costs on the Council's financial position. **2. Repairs and maintenance estimates** The report identifies different condition estimates produced for different purposes and assumptions. It also confirms that the £6.5 million retained-building estimate is not fully covered by the initial £2 million Phase 1 repairs allocation. **Information required:** A consolidated schedule explaining the different repair estimates, their scope, what has been included in the £20 million and £30 million budgets, and what further liabilities may arise. **3. Long-term ownership and exit strategy** CIPFA identifies that the Council's long-term ownership strategy is not sufficiently developed. The Cabinet

	recommendations provide for further asset management and future regeneration work after acquisition. **Information required:** A clear assessment of the cost of retaining the asset, the risks of an extended holding period, the likely sale value and the circumstances in which the Council would decide to dispose of it. **4. Funding conditions and delivery timescales** The TVCA commitment is for up to £10 million, with drawdown dependent upon approval of detailed business cases. The LRF funding also carries conditions and delivery requirements. **Information required:** Evidence that the revised proposals are consistent with the relevant funding conditions, that the proposed programme can be delivered within the required timescales and that there is a credible contingency if approvals or delivery are delayed. **5. Delegated authority** Recommendations 4–9 delegate significant powers to officers, including acquisition completion, asset management, procurement, demolition, tenant decants and leases. Recommendation 5 refers to material changes which may require a further Cabinet report, but the decision papers should make clear what constitutes a material change and what financial or strategic limits apply. **Information required:** A clear schedule of delegated authority, financial limits and circumstances in which further Cabinet approval will be required. Members should understand the extent of the commitments they were authorising. **H. Clarity and explanation of information provided** The information presented to members must be clear, consistent and sufficient to support a properly informed decision. There are several areas where the papers require further explanation and reconciliation.

	1. Valuation evidence The valuation evidence includes materially different figures and assumptions. The relationship between the CBRE market pricing assessment, the Knight Frank valuations and the seller's valuation needs to be clearly explained. **Information required:** A single reconciled valuation schedule setting out the date, purpose, assumptions and status of each valuation, together with a clear explanation of how the £13 million price was justified. **2. Repair and condition costs** The papers refer to a £2 million Phase 1 repairs allocation, approximately £4 million in the wider scheme cost breakdown and approximately £6.5 million of retained-building repair and maintenance liabilities. Earlier condition evidence also contains other estimates. These figures may relate to different scopes and assumptions, but members should not have been expected to reconcile them themselves. **Information required:** A single schedule identifying the full scope of works, the cost of each element, what is funded and what remains outstanding. **3. The business case and economic benefits** The original economic appraisal relates to a different scheme and is acknowledged not to be definitive for the revised proposal. **Information required:** A refreshed appraisal setting out the benefits, costs, assumptions and risks of the actual acquisition and regeneration proposal being approved. **4. Financial exposure and affordability** The Section 151 advice identifies significant residual risks and the potential for adverse financial outcomes. The Council's revised funding arrangements reduce borrowing exposure but do not remove commercial, condition or delivery risks. **Information required:** A clear financial risk assessment showing the best-case, expected and adverse-case

	scenarios, including the potential impact on the Council's Medium Term Financial Plan and reserves. **3. The ability of Cabinet members to reach a balanced decision** The central concern is whether Cabinet members had sufficient information to weigh the benefits of acquiring Billingham Town Centre against the full financial, commercial and delivery risks. The Cabinet report itself acknowledges at paragraph 31 that the purpose of the decision is to determine whether the risks are proportionate to the potential benefits. Paragraph 32 expressly recognises that not all CIPFA concerns have been resolved. The Section 151 advice also makes clear that significant residual risks remain. At the same time: • The refreshed business case had not been completed. • The revised masterplan and future regeneration proposals were to be developed after acquisition. • Further property condition and compliance investigations were required. • The long-term ownership and exit strategy remained insufficiently developed. • The TVCA funding drawdown depended upon future business-case approval. • Significant questions remained about the purchase price and value for money. • The August members' meeting raises questions about whether alternative options had already been rejected before the formal Cabinet decision. It is therefore reasonable to question whether Cabinet had all the information necessary to make a genuinely balanced decision, or whether members were being asked to accept significant and potentially open-ended risks in anticipation of benefits which had not yet been fully evidenced. A decision to regenerate Billingham may be entirely justified. That does not automatically mean that acquiring the whole town centre for £13 million, on the

	terms and at the stage proposed, was the only or most proportionate way to achieve that objective. The Council must be able to demonstrate not simply that regeneration is desirable, but that the particular acquisition decision was justified by the evidence available at the time. **Conclusion** This call-in is not an argument against the regeneration of Billingham Town Centre. It is an argument that a decision of this scale, involving £13 million of public money and the assumption of substantial commercial and property liabilities, must be based on complete, clear and properly tested information. The Council's own reports acknowledge significant unresolved risks. The business case, masterplan, further property investigations and long-term ownership strategy were not complete. CIPFA's report also raises important questions about the options considered by members in August and the extent to which the preferred approach had already been settled. Cabinet members were required to make a balanced decision based on the evidence available, not simply to endorse the preferred outcome. Where material information remains outstanding, it is legitimate to question whether they were in a position to make that decision. **Footnote** Cabinet decision 14th May 2026..... Scrutiny Review of Governance of Capital Projects. Resolved. 2. When making a decision Cabinet receive information that addresses the following: • option appraisal • public and stakeholder consultation and engagement • benefit identification • risk management

	• financial delegations • lessons learned from previous projects where appropriate

We request that the following Cabinet Member(s)/Officer(s) to be required to attend the Executive Scrutiny Committee	
Cllr Lisa Evans, Cllr Paul Rowling, S151 Clare Harper, Monitoring Officer Ged Moroton, Director Regeneration Tracey Carter.	
Signed	**Print Name**
	CLLR TONY RIORDAN
	CLLR NIALL INNES
	CLLR STEVE DODDS
	CLLR LYNN HALL
	CLLR SHAKEEL HUSSAIN
	CLLR SUFI MUBEEN

This form must be submitted to the Proper Officer (via Democratic Services) within four working days of the publication of the decision i.e. by 12 midnight on the fourth day.

Multiple forms (including faxed and e-mailed versions) may be submitted in respect of the same decision. If the form is e-mailed it must be subscribed to by one person only.

This form may be returned as follows:

By hand to any Democratic Services Officer

Email – 'DL Democratic Services'

Office use only	
Date received:	Initials:
Valid: Yes/No Reasons for invalidity: Reasons notified	
Executive Scrutiny Committee date:	

Extract from Constitution – Paragraph 1.35

Decisions of the Council will usually be made in accordance with the following principles:

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from Officers;
- respect for human rights and equality of opportunity;
- a presumption in favour of openness;
- clarity of aims and desired outcomes; and
- an explanation of what options have been considered and giving the reasons for decisions
- relevant matters have not been ignored
- clarity and explanation of information provided

Please also see the guidance contained with the Scrutiny Toolkit, and Constitution.

REPORT TO CABINET

4 NOVEMBER 2026

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION/KEY DECISION

Portfolio Title - Deputy Leader and Cabinet Member for Resources and Regeneration - Councillor Paul Rowling

Billingham Town Centre

Summary

Billingham Town Centre (BTC) was historically a thriving retail leisure and community destination at the heart of the Billingham community. It has some unparalleled assets including Billingham Forum, John Whitehead Park and the successful Billingham Library. People have lived close to these town centre assets since the town centre was built in its current from in the 1960s and the town has a proud industrial heritage from its construction as part of the ICI legacy that shaped Teesside in the second half of the 20th Century.

As with many towns that grew up in the 1960s, the urban core has not dated well. Many iconic structures have already been demolished, and some parts of the town centre are in such poor condition that they are no longer serviceable. The passage of time has been accompanied by a complete reshaping of the retail sector with first the move to out-of-town retail, and now with the dominance of online retail. The town centre that was once a busy retail core for an extensive population, now serves a more local market for groceries and local retail.

The decline of BTC has been ongoing for decades. The retail core is too large for a town of its' size, and the buildings themselves are in poor condition with a significant proportion of empty shops and offices and, in parts, dereliction. Recent criminal anti-social behaviour has targeted empty buildings with a suspected arson attack burning the former library building to the ground. Investment to stop the decline of the assets has not been forthcoming from a series of private sector owners.

Recognising the need to intervene and address this decline, in 2025 the Council (SBC) successfully secured £20m of Local Regeneration Funding (LRF) for Billingham and this report sets out proposals to take control of Billingham Town Centre, to arrest decline and deliver a sustainable future for BTC. This report sets out the option to acquire BTC from Sheet Anchor Evolve (SAE) and to proceed to develop a scheme to rationalise and shore up retail provision and develop other uses for the town centre.

This is unavoidably a complex report, reflecting extensive commercial, financial and legal due diligence. The decision to acquire BTC needs to establish a clear rationale for ownership, explore the implications of ownership and the implications of failing to secure the asset,

establish the legality and value for money considerations of purchasing the asset and establish how the acquisition will be funded.

Reasons for Recommendation(s)/Decision(s)

To arrest the decline of BTC, deliver improved social, economic and environmental outcomes for the people of Billingham and develop a sustainable future for Billingham Town Centre.

Recommendations

1. That Cabinet, having considered the regeneration objectives, alternative options, valuation evidence, independent professional advice, financial implications and risks set out in this report and its exempt appendices, approves the acquisition of Billingham Town Centre from Sheet Anchor Evolve for a purchase price of £13 million, together with associated Stamp Duty Land Tax and professional fees within the approved acquisition budget, for the purposes of facilitating the regeneration of Billingham Town Centre.
2. To delegate to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer, authority to apply the £20m Local Regeneration Fund allocation towards the acquisition of Billingham Town Centre and the delivery of Phase 1 works in accordance with Exempt Annex A, subject to compliance with the applicable funding conditions and approved programme budget.
3. To develop a Full Business Case to draw down circa £10m of allocated TVCA funding to achieve the sustainable regeneration of Billingham Town Centre. The resulting Full Business Case and any proposal to commit the associated funding shall be reported back to Cabinet for consideration.
4. That Cabinet delegates authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer and Director of Corporate Services (Monitoring Officer), to complete the acquisition of Billingham Town Centre on the terms approved by Cabinet, including entering into all necessary agreements and contracts, and to establish effective arrangements for the ongoing management of the asset.
5. In exercising this delegation, officers will have regard to any material changes in the financial, legal or commercial circumstances arising before completion. Any material change which calls into question the basis upon which Cabinet has approved the acquisition will be referred back to Cabinet for further consideration and determination.
6. To delegate authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer, to procure and enter into contracts necessary to deliver Phase 1 works, including demolition of Queensway South, the former library and clinic site, urgent condition works and associated operational arrangements, subject to approved budget provision and compliance with the Council's Financial Procedure Rules, Contract Procedure Rules and applicable procurement legislation.

7. To delegate to the Director of Regeneration and Inclusive Growth in consultation with legal services officers the authority to enter into all necessary contracts to enable the decant of remaining tenants from West Precinct subject to compliance with the Council's Constitution, Financial Procedure Rules, Contract Procedure Rules, approved budget provision and applicable procurement legislation.
8. To delegate authority to the Director of Regeneration and Inclusive Growth to undertake preparatory work, surveys, design development, procurement activity and business case preparation relating to the proposed demolition of West Precinct and Kingsway Car Park. Any decision to enter into a contract resulting in a material financial commitment for the delivery of those demolition works shall be subject to a further Cabinet report following confirmation of external funding and approval of the associated business case
9. To delegate authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer and relevant legal officers, to enter into, vary, renew, surrender or terminate leases and licences necessary for the effective management and regeneration of Billingham Town Centre, subject to compliance with the Council's Constitution, Financial Procedure Rules and approved budget provision.
10. To initiate a programme of community engagement to refresh the vision for the regeneration of Billingham Town Centre
11. To establish a Billingham Regeneration Board to act in an advisory capacity and support engagement of local stakeholders and the community to ensure that local voices help shape the development of regeneration plans.
12. To appoint Mark White CBE DL, as the Independent Chair of the Billingham Regeneration Board.
13. To bring forward to Cabinet, following public engagement and development of the masterplan, a proposed regeneration scheme for Billingham Town Centre together with any necessary delivery, funding and governance proposals.
14. To note the advice of the Chief Financial Officer concerning affordability, prudence and sustainability and the advice of the Monitoring Officer concerning the legal and governance implications of the proposed acquisition.
15. To note that any future proposal involving material prudential borrowing or a material change to the approved funding strategy shall be subject to further consideration through the Council's established governance arrangements.

Detail

Background

1. Over the last 5 years, Cabinet have received a series of reports relating to SBC's ambition to acquire and regenerate Billingham town centre. The most recent report to Cabinet, in July 2026, updated Cabinet on the failure to secure acceptable terms for a partial acquisition from the owner of Billingham Town Centre, Sheet Anchor Evolve (SAE), and

the withdrawal by SAE from negotiations, and their intention to market the centre for sale on the open market.

2. In response to the stated position of SAE, professional, independent advice was secured to assess the broader financial, legal, valuation, condition implications of acquiring the whole of the SAE town centre assets.

3. In July 2026 Cabinet gave authority to the Director of Regeneration and Inclusive Growth, acting jointly with the Chief Finance Officer (s151) and the Director of Corporate Services (Monitoring Officer), and in consultation with the Cabinet Member for Resources and Regeneration and the Leader of the Council, to submit a conditional offer and agree non-binding Heads of Terms for the acquisition of Billingham town centre, recognising that any conditional offer or Heads of Terms agreed as result of this authorisation, would be subject to a further decision of Cabinet and would not commit SBC to proceed with any acquisition. This has been pursued and this report sets out a proposal for full acquisition for the consideration of Cabinet.

Rationale for Acquisition

4. For more than a decade, BTC has experienced a sustained decline in its retail offer, quality of place and built environment. While many town centres have been affected by changing consumer habits and reduced retail demand, these challenges have been particularly acute in Billingham. A prolonged period of underinvestment by successive private sector owners in buildings, retail units, infrastructure, public realm and public amenities has led to a deteriorating physical environment, rising vacancy rates and growing frustration among residents as they have witnessed the continued decline of their town centre. In recent weeks this has been startlingly exacerbated by criminal damage to the empty former library building, which has now been burnt to the ground.

5. This represents a sustained market failure to maintain a much loved and much needed town centre as a vibrant heart of the community and a place which provides both services, facilities and pride for the local community. This is in stark contrast to the public sector assets in the area which continue to thrive, in particular Billingham Forum, Library, Learning and Skills Centre and John Whitehead Park.

6. To reinvigorate and rejuvenate the centre, intervention needs to be all encompassing, not piecemeal. Public sector intervention is therefore needed to:

   - Improve the town's appearance and attractiveness.
   - Reconnect local people to their town centre and instil pride in their locality.
   - Increase footfall and support local businesses through a more viable town centre environment
   - Create safe and amenable places for the whole community to spend time
   - Create the conditions to enable regeneration of the centre and attract private-sector investment

7. Intervention in Billingham is necessary to address this market failure and a masterplan for the town centre has been developed which sets out long term opportunities for redevelopment, particularly the West Precinct, Queensway South and the former library site, which are underused, partly vacant and in poor condition or derelict. Ownership gives SBC the ability to clear sites, relocate businesses, demolish obsolete buildings and bring forward comprehensive redevelopment with placemaking principles at its heart.

8. There is an opportunity to engage with local communities and businesses, to ensure that any future redevelopment scheme reflects local need and has local buy in. It is proposed that an extensive public engagement exercise is launched to capture ideas and establish future uses.

9. The longer-term economic prospects and wider socio-economic condition of the Billingham area can be significantly improved through investment in Billingham town centre. Circa 60% of Local Super Output Areas (LSOA's) in Billingham fall within the top 20% most deprived nationally, with circa one third of LSOA's sitting within the top 10% nationally for health deprivation, with a higher than national average proportion of residents being classed as being in poor or very poor health.

10. Considering the prevailing demographic, deprivation and wider socio-economic trends, there is a pressing need to improve outcomes for residents across Billingham as a whole, and particularly in Billingham Town Centre. Major investment and regeneration can act as a catalyst for unlocking improvement in such outcomes as internal and external perceptions of place improve, business sentiment grows, land value and broader economic benefits increase, employment opportunities are boosted and quality of life is enhanced

Economic Impact Assessment

11. As part of the original Levelling Up Fund business case, an Economic Impact Assessment was undertaken by Jacobs Ltd in 2021. This considered the potential economic benefits of the proposed regeneration intervention against a baseline scenario in which the town centre continued to operate without the proposed investment. The assessment identified a Net Additional Present Value of Benefits of approximately £65.4 million, expressed in 2022/23 prices, and an initial Benefit Cost Ratio exceeding 2.0.

12. The assessment provided important evidence supporting the original regeneration proposals and the case for public intervention in Billingham Town Centre. However, the proposed delivery approach has subsequently evolved, particularly in relation to the acquisition of the entire centre, the phasing of demolition and the timing of future redevelopment. Consequently, the original assessment cannot be regarded as a definitive assessment of the benefits or value for money of the revised proposals.

13. The original Economic Impact Assessment is included at Annex 2 to provide context for the regeneration objectives. The proposed acquisition is considered in this report against the current commercial, financial and regeneration circumstances. As the detailed masterplan and future development proposals are progressed, the economic appraisal will be refreshed to reflect the revised scope, costs, delivery arrangements and anticipated benefits.

14. Investment across the centre and redevelopment of key sites will contribute to a wider range of socio-economic benefits, providing a setting for future investment, increased civic pride and a robust income base upon which to build future investment in the centre. The success of place focussed investment as a means of achieving these aims is evidenced locally by the successful delivery of Stockton Waterfront and the positive impact that has had on changing perceptions, footfall and confidence in the Borough. Improvements have already been delivered in Stockton, Norton, Thornaby and Ingleby Barwick with plans being finalised for works in Yarm. Billingham is now the focus of the town centre regeneration programme.

15. The prevailing socio-economic conditions are a significant motivating factor for seeking to acquire the town centre. Direct ownership would enable control of future redevelopment and help deliver improved prospects and outcomes in Billingham.

16. The proposal to regenerate Billingham aligns with the Stockton-on-Tees Plan and Powering Our Future programme by placing residents at the heart of the work we do, by bringing people together to build stronger, more resilient communities and to create thriving places and facilitate inclusive economic growth.

Gaining Control of Billingham Town Centre

17. The decline of BTC has been recognised by SBC for several years and reflected in the recognition, by Cabinet in February 2021, that the acquisition of BTC represents the most effective means of ensuring the meaningful redevelopment of the centre. This resulted in applications for Levelling Up funding to secure public investment. The application process is set out below and has been long and circuitous.

18. Funding of £20m was eventually announced in November 2023 but it was not formally approved through a funding agreement until April 2025.

June 21	Round 1 Levelling Up Fund (LUF) bid submitted under the priority theme of regeneration and town centre investment.
Oct 21	Round 1 LUF bid unsuccessful.
Aug 22	Round 2 LUF bid submitted under the same priority theme of regeneration and town centre investment.
Nov 22	Round 2 LUF bid unsuccessful.
Nov 23	Government announced that SBC had been provisionally awarded £20m grant funding through Round 3 LUF.
April 24	Project Validation documents submitted to Government.
May 24	General Election called, and the subsequent change of Government resulted in a delay to funding agreement being issued.
Oct 24	LUF Round 3 funding confirmed within the Autumn budget in October 2024.
April 25	Signed Memorandum of Understanding received from Government as part of the Local Regeneration Fund (LRF)

19. The LUF bid assumed SBC would acquire the centre as the only realistic opportunity to achieve the following outcomes:

- To safeguard the traditional retail function of the town centre by consolidating and reconfiguring the retail offer into a more compact area across a sustainable amount of floorspace whilst retaining key anchor operators.
- To demolish, clear and replace inefficient and deteriorating buildings which no longer reflect the needs or make up of a modern town centre.
- To redevelop the West Precinct and Queensway site as a stimulus for future investment and growth.
- To undertake a programme of essential repair and remedial works to safeguard the internal and external fabric of remaining town centre buildings from further deterioration
- To provide high-quality infrastructure, public realm and green spaces that improve accessibility within the town centre as well as connectivity to surrounding open space.
- Give the private sector confidence to invest in town centre assets.

Valuations

20. Since June 2024, negotiations have taken place between SBC and SAE for the partial purchase of the town centre. Both parties were unable to reach an agreement to secure this outcome culminating in an announcement from SAE in November 2025 that they intended to withdraw from negotiations and appoint an agent to market the centre for sale. Discussion between the parties have since turned to an acquisition of the whole town centre asset, to secure the long-term regeneration objectives for the centre.

21. In Jan 2026 SAE shared a Red Book valuation undertaken by Allsop's which identified a Market Value of £13m, reflecting a Net Initial Yield of 11.56%. This was shared with SBC.

22. The valuation is based on a post-redevelopment special assumption that the relocation of tenants and demolition of the West Precinct, Queensway South, Kingsway Car Park and former library sites have been completed through investment of SBC's £20 million LRF grant. The valuation also assumes significant capital receipts are received from the disposal of cleared development sites. The Allsop valuation was commissioned by SAE and is included within this report to explain the basis upon which SAE adopted its negotiating position. Cabinet is not being asked to rely upon it as evidence supporting the proposed acquisition price. The valuation evidence obtained by SBC from Knight Frank and the commercial advice obtained from CBRE were commissioned for different purposes and on materially different assumptions and therefore provide a more relevant basis for the Council's assessment of the proposed transaction. Accordingly, the valuation evidence should be considered collectively and with careful regard to the assumptions underpinning each assessment rather than treating the figures as directly comparable estimates of the same valuation question.

23. SBC appointed property experts, Knight Frank in January 2026 to provide a valuation alongside an updated building condition survey. The instructions to Knight Frank asked that the valuation report have particular regard to the findings of the condition survey. The valuation report also included an additional 'special assumption' valuation, one of which factored in an assumed set approach to repairs and considered a scenario where SBC's regeneration proposals are carried out. Knight Frank therefore provided a valuation on 3 bases:

24. Market Value as existing. Having due regard to rental income, outgoings, tenant lease profile (break clauses and expiry dates) and notably current condition. -£11.64 million (negative)

25. Market Value on special assumption that all existing tenants are relocated from West Precinct to alternative units within town centre, West Precinct and Queensway South blocks are demolished. Land values applied to cleared site. -£5.86 million (negative)

26. Market Value on special assumption that all existing tenants are relocated from West Precinct to alternative units within town centre, West Precinct and Queensway South blocks are demolished. Land values applied to cleared site. A set budget of LRF allocated to address identified condition issues to future proof the centre, with a view to retain existing and attract new tenants on market terms. £4.48 million

27. Upon receipt of the valuations, informal discussions were held with SAE about options on how to proceed on an opportunity to undertake redevelopment of the centre. At that stage it was made clear that SAE would not give any serious consideration to selling the asset at the levels set out in the Knight Frank valuation, citing the commercial investment market's view of centres of this age alongside what is an attractive net operating income. SAE maintained their view that the commercial investment market would assess and value the asset based on current income and future development potential alone and would not be discounted by the long-term repairs' liability.

28. To understand this approach better and to help gauge a view on how the commercial investment market would value the asset based on the net operating income, global property consultancy, CBRE were engaged in May 2026 as specialists in acquiring shopping centre on a national scale, to provide a view on the market pricing of the asset.

29. A number of scenarios were modelled based upon information gathered through direct dialogue with anchor tenants, market intelligence on lease renewal likelihood, commercial decisions elsewhere and trends observed across a multitude of assets via retail specialists, Barker Proudlove. Following this, CBRE has advised that if BTC were to be offered for sale on the open market based on the current tenancy schedule and Net Operating Income (NOI) figures, in their opinion, pricing would land in the region of £10,753,369 reflecting an 11% Net Initial Yield. This equates to £30.19 per square foot capital value. CBRE provided a range of recent shopping centre transactions with capital value per sq. ft rates ranging between £25 - £50 per sq. ft. However, given that it is assumed a significant proportion of BTC will be demolished, the approach to capital value comparables should be viewed with caution.

30. CBRE's assessment was undertaken to provide an opinion on the pricing that may reasonably be achieved within the commercial investment market having regard to the centre's existing income profile, prevailing market evidence and observed shopping-centre transactions. It was not intended to determine the only price that may be justified by a particular purchaser, nor to assess the wider commercial consequences associated with ownership in the specific circumstances facing SBC. Cabinet should therefore regard the assessment as an important component of the available evidence rather than the sole determinant of the price that may reasonably be paid in all circumstances. Members should note that CBRE's assessment represents an opinion of likely market pricing under specified assumptions and is not intended to establish a maximum price capable of commercial justification in all circumstances.

31. CBRE's assessment identified a healthy Net Operating Income, but the market pricing attributed to that income remained below SAE's stated asking price. SAE maintained its position that it was unwilling to dispose of the asset for less than £13 million and reiterated its intention either to market the asset or transfer it within its wider corporate structure. The implications of those alternatives are considered later in this report.

Acquisition Negotiation Summary

32. In January 2026, SAE shared marketing information and their valuation with SBC prior to formally marketing the centre, which stated an asking price of £13 million.

33. Following detailed reporting and subsequent discussions, CBRE recommended opening negotiations below the £10.7million market pricing recommendation. On 20th August, CBRE verbally indicated to SAE's agent that a conditional offer in the region of £10million was being prepared for consideration.

34. This provoked an extremely negative response from SAE, followed by the re-assertion that they would market the asset if SBC did not reach the £13 million value before September. CBRE advised that a full marketing period of approximately 6-8 weeks commencing 7th September was likely to be run by SAE's agent, seeking private treaty buyers at the £13million asking price.

35. The potential delay to reaching an agreement with SAE due to the suggested marketing period would impact SBC's ability to secure the control needed to deliver town centre interventions before 31 March 2028, which is the deadline for spending of LRF monies.

36. Discussions continued between CBRE and SAE's agent with a view to testing the owner's position. Those discussions confirmed that SAE was not prepared to dispose of the asset for less than £13 million. The issue for the Council is therefore not simply whether a lower price might be preferred, but whether acquisition at that level is justified having regard to the commercial, legal, financial and strategic considerations set out within this report and the accompanying exempt advice.

37. Members should recognise that the Council is not assessing the acquisition solely as an investment property purchase. The decision must also be considered in the context of the Council's regeneration objectives, the realistic alternatives available, the consequences of

failing to secure control of the asset and the extent to which ownership is necessary to facilitate the delivery of the wider regeneration programme.

38. CBRE was instructed by SBC on 1st September to submit a formal proposal to SAE for acquisition of the asset. Heads of Terms setting out the principal terms and conditions for the transfer of the freehold interest in BTC from SAE to SBC have been further negotiated and subsequently agreed by both parties, subject to Cabinet approval.

Subsidy Control & the Legality of Acquisition

39. Specialist legal advice has been obtained from DWF Law LLP in relation to the proposed acquisition, including the Council's statutory powers and the application of the Subsidy Control Act 2022.

40. The Council has power under section 120(1)(b) of the Local Government Act 1972 to acquire land by agreement for the benefit, improvement or development of its area. The proposed acquisition is intended to facilitate the regeneration of Billingham Town Centre and is considered to fall within that statutory purpose.

41. A separate consideration arises under subsidy control legislation. Where a public authority purchases an asset from a private undertaking, it must consider whether the transaction confers an economic advantage that would not be available under normal market conditions. The Commercial Market Operator Principle (CMOP) provides a framework for assessing whether the transaction is consistent with conduct that could reasonably be expected of a rational commercial market operator acting in comparable circumstances.

42. The application of the CMOP requires consideration of the commercial merits of the transaction, including the price, anticipated income, costs, risks and potential financial returns. The Council's wider regeneration and social objectives are important to its decision to intervene but do not, of themselves, establish that the proposed purchase price satisfies the CMOP.

43. CBRE has provided independent commercial advice on the investment characteristics of Billingham Town Centre, including its rental income, tenancy profile, comparable shopping centre transactions and market pricing. Its assessment of market pricing is approximately £10.75 million, compared with the proposed acquisition price of £13 million. The difference of approximately £2.25 million requires specific consideration and justification.

44. The Council has considered whether there are circumstances in which a rational commercial purchaser may reasonably pay a price above an assessment of general market pricing. In undertaking that assessment regard has been had to anticipated income and yield, comparable transaction evidence, the Council's existing interests and liabilities within the town centre, the costs and risks associated with alternative acquisition routes, the implications of delay and the commercial consequences associated with securing or failing to secure ownership. In doing so the Council has distinguished between value attributable to the existing asset and benefits that may arise only through future regeneration activity funded by the Council. The proposed acquisition price has therefore been assessed in the context of the transaction as a whole rather than solely by reference to a single market pricing indicator.

45. The commercial assessment and legal advice are considered alongside the Council's wider value for money and Best Value obligations. In considering whether the proposed acquisition is capable of being supported by a rational commercial justification, Cabinet should have regard to the commercial evidence as a whole, including the income profile of the asset, market pricing evidence, purchaser-specific factors, comparable transaction evidence, alternative acquisition options and wider commercial risks. Specialist legal advice has considered the application of the Commercial Market Operator Principle to the proposed transaction and the conclusions of that assessment are contained within Exempt Annex D and form part of the material available to Cabinet.

Alternative Options

46. Alternative ways of achieving the social economic and environmental benefits of regenerating BTC have been considered.

Do Nothing

47. Based upon experience in Billingham and across other failing town centres nationally the opportunity to secure transformational change in Billingham Town Centre is highly unlikely to materialise without public sector involvement.

48. There is no clear alternative achievable route to delivering regeneration. Since 2008 the centre has been in the ownership of 4 private sector owners, none of whom have invested in the asset and the current owners have clearly indicated that they do not plan to undertake major repair and improvement works and have stated their intention to transfer the asset to their parent company at a value of £13 million, if they do not sell it at this value.

49. Should the asset be transferred within a company structure or sold to an alternative buyer for £13m, the likely outcome is a continued lack of investment and continued decline. In this scenario there is a real risk that the £20 million grant funding would go unspent and may have to be returned to MHCLG, given the funding deadline of March 2028.

50. SBC has existing long leasehold interests in Kingsway House and Queensway House and associated liabilities including service charge, business rates and repairing responsibilities. SAE has served an interim dilapidations claim on SBC amounting to approximately £1 million. The existence of those liabilities forms part of the wider commercial context considered by the Council when assessing ownership options. The extent to which acquisition and subsequent redevelopment may reduce or eliminate future exposure and, where relevant, the resolution of associated legal and contractual obligations will depend upon the detailed terms of acquisition and implementation of the regeneration proposals and should not be regarded as an automatic or unconditional financial saving.

51. The continuing decline of BTC is already having an adverse impact upon traders, occupiers and the wider town centre environment. The recent fire at the former library site, which is currently understood to be the subject of a suspected arson investigation, had a significant impact on the wider town centre and particularly upon neighbouring uses, including the adjacent Health Centre. The Council owns and operates a number of assets

within and around the town centre, including Billingham Forum, whose attractiveness and long-term success are influenced by the quality and condition of the surrounding environment. Without intervention, there is a risk that continued deterioration of the town centre could have wider consequences for occupier confidence, investment, footfall and the economic vitality of the area.

52. Failure to gain control of BTC would increase the risk of further physical deterioration, continuing decline in the condition and attractiveness of the town centre and adverse consequences for local businesses, community confidence and the longer-term economic prospects of the area.

Spend LRF funding elsewhere

53. Following changes made to the LRF funding regime, it is now possible to redirect funding to meet local priorities. The £20m funding could therefore be used to fund capital schemes outside the town centre. Though the injection of £20m would undoubtedly create community value it would not address the decline of the existing town centre and would not achieve the objectives originally identified when the funding was first sought.

Compulsory Purchase Order (CPO)

54. To use a CPO to acquire the site, SBC must demonstrate clear, deliverable plans that have a compelling public benefit and have exhausted negotiations to acquire by agreement.

55. The affected owners would be entitled to compensation determined in accordance with the applicable statutory compensation framework, together with any additional statutory entitlements. The Council would also incur legal, professional and administrative costs in promoting and implementing a Compulsory Purchase Order. The process would introduce significant uncertainty in relation to timing, the prospects of securing confirmation and the eventual compensation payable. Although it is possible that the overall cost could exceed the proposed negotiated acquisition price, that outcome cannot be assumed. The principal disadvantage of pursuing compulsory purchase in the present circumstances is the uncertainty and potential delay in securing control of the centre, particularly given the March 2028 deadline for expenditure of Local Regeneration Fund monies.

56. Furthermore, there is a risk that a CPO would be unsuccessful but could still incur significant costs.

57. In these circumstances, negotiated acquisition offers a greater degree of certainty as to timing and outcome than reliance on a compulsory purchase process and reduces the risk of significant delay to delivery of the regeneration programme within the March 2028 funding deadline.

Funding the Acquisition and Works

58. The estimated overall cost of acquiring Billingham Town Centre and undertaking a programme of securing vacant possession for demolition, demolition, repair and regeneration works is approximately £30 million. This estimate remains subject to further

detailed surveys, design development, procurement and the refinement of individual project costs.

59. The Council has secured £20 million of Local Regeneration Fund (LRF) grant funding, which is included within the approved Capital Programme. Earlier proposals assumed that the balance of the programme would be supported by up to £10 million of prudential borrowing that would have to be self-funding and have no call on the Medium Term Financial Plan (MTFP). Considering the Council's challenging MTFP and the potential long-term revenue consequences of borrowing, the proposed funding strategy has been revised to prioritise available external capital grant funding.

60. In September 2026, Tees Valley Combined Authority Cabinet approved an allocation for town centre regeneration across Stockton-on-Tees. Subsequently, TVCA provided a letter dated 19 October 2026 confirming a legally binding commitment to reserve up to £10 million for eligible Billingham Town Centre regeneration works, subject to the terms and conditions set out in that letter. The commitment provides an important degree of assurance in relation to the availability of funding for the proposed second phase of regeneration and expressly acknowledges that the Council may rely upon it when considering whether to acquire Billingham Town Centre.

61. Drawdown of the TVCA funding remains subject to the preparation and approval of eligible detailed business cases, satisfactory completion of TVCA's assurance requirements and the necessary funding agreements and payment arrangements. The commitment is therefore not equivalent to a signed grant funding agreement. The Council will continue to develop the required business case and explore other funding opportunities, including funding for future residential-led development. Any subsequent proposal requiring prudential borrowing would be subject to a separate assessment of affordability, prudence and sustainability and the appropriate approval arrangements.

Phased Delivery Approach

62. It is proposed that the scheme is approached in phases.

Phase 1 - Acquire the freehold of Billingham town centre, prepare for decant, demolish Queensway building and former Library and Health Centre site, to create an initial development platform within the retail core, commence urgent repairs whilst undertaking public engagement and developing an agreed masterplan.

Phase 2 – Undertake further required demolition, and expand the development platform, subject to securing further funding.

Phase 3 – Deliver remaining elements of the masterplan, subject to securing further funding.

63. It is proposed that the first phase of works will use the £20m LRF to conclude the acquisition of BTC, establish new operating arrangements, address urgent repair and maintenance issues, demolish the derelict Queensway South building and clear the former library site to create early development plots which may facilitate the seamless relocation

of tenants across the centre. In tandem, work will commence on arrangements to secure vacant possession of West Precinct and undertake pre-demolition surveys, to gain robust cost estimates and to inform a tender process for further demolition. This will also entail a period of negotiation with affected tenants in line with the terms of their specific lease arrangements and conditions.

64. Urgent repair and maintenance work will commence to improve the condition of the remaining retail core to retain existing tenants attract new tenants, improve footfall and reduce the vulnerability of the centre to criminal damage. A breakdown of budget assumptions is set out in exempt Annex A. In tandem, public engagement will commence to develop a vision and a masterplan for a comprehensive regeneration scheme.

65. Though the first phase will not deliver all of the benefits of the comprehensive regeneration, it will deliver:

- the creation of initial development platforms with development uplift
- the improvement in condition and increased vitality of the existing retail core
- Increased footfall to BTC
- Improved setting and trading position for neighbouring assets e.g. The Forum, adjacent supermarkets
- Potentially reduce or remove the Council's exposure to the existing dilapidations claim and associated leasehold liabilities
- Increase likelihood of securing further public funding and private sector investment
- Remove vacant buildings and reduce the environmental impact of dereliction
- Secure the current income from the occupied retail core to invest in BTC.

66. It is anticipated that the second phase will be funded from TVCA Town Centre Regeneration funding. TVCA's approval process requires development of a business case setting out how remaining demolition and clearance works will be achieved across West Precinct and the Kingsway Car Park along with the associated benefits of facilitating the removal of long-term vacant and poor-quality assets whilst consolidating and reconfiguring the retail offer into a more compact area with a sustainable amount of floorspace.

67. Phase 3 - The cleared town centre sites will then provide an opportunity for future phases of development and investment in uses that will support the vitality of the town centre and create a better quality of place and diversification of uses. The future uses of the cleared sites will be informed by public and stakeholder engagement and will respond to market and investment interest. This will be shaped by a revised masterplan and accompanied by development and delivery approaches and a funding plan all of which will be brought back to Cabinet in 2027/8.

Revenue Implications

68. CBRE assessed the current income and produced a model forecasting future income. A number of scenarios were modelled, based upon market intelligence from retail

specialists, Barker Proudlove, who advise on circa 90 centres nationally and are therefore very well placed to provide up to date, market intelligence. Barker Proudlove gave a view on likely steps taken on renewals of leases and future lettings, based on trends and real-world investment decisions observed in other centres nationally, as well as historic renewals in Billingham and in some cases discussions with national retailers. This represents the most complete view we can establish of the future trading position of Billingham Town Centre.

69. The current rental income is spread over approximately 60 leases. Risk to the income is therefore spread over large number of tenants and leases. However, 10 leases do make up approximately half of the total rental income and there are approximately 27 lease events to be resolved before January 2028.

70. Full detail on the income analysis and scenario modelling received from CBRE is contained within exempt Appendix B. The forecast income shows a starting Net Operating Income (NOI) during the first year of ownership of £1.26m, prior to the impact of any stress-testing assumptions.

71. CBRE's modelling considers a range of scenarios based on void rates, lease renewals, vacancy assumptions and the potential impact of regeneration plans. It also includes certain, medium and low-risk profiles, demonstrating that market conditions and asset performance can have a negative impact on income levels and that income may be lower in the modelled downside scenarios.

72. The figures presented by CBRE are based on scenario modelling and should not be regarded as guaranteed income. The primary purpose for income generated will be to support ongoing asset management, condition works and operational costs associated with the scheme.

73. The primary purpose of the proposed capital investment in Billingham Town Centre is regeneration and place-making rather than income generation. However, the forecast income is expected to assist in meeting costs associated with the investment and minimise any potential impact on the Council's Medium Term Financial Plan.

Independent Financial and Commercial Review

74. The Council commissioned the CIPFA to provide independent challenge and assurance in relation to the proposed acquisition of Billingham Town Centre. The review considered the proposed acquisition price, valuation evidence, affordability, funding arrangements, condition liabilities, rental income assumptions, value for money considerations and wider financial and regeneration risks. The purpose of the review was to provide independent challenge to the assumptions underlying the proposed acquisition and to identify areas requiring further scrutiny prior to any binding commitment being entered into

75. CIPFA identified significant risks associated with the acquisition and advised extreme caution before the Council enters into a binding commitment. In particular, the review highlighted the difference between the proposed acquisition price of £13 million and the available valuation and market pricing evidence, concerns regarding value for money, building condition liabilities, uncertainty surrounding future rental income and the need for

greater clarity regarding the longer-term ownership and regeneration strategy for the centre.

76. CIPFA also raised concerns regarding the maturity of certain cost estimates, the potential for optimism bias within future regeneration assumptions, the extent to which the original regeneration business case remains applicable to the revised acquisition-led delivery approach and the need to demonstrate that acquisition represents an appropriate use of public resources. The Council recognises that these concerns are material and has considered them carefully in developing the proposals presented to Cabinet.

77. Since completion of the CIPFA review, the Council has revised its proposed funding approach and secured a legally binding commitment from TVCA in relation to future regeneration funding. These developments did not form part of the assumptions considered by CIPFA. In the Council's assessment they materially reduce the borrowing-related risks identified within CIPFA's illustrative financing scenarios, although they do not remove the wider commercial, ownership and delivery risks associated with the proposal. Cabinet is therefore asked to consider both the concerns identified by CIPFA and the additional information now available when determining whether the acquisition should proceed.

78. The review also considered the investment characteristics of the shopping centre and identified concerns regarding the condition of parts of the asset, vacancy levels, the concentration of rental income amongst a relatively small number of occupiers and the number of lease events anticipated during the initial period of ownership. These issues create uncertainty regarding future income and asset performance and form part of the commercial risk associated with ownership. The Council proposes to manage those risks through specialist commercial asset management, active tenant engagement, planned maintenance activity and ongoing financial monitoring.

79. The Council has considered the findings of CIPFA alongside the commercial advice obtained from CBRE, the valuation and condition evidence provided by Knight Frank, the specialist legal advice obtained from DWF and the revised funding arrangements. The purpose of commissioning CIPFA was to ensure that the risks associated with the proposed acquisition were independently identified and tested rather than to provide an endorsement of the transaction.

80. Cabinet is therefore being asked to consider the acquisition with full knowledge of the concerns identified through the CIPFA review, the Council's response to those concerns and the residual risks which remain. The purpose of the decision is not to determine whether risk exists, but whether the identified risks are proportionate when weighed against the potential benefits of securing control of Billingham Town Centre and the consequences of failing to do so. Cabinet should also recognise that some of the concerns identified by CIPFA are capable of mitigation whilst others represent residual risks inherent in ownership of the asset and the delivery of the wider regeneration programme.

81. Cabinet should note that the TVCA funding commitment was secured after completion of the CIPFA review and therefore did not form part of the assumptions considered by CIPFA. Equally, not all of the concerns identified by CIPFA are considered to have been resolved

and a number remain relevant to Cabinet's consideration of the proposal, particularly in relation to value for money, condition liabilities, income sustainability and the long-term implications of ownership.

Condition of the Town Centre

82. A key consideration in assessing the proposed acquisition is the overall condition of the asset and the likely repair, maintenance and compliance liabilities associated with ownership.

83. SBC commissioned Knight Frank to undertake a programme of condition surveys across the centre. Those surveys identified a range of repair and maintenance issues affecting the retained asset, including roof coverings, windows, guttering, concrete repairs, surfacing, handrails, walkways and related fabric repairs. Whilst some items require attention in the short term to address statutory compliance or more acute disrepair, other items relate to longer-term maintenance and lifecycle replacement.

84. Knight Frank identified repair and maintenance liabilities relating to the retained asset estimated at approximately £6.5 million, including fees and contingency. This estimate relates only to buildings currently proposed for retention and excludes buildings presently identified for demolition, including West Precinct, Queensway South, Kingsway Car Park and the former library site.

85. Members should note that a number of condition estimates have been produced during the development of the proposals. These estimates were prepared for different purposes and on differing assumptions regarding demolition proposals, retained buildings, ownership periods and maintenance obligations and should not therefore be regarded as directly comparable estimates of the same liability.

86. An initial allocation of £2 million is proposed within Phase 1 to address prioritised urgent repair and maintenance works. This allocation is not presented as sufficient to discharge all existing and future maintenance obligations. The balance of identified liabilities will be prioritised and considered through the Planned Preventative Maintenance strategy alongside future capital funding opportunities, operational income, service charge recovery and the proposed demolition programme.

87. Further investigations will be required following acquisition, including additional work relating to mechanical and electrical systems, fire compartmentation, structural condition and wider compliance matters. Those investigations may identify additional expenditure requirements or result in changes to current estimates. The Council will assume responsibility for the asset's statutory compliance and landlord obligations upon acquisition and any material change to the assumptions underpinning the acquisition will be managed through the Council's established governance and financial monitoring arrangements.

Summary of the case for Acquisition

88. The proposed acquisition would secure control of Billingham Town Centre and provide the Council with the ability to bring forward a programme of regeneration which has not been delivered through successive periods of private ownership. At the same time, acquisition would result in the Council assuming responsibility for a significant commercial asset

together with the risks associated with its management, operation and future redevelopment.

89. The evidence presented within this report and the accompanying annexes identifies both the potential benefits and the potential risks of acquisition. Independent valuation, commercial, legal and financial advice highlights issues including the relationship between the proposed acquisition price and market pricing evidence, the condition of parts of the centre, the sustainability of future rental income and the costs and uncertainties associated with future phases of regeneration. Those matters do not necessarily weigh against acquisition but are factors which Cabinet should take into account when considering whether the proposed transaction is justified.

90. Cabinet may also wish to have regard to the realistic alternatives available. Partial acquisition has not proved achievable through negotiation. Compulsory purchase powers remain available in principle but would involve uncertainty regarding timescales, costs and outcomes. Retaining the current position would avoid the immediate risks associated with acquisition but would leave the future of the town centre largely dependent upon third-party decisions and provide no assurance that deterioration of the asset will be addressed.

91. The revised funding strategy and the commitment secured from TVCA represent important developments since earlier assessments of the proposal. Whilst those developments do not remove all risk, they alter the context in which the proposal falls to be considered and reduce reliance upon the borrowing assumptions which informed earlier reviews.

92. The issue for Cabinet is therefore not simply whether Billingham Town Centre represents an attractive commercial property investment when viewed in isolation. Rather, Cabinet is asked to consider whether, having regard to the available alternatives, the professional advice received, the regeneration objectives sought to be achieved, the risks identified within this report and the consequences of failing to secure control of the asset, acquisition of the town centre represents an appropriate and proportionate course of action.

93. The evidence presented within this report is intended to assist Cabinet in determining whether acquisition represents an appropriate and proportionate means of securing the regeneration objectives for Billingham Town Centre. In particular, Cabinet is invited to consider:

- the extent to which acquisition is necessary to secure control of the assets required to deliver regeneration;
- the implications of the purchase price and the professional advice relating to valuation, market pricing and subsidy control;
- the costs, benefits and risks associated with alternative approaches, including reliance upon compulsory purchase powers;
- the affordability and sustainability of the proposed funding strategy;
- the regeneration benefits capable of being achieved through the phased delivery approach; and
- the prospects of securing funding and investment required to support future phases of regeneration

Operating the Asset

94. SBC currently commission external asset management services for commercial assets, for example Wellington Square Shopping Centre. It is proposed that this model is continued, to ensure effective day to day centre management, tenant liaison, cleaning, security, rent collection, service charge to promote the effective operation of the centre. In addition, commercial support will be required to market vacant lots, negotiate rent reviews and lease extensions and advise on market opportunities. It is proposed to procure these services and fund them from centre income. There will also be additional council staffing resource requirements to manage and monitor the contract and centre, the cost of this will be met by the income stream.

Billingham Regeneration Board

95. To embed SBC's commitment to engage local stakeholders and the community in shaping future regeneration plans it is recommended that the Council establish a Billingham Regeneration Board, which will act as an advisory group to help ensure proposals for Billingham are developed in a way that meet local need and aspirations and are owned and understood by the local community. The board will also provide oversight, challenge, support and advocacy throughout the various phases of regeneration.

96. Membership of the Board will be comprised of all tiers of local government, MP, business representatives, the voluntary sector, education providers and other key town centre stakeholders. It is proposed that the Board is independently chaired by Mark White CBE DL, who serves as Chair of Thornaby Town Deal Board providing leadership to support the development and delivery of the Towns Fund programme. As a Billingham resident and with extensive and successful experience of many local, regional, and national organisations, his experience will be an asset to the project.

Next steps for redevelopment

97. As proposals for future uses on the redevelopment sites emerge, a key step will be to explore appropriate delivery options and partnership structures with the intention of ultimately securing a development partner to bring forward future phases of redevelopment that would be subject to further Cabinet consideration and Cabinet approval.

98. Where appropriate, Council assets within and adjacent to the town centre may be brought into consideration as a means of increasing development and investment potential, unlocking new development and safeguarding existing and traditional town centre uses. Discussion with other stakeholders in the vicinity of the town centre will also take place to explore opportunities to increase redevelopment potential in the area.

99. A further report will be brought to Cabinet in summer/autumn 2027 covering progress on public engagement, emerging development opportunities and progress on demolition programme and repair works.

100. Future phases of regeneration will be subject to securing funding.

Community Impact and Equality and Poverty Impact Assessment

101. An EPIA has been completed and is available as Annex 4. Cabinet should have regard to the Equality and Poverty Impact Assessment when considering this report.

Corporate Parenting Implications

102. There are no corporate parenting implications in this report.

Financial Implications

103. The £20 million Local Regeneration Fund allocation is included within the Council's approved Capital Programme. The funding must be expended in accordance with the applicable grant conditions and by 31 March 2028. The proposed acquisition and Phase 1 works are intended to be financed from this allocation, subject to compliance with the relevant funding requirements.

104. The Council has received a legally binding conditional commitment from TVCA to reserve up to £10 million for eligible regeneration works associated with Billingham Town Centre. The commitment is subject to the terms of TVCA's letter dated 19 October 2026, including the approval of appropriate business cases and compliance with the relevant funding and assurance requirements. The funding will be incorporated into the Council's Capital Programme in accordance with the Council's financial procedures as the necessary approvals and agreements are completed.

105. The approval within this report is for Phase 1 only, Phase 2 and future phases are subject to confirmation of funding application processes and funding agreements. Until funding is secured, there is a risk that funding may not be unlocked to deliver Phase 2 and other future phases of regeneration.

106. The revised delivery strategy does not propose to draw down the previously anticipated £10 million of prudential borrowing at this stage. This materially changes the financial assessment when compared with the earlier debt-financed model and reduces the anticipated exposure of the Medium Term Financial Plan to interest and Minimum Revenue Provision charges. Provision for prudential borrowing remains within the approved Capital Programme but is not proposed to be utilised at this stage. Any potential future drawdown of prudential borrowing will be subject to business case development and a future decision.

107. Notwithstanding the revised funding arrangements, acquisition of the centre will result in the Council assuming responsibility for its ongoing management, operation, maintenance and statutory compliance. The financial position will therefore remain sensitive to rental income, tenant retention, void costs, service charge recovery, repair liabilities and the timing of regeneration work.

108. CBRE has undertaken financial modelling of the anticipated income from the centre, informed by its assessment of the tenancy schedule and advice from specialist retail agents. The modelling identifies a range of potential outcomes over the initial period of ownership. These forecasts provide an important basis for assessing the potential

contribution of rental income towards operating costs and future investment but remain subject to commercial uncertainty. The concentration of income among key tenants and the number of forthcoming lease events represent material risks which must be actively managed.

109. CIPFA has independently reviewed the financial and commercial assumptions underpinning the acquisition and has identified significant risks, including the potential impact of debt financing, reduced rental income, building condition liabilities and capital cost increases. Its report dated 16 October 2026 advises caution and recommends that these matters are fully considered before the Council enters into a binding commitment. In the Council's assessment, the revised funding strategy addresses a substantial element of the borrowing-related risks identified by CIPFA, although other financial and commercial risks remain.

110. The proposed acquisition must be considered in the context of the Council's existing financial pressures and its obligations under the CIPFA Prudential Code and Best Value framework. The Chief Financial Officer's assessment of affordability, prudence and sustainability forms a key component of the advice supporting this report. In preparing that assessment, consideration has been given not only to acquisition costs but also to reasonably foreseeable adverse scenarios including reductions in rental income, increased repair liabilities, delays to regeneration activity and delays in securing future funding. Cabinet should have regard to that assessment when determining whether the proposal represents an acceptable level of financial risk and is financially sustainable. The Chief Financial Officer's assessment is that the revised funding strategy materially reduces the affordability risks associated with earlier borrowing-funded proposals, although significant commercial and delivery risks remain which Cabinet must consider in determining whether the proposal is affordable, prudent and sustainable.

111. The Chief Financial Officer's assessment should be read alongside the advice contained within the CIPFA review and the commercial and legal advice obtained by the Council. Whilst the revised funding strategy materially changes the affordability assessment, Cabinet should recognise that significant commercial, condition and delivery risks remain and that approval of the acquisition involves acceptance of those residual risks in pursuit of the regeneration objectives described in this report.

Legal Implications

112. The Council has power under section 120(1)(b) of the Local Government Act 1972 to acquire land by agreement for the benefit, improvement or development of its area. Section 120(2) further provides that land may be acquired notwithstanding that it is not immediately required for the relevant purpose. The proposed acquisition is intended to facilitate the regeneration of Billingham Town Centre and is considered to fall within these statutory powers.

113. The Council must also comply with its obligations under the Subsidy Control Act 2022. Specialist legal advice has been obtained from DWF Law LLP concerning the application

of the Commercial Market Operator Principle (CMOP) to the proposed transaction. The assessment requires consideration of whether the acquisition terms are consistent with conduct that could reasonably be expected of a rational commercial market operator in comparable circumstances. The Council's wider regeneration objectives cannot, of themselves, be relied upon to establish compliance with that principle.

114. The proposed purchase price exceeds CBRE's assessment of general market pricing, and the Council must therefore be able to demonstrate the commercial basis upon which the proposed transaction is justified. This includes consideration of the available valuation evidence, anticipated financial returns, commercial risks, comparable transactions and any evidenced purchaser-specific commercial factors. The detailed commercial assessment and specialist legal advice are addressed in the exempt supporting documentation. The Council must also ensure that the proposed use of grant funding is consistent with the applicable funding conditions and subsidy control requirements.

Risk Assessment

115. The report outlines the significant risks associated with acquisition and a failure to secure control of BTC. They are summarised below.

Asset Condition

116. Building survey has identified a wide range of condition issues across the town centre that require addressing in the short and medium term. An initial sum of £2 million from the total scheme budget has been allocated to address immediate high-priority condition issues, as identified by building survey. Repairs and renewals will be identified and prioritised in conjunction with appointed asset and property managers, having regard to budget availability and operational need. A detailed Planned Preventative Maintenance (PPM) programme will be devised and implemented following further required surveys, to ensure identified condition items are addressed in a cost-effective way. Opportunities for identifying additional funding for repairs through surplus income and rebalancing of service charge budget will also be explored.

Cost Estimates

117. The scheme has provisional cost allocations for the capital investment required in Phases 1 and 2. Due to the phasing of the scheme and the potential extension to delivery timeline to allow for business case development and assessment, additional costs may arise requiring additional capital investment.

118. The two phases include a contingency sum which is included in appendix A. All attempts will be taken throughout the project gateways to control costs. If costs do exceed planned funding, additional funding options will be considered and sought.

Income

119. Current Net Operational Income appears healthy however approximately 27 tenants have lease events that require action before January 2028. Asset Managers will be appointed to oversee lease renewals and new lettings. Agreeing new lease terms with those tenants with outstanding or upcoming lease events will be prioritised, with a view to securing the rental income for a further certain period. New tenants will be targeted for vacant units, following the asset management strategy, to reduce landlord's holding costs and improve the vitality and capital value of the centre.

Grant funding conditions including timeline

120. The deadline for spending LUF monies is 31st March 2028. If £20 million is not defrayed before that deadline, funds will no longer be available. SBC is proposing to acquire the asset from SAE at the quoted asking price on or around December 2026. It is proposed that the purchase price of £13 million (plus SDLT and professional fees) is paid from LUF budget and remaining funds are utilised to address condition issues and to facilitate demolition of Queensway South block. The Council has engaged with MHCLG in relation to the evolving proposals for Billingham Town Centre and the intended use of Local Regeneration Fund resources described within this report. The Council will ensure that all expenditure is consistent with the applicable funding conditions and any necessary approvals before expenditure is committed.

Failure to secure funding for Phase 2

121. TVCA Funding sources are already identified with a business case to be developed. Exploration of other funding sources including Brownfield Regeneration Funding. If none of these are successful, then a business case for prudential borrowing will be developed based upon a comprehensive regeneration scheme for Billingham town centre where development values can be captured to mitigate borrowing risk.

Compliance

122. Knight Frank building survey highlighted condition issues that need to be addressed to ensure the asset continues to meet health and safety and statutory compliant standards. The allocated budget allocation for condition repairs will be used to address the areas that have been identified by Knight Frank as most urgent. Expenditure will be required on repairs, renewals, upgrades and in particular addressing statutory concerns. Additional specific surveys will be commissioned and remedial works carried out according to statutory and operational need, linked to the overall asset management strategy and budget constraints.

Prudential Code and Financial Sustainability

123. The acquisition will result in the Council assuming responsibility for the ongoing operation and maintenance of a complex commercial asset. Although the revised funding strategy is intended to avoid immediate prudential borrowing, the Council

remains exposed to risks associated with reduced income, unforeseen expenditure and delays to future regeneration phases.

124. These risks will be managed through the phased delivery strategy, ongoing financial monitoring, specialist asset management and the development of detailed business cases for subsequent investment. Any future borrowing requirement will be subject to a separate assessment of affordability, prudence and sustainability.

Value for Money and Best Value

125. The proposed acquisition price of £13 million exceeds CBRE's assessment of market pricing and differs significantly from certain alternative valuations prepared on different assumptions. CIPFA has identified this as a material value for money and audit risk and has emphasised the need for a robust justification of the acquisition price and consideration of alternative approaches.

126. The Council has obtained independent commercial, valuation, financial and legal advice and has considered the wider regeneration objectives, available alternatives, anticipated costs and benefits and the risks associated with both acquisition and non-acquisition. In determining whether the proposal represents Best Value, Cabinet should have regard not only to the proposed acquisition price but also to the likely costs, risks, deliverability and outcomes associated with the realistic alternatives available to the Council, recognising that each option carries its own benefits and uncertainties. The proposed acquisition should not be viewed solely as an investment property transaction but as an intervention intended to secure strategic control of a key town centre asset and facilitate regeneration which has not been delivered through previous private ownership. The original Jacobs economic appraisal supports the strategic rationale for intervention but was not prepared as an appraisal of the acquisition-led and phased delivery approach now under consideration. The assessment of Best Value must therefore be undertaken by reference to the evidence currently before Cabinet, including the available alternatives, anticipated costs, identified risks and benefits reasonably attributable to the proposal.

Accounting, Valuation and External Audit

127. The acquisition will be subject to the Council's normal financial reporting, valuation and external audit arrangements. The asset will be recognised, valued and accounted for in accordance with applicable local authority accounting requirements, having regard to its condition, income, tenancies and other relevant characteristics.

128. There is a risk that the accounting value of the asset may be lower than the acquisition price, potentially resulting in an impairment. The Section 151 Officer will ensure that the accounting treatment, including any impairment, capitalisation of expenditure and associated financial consequences, is properly assessed and reflected in the Council's financial statements.

129. External audit scrutiny may consider the Council's arrangements for securing value for money, including the evidence and governance supporting the acquisition decision. Where auditors identify significant weaknesses in the Council's arrangements they may report those matters through the applicable statutory audit framework. The Council therefore recognises the importance of maintaining a clear record of the professional advice, evidence and reasoning supporting Cabinet's decision.

Subsidy Control

130. The proposed purchase price exceeds CBRE's assessment of general market pricing, giving rise to a subsidy control consideration if the transaction were to confer an economic advantage on the seller. Specialist legal advice has considered the application of the Commercial Market Operator Principle by reference to the available commercial evidence, including income projections, yield analysis, comparable transaction evidence and purchaser-specific commercial considerations. The conclusions of that advice are set out within Exempt Annex D. Cabinet must nevertheless satisfy itself that the acquisition is supported by a rational commercial justification and does not rely solely upon the wider public benefits associated with regeneration.

Doing nothing

131. The asset could be sold or transferred to an alternative owner with no assurance that future investment or regeneration would follow. In those circumstances the decline of the town centre may continue, the opportunity to utilise existing external funding could be lost and the Council's existing liabilities associated with leasehold interests within the town centre would remain.

Wards Affected and Consultation with Ward Councillors

132. Billingham Central is the directly affected Ward, and all Billingham Ward Councillors have been briefed on the proposed acquisition of BTC due to the broader impact on the community:

- Billingham Central - Cllr Ann McCoy and Cllr Barry Woodhouse.
- Billingham East - Cllr Michelle Bendelow, Cllr Mick Stoker
- Billingham North - Cllr Clare Besford, Cllr Marc Besford
- Billingham South - Cllr Katie Zagoria, Cllr Paul Weston
- Billingham West & Wolviston - Cllr David Reynard, Cllr Marcus Vickers

Background Papers

Reference should be made to the following Cabinet reports that are relevant to the project:

- Reshaping Our Town Centres (February 2021)
- Billingham Town Centre and Sports Hub Update (June 2024),
- Billingham Town Centre and Sports Hub Update (May 2025),

- Powering Our Future – Regeneration Mission Update (July 2025)
- Billingham Town Centre (July 2026)

Annexes

Annex 1	Map of Billingham Town Centre asset
Annex 2	Economic Impact Assessment
Annex 3	TVCA Funding Letter
Annex 4	Equality and Poverty Impact Assessment
Annex 5	Chief Financial Officer's Advisory Note
Exempt Annex A	Cost breakdown of phased scheme
Exempt Annex B	CBRE Commercial evaluation report
Exempt Annex C	CIPFA report
Exempt Annex D	CMOP Report

Glossary

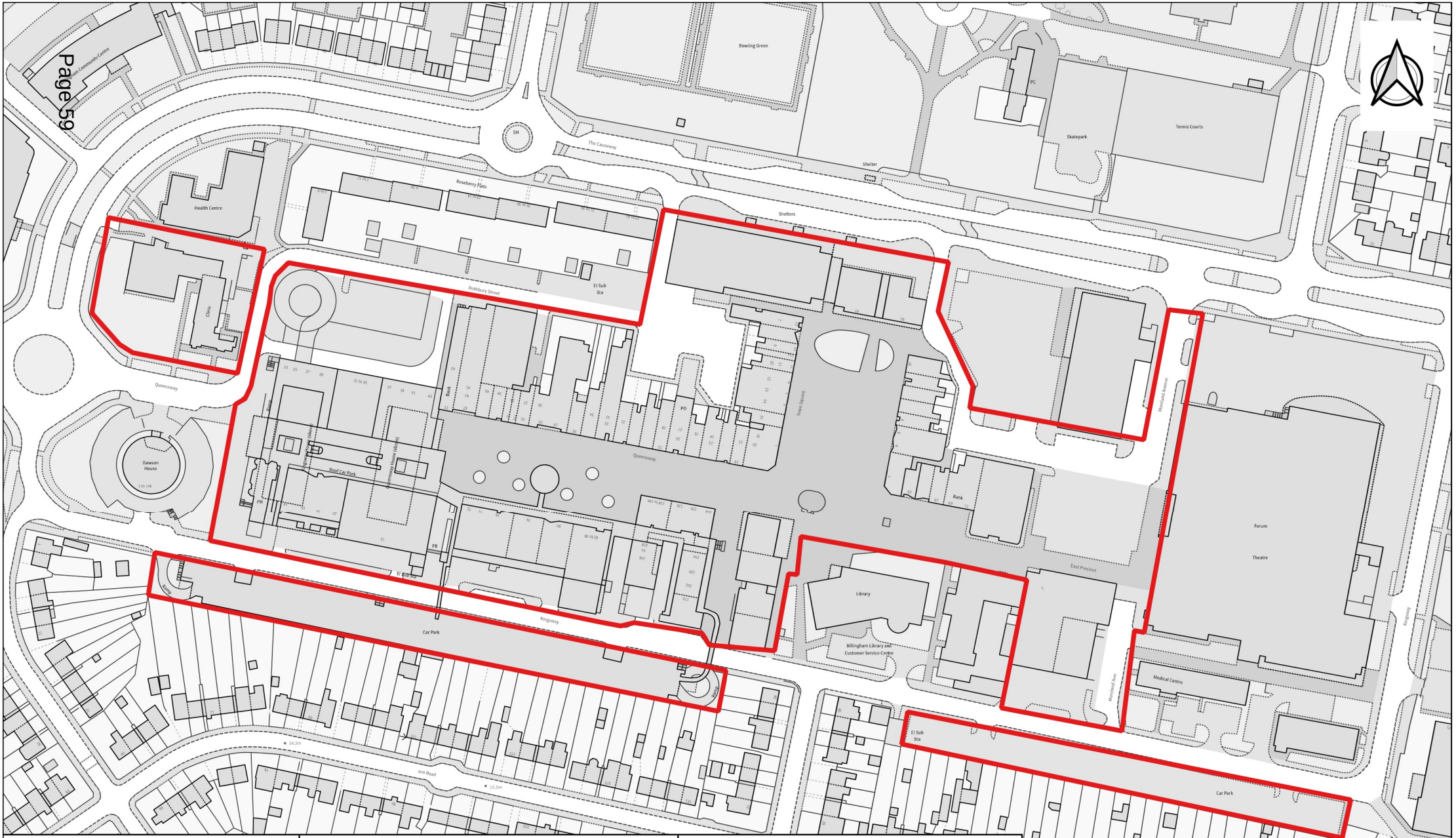
BTC	Billingham Town Centre
CBRE	Commercial Advisors
CIPFA	Chartered Institute of Public Finance Accountants
CMOP	Commercial Market Operator Principle
CPO	Compulsory Purchase Order
EPIA	Equality and Poverty Impact Assessment
LSOAs	Local Super Output Areas
LRF	Local Regeneration Fund
LUF	Levelling Up Fund
M&E	Mechanical and Engineering Services
MHCLG	Ministry of Housing Communities and Local Government
MTFP	Medium Term Financial Plan
PPM	Planned Preventative Maintenance
SBC	Stockton on Tees Borough Council
SDLT	Stamp Duty Land Tax
SAE	Sheet Anchor Evolve (Centre Owners)
TVCA	Tees Valley Combined Authority

Name of Contact Officer: Tracey Carter

Post Title: Director of Regeneration and Inclusive Growth

Telephone number: 01642 528369

Email address: tracey.carter@stockton.gov.uk



Stockton-on-Tees BOROUGH COUNCIL

Regeneration and Inclusive Growth

Director: Tracey Carter
Stockton-on-Tees Borough Council
Dunedin House, Columbia Drive, Thornaby,
Stockton-on-Tees, TS17 6BJ

Title

Billingham Town Centre

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Stockton North – Billingham Town Centre: Economic Impact Report

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Stockton-on-TeesBorough Council
n/a

Stockton North LUF
28 July 2022



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1. Introduction

This Economic Impact Report follows the structure of a traditional Economic Case, by outlining the how the proposed project will deliver the best Value for Money (VfM) to society including wider social and environmental effects. Within this framework, the Note sets out to:

- Provide a more detailed overview of the quantifiable and monetisable costs and benefits associated with delivery of the preferred option.
- Synthesise economic costs and benefits into a holistic value for money statement for the project.
- Provide a more detailed explanation of the BCR relative to what is possible within the LUF bid submission.
- Outline some of the non-quantifiable and wider economic impacts of intervention.

1.1 Approach to Economic Appraisal

The following key assumptions underpin the economic appraisal supporting this economic case:

- A single feasible 'preferred solution' intervention option was considered appropriate for assessment (i.e. the transformational reconfiguration and redevelopment of Billlingham Town Centre, as presented in the main bid document). This is referred to as the Do Something scenario within the economic appraisal set out below.
- The economic appraisal was predicated on a comparison of the Do Minimum versus the Do Something scenarios, where:
  - The Do Minimum scenario represents the business-as-usual situation and likely outcomes in the absence of Levelling Up Fund (LUF) investment. Under this scenario, reflecting current trends and the presence of substantial market failures, limited private sector investment in the area is forthcoming. There is no transformational change in the urban environment, consolidation and rationalisation of retail provision is not provided and a step-change in accessibility and integration across assets within Billingham Town Centre is not engendered. There is a resulting failure to capitalise on the full socioeconomic potential of the area.
  - The Do Something scenario forecasts the anticipated outcomes and impacts associated with timely approval of LUF investment (i.e. delivery of high quality public realm, re-purposing and redevelopment of strategic buildings and delivery of infrastructure to support a thriving Town Centre), concentrated in Billingham Town Centre. This will transform the areas urban fabric, boosting the vibrancy, vitality and viability of the Town Centre and its current and future constituent occupiers.
- For robustness, the Do Minimum scenario assumes constant socio-economic performance of the area and its immediate environment even in the absence of intervention. As such, the economic analysis focusses on understanding the net additional impact of the Do Something scenario without recourse to netting out additional positive or negative socioeconomic impacts that might materialise in the Do Minimum scenario. This is considered a conservative approach, as in reality, socioeconomic trends and indicators (e.g. footfall, amenity/user experience, vacancies and land value) could continue to worsen in line with recent trends rather than stagnate at current levels. This would reflect the absence of strategic, transformational investment in the area, with small-scale ad-hoc initiatives undertaken on a piecemeal basis not providing opportunity for long term, sustainable regeneration. Nevertheless, acknowledging the positive impact the proposed intervention could have on the area, for robustness, such socioeconomic indicators are assumed to remain unchanged for the purpose of economic appraisal rather than decline further. This represents a prudent but conservative approach to analysis.
- An appraisal period of thirty years was adopted for most impacts. This framework is aligned with the anticipated persistence or duration of economic impacts suggested by guidance. On this basis the appraisal period commences from 2025/26 (i.e. the first full year following full scheme delivery) through to 2054/55. Where impacts that do not have an appraisal period of thirty years, this is outlined below. This approach is consistent with recent recommendations provided as part of other funding programmes, including the Town Deal and DLUHC's 'Costings and Planning Workbook Tables A1 to A6 User Guidance'.

The latter recommends a thirty year period for refurbishment of existing buildings , with delivery of new buildings and enabling infrastructure recommended for a 60 year appraisal period. Given the longer potential appraisal period that could be applied to new buildings and enabling infrastructure, the selected appraisal period is considered robust. Where a shorter appraisal period is adopted, this is explained below (e.g. for labour supply impacts and land value uplift) .

- All monetised figures used in the appraisal are presented in 2022 prices and values using real price adjustment factors in line with the Office for Budget Responsibility's inflation forecast and the prevailing HM Treasury Green Book discount rates (i.e. 1.5% per annum for thirty years for health and wellbeing-related impacts; 3.5% per annum for thirty years for non-health related impacts).
- A bespoke model has been utilised to forecast economic impacts, this model synthesizes various potential impacts before aggregating costs and benefits into a single consistent price and value base (i.e. 2022 prices and values) to inform two key value for money metrics: benefit-cost ratio (BCR) and net present social value (NPSV).
- The model is underpinned by the latest relevant departmental and LUF-specific guidance. The data and guidance applied in this economic assessment includes:
  - HM Treasury Green Book and supplementary 'Wellbeing Guidance for Appraisal';
  - DCMS Cultural and Heritage Capital Evidence Bank
  - DLCG Appraisal Guide;
  - DfT Active Mode Appraisal Toolkit (AMAT);
  - MHCLG Land Values for Policy Appraisal;
  - HCA Additionality Guidance and Employment Densities Guide;
  - Levelling Up Fund Round 2: Appraisal Guidance

Other guidance documents and data sources are highlighted throughout the Economic Case, where appropriate.

2. Economic Benefits

2.1 Direct Land Value Uplift (LVU)

- The redevelopment of Town Centre blocks DS1-4 represents conversion of land into more productive use.
- Town Centre commercial land value benchmark of £865k/ha (2019 prices), representative of Darlington, was applied to development area for each re-development block (1.62 ha) to generate a gross present value benefit (PVB) of £1.4 million (2022 -23 prices).
- Benefits captured in a single year following scheme completion (2025/26).

2.2 Wider LVU Commercial

- Regeneration of Billingham Town Centre through large-scale redevelopment and public realm improvements will allow otherwise unaffected commercial properties to realise an uplift in value.
- Pivoting from BNP Paribas valuation report, which implies a current rental income of £1.65 million per annum and a yield of 12%, and then acting conservatively and adopting the lower end of the yield and rental change ranges as a result of intervention (ie. 1% and 10% respectively), the future rental income of the shopping centre could increase to more than £1.8 million per annum. In asset value terms, this represents £2.6 million in addition value, or £2.4 million in PVB terms.
- Benefits captured in a single year following scheme completion (2025/26)

2.3 Wider LVU Residential

- Regeneration of Billingham Town Centre could also allow nearby residential properties to realise an uplift in value.
- Combining the number of properties within 750m of Billingham Town Centre (c. 3,600 residential properties) with ONS House Price Data for the area (c. £109k) in 2022 result in an aggregate value of residences within 750m of Billingham Town Centre of £391m.
- A 4.7% increase in value attributable to regeneration of Billingham Town Centre would increase this aggregate value by £18m, to £410m. Converting to a 2022-23 price base, the wider residential land value uplift in response to regeneration of Billingham Town Centre is estimated at £16.6m in PVB terms
- Benefits captured in a single year following scheme completion (2025/26).

2.4 Crime

- Through removal of areas of urban blight and under-utilised areas and via increased footfall, better built environment and enhanced townscape, re-generation activities have the potential to reduce criminal activity.
- Over the last 12 months, there were some 3,000 crimes committed within one mile of Billingham Town Centre.
- Post regeneration and an associated 5% decline in crime, the number of annual incidents could decline by 150.
- Given the average monetary cost of crime is estimated at £1,367 in 2022-23 prices, this impact relates to a PVB of £1.6 million.
- Benefits captured over a thirty year appraisal period from scheme completion (2025/26)

2.5 Labour Supply Impacts

- New employment opportunities could accrue to currently unemployed individuals in the SBC area and wider Tees Valley.
- Based on the methodology set out in FHSF guidance, 10% of new jobs are assumed to be taken by new entrants or re-entrants to the labour market. Applying the prevailing GVA per worker metric (£59,000) to the forecast new entrants/re-entrants to the labour market and assuming a welfare impact of 40%, results in a PVB of £12.6 million in 2022-23 prices and values.
- Social wellbeing associated with these forecast new entrants/re-entrants to the labour market is estimated at £7,000 per individual, resulting in a PVB of £2.8 million.
- Benefits captured over a ten year appraisal period from scheme completion (2025/26), based on standard job persistence rates.

2.6 Amenity

- Combining the scale of public realm and asset improvements (7.8 hectares at JWP and 0.9 hectares at Billingham Town Centre) with the prevailing change in amenity value at each site (i.e. partial to full urban core) results in amenity benefits valued at £9.5million in PVB terms (2022-23 prices).
- Benefits captured over a thirty year appraisal period from scheme completion (2025/26).

2.7 Social Capital

- Combining forecast additional visitation to events and other social/community activities within the Town Centre and JWP assets (c. 5,000 additional visitors per annum to events and c. 50,000 visitors per annum to JWP) with the prevailing benchmark value for the assets from the DCMS Culture and Heritage Capital Framework (i.e. c. £23 for JWP and c. £1 for Town Centre events) results in social capital benefits valued at £19.2 million in PVB terms (2022-23 prices).
- Benefits captured over a thirty year appraisal period from scheme completion (2025/26).

2.8 Active Mode

- Baseline levels of cycling were estimated using the minimum level of mode share for walking and cycling from the TRICS database for mode share to District Centres.
- Convergence of mode share to the District Centre average was assumed post-intervention. The increase in walking and cycling mode share post-intervention, alongside better journey quality for existing pedestrians and cyclists, contributes to benefits amounting to £9.2 million in PVB terms (2022-23 prices), utilising DfT's AMAT (adjusted from default 2010-11 price base to 2022-23 price base, as described in Section 7.1).
- Benefits captured over a thirty year appraisal period from scheme completion (2025/26).

2.9 Gross Benefits Summary

Based on the above analysis Table 2-1 outlines the gross present value of benefits (PVB, 2022/23 prices and values) anticipated to arise from intervention. Note that all benefits are predicated on departmental guidance or evidence and therefore constitute part of the initial BCR; no further benefit categories are added as part of an 'adjusted' BCR.

Table 2-1 Aggregated Gross Impacts: Core and Adjusted Scenario (£m, PVB, 2022 Prices and Values)

Impact Category	Benefit Type	Gross Impact (£)
Direct LVU	Initial	1,386,236
Wider LVU Commercial	Initial	2,375,427

Wider LVU Residential	Initial	16,591,239
Crime	Initial	1,578,093
Labour Supply Wellbeing	Initial	2,802,548
Labour Supply Impacts	Initial	12,586,854
Amenity	Initial	9,523,935
Social Capital	Initial	19,238,844
Active Mode	Initial	9,153,742
Gross Present Value of Benefits (2022/23 prices and values)		**75,236,918**

2.10 Gross to Net Conversion

In most cases, additionality is assumed at 100%. This is because deadweight is expected to be zero (i.e. none of the interventions occur without LUF capital award, as suggested by major contributory role LUF funding plays in delivering the interventions [c. 90% of all delivery costs]; with no private sector match funding in place). Displacement and leakage is also assumed to be minimal for most impact categories, as the interventions represent local assets serving a specific local client base within the sub-region.

The following factors are also pertinent:

- high site preparation and complementary infrastructure costs (particularly, enabling works, demolition), which minimises viability and market demand. Hence, interventions are not expected to come forward in absence of the public support through LUF.
- strong supply side focus of the proposed interventions. In particular, increased productivity and efficiency is targeted through consolidating retail to maximise the sector's performance. Further, better quality office accommodation for SBC is expected to improve the performance of SBC's corporate functions and enhance the attractiveness of SBC as an employer.

That said, to ensure a robust and conservative assessment, additionality factors were adopted for the following impact categories:

- Crime – 25% as per FHSF guidance, reflecting the potential for some criminal activity to be displaced from the intervention area, rather than cease completely.
- Amenity – 60%; Amenity may accrue to residents/ visitors outside of the sub-region (leakage) and enhanced amenity at the specified locations may result in reduced amenity being obtained from other public assets elsewhere (displacement).
- Social Capital – 75%; some visitors may have visited alternative events or green space in the absence of intervention, and some benefits may accrue to visitors from outside the sub-region.

By aggregating various gross benefit streams outlined above and applying the prevailing factors of additionality, the gross additional impacts are reduced from c. £75 million to c. £65 million in net additional present value of benefit terms for the core scenario (PVB, 2022 prices and values) (Table 2-2). Note that this additionality analysis assumes that the economic impact of the Do Minimum scenario is zero, and hence no gross-to-net conversion of Do Minimum scenario impacts is undertaken and netted off the Do Something scenario impacts. This is considered a conservative assumption in economic appraisal terms, given the potential for negative economic impacts in the Do Minimum scenario, including:

- Footfall may decline as existing public realm issues and vacant units persist or worsen;
- Amenity and the level of crime within the intervention area and community cohesion may deteriorate if public investment is not forthcoming;
- Land values may become further depressed if enabling infrastructure is not delivered and wider development strategies are delayed.

Projecting these potential negative impacts could act to further enhance the Do Something scenario relative to the Do Minimum scenario, but to ensure a robust assessment, these potential negative impacts were treated as neutral.

Table 2-2: Aggregated Gross and Net Additional Impacts (£m, PVB, 2022 Prices and Values)

Impact Category	Benefit Type	Gross Impact (£)	Net Impact (£)
Direct LVU	Initial	1,386,236	1,386,236
Wider LVU Commercial	Initial	2,375,427	2,375,427
Wider LVU Residential	Initial	16,591,239	16,591,239
Crime	Initial	1,578,093	394,523
Labour Supply Wellbeing	Initial	2,802,548	2,802,548
Labour Supply Impacts	Initial	12,586,854	12,586,854
Amenity	Initial	9,523,935	5,714,361
Social Capital	Initial	19,238,844	14,429,133
Active Mode	Initial	9,153,742	9,153,742
(Net Additional) Present Value of Benefits (2022/23 prices and values)		**75,236,918**	**65,434,063**

3. Economic Costs

Table 3-1 presents the base scheme costs profiled across the years. Funding is assumed to be mainly provided through LUF, with SBC contributing c. 20% of capital funding.

Table 3-1: Base Scheme Costs – Do Something (£m, nominal values, undiscounted)

Funding	2022/2023	2023/2024	2024/2025	Total
Total	£0.14	£8.77	£16.21	£25.12

All costs associated with the scheme are incurred by the public sector (i.e. Levelling Up Fund or SBC resources); hence the economic costs are wholly attributable to the public sector.

To generate the present value of costs (PVC) in 2022 prices and values the following adjustment stages have been undertaken:

- Accommodating real growth using the recommended June 2022 GDP deflators produced by HM Treasury
- Applying optimism bias (OB) in line with HM Treasury Green Book's Supplementary Guidance on Optimism Bias (i.e. at 24%, appropriate for Standard Buildings projects)
- Discounting economic costs in 2022 prices and values using the prevailing discount rate referenced in HM Treasury Green Book (i.e. 3.5% per annum for thirty years)

Based on this approach, the financial costs provided in the Deliverability section are converted to economic costs amounting to £28.43 million (2022/23 prices and values).

Table 3-2: Scheme Costs for Economic Appraisal (£m, 2022 prices and values)

Funder	2022/2023	2023/2024	2024/2025	Total
Public	£0.17	£10.26	£17.99	£28.43
Private	-	-	-	-
Total	£0.17	£10.26	£17.99	£28.43

The economic costs relate to capital costs only. Based on BNP Parabis' independent valuation and earlier financial analysis, it is assumed that any acquisition, condition works and other operating costs incurred by SBC for managing the Town Centre will be covered by income generated by the assets. Hence, no increase in public sector operating costs is anticipated. This is considered a robust and prudent position given the net operating income of the scheme is expected to be sufficient to meet all such costs, with a small surplus to potentially reinvest in Billingham Town Centre and elsewhere.

4. Value for Money Assessment

Taking into account estimates for both the PVB (section 2) and the PVC (section 3), Table 4-1 below presents the value for money metrics relating to the Do Something scenario.

The analysis demonstrates that the intervention generates substantially more economic benefits than public costs, resulting in an initial BCR of above 2.0 (with no change in terms of the adjusted BCR as no additional impacts are captured). These BCRs fall within the 'high' value for money category.

Table 4-1: Value for Money Metrics (22/23 Prices and Values)

Value for Money Metric	Value
Net Additional PVB	65,434,063
Total PVC of Public Sector Costs	28,915,788
Total PVC of Private Sector Costs	0
Total PVC of Economic Costs	28,426,103
BCR	2.30
NPSV	37,007,961

5. Sensitivity Tests

To gain an understanding of the sensitivity of the economic appraisal to changes in key input assumptions, the following sensitivity tests on the Do Something Core scenario were undertaken:

- Sensitivity Test 1: Increase in scheme costs by 50%
- Sensitivity Test 2: OB applied at non-standard building rate (51%) rather than standard building rate (24%)
- Sensitivity Test 3: Removal of active mode benefits
- Sensitivity Test 4: Removal of all LVU benefits
- Sensitivity Test 5: Removal of all benefit components relating to JWP (e.g. part of amenity and social capital benefits)

The tests demonstrate that substantially reducing the scale of scheme benefits (Sensitivity Test 5), excluding scheme benefits (Sensitivity Tests 3 and 4) or substantially increasing scheme costs (Sensitivity Tests 1 and 2) will not undermine the project's performance to the extent that the project no longer represents value for money (**Table 5-1**). The outcome of all tests suggest that the benefits are forecasted to continue to outweigh costs (i.e. BCR >1.0) even with significant negative changes to the project's performance.

Table 5-1: Sensitivity Tests (£m, 2022 prices and values)

Value for Money Metric	Sensitivity Test 1	Sensitivity Test 2	Sensitivity Test 3	Sensitivity Test 4	Sensitivity Test 5
Net Additional PVB (£m)	65.43	65.43	56.28	45.08	45.93
Economic Costs					
Total PVC of Public Sector Costs (£m)	42.64	35.20	28.43	28.43	28.43
Total PVC of Private Sector Costs (£m)	0.00	0.00	0.00	0.00	0.00
Total PVC of Economic Costs (£m)	42.64	35.20	28.43	28.43	28.43
Key Indicators					
BCR	1.53	1.86	1.98	1.59	1.62
NPSV (£m)	22.79	30.23	27.85	16.66	17.50

In addition to sensitivity testing, a switching values assessment was undertaken to understand the proportional increase in costs or proportional decrease in benefits that would be required to achieve a BCR position for the Do Something Core scenario that equates to 1.0.

Table 5-2: Switching Values Summary

Change in Key Metric	To Converge on BCR of 1.0
Increase in Public Costs	130%
Reduction in Net Benefits	57%

The analysis presented in the table below highlights that benefits can reduce by 57% before the BCR threshold of 1.0 is passed. Likewise, costs can increase by 130% before the BCR threshold of 1.0 is achieved. This assessment, allied with the sensitivity testing, demonstrates that there is significant margin for benefits reduction or cost growth within the project before its value for money position deteriorates significantly based on conventional metrics. This highlights the robustness of the economic appraisal to changes in key assumptions.

6. Wider Impacts

It is estimated that some 283 FTE jobs will be created. With an assumed persistence of 10 years (in line with FHSF guidance), the direct employment could generate £70.6 million of direct gross GVA (PVB, 202223 prices and values). Further, additional expenditure of £20.3m per annum as a result of increased visitation/footfall could generate some 183 gross FTE jobs per annum, generating £5.5 million in gross GVA uplift per annum (£95.2m over the appraisal period [PVB]).

Through capital expenditure of c. £25 million, the scheme could also create in the region of 420 construction stage job years during the project delivery phase. This is based on commercial development coefficients (16.6 job years per £1 million of construction expenditure) suggested by HCA (now Homes England's) Calculating Cost per Job note.

Further, the interventions deliver transformational change in Billingham Town Centre, leveraging a once in a generation opportunity to reshape and safeguard Billingham's core. Building on the prospective acquisition of Town Centre assets, the intervention will enable the Council to address current market failure by shrinking the traditional retail function into a more compact area across a sustainable amount of floorspace and enabling change of use, high quality new infrastructure and public space in the heart of the town centre.

Such changes will fundamentally enhance internal and external perceptions of Billingham, creating a location marked by social, community and economic activity, investment, creativity and vibrancy. It will also promote the Town Centre as a high quality, multifunctional centre with close synergies to complementary assets (e.g. JWP). This will enhance the visitor experience for locals and a wider audience, potentially increasing private sector investor interest in the area. In this respect, upfront investment in a catalytic programme at Billingham Town Centre could unlock wider regeneration in the Town Centre and throughout Billingham in general. It could also support existing enterprises within Billingham Town Centre to become increasingly viable in response to the increased activity and vibrancy generated by the intervention. In combination, these outcomes will significantly improve Billingham's ranking in terms of socio-economic deprivation, a key challenge for the town identified in the Strategic Case.

The scheme will also unlock a step-change in sustainability of the key Town Centre assets, enabling the demolition of some of Billingham's least energy efficient buildings and their replacement with high quality, sustainable assets for the future. While all of the retail units fall within the C-E range of Energy Performance Certificate ratings and therefore meet current minimum standards, some of the certificates are due for renewal in the coming years and the ratings are likely to fall as the data and software used is now more detailed. Minimum standards are also due to increase and therefore many units are expected to fail to meet those minimum standards going forward. Intervention to remove some of the poorest performing units will support SBC's decarbonisation aspirations and ambitions relating to Net Zero.

As an operationally sustainable and profitable scheme (as demonstrated by the BNP Paribas independent valuation and associated financial analysis), the project will potentially provide an additional revenue stream that SBC can recycle into regeneration schemes throughout the borough.

Based on the above summary, Table 6-1 outlines the scale/magnitude, nature and overall significance of the various non-monetised impacts. The table, in conjunction with the impact summary above demonstrates that non-monetised impacts have a substantial, positive role on influencing the value for money position of the project.

Table 6-1: Significance of Non-Monetised Impacts

Non-Monetised Factor	Scale	Nature	Overall Significance
Employment Creation	Large – 238 new FTEs created	Beneficial	Large Beneficial
GVA Uplift	Large - £5.5m gross annual uplift	Beneficial	Large Beneficial
Construction Stage Jobs	Medium – c. 420 job years created	Beneficial	Medium Beneficial
Contribution to Wider Connectivity and Net Zero Ambitions	Medium – some poor energy efficient units will be removed and replaced with sustainable units	Beneficial	Medium Beneficial

Improving Perceptions and Image	Large – transformational change in Billingham Town Centre	Beneficial	Large Beneficial
Catalysing Wider Regeneration	Large - transformational change in Billingham Town Centre	Beneficial	Large Beneficial
Enhancing the visitor experience	Large - transformational change in Billingham Town Centre	Beneficial	Large Beneficial
Support existing and new businesses across the Town Centre	Medium – increased vibrancy and vitality driven by footfall growth	Beneficial	Medium Beneficial
Additional revenue stream to SBC	Medium – operationally profitable scheme could support wider public sector-led investments into Town Centre	Beneficial	Medium Beneficial

Within this context, the intervention has the potential to have overarching transformative potential beyond the scope of benefits monetised and captured in other elements of the Economic Case.

7. Adjustments Made to other Toolkits

7.1 DfT's Active Mode Appraisal Toolkit

DfT's AMAT is set to return economic impacts in 2010/11 prices and values (as per DfT's standard base year). To generate economic impacts in 2022/23 prices and values, the following adjustments to the AMAT developed for this project (Appendix 19) were required on the 'discounting' tab:

- Rows 5 and 6 converted to discount from 2022 rather than 2010.
- Row 8 converted to apply GDP per Capita growth from 2022 rather than 2010
- All impact calculation values (from row 15 to 32) multiplied by the inflation factor of 1.27 (based on DfT's standard GDP deflator) to uprate to 2022 prices.

Note, costs were estimated outside of AMAT and are therefore not presented within the toolkit.

19 October 2026

Mike Greene
Chief Executive
Stockton-on-Tees
Borough Council
Municipal Buildings
Church Road
Stockton-on-Tees
TS18 1LD

Dear Mike

Billingham Town Centre Regeneration – Funding Commitment of £10 million

Further to discussions between Tees Valley Combined Authority ("TVCA") and Stockton-on-Tees Borough Council ("the Council"), we write to confirm TVCA's commitment to provide funding of up to £10 million towards the further regeneration of Billingham Town Centre.

TVCA acknowledges that the Council is presently considering the acquisition of Billingham Town Centre and that, in taking that decision, the Council requires sufficient certainty as to the availability and intended use of the further funding described in this letter.

Funding Commitment

TVCA confirms that £10 million is committed to the Council for the Billingham Town Centre regeneration programme and will be reserved for that purpose, subject to the conditions set out below.

This funding is to be taken from the Council's indicative allocation of the Town Centre Regeneration programme of activity included within the Local Transport Delivery Plan (LTDP) programme that was approved by TVCA Cabinet on 25 September 2026, which is to be submitted to the Department for Transport for final ratification by 31 October 2026.

The funding is intended to facilitate the creation of a town centre regeneration development platform, including the demolition of existing structures and the creation of new infrastructure and public realm.

For the avoidance of doubt, this may include demolition, site clearance and preparation, enabling works, highways and access works, infrastructure and utilities, public realm and other directly related works necessary to create and unlock a development platform at Billingham Town Centre, where those activities are included within an approved business case.

T +44 (0)1325 792600
E info@teesvalley-ca.gov.uk
W teesvalley-ca.gov.uk

Tees Valley Combined Authority
Teesside Airport Business Suite
Teesside International Airport
Darlington DL2 1NJ

Business Case and Drawdown

The commitment of the £10 million is made by this letter. Drawdown of the funding will be subject to the Council submitting, and TVCA approving, one or more detailed business cases in accordance with TVCA's applicable assurance and approval arrangements.

The purpose of that process will be to confirm the detailed scope, costs, deliverability, value for money, outputs and eligibility of the proposed expenditure. It will not require the Council to compete afresh for the £10 million committed by this letter.

TVCA will consider any business case submitted by the Council promptly and reasonably and, provided that it demonstrates that the proposed expenditure:

- falls within the purposes described in this letter;
- represents an eligible and deliverable use of the funding;
- satisfies TVCA's applicable assurance requirements, including value for money; and
- complies with applicable legal and funding requirements,

TVCA will approve the relevant drawdown and make the funding available in accordance with an appropriate funding agreement and payment arrangements.

Reliance and Conditions

TVCA acknowledges that the Council may rely upon the funding commitment contained in this letter when determining whether to proceed with the acquisition of Billingham Town Centre and in planning the subsequent regeneration programme

The commitment is therefore not subject to TVCA subsequently deciding whether to allocate the £10 million to Billingham Town Centre. The remaining conditions relate to the approval of the detailed business case and subsequent drawdown of the funding.

TVCA's obligation to provide the funding will cease only if:

T +44 (0)1325 792600
E info@teesvalley-ca.gov.uk
W teesvalley-ca.gov.uk

Tees Valley Combined Authority
Teesside Airport Business Suite
Teesside International Airport
Darlington DL2 1NJ

- the Council does not secure approval of an eligible business case by 31 March 2029;
- the proposed use of the funding falls materially outside the purposes described in this letter;
- payment would be unlawful or would place TVCA in breach of the conditions attached to the underlying funding; or
- the Council and TVCA otherwise agree in writing.

Subject to those matters, TVCA will not withdraw or reallocate the £10 million commitment without the Council's written agreement.

Legal Effect

TVCA confirms that all approvals necessary for it to give the commitment contained in this letter have been obtained.

This letter is intended to create legal relations and constitutes a binding commitment by TVCA to provide up to £10 million to the Council on the terms set out above.

This letter and any dispute or claim arising out of or in connection with it shall be governed by and construed in accordance with the law of England and Wales.

Yours sincerely,



Jonathan Spruce
Director of Infrastructure
for and on behalf of Tees Valley Combined Authority

T +44 (0)1325 792600
E info@teesvalley-ca.gov.uk
W teesvalley-ca.gov.uk

Tees Valley Combined Authority
Teesside Airport Business Suite
Teesside International Airport
Darlington DL2 1NJ

Acknowledged and accepted for and on behalf of Stockton-on-Tees Borough Council

Signed:

Name:

Title:

Date:

T +44 (0)1325 792600
E info@teesvalley-ca.gov.uk
W teesvalley-ca.gov.uk

Tees Valley Combined Authority
Teesside Airport Business Suite
Teesside International Airport
Darlington DL2 1NJ

Assessment Form

All fields marked with * must be completed in order to Sign Off EPIA

Your Information

Full Name

Rachel Haycock

Email

Regeneration and Inclusive Growth

Service

Email

Rachel Haycock

Telephone

6713

Essential Information

Details of proposal *

Using £20m Levelling Up Fund grant, the council is seeking to acquire Billingham town centre and deliver a programme of tenant decant, demolition, repairs and maintenance interventions that will both safeguard the centre and guide future redevelopment aspirations.

What is the proposal and who does it affect? *

Budget/Other Financial Decision	☐	Policy (New or Change)	☐
HR Policy & Practice	☐	Change to Service Delivery	☐
Service Users	☑	Members of the Public	☑
Employees	☐	Job applicants	☐
Other			

Identify the main aims and projected outcomes of this proposal and how this aligns to the Stockton on Tees Plan and priorities *

For more information on the Stockton on Tees plan, click here

Billingham was awarded £20million from Round 3 of the Government's Levelling Up Fund (LUF) to support delivery of the council's redevelopment proposals for the town centre. Having ownership and control of the centre is a strategic aim for the council and is considered key to its placemaking ambitions for regenerating the town centre. The council is seeking to acquire the freehold interests of the centre, using LUF grant, to enable delivery of the following scheme outcomes: • Decant existing tenants from West Precinct to deliver vacant possession. • Phased programme of demolition and clearance to remove long term vacant and deteriorating buildings at West Precinct, Queensway South and former library sites, to unlock the development potential of the town centre. • Undertake a programme of essential repair and remedial works to safeguard the internal and external fabric of remaining town centre buildings from further deterioration. • Consolidation and reconfiguration of the retail offer into a more compact area across a sustainable amount of floorspace. • Cleared town centre sites will create opportunities to develop inclusive and accessible new spaces that have potential both to respond to the need for new housing and bring about diversification of uses in the heart of the town centre, creating better quality of place. • Gives the private sector confidence to invest in town centre assets. This project aligns with the Council Plan priority to create "a great place to live, work and visit'. Taking control of the centre through acquisition and focusing investment into unlocking the development potential of key sites will contribute to achieving a range of socio-economic benefits, increased civic pride and a robust income base upon which to build future investment in the centre.

How does the proposal link to the key objectives of the Powering our Future programme? *

For more information on Powering Our Future, click here

- [ ] Reduce inequality and prioritise prevention
- [ ] Put communities at the heart of everything we do
- [ ] Enable communities to help and support each other
- [ ] Have a 'place-based' approach
- [x] Have efficient processes and be digital by design
- [ ] Use data and intelligence to inform our decision

The delivery of the LUF scheme in Billingham directly aligns with the objectives of the Council's 'Powering Our Future" programme, specifically the 'place based' design principle, which recognises the importance of investing in town centre assets to reinforce pride in place and attract inward investment and talent to the Borough. For more than a decade, Billingham town centre has experienced a sustained decline in its retail offer, quality of place and built environment. While many town centres have been affected by changing consumer habits and reduced retail demand, these challenges have been particularly acute in Billingham. A prolonged period of underinvestment by successive private sector owners in buildings, retail units, infrastructure and public amenities has contributed to a deteriorating physical environment, rising vacancy rates and growing frustration among local residents as they have witnessed the continued decline of their town centre. Progressing with

acquisition of the centre will enable the council to take control and deliver a range of physical interventions to address market failure. This place based approach will help to change the town centre environment, creating a vibrant, modern town centre that safeguards its traditional retail function and creates quality of place through new spaces, diversification of uses and high-quality new infrastructure in the heart of the town centre. The Council will work effectively with residents, town centre businesses and stakeholder groups when designing and delivering the interventions, which will help to increase local participation and civic pride as outlined in the community design principle of the POF programme.

£ Financial Information

Consider whether your proposal introduces, removes, or changes any charges or budget allocations.

Does this proposal have any financial implications (income, expenditure, savings or budget changes)?
Yes

What type of financial impact does this proposal involve?

Income Increase ☑	Income Decrease ☐	Expenditure Increase ☐
Expenditure Decrease ☐	Budget Reallocated ☑	Indirect Impact ☐

Evidence

Please include any evidence or relevant information that has influenced the decisions contained in this EPIA. This could include demographic profiles; audits; research; health needs assessments; national guidance or legislative requirements and how this relates to the protected characteristic groups and those affected by poverty and how these are mitigated.

Click here to view the Demography and Deprivation dashboard

Quantitative Evidence *

Billingham suffers from significant demographic and

socioeconomic challenges across various factors including employment, income, education and skills and health. The Indices of Multiple Deprivation demonstrates that some 75% of the LSOAs in Billingham were in the most deprived 50% of communities nationally at an aggregate level. Further, almost 20% were in the bottom 10%. The demographic data profile for Billingham North Ward can be accessed here: https://www.stockton.gov.uk/Billingham-central-ward-profile In light of the prevailing demographic challenges, improving the town's appearance and attractiveness through the proposed redevelopment will create a more viable town centre environment and better quality of place, which will provide a basis for addressing some of the socioeconomic inequalities being faced.

Files

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Qualitative Evidence *

A 'Let's talk about our towns' consultation was undertaken in Billingham in January 2020. The consultation lasted for 6 weeks and sought views from the local community and town centre stakeholders on the future of Billingham, to identify what is important to the users of the town centre and to inform future priorities for intervention. The consultation was promoted widely on social media, and online surveys were created for responses as well as a printed questionnaire. The survey received 311 responses, which are provided here and have been used to help inform the proposals: https://www.stockton.gov.uk/media/6100/Billingham-Let-s-Talk-About-Our-Towns/pdf/Lets_talk_about_our_towns__-_Billingham_-_NEW.pdf?m=1710342038497 The open text feedback gave detailed insight into local priorities. Broad support was given for a 'mixed use' development with retail, community, leisure and green spaces identified as the key areas of focus. There was support for more / better shops as well as more investment in the town centre including support to explore improvements to West Precinct such as demolition, redevelopment of

Files

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the site and revising the town centre layout. General concerns were raised about level of crime and antisocial behaviour and policing, which contributes and reinforces negative perceptions around safety and vibrancy in the town centre.

Have you carried out any benchmarking against any neighbouring Local Authorities or organisations? How has this informed your thinking? *

As part of the commercial, valuation, financial and asset management due diligence of scheme proposals, a team of professional advisors have been appointed whose commercial expertise and track record in the regeneration of town centres of a similar scale to Billingham Town will help inform best practice. This includes benchmarking other comparable shopping centre acquisitions and values.

What have you done to determine that the new service/change in policy meets the residents needs, and how have you ensured that these actions align with social value principles (e.g. promoting wellbeing, equality, sustainability, and community benefit)? *

There is an opportunity to have a broader conversation with local communities and businesses, to ensure that any future redevelopment scheme reflects local need and has local buy in. It is proposed that a programme of public engagement is launched in 2027 to capture ideas and establish future uses for Billingham. To further embed the Council's commitment to engage local stakeholders and the community in shaping future regeneration plans it is recommended that we establish a Billingham Regeneration Board, which will act as an advisory group to help ensure proposals for Billingham are developed in a way that meet local need and aspirations and are owned and understood by the local community. The board will provide oversight, challenge, support and advocacy throughout the various phases of regeneration.

Consultation & Engagement

Consultation

A formal process where stakeholders are asked for their views on a proposal, often with a defined timeframe and structured feedback mechanisms.

If you require any advice and support around consultation please email consultationsbc@stockton.gov.uk

Is there a legal requirement to consult?

YES

Has the proposal/policy/project been subject to consultation?

YES

> **Who was formally consulted as part of this assessment? (e.g. service users, staff, community groups)**
>
> Consultation was undertaken with public and statutory consultees as part of the planning process to determine a hybrid planning application that was submitted by the current town centre owners in November 2024. Planning application reference: 24/2028/FUL Land At Billingham Town Centre, The Causeway, Billingham
>
> **What methods were used to consult? (e.g. surveys, public meetings)**
>
> Views on the planning application were invited via: - Putting up site notices - Advertising in local media - Writing to neighbours - Liaising with Statutory bodies
>
> **What were the key findings or concerns raised during the consultation?**
>
> The application received two letters of representation which were considered in full. No objections were raised by statutory consultees that would warrant refusal of the application.
>
> **How have these findings influenced the proposal or decision?**
>
> Planning consent for the hybrid planning application secured planning consent in March 2025
>
> **Were any groups underrepresented or excluded from the consultation?**
>
> NO
>
> **Was the consultation accessible and inclusive? (e.g. formats, languages)**
>
> Yes

Engagement

A broader, ongoing dialogue with stakeholders to build relationships, understand needs, and co-develop solutions — often more informal and iterative.

Engagement with individuals or organisations affected by the policy or proposal must be considered.

Has the proposal/policy/project been subject to engagement?

NO

🔀 Equality & Poverty Protected Characteristics (Assessing the Impact)

Use this section to assess how your proposal may positively or negatively affect different groups. Information on Protected Characteristics can be found here

Age Positive

Please provide evidence of the impact on this protected characteristic via comments / files:

This scheme will have a direct positive impact on the accessibility of all people accessing the town centre regardless of age. Factors relating to age generally relate to physical access such as those using walking aids or pushchairs. The consolidation and reconfiguration of retail space will provide a more compact retail core accessed at ground floor, making it easier for those with mobility needs to navigate around the town centre.

Files

No Files Uploaded

Disability Positive

Please provide evidence of the impact on this protected characteristic via comments / files:

This scheme will have a direct positive impact on the accessibility of disabled people. Through demolition and clearance of deteriorating town centre buildings, retail space will be consolidated and reconfigured to provide a more compact retail core accessed at ground floor, making it easier for those with mobility issues to navigate around the town centre. The new scheme will include public realm improvements such as access to public facilities and transport links, which will improve ease of access and movement within the town centre and remove existing barriers that affect the overall

visitor experience for disabled people.

Files

No Files Uploaded

Gender Reassignment	Neutral
Marriage & Civil partnership	Neutral
Pregnancy & Maternity	Neutral
Race	Neutral
Religion or belief	Neutral
Sex	Neutral
Sexual Orientation	Neutral
Poverty †	Positive

Please provide evidence of the impact on this protected characteristic via comments / files:

Investment across the centre and redevelopment of key sites will contribute to a wider range of socio-economic benefits, providing a setting for future investment, increased civic pride and a robust income base upon which to build future investment in the centre. This includes benefits including: economic (increased local spend, higher footfall, business growth, diversification of uses), health (improved accessibility, ease of movement, improved access to town centre amenities) and environmental (improved public realm, demolition of vacant and underused assets, unlocking new development opportunities).

Files

No Files Uploaded

Substance misuse and addictions †	Neutral
Experience of care †	Neutral
Other, Homelessness, public protections, armed forces community, refugees and asylum seekers etc †	Neutral

† Although these are not legally protected characteristics, there is an expectation that you will give these areas due consideration

What will the impact of implementing this proposal be on people who share characteristics protected by the Equality Act 2010 or are likely to be affected by the proposal / policy / project? This section allows you to consider other impacts, e.g. poverty, health inequalities, community justice, public protection etc.

Will this proposal in anyway eliminate unlawful discrimination (harassment, victimisation and other prohibited conduct)? *

The redevelopment of Billingham town centre is intended to benefit people of all ages and backgrounds, regardless of protected characteristics. Throughout the project we will work to mitigate direct or indirect discrimination by: - Keeping stakeholder groups engaged about issues that affect them through regular engagement and communication. - Engaging with affected tenants throughout the decant process, providing appropriate support, including advice, assistance and financial compensation where appropriate and in line with the terms of specific lease arrangements and conditions. - Tailoring consultation methods to meet the needs of all groups.

Files

No Files Uploaded

Will this proposal in anyway advance equality of opportunity? *

Yes. There is an opportunity to open conversations with local communities and businesses, to ensure that future redevelopment reflects local need and has local buy in. It is proposed that a public engagement exercise is launched in 2027 to capture ideas and establish future uses and the council will consider the needs of all protected groups throughout this process to give people a shared voice.

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No Files Uploaded

Will this proposal in anyway improve / foster good relations or build community cohesion (promoting understanding and reducing prejudice)? *

There is a strong sense of civil society and civic pride in Billingham and a desire to reinforce and extend the town centre's role in creating new socio-economic opportunities and promoting the area as an attractive place to live, work and invest. Whilst there will be unavoidable disruption to local residents, businesses and town centre users as demolition and repair works are undertaken, the temporary adverse effects of the scheme will be outweighed by the creation of a more viable town centre environment that improves the town's appearance and attractiveness to benefit residents, visitors and shoppers. The Council will manage levels of disruption by holding targeted meetings with surrounding residents, businesses and town centre users to provide information on the proposals and phasing programme. Sharing regular communications and updates will help to promote good relations with town centre users. The Council will support affected tenants throughout the decant process, in line with the terms of specific lease arrangements and conditions, to explore potential relocation opportunities. In the longer term, improving the town's appearance and attractiveness will create a more viable town centre environment encouraging footfall and local spend. This approach will foster good relations and help to retain valuable amenities that are valued by the local community.

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You are not taking any action to support or mitigate the impact on protected characteritic. Please complete the section below instead.

Please explain why you do not need to take any action to mitigate or support the impact of your proposals. *

The proposal does not have any negative, long-term impact on any members of a protected group. A detailed communications plan will be delivered to ensure the wider impacts of the scheme on local residents and businesses are fully understood and mitigated as far as possible. This will include targeted engagement with affected groups, which will be carefully considered to ensure no form of direct or indirect discrimination occurs.

Are actions being reported to Members? If so, when and how? * A Billingham town centre report will be considered by Cabinet on 29 October 2026. Group Leaders and Billingham Members will be briefed in advance of this meeting.

Digital Inclusion

Does the solution/policy assume access to digital devices or reliable internet?

YES

How will it support individuals who lack these resources?

The public engagement strategy will be designed to ensure accessibility for all people wishing to share their views and feedback on the regeneration proposals for Billingham. Whilst engagement will be undertaken via digital platform, we will ensure opportunities for in-person discussions are held at a range of venues / locations across Billingham as well as providing access to paper materials.

Have digital literacy levels across different user groups been considered? What support is available for those with limited digital skills or confidence? What support is available for those with limited digital skills or confidence?

Council officers will be available at a range of venues / locations across Billingham to assist users wanting to share their views on the proposals both digitally and via hard copy.

Is the solution/policy designed to be accessible to users with disabilities (e.g., compatible with screen readers, keyboard navigation, etc.)?

YES

Does the solution accommodate users with limited English proficiency or those who rely on alternative communication formats (e.g., Easy Read, BSL)?

YES

Could the solution/policy result in additional costs for users (e.g., data usage, device upgrades)?

NO

Are there non-digital or assisted digital options available for those unable or unwilling to engage digitally?

YES

Have digitally excluded or underrepresented groups been involved in the design, testing, or consultation process?

YES

How will the impact on digital inclusion be monitored and evaluated over time?

We will track the use of online services to understand how people are engaging with digital platforms and identify any barriers to access. Feedback will also be sought from residents, community groups, businesses and partner organisations about their experiences of accessing and using digital services relating to the scheme.

Partnerships and Stakeholders

Which sectors are likely to have an interest in or be affected by the proposal / policy / project?

Councils	NO
Business	YES

Please provide details

Disruption caused by redevelopment activities will have a negative impact on businesses trading within the town centre. To mitigate this, the Council will hold focused meetings with businesses to provide information on the proposals and phasing programme. For directly affected tenants, this will include providing support, in line with the terms of their specific lease arrangements and conditions, to explore potential opportunities for relocation within the town centre. In the longer term, improving the town's appearance and attractiveness will create a more viable and attractive town centre environment encouraging footfall and local spend to benefit local businesses.

Education Sector	YES **Please provide details** The existing Adult Learning & Skills Service is located adjacent to the town centre and views from this sector will be sought through the public engagement programme.
Fire	NO
NHS	YES **Please provide details** The NHS has an established medical centre within the town centre and views from this sector will be sought through the public engagement programme.
Integrated Care Board (ICB)	NO
Police	NO
Voluntary, Community, and Social Enterprise (VCSE)	YES **Please provide details** Billingham has an active VCSE community network and views from across the sector will be sought through the public engagement programme.
Town Councils	YES **Please provide details** The Town Council plays an active role in representing the interests of the local Billingham community and views will be sought through the public engagement programme.

Other	NO

Assessment Recommendation

Choose ONE of the following statements which best matches your assessment of this proposal / policy / project and include your reasons. *

No major change required

What is your reason for the above response? *

Acquisition and investment in Billingham town centre will help to secure the long-term regeneration objectives for the centre and contribute to a wider range of socio-economic benefits for the wider community. The current proposals will have a neutral impact on all protected Equality and Poverty Protected Characteristics, apart from age, disability and poverty groups where the proposal has been assessed to have a positive impact. The EPIA will be monitored and updated throughout the development and delivery of the scheme.

Signed Rachel Haycock
— 13/10/2026 22:26:14

EPIA Group Approval

Findings

Has the EPIA demonstrated the use of data, appropriate engagement, identified mitigating actions as well as ownership and appropriate review of actions to confidently demonstrate compliance with the general and public sector equality duties?

UNKNOWN

Please explain your answer

Where adverse impact on diverse communities has been identified and the intention is to continue with the proposal /policy / project, has justification for continuing without making changes been made?

UNKNOWN

Please describe

Has the change been included in the Cabinet/Council decision making processes?

UNKNOWN

Level of Impact

Level

Comments

⚠ Not Yet Approved

Billingham Town Centre Regeneration

Section 151 Officer Advisory Note to Members

4th November 2026

Purpose of the Note

The proposed acquisition and regeneration of Billingham Town Centre presents a number of significant financial, commercial and delivery risks which Members should consider alongside the intended regeneration benefits. It should be read alongside the Cabinet report, supporting professional advice, valuation reports and the independent review commissioned from the Chartered Institute of Public Finance and Accountancy (CIPFA).

This identifies a number of significant risks that arise from the proposed regeneration scheme which includes acquisition of Billingham Town Centre. Although, steps have been taken through the due diligence process to mitigate some of these risks, members must be aware that this does not fully mitigate all of the risks and that considerable potential financial risks still exist with this scheme.

The purpose of this note is not to determine whether Members should proceed with acquisition, but to ensure Members understand the financial, commercial, governance and value for money implications of their decision.

Executive Summary

The proposed acquisition and regeneration of Billingham Town Centre presents a number of significant risks which Members should consider alongside the intended regeneration benefits. Whilst the scheme has been substantially revised, and the removal of prudential borrowing from Phase 1 has significantly reduced affordability risks, important financial, commercial and delivery risks remain.

The principal residual risks relate to:

- Whether the proposed acquisition price represents Value for Money.
- The condition of the asset and potential future investment requirements.
- Securing funding and delivering future phases of regeneration.
- Compliance with grant funding conditions.
- The development of a clear long-term ownership and regeneration strategy.

The independent CIPFA review recognises the strategic regeneration rationale for intervention but highlights concerns regarding Value for Money, acquisition costs, delivery arrangements and long-term plans for the asset. Whilst due diligence and risk mitigation measures have been undertaken, Members should recognise that these actions do not eliminate all risks and significant financial, commercial and delivery risks remain.

The key consideration for Members is whether the regeneration outcomes sought justify the remaining risks and whether they are satisfied that the Council can effectively manage those risks. In reaching a decision, Members should be satisfied that there is a clear regeneration rationale, that the acquisition represents Value for Money, and that appropriate governance, oversight and risk management arrangements are in place.

Given the scale and significance of the proposal, Members should expect the decision and its outcomes to be subject to ongoing scrutiny from auditors, regulators and other stakeholders.

The Prudential Code for Capital Finance in Local Authorities

The Council is required to comply with the necessary financial management regulations that apply to Local Government Finance, including The Prudential Code for Capital Finance in Local Authorities. The Prudential Code was reviewed in 2021 in response to growing borrowing levels across local government for commercial purposes. Local authorities must have regard to the code when considering capital projects.

The code's objectives are to ensure capital investment plans are affordable, prudent and sustainable. The code makes it clear that should not borrow or make capital investment, solely to produce a financial return. This type of investment can expose councils to significant financial risk, and there are several examples across the country where this has led to financial difficulties experienced by some councils in recent years.

The Code does, however, allow councils to undertake capital investment where the primary purpose is regeneration, service delivery or another strategic objective, even where that investment may also generate income or financial benefits. The key consideration is that the regeneration and public benefit case must be the principal driver for the investment.

These requirements apply regardless of how a project is funded. If an investment were judged to be a "debt for yield" or commercially driven investment, it could attract external auditor challenge in relation to the Council's Value for Money arrangements. There is also a risk that the Council could lose future access to borrowing from the Public Works Loan Board (PWLB), which provides local authorities with access to borrowing at rates that are lower than alternative sources of finance. Loss of access to PWLB borrowing would have significant implications for the Council's future capital programme and Medium Term Financial Plan.

Members must be satisfied that there is a clear and robust regeneration case for the proposed capital project in Billingham Town Centre, thus demonstrating compliance with the Prudential Code and supporting the Council's Value for Money obligations.

Value for Money and Asset Valuation

Local authorities have a statutory duty to secure Best Value, meaning they must make arrangements to ensure continuous improvement in the way they exercise their functions, having regard to economy, efficiency and effectiveness. The Council must therefore be able to demonstrate that public money is being used wisely and that investment decisions deliver clear and measurable benefits for residents.

The Council's external auditor, Forvis Mazars, is required to assess the Council's Value for Money arrangements as part of the annual audit process. Their review considers whether the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The Council is required to satisfy itself that this proposal represents Value for Money across the three recognised tests:

- Economy – whether the Council is paying a reasonable price for the asset.
- Efficiency – whether acquisition of the shopping centre is the best way of delivering the Council's regeneration objectives.
- Effectiveness – whether the proposal will achieve the intended regeneration, economic and community outcomes.

The Council has made a conditional offer of £13 million, subject to satisfactory completion of due diligence. Due diligence has now been undertaken by DWF, CIPFA and CBRE. The Council has also discussed the proposal with its external auditors.

In its review, CIPFA recognised the strategic regeneration rationale for intervention in Billingham Town Centre but highlighted a number of Value for Money considerations for Members. In particular, CIPFA noted that there remains a wide range of potential valuations for the asset and that an offer of £13 million is towards the upper end of the valuation evidence available to the Council. CIPFA advised that a strong justification is required for any acquisition at this level and highlighted the importance of demonstrating that the agreed purchase price represents value for money for taxpayers. This represents one of the most significant value for money concerns identified by CIPFA.

CIPFA also noted that the Council's approach to the project has evolved over time and that greater clarity is needed regarding the long-term ownership strategy, intended outcomes and future use of the asset.

To strengthen the Value for Money case, CIPFA recommended that the Council:

- Clearly document its negotiation strategy and rationale for the agreed purchase price.
- Refresh and update the business case to reflect the current scheme and test whether the anticipated benefits continue to justify the costs and risks.
- Develop the masterplan further to provide greater certainty around the future redevelopment of the site, including the intended end use, delivery approach, costs, benefits and timescales.
- Continue to assess how the revised scheme will deliver the regeneration outcomes originally envisaged and how success will be measured.

In response to this advice the report to Cabinet includes explanation of the negotiation strategy undertaken as well as a detailed audit trail whereby the £13m officer price was arrived at. The report also includes the valuations and professional advice from CBRE regarding the acquisition strategy. The report also sets out the alternative options, regeneration scheme deliverables and the wider placemaking benefits of the proposed scheme. The report is written in a way to provide members with access to all of the relevant information to allow them to

make an informed decision, including an explanation of what due diligence has been undertaken, alternative options considered and access to all of the relevant information.

Members should be satisfied that the purchase price represents value for money, that the regeneration benefits are clearly evidenced, and that there is a credible strategy for how ownership of the asset will contribute to the long-term regeneration of Billingham Town Centre.

Potential Governance Risks

The Council's external auditors have a number of actions they can undertake if they are dissatisfied with the Council's Value for Money arrangements, which can have serious consequences for the Council. These powers would typically only arise where auditors concluded that the Council had not adequately demonstrated value for money, considered alternatives, managed risks appropriately or complied with the Prudential Framework.

These are described below -

1. Adverse Value for Money Commentary

The external auditors may choose to provide adverse commentary in the auditor's annual report. This would become a matter of public record and could attract scrutiny from stakeholders.

2. Auditor Recommendations

The auditor may issue recommendations requiring the Council to strengthen its decision-making, governance, business cases, risk management or project oversight arrangements. The Council would be expected to formally consider and respond to those recommendations.

3. A Public Interest Report

In more serious cases, the auditor has powers to issue a Public Interest Report. This is a formal public document that requires consideration by Full Council and can attract scrutiny from stakeholders.

4. Increased Scrutiny from Government and Regulators

A significant Value for Money finding can contribute to wider concerns regarding Best Value compliance. The Government has powers under the Local Government Act 1999 where there are concerns that a council is failing, or is at risk of failing, to comply with its Best Value Duty.

Affordability

The proposed Phase 1 regeneration scheme has a total estimated cost of £20 million and is intended to be fully funded from the Council's Local Regeneration Fund allocation. As a result, the proposal does not require prudential borrowing and does not create ongoing borrowing repayment costs for the Council. This represents a significant reduction in financial risk when compared with previous iterations of the scheme.

The original scheme envisaged up to £10 million of prudential borrowing supported by income generated from the shopping centre. However, changes in market conditions, including higher interest rates and uncertainty regarding future income levels, increased the risk that financing costs could exceed income generated by the asset and create pressure on the Council's Medium Term Financial Plan.

The proposed phased approach has therefore been developed to reduce these risks. Phase 1 has been redesigned to operate within the £20 million grant funding allocation, removing the need for borrowing and significantly reducing exposure to interest rate, affordability and income-generation risks.

Future phases of regeneration remain dependent upon securing additional external funding and will be subject to separate business cases and approval processes. Should additional funding not be secured, the Council would need to determine whether further investment remains affordable and represents value for money at that time.

Whilst the revised approach materially improves affordability, Members should recognise that ownership of the asset will continue to expose the Council to operational, maintenance and commercial risks. Consequently, affordability risks have been significantly reduced, but not eliminated.

Condition Works

Condition surveys undertaken as part of the due diligence process have identified a range of maintenance, repair and capital works requirements across the site. Provision has been included within Phase 1 to address the most urgent issues; however, Members should recognise that the surveys undertaken to date were completed prior to acquisition and therefore have inherent limitations.

Following acquisition, it would be prudent to undertake more detailed intrusive surveys to provide greater certainty regarding the condition of the asset, the extent of works required and the appropriate phasing of investment. As a result, there remains a risk that additional maintenance, repair or capital investment requirements may emerge beyond those currently identified.

Any material increase in condition-related costs could require additional funding and may impact upon the overall affordability and value for money of the project. Members should therefore recognise that asset condition remains a significant residual risk associated with the acquisition.

Funding Terms and Conditions

The proposed scheme is proposed to be funded through the MHCLG Local Regeneration Fund grant of £20m. The Council must ensure that the proposed scheme meets all of the terms and conditions attached to this funding stream. Failure to do so may result in the grant being returned in full or in part to MHCLG, leaving a significant unfunded cost within the

Council's MTFP. Failure to comply with grant conditions could expose the Council to a significant unfunded liability which would present a substantial challenge to the Council's Medium Term Financial Plan and financial sustainability.

The original business case for the scheme was submitted in 2021 under the Levelling Up grant framework. This then became part of the Local Regeneration Fund in 2025. This altered the parameters of the funding, notably rather than this being a grant in isolation, it became part of a far larger pot of funding giving greater flexibilities on it's usage.

Whilst officers have engaged extensively with MHCLG regarding the revised scheme, members should recognise that formal confirmation of compliance with grant conditions ultimately rests with MHCLG and ongoing compliance will need to be demonstrated throughout delivery.

Future Funding for Future Phases of Capital Investment

The Council has only secured funding to deliver Phase 1 of the regeneration scheme, totalling £20m. Any future phase is subject to securing additional external funding.

If further external funding is not secured, the Council would need to reassess the affordability, value for money and strategic merits of any subsequent phase before further investment could be considered.

CIPFA have also raised questions on the robustness of the cost estimates for the capital investment. This will need to be refined during the design phase and in the business case development for the TVCA grant application. Cost mitigations will need to be considered and if this still leaves a funding gap, additional funding will need to be identified prior to seeking approval for the Phase 2 scheme.

Long term ownership and redevelopment Strategy

The long-term ownership and redevelopment strategy for the centre continues to evolve and will require further development through the masterplanning process. Members should recognise that ownership of the asset may extend beyond the five-year period modelled by CBRE and this may result in further operational, maintenance and investment costs. Future reports will therefore need to consider the intended end-state for the asset, the preferred delivery model and any associated funding requirements.

Accounting Treatment

The Council must account for the shopping centre asset at Fair Value in the annual statement of accounts. The asset will initially be valued in the accounts as purchase price, however it must then be revalued to reflect fair Value. Based on valuation evidence received to date, there is a risk that the accounting valuation may be lower than the acquisition price, which could result in an impairment adjustment within future financial statements. This would ordinarily be dealt with through statutory accounting adjustments and not impact upon the General Fund.

Members should recognise that any material difference between acquisition cost and subsequent fair value assessments may attract scrutiny regarding the value for money of the acquisition decision.

If the scheme were to be funded through prudential borrowing, this would pose a significant financial risk, because borrowing would be outstanding on an asset with a significantly lower value. This risk has been mitigated by splitting the scheme into two phases and exploring options for alternative funding sources in order to deliver phase 2.

It is also likely that if the Council decides to sell the asset in future, the future capital receipt will be less than the value paid. The Council has mitigated this by removing the prudential borrowing funding from the scheme. This prevents the scenario whereby the Council may have had outstanding debt higher than a potential capital receipt, leaving it with debt repayment costs that cannot be financed, which would cause a pressure on the MTFP.

Financial Context

The Council continues to operate within a particularly challenging financial environment. The Council has continues to see significant demand and cost inflation pressures, which outstrip income levels, leaving a budget gap year on year across the Council's Medium Term Financial Plan. As a result of budgetary pressures, particularly in Adults and Children's Social care, the Council's reserves levels are low.

A scheme of this nature, inevitably raises potential affordability risks which may impact upon the Council's MTFP. It is feasible that additional costs may arise in relation to condition works or operational costs, project delays, and income levels may fall due to a nationally recognised challenging retail sector.

The main mitigation to this risk is to remove the prudential borrowing from Phase 1 of the scheme, and seek external funding to deliver phase 2, and any future phases. This reduces the financial exposure to interest rate volatility and will allow any additional costs to be met by the potential income stream.

Whilst the current proposal significantly reduces affordability concerns through the use of external funding, Members should recognise that the Council's financial resilience is more limited than in previous years. Consequently, any material adverse financial outcome arising from the acquisition would have a proportionately greater impact upon the Council than would previously have been the case.

Summary

The proposal continues to involve material financial, value for money and delivery risks. The most significant risks relate to value for money, asset condition, future funding requirements and the long-term strategy for the town centre.

However, extensive due diligence has been undertaken and a number of risks have been materially reduced, most notably through the removal of prudential borrowing from Phase 1 and the strengthening of the supporting business case.

The proposal is likely to attract continued scrutiny from auditors, regulators and stakeholders. It is therefore important that Members are satisfied that the regeneration rationale, governance arrangements, value for money considerations and delivery plans provide an appropriate basis for decision-making.

Members must ultimately determine whether the remaining risks are proportionate to, and justified by, the regeneration outcomes sought for Billingham Town Centre.

Appendix A: Response to CIPFA Recommendations

The council has fully considered the issues and recommendations CIPFA have raised within their advice note. Mitigations have been introduced which attempt to reduce these potential risks, however members must be aware that they do not fully remove all risks, and a number of significant risks still exist.

Key Finding / Challenge	Implication	Council Response
Acquisition price towards upper end of valuation evidence	Potential value for money challenge, which could have significant consequences for the Council if the external auditors are dissatisfied.	The Council acknowledges that the proposed acquisition price is towards the upper end of the valuation evidence identified by CIPFA. However, Members are being asked to consider Value for Money in the round, taking into account not only commercial valuation evidence but also the strategic regeneration benefits, alternatives considered, consequences of non-acquisition, negotiation history and the importance of securing site control to enable future regeneration. The rationale for the agreed price and supporting valuation advice is set out within the Cabinet report and accompanying appendices.
Regeneration Objectives	Risk of decisions being based on outdated assumptions.	The report sets out the updated capital investment and deliverables included within Phase 1 of the regeneration scheme. The report also sets out what phase 2 could deliver subject to securing additional funding.
Potential Post – acquisition Options	Uncertainty regarding long-term outcomes and delivery plans.	Elsewhere in the report and appendices is contained the planned specification of Phases 1 and 2. The report also notes that

		future phases will be informed by engagement with residents. The development of business cases for these future phases will include the assessment of exit strategy or longer term ownership benefits.
Potential Impact on the MTFP	Additional revenue costs may arise through debt funded investments.	Debt/prudential borrowing has been removed from the scheme to mitigate this risk. Any potential future proposal that includes the use of prudential borrowing would be subject to a thorough business case and affordability assessment.
Reasonableness of cost estimates	Insufficient capital budget allocation	Contingency has been allocated to both phases of the capital investment. Cost mitigations will be prioritised through the scheme gateways. Additional funding will be sought if necessary.
Demonstrating Value for Money	Failure to adequately demonstrate value for money could lead to significant consequences for the Council.	The Council has thoroughly considered the advice provided by CIPFA regarding Value for Money, and has explained the position in full within the report. Economy – Is the Offer price appropriate in light of the clear strategic rationale for the scheme? Efficiency – is this the best use of resources to deliver the regeneration benefits? Effectiveness – do regeneration deliverables within the scheme meet the Council's wider strategic objectives? The valuations and due diligence information is included with the report and an audit trail of the negotiation strategy for acquisition is included within the report. The report also sets out the regeneration objectives and links with the council's wider strategic objectives.
Funding considerations	Changes to the scheme compared to the original business case for the MHCLG £20m LRF could put the funding at risk.	Officers have engaged extensively with MHCLG regarding the revised scheme. Compliance with grant conditions will continue to be monitored throughout delivery and formal confirmation of compliance ultimately rests with MHCLG.
Useful Economic Life	If debt were used to fund the scheme, potential incorrect accounting treatment of Minimum	Debt has been removed from this scheme so the risk is negated.

	Revenue Provision (MRP)	

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision

Part A – Items considered in public

A4	Billingham Town Centre	**STOCKTON-ON-TEES BOROUGH COUNCIL** **CABINET DECISION** **PROFORMA** Cabinet Meeting ..... 4 November 2026 1. Title of Item/Report Billingham Town Centre 2. Record of the Decision **Consideration of the Report** Cabinet considered a report seeking approval for the acquisition of Billingham Town Centre from its current owner, Sheet Anchor Evolve, for a purchase price of £13 million, together with associated acquisition costs, and approval of related funding, delivery and governance arrangements intended to facilitate the first phase of a wider regeneration programme. The report set out the regeneration case for intervention, the history of earlier negotiations and acquisition proposals, details of the proposed transaction, valuation and financial information, independent professional advice, delivery and funding arrangements, alternative options and the implications associated with both proceeding and not proceeding with the acquisition. **Background and Regeneration Context**

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		Cabinet was advised that Billingham Town Centre had experienced a prolonged period of economic and physical decline characterised by changing retail patterns, underinvestment, property condition issues and loss of commercial vitality. Members were advised that the acquisition proposal formed part of the Council's wider regeneration ambitions for Billingham and sought to provide the Council with greater strategic influence over the future management, development and regeneration of the town centre estate. Cabinet considered the relationship between the town centre and the wider economic, social and environmental objectives identified within the report. Cabinet also considered the history of previous negotiations relating to the site, including an earlier proposal involving partial acquisition which had not progressed to completion. Members considered the circumstances giving rise to the current proposal and the implications of the owner's stated position for future regeneration opportunities. **Acquisition Proposal** Cabinet considered the proposed acquisition of the town centre estate for a purchase price of £13 million together with associated acquisition costs. Members were advised regarding the negotiations undertaken with the current owner, the circumstances surrounding the proposed transaction and the implications associated with delay or failure to complete an acquisition. Cabinet also considered the implications of acquiring a substantial commercial estate

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		and the opportunities and responsibilities which ownership would bring. Members noted that acquisition would involve the Council assuming responsibility for the management and operation of the estate, together with associated maintenance, compliance, investment and asset management obligations. Cabinet considered both the opportunities and risks arising from those responsibilities. **Valuation, Financial and Professional Advice** Cabinet considered the valuation evidence and professional advice obtained in relation to the proposed acquisition. Members were advised that the proposed purchase price exceeded the independent valuation assessment obtained by the Council and recognised that this difference represented a significant factor to be considered when determining whether acquisition should proceed. Cabinet considered the implications of that valuation gap together with the broader strategic and regeneration considerations identified within the report. Cabinet received advice from the Chief Financial Officer, the Director of Corporate Services in his capacity as Monitoring Officer, and the Council's external advisers. Members considered advice from CBRE, CIPFA, DWF and other advisers together with internal financial, legal, regeneration and property assessments. Members noted that the professional advice highlighted a range of financial, commercial and operational risks associated with the acquisition, including

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		matters relating to value for money, future liabilities, ongoing management obligations, future expenditure requirements and uncertainty associated with future regeneration activity. Cabinet also considered the mitigation measures, revised funding arrangements and regeneration opportunities identified within the report. The Chief Financial Officer advised Cabinet regarding affordability, prudence and sustainability and highlighted the distinction between affordability and value for money. Members were advised that affordability alone did not determine whether expenditure represented an appropriate use of public resources and that both matters required consideration as part of Cabinet's decision-making process. The Monitoring Officer advised Cabinet regarding the legal and governance framework applicable to the decision and reminded members that the existence of legal powers to undertake the acquisition did not determine whether acquisition should proceed. Members were advised that the ultimate judgement remained a matter for Cabinet having regard to the evidence, advice and considerations before it. **Funding and Delivery Arrangements** Cabinet considered the proposed funding and delivery arrangements associated with acquisition and implementation of Phase 1 works. Members were advised regarding the allocation of Local Regeneration Fund resources and the proposal to utilise such funding towards acquisition of the asset and delivery of Phase 1 works. Cabinet also considered the relationship

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		between the acquisition proposal and the wider phased regeneration programme described within the report. Cabinet noted that future phases would require further business case development, funding confirmation and formal approval through the Council's governance arrangements. Members were advised that approval of the acquisition did not constitute approval of all future regeneration schemes, expenditure proposals or borrowing decisions and that future proposals would be subject to separate consideration where appropriate. **Alternative Options** Cabinet considered the alternative options identified within the report. These included retaining the existing position, pursuing alternative regeneration interventions without acquisition of the estate and consideration of the potential use of compulsory purchase powers. Members considered the opportunities, limitations, risks, costs, deliverability and timescales associated with each of those approaches. Cabinet also considered the implications associated with the owner's position and the practical consequences of the Council choosing not to proceed with acquisition. **Discussion** During discussion, members explored a range of issues arising from the proposals before Cabinet. Considerable attention was given to the proposed acquisition price and the valuation evidence available to the Council. Members questioned the relationship between the proposed purchase price and the

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		independent valuation assessment, sought clarification regarding the basis upon which the acquisition price had been negotiated, discussed the extent to which acquisition represented value for money having regard to the professional advice before Cabinet and considered issues relating to the Council's Best Value obligations. Members also discussed the implications of the owner's position, the history of previous negotiations and the consequences associated with alternative courses of action. A significant part of the discussion focused upon financial risk and the long-term implications of ownership of the town centre. Members sought clarification regarding repair liabilities, maintenance requirements, future demolition and redevelopment costs, the assumptions underpinning future expenditure forecasts and the extent to which future financial exposure could be identified or quantified. Cabinet considered these matters alongside the due diligence undertaken, the information contained within the report and the advice provided by officers and external advisers. Members also considered the independent professional advice obtained by the Council and the significance of the concerns identified through that work. Discussion addressed issues relating to value for money, affordability, future liabilities, income assumptions and financial risk. Cabinet considered the extent to which those concerns were addressed through the revised funding arrangements, the phased approach to regeneration and the mitigation measures described within the report. The discussion further addressed the wider regeneration programme and the distinction between the acquisition proposal before Cabinet and future phases of regeneration activity. Members sought clarification regarding future funding

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		requirements, the anticipated contribution of external funding, future business case requirements and the circumstances in which additional borrowing might be required. Cabinet was advised that future phases remained subject to further appraisal, funding confirmation and governance processes and that the decision before Cabinet principally related to acquisition of the asset and implementation of the first phase of activity. Alternative approaches were also discussed. Members considered whether regeneration objectives could be achieved through alternative interventions, whether different acquisition approaches remained available and the implications associated with compulsory acquisition. Cabinet considered the relative advantages and disadvantages of the options identified within the report together with their implications for funding, delivery timescales and the Council's ability to influence future development of the town centre. Members also raised questions regarding governance, accountability, future oversight arrangements, the role of external management expertise and the treatment of commercially sensitive information. Cabinet considered the advice of statutory officers regarding governance and future decision-making arrangements and noted the role of scrutiny and other governance processes in relation to the decision and any future phases of regeneration activity. **Cabinet's Consideration** Before reaching its decision, Cabinet considered the report, supporting appendices, officer presentations, professional advice and matters raised during discussion. Members were satisfied that they had before them sufficient information to determine the recommendations contained within the report.

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		Cabinet recognised that the proposed acquisition involved a balance of competing considerations. Members carefully considered the valuation evidence available to the Council, the difference between the proposed purchase price and the independent valuation assessment, and the professional advice received regarding value for money, affordability, future liabilities and financial risk. Cabinet also acknowledged the uncertainty which inevitably accompanies a long-term regeneration programme and the ongoing responsibilities and risks associated with ownership of a substantial commercial estate. Cabinet further recognised that significant concerns had been raised regarding value for money, future liabilities, future financial exposure, funding certainty and the overall level of risk associated with ownership and regeneration of the town centre. Members expressly considered those matters as part of the decision-making process and had regard to the professional advice received in relation to them. Against those considerations, Cabinet considered the regeneration objectives set out within the report, the opportunity to secure ownership and strategic control of the town centre, the availability of regeneration funding and the limitations associated with the alternative options identified. Members also considered the potential consequences of not proceeding with the acquisition and the implications that this may have for delivery of the Council's preferred regeneration strategy. Cabinet noted that future regeneration phases, funding commitments and any material changes to the approved approach would remain subject to further appraisal, reporting and decision-making through the Council's governance

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		arrangements. Cabinet recognised that the decision involved the exercise of judgement having regard to the competing considerations before it. Having weighed the competing considerations identified within the report and during discussion, Cabinet concluded that the proposed acquisition represented an appropriate and proportionate means of progressing the Council's regeneration objectives in the circumstances before it and resolved to approve the recommendations contained within the report. The Chair then put the recommendations contained within the report to Cabinet. RESOLVED:- 1. That Cabinet, having considered the regeneration objectives, alternative options, valuation evidence, independent professional advice, financial implications and risks set out in this report and its exempt appendices, approves the acquisition of Billingham Town Centre from Sheet Anchor Evolve for a purchase price of £13 million, together with associated Stamp Duty Land Tax and professional fees within the approved acquisition budget, for the purposes of facilitating the regeneration of Billingham Town Centre. 2. To delegate to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer, authority to apply the £20m Local Regeneration Fund allocation towards the acquisition of Billingham Town Centre and the delivery of Phase 1 works in accordance with Exempt Annex A, subject to compliance with the applicable funding conditions and

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		approved programme budget. 3. To develop a Full Business Case to draw down circa £10m of allocated TVCA funding to achieve the sustainable regeneration of Billingham Town Centre. The resulting Full Business Case and any proposal to commit the associated funding shall be reported back to Cabinet for consideration. 4. That Cabinet delegates authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer and Director of Corporate Services (Monitoring Officer), to complete the acquisition of Billingham Town Centre on the terms approved by Cabinet, including entering into all necessary agreements and contracts, and to establish effective arrangements for the ongoing management of the asset. 5. In exercising this delegation, officers will have regard to any material changes in the financial, legal or commercial circumstances arising before completion. Any material change which calls into question the basis upon which Cabinet has approved the acquisition will be referred back to Cabinet for further consideration and determination. 6. To delegate authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer, to procure and enter into contracts necessary to deliver Phase 1 works, including demolition of Queensway South, the former library and clinic site, urgent condition works and associated operational arrangements, subject to approved budget provision and compliance with the Council's Financial Procedure Rules, Contract Procedure Rules and applicable procurement legislation.

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		7. To delegate to the Director of Regeneration and Inclusive Growth in consultation with legal services officers the authority to enter into all necessary contracts to enable the decant of remaining tenants from West Precinct subject to compliance with the Council's Constitution, Financial Procedure Rules, Contract Procedure Rules, approved budget provision and applicable procurement legislation. 8. To delegate authority to the Director of Regeneration and Inclusive Growth to undertake preparatory work, surveys, design development, procurement activity and business case preparation relating to the proposed demolition of West Precinct and Kingsway Car Park. Any decision to enter into a contract resulting in a material financial commitment for the delivery of those demolition works shall be subject to a further Cabinet report following confirmation of external funding and approval of the associated business case. 9. To delegate authority to the Director of Regeneration and Inclusive Growth, in consultation with the Chief Financial Officer and relevant legal officers, to enter into, vary, renew, surrender or terminate leases and licences necessary for the effective management and regeneration of Billingham Town Centre, subject to compliance with the Council's Constitution, Financial Procedure Rules and approved budget provision. 10. To initiate a programme of community engagement to refresh the vision for the regeneration of Billingham Town Centre. 11. To establish a Billingham Regeneration Board to act in an advisory capacity and support engagement of local stakeholders and the community

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		to ensure that local voices help shape the development of regeneration plans. 12. To appoint Mark White CBE DL, as the Independent Chair of the Billingham Regeneration Board. 13. To bring forward to Cabinet, following public engagement and development of the masterplan, a proposed regeneration scheme for Billingham Town Centre together with any necessary delivery, funding and governance proposals. 14. To note the advice of the Chief Financial Officer concerning affordability, prudence and sustainability and the advice of the Monitoring Officer concerning the legal and governance implications of the proposed acquisition. 15. To note that any future proposal involving material prudential borrowing or a material change to the approved funding strategy shall be subject to further consideration through the Council's established governance arrangements. 3. <u>Reasons for the Decision</u> Cabinet's decision was reached following consideration of the report, supporting appendices, professional advice received, officer presentations and the matters raised during discussion. Members had regard to the Council's regeneration objectives, the proposed acquisition price, the valuation evidence available to Cabinet, the professional advice received, the identified risks associated with

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		ownership, the proposed funding arrangements, the alternative options available to the Council and the implications of not proceeding with the acquisition. Cabinet acknowledged that the proposed acquisition involved significant risks and uncertainties and noted the concerns identified through the professional advice received, including matters relating to value for money, future liabilities, ongoing financial exposure and the obligations associated with ownership and management of a substantial town centre estate. Cabinet also noted that the proposed purchase price exceeded the valuation assessment contained within the independent valuation advice obtained by the Council. Having considered those matters, Cabinet concluded that acquisition would provide the Council with a greater degree of ownership, control and strategic influence over the future of the town centre than the alternative options identified within the report. Members considered that ownership would place the Council in a stronger position to pursue its regeneration objectives and influence future development proposals affecting the town centre. Cabinet also considered the implications of not proceeding with the acquisition, including the potential impact upon delivery of its preferred regeneration strategy, the limitations associated with seeking to secure comprehensive regeneration in the absence of ownership and strategic control of the estate, and the consequences identified within the report for future regeneration opportunities, programme delivery and future investment in the town centre. Having weighed the competing considerations before it, Cabinet concluded that acquisition, together with the associated funding and governance arrangements, represented an appropriate and proportionate course of action in pursuit of the

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		Council's regeneration objectives. Cabinet further noted that future regeneration phases, future funding commitments and any material changes to the approved approach would remain subject to separate consideration through the Council's established governance arrangements. 4. <u>Alternative Options Considered and Rejected</u> Cabinet considered the alternative options described within the report and their respective implications for regeneration objectives, deliverability, risk, cost, funding and programme timescales. The principal alternatives considered were: **Not Proceeding with the Acquisition** Cabinet noted that this approach would avoid acquisition expenditure and ownership liabilities but considered the implications for delivery of regeneration objectives and the Council's ability to influence the future management and redevelopment of the town centre estate. **Pursuing Alternative Regeneration Interventions** Cabinet considered the extent to which regeneration objectives could be achieved without acquisition and strategic control of the town centre estate and the implications of such an approach for delivery of the Council's preferred regeneration strategy.

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
		Pursuing Compulsory Acquisition Cabinet considered the legal, procedural, financial and delivery implications associated with compulsory purchase powers, including the uncertainty, costs and timescales associated with that approach. Having considered those alternatives, Cabinet concluded that none represented a more appropriate or deliverable means of progressing the Council's regeneration objectives in the circumstances presented at the time of the decision. 5. Declared (Cabinet Member) Conflicts of Interest None 6. Details of any Dispensations None 7. Date and Time by which Call In must be executed Midnight, 12 November 2026 Proper Officer 6 November 2026

Stockton on Tees Borough Council – Decisions taken by the Cabinet on Wednesday 4 November 2026

Agenda Item No	Topic	Decision
A1		
A2		

APPENDIX 4

REPORT TO EXECUTIVE SCRUTINY COMMITTEE

27 NOVEMBER 2026

REPORT OF THE MONITORING OFFICER

Call-In Validity Report: Billingham Town Centre

Summary

This report considers whether the call-in of Cabinet's decision of 4 November 2026 on Billingham Town Centre is valid.

The question for determination is a narrow one, specifically whether the reasons advanced by the requesting Members are sufficiently connected to the Council's Decision-Making Principles to justify examination through the Council's call-in arrangements.

The assessment distinguishes the merits of Cabinet's decision from the process by which it was reached. It is not the function of the Monitoring Officer, at validation stage, to determine whether the particular acquisition decision was correct or justified by the evidence available at the time, or whether the concerns raised by Members will ultimately be upheld. Those are matters for the Executive Scrutiny Committee. My role is to consider the request as submitted and determine whether it raises identifiable concerns which are sufficiently connected to the Council's Decision-Making Principles, rather than simply expressing disagreement with the outcome or seeking information without a meaningful link to those principles.

Having considered the grounds individually and in the round, I am satisfied that the request is valid. The strongest issues raised concern the proportionality of the immediate acquisition at £13m, and the clarity of the evidence supporting the acquisition. Other grounds are weaker or substantially overlap with those matters. Nothing in this report determines the substantive issues in advance of scrutiny.

Recommendations

That the Executive Scrutiny Committee:

1. Notes the Monitoring Officer's determination that the call-in request is valid; and
2. Proceeds to consider the call-in by reference to the grounds identified in this report.

Background

1. This report considers the call-in of Cabinet's decision of 4 November 2026 on Billingham Town Centre. In undertaking this assessment I have had regard to the Local Government Act 2000, the Council's Constitution and, in particular, the Decision-Making Principles at paragraph 1.35. The question for determination is whether the matters raised in the call-in are sufficient to justify further scrutiny by the Executive Scrutiny Committee.

2. The main proposal which is the subject of the call-in request is the recommendations to acquire Billingham Town Centre for £13million. The report contained 15 recommendations, including delegating decisions to enter into contracts to deliver the Phase 1 works, decanting tenants, preparatory work and business case for proposed demolitions, the management of leases and licences, authority to engage in community engagement, to establish a Billingham Regeneration Board, including appointing Mark White CBE DL as the chair, and to bring a proposed regeneration scheme back to cabinet following consultation and development of a masterplan, none of which form part of the call-in request. The Members submitting the call-in state that the issue is whether members had sufficient reliable information, whether all reasonable alternatives remained genuinely open for consideration, whether the risks were properly understood and whether the decision was proportionate and supported by a sufficiently mature business case. The call-in asks Executive Scrutiny Committee to examine whether Cabinet had the information necessary to make a balanced and properly informed decision before committing the Council to the acquisition.

The Call-In Process

3. Call-in is the statutory mechanism by which Members may hold the Executive (the Cabinet) to account by examining how a decision was reached before it is implemented. It sits within the overview and scrutiny framework established by section 9F of the Local Government Act 2000 and is given effect through the Council's Constitution.

4. Once a call-in has been validated, it is for the Executive Scrutiny Committee to consider the issues raised by the call-in, the information available to Cabinet when the decision was taken and any explanations subsequently provided by Members and officers. My role at this stage is more limited. It is to determine whether the matters raised are sufficiently connected to one or more of the Council's Decision-Making Principles to justify further scrutiny.

5. There is an important distinction between saying that a relevant matter was not considered or adequately explained, disagreeing with the decision reached, and seeking further information. A request framed as a question may nevertheless raise a valid issue where it identifies a specific apparent deficiency which could be material to the decision. Equally, not every request for clarification establishes a valid ground. The question is whether the concern identified is reasonably capable of engaging one or more of the Decision-Making Principles, not whether a breach has already been demonstrated.

6. The principles relied upon within the request are:

    - proportionality;
    - due consultation and the taking of professional advice;
    - respect for human rights and equality;

- a presumption in favour of openness;
- clarity of aims and desired outcomes;
- an explanation of options and reasons for decisions;
- relevant matters not being ignored; and
- clarity and explanation of information provided.

7. Where appropriate, I have considered whether concerns raised under one principle are more properly examined under another.

The Decision Being Challenged

8. The report presented to Cabinet proposed the acquisition of the whole of Billingham Town Centre for a price of £13million for the purposes of facilitating the regeneration of the town centre. Cabinet was asked to approve the acquisition and the purchase price. Cabinet were asked to delegate the application of the £20m Local Regeneration Fund towards the acquisition and delivery of the Phase 1 works to the Director of Regeneration and Inclusive Growth in consultation with the Chief Financial Officer, to develop a full business case for the draw down of circa £10m TVCA funding to be taken back to Cabinet for approval, to delegate the completion of the acquisition having regard to any material changes in the financial, legal or commercial circumstances with a caveat that any material change which calls into question the basis upon which Cabinet approved the acquisition to be referred back to Cabinet. As identified above, there were a number of other recommendations which have not been referred to in the call-in request so are not subject to call-in.

Summary of Grounds Raised

9. The call-in raises concerns regarding

a) a failure to demonstrate that committing £13 million of public money, together with the associated liabilities and risks of ownership, is proportionate to the regeneration outcomes it seeks to achieve;

b) the report confirms that the Council will assume ownership before all condition and compliance liabilities have been fully established;

c) The advice of the s151 Officer concludes that significant financial, value for money and delivery risks remain.

d) Cabinet was required to consider professional advice objectively and establish that material concerns had been adequately addressed before making its decision

e) The Cabinet recommendations defer further work on the masterplan, community engagement and the development of the future regeneration scheme until after acquisition.

f) The report confirms that further surveys and investigations will be required after acquisition. The Council will assume landlord obligations and responsibility for statutory compliance upon completion.

g) The TVCA letter provides a commitment to reserve up to £10 million, but drawdown remains conditional upon approval of detailed business cases and compliance with funding requirements. The LRF funding also remains subject to its conditions and the relevant funder's requirements.

h) The Cabinet report proposes further public engagement after the acquisition has been approved.

i) A decision of this financial and strategic importance must be supported by a transparent and comprehensible record of the evidence, advice and reasoning relied upon. The use of exempt information may be justified for commercially sensitive matters. However, confidentiality should not prevent members from receiving sufficient information to scrutinise the proposal or prevent the public from understanding the basis of the decision to the greatest extent possible.

j) It needs to be established whether Cabinet genuinely considered all reasonable options or was presented with a proposal whose preferred outcome had already been established.

k) The Council's broad objective of regenerating Billingham Town Centre is understandable and supported by the need to address the centre's decline. However, the acquisition decision should have been supported by clear and measurable objectives for the asset and the proposed regeneration. The Cabinet recommendations defer the refreshed masterplan, community engagement, future development proposals and delivery arrangements until after the acquisition.

l) The decision-making principles require members to understand what options have been considered and why the preferred option has been selected.

m) The decision must take account of all relevant matters, including material risks, professional advice, financial implications and alternative options.

n) Recommendations 4-9 delegate significant powers to officers, including acquisition completion, asset management, procurement, demolition, tenant decants and leases. Recommendation 5 refers to material changes which may require a further Cabinet report, but the decision papers should make clear what constitutes a material change and what financial or strategic limits apply.

o) The information presented to members must be clear, consistent and sufficient to support a properly informed decision. The call-in suggests the valuation evidence, repair and condition costs, the business case and economic benefits, the financial exposure and affordability require further explanation and reconciliation.

p) The central concern is whether Cabinet members had sufficient information to weigh the benefits of acquiring Billingham Town Centre against the full financial, commercial and delivery risks. The Cabinet report itself acknowledges at paragraph 31 that the purpose of the decision is to determine whether the risks are proportionate to the potential benefits. Paragraph 32 expressly recognises that not all CIPFA concerns have been resolved. The Section 151 advice also makes clear that significant residual risks remain.

10. The central theme of the call-in is not against the regeneration of Billingham Town Centre. In assessing those concerns I have not assumed that the absence of a particular detail from the published report necessarily means that Cabinet lacked that information. It is an argument that a decision of this scale, involving £13 million of public money and the assumption of substantial commercial and property liabilities, must be based on complete, clear and properly tested information. The Council's own reports acknowledge significant unresolved risks. The business case, masterplan, further property investigations and long-term ownership strategy were not complete. CIPFA's report also raises important questions about the options considered by members in August and the extent to which the preferred approach had already been settled. Cabinet members were required to make a balanced decision based on the evidence available, not simply to endorse the preferred outcome. Where material information remains outstanding, it is legitimate to question whether they were in a position to make

that decision.

11. Summary of Assessment Against the Decision-Making Principles

Decision-Making Principle	Monitoring Officer's Assessment	Determination
Proportionality	Raises questions regarding the purchase price and value for money, the full financial exposure and the proportionality of accepting unresolved risks, it is sufficiently connected to this principle to justify scrutiny.	Valid ground
Due Consultation and Professional Advice	The request does not identify any consultation omission under this principle or any specific professional advice which was unavailable to, or not considered by, Cabinet. The concerns raised are more appropriately considered under other principles.	Not a valid ground
Respect for Human Rights and Equality	There is no evidence provided to demonstrate that no consideration was made to equality or human rights	Not a valid ground
Presumption in Favour of Openness	The issues raised relate primarily to other information which the call-in considers other members should have had access to and the exemption of some information from public access. The exemption of information is permissible and the procedure followed correctly. It does not by itself trigger this principle.	Not a valid ground
Clarity of Aims and Desired Outcomes	The objective of the proposal appears sufficiently clear and the call-in as a whole appears clear on the aims and outcomes. The challenge relates to the chosen approach rather than the stated purpose of the decision.	Not a valid ground
Explanation of Options and Reasons	The call-in raises options that were considered in the Cabinet report and during the debate and appears to be a disagreement about how they were considered as opposed to not being considered at all or sufficiently	Not a valid ground
Relevant Matters Not Ignored	The call-in does not suggest the matters raised in the call-in were not considered or addressed but appears to be more of a disagreement on how they were considered and how much information should have been sought	Not a valid ground

Clarity and Explanation of Information Provided	Raises a number of questions regarding the sufficiency of information to enable Cabinet to weigh the benefits against the full financial, commercial and delivery risks	Valid ground

12. For the avoidance of doubt, a determination that a matter constitutes a valid ground of call-in does not amount to a finding that the relevant Decision-Making Principle was breached. It indicates only that the issue raised is sufficiently connected to that principle to justify further scrutiny by the Executive Scrutiny Committee.

Assessment Against the Decision-Making Principles

Proportionality

13. Decisions should be proportionate to the desired outcome. This is the area which, in my view, gives rise to the strongest arguable issue within the call-in. The call-in repeatedly returns to:

    i. the difference between the acquisition price and valuation evidence;

    ii. the acknowledged limitations of aspects of the acquisition case;

    iii. the distinction between acquisition-stage benefits and future regeneration benefits;

    iv. CIPFA's concerns about the maturity of aspects of the proposal.

14 The cabinet report itself openly acknowledges a number of those matters. For this ground the question therefore is not whether Cabinet was unaware of them. Rather, the issue is whether there is evidence capable of supporting a reasonable argument that Cabinet may not have had sufficiently developed acquisition-specific information available when considering whether immediate acquisition at £13 million represented a proportionate response. This is the one where I do consider there to be sufficient material to justify further scrutiny of that question.

    Assessment: This constitutes a valid ground of call-in.

Due Consultation and Professional Advice

15 Decisions should be taken following appropriate consultation and after taking proper professional advice. The call-in relies heavily upon:

    i. the CIPFA review;

    ii. valuation evidence;

    iii. legal advice;

    iv. wider professional reservations.

    The difficulty I have with this ground is that the evidence appears to demonstrate that extensive advice was in fact obtained and considered. The report itself discusses:

    i. the CIPFA review;

    ii. legal advice;

    iii. valuation evidence;

iv. financial risks;

v. residual concerns.

16. The Chief Financial Officer and the Monitoring Officer reiterated many of those issues at the meeting itself. The call-in appears to be an argument that Cabinet reached a different conclusion from some advisers than as evidence that professional advice was not obtained or considered.

17. The fact that Members seek further information about the technical or financial basis of the proposal is not, without more, evidence that such advice was absent. In substance, the concern is more appropriately considered under the principles dealing with the clarity of information available to decision-makers. I do not therefore regard this as a separate ground in its own right.

18. No evidence regarding consultation is provided under this principle in the call-in request.

Assessment: This does not constitute a valid ground of call-in.

Respect for Human Rights and Equality

19. The call-in refers to impacts upon residents, occupiers and the wider community. It acknowledges that the Cabinet report proposes further public engagement after the acquisition has been approved. This principle does not require consultation to happen prior to a decision.

20. The call-in request also requests a copy of the completed EPIA which was included in the publicly available documents and asks for additional information, however, this does not constitute evidence suggesting that Cabinet failed to consider relevant impacts altogether or that any specific human rights issue was omitted from consideration.

Assessment: This does not constitute a valid ground of call-in.

Presumption in Favour of Openness

21. The call-in relies heavily on:

- the August presentation;
- the September conditional proposal;
- information not shared during the Group Leaders briefing.

22. I accept that these issues may justify further explanation and scrutiny. However, I am not persuaded that they amount to evidence suggesting that Cabinet's decision-making process lacked openness. The chronology itself appears to have been reported through the Cabinet report and supporting papers, albeit not necessarily in exactly the manner preferred by the call-in. Similarly, the existence of the August presentation and September proposal does not amount to evidence of predetermination or a lack of openness.

Assessment: This does not constitute a valid ground of call-in.

Clarity of Aims and Desired Outcomes

23. The aims of the proposal were very clear and appear to be acknowledged in the call-in request that the aims and desired outcome were the regeneration of Billingham Town Centre and to address it's decline The call-in does not materially challenge that objective. Its focus is on the measurable outcomes that Cabinet should have considered and the deferral of a masterplan and consultation. The call-in also suggests that Cabinet should have been able to explain how ownership itself would deliver the desired outcomes, rather than relying on future proposals which had not yet been developed but tis does not demonstrate that the aims and outcomes were not clear and the focus on requiring ownership to achieve the aims is clear from the Cabinet report.

Assessment: This does not constitute a valid ground of call-in.

Explanation of Options and Reasons

24. The call-in argues that alternative options were not sufficiently explored.
The report itself addresses:

- partial acquisition;
- continued negotiations;
- compulsory purchase;
- alternative investment options;
- non-acquisition.

The issue therefore appears to be disagreement with the analysis or weighting attached to those options rather than their absence from the decision-making process.

Assessment: This does not constitute a valid ground of call-in.

Relevant Matters Not Ignored

25. Members identify matters which were addressed in the report but disagree with the extent of the information available and how it could have been presented rather than being matters which were ignored.

Assessment: This does not constitute a valid ground of call-in.

Clarity and Explanation of Information Provided

26. This is the area which overlaps most closely with the proportionality issue identified earlier. The call-in does not appear to suggest that Cabinet was unaware of the principal risks, limitations or concerns associated with the acquisition. The report expressly refers to:

    i. the distinction between the original Jacobs appraisal and the acquisition proposal ultimately being considered;

    ii. the valuation evidence;

    iii. the CIPFA review and its conclusions;

    iv. future funding assumptions;

    v. outstanding liabilities and condition issues;

    vi. future phases of regeneration remaining subject to further development and approval.

27. The issue raised by the call-in is not whether those matters were omitted but, it is whether the information available at the point of decision was sufficiently developed and acquisition-specific to enable Cabinet to understand and assess the relationship between:

    i. the immediate acquisition commitment;

    ii. the risks being accepted;

    iii. the anticipated benefits relied upon to justify the acquisition; and

    iv. the alternatives available.

28. In that respect, I think there is a degree of overlap between this principle and the proportionality principle. The concern is not simply the quality of the decision reached but whether the information available to support that decision was sufficiently clear and developed for the purpose for which it was being used.

29. I am not satisfied that the material establishes a failure of this principle. But with the low threshold I do think it identifies an issue which may reasonably warrant further scrutiny.

    Assessment: This constitutes a valid ground of call-in.

Overall Determination

30. Validation is not concerned with whether Cabinet reached the correct decision, whether satisfactory answers exist to the questions raised, or whether another option would ultimately have represented better value. The question is whether the call-in request, read fairly and as a whole, raises concerns which are sufficiently connected to the Council's Decision-Making Principles to justify further examination through the constitutional scrutiny process.

31. Having considered the request in that way, I am satisfied that two of the grounds meet the threshold.

32. I have not found that any Decision-Making Principle has been breached, nor should anything in this report be taken as suggesting that the concerns raised will ultimately be upheld. My conclusion is simply that the issues raised are sufficiently arguable and relevant to warrant examination by the Executive Scrutiny Committee.

33. The call-in request is therefore valid.

Scope of Scrutiny

34. In light of the grounds supporting validation, the Committee may properly consider:

    a. whether there is evidence capable of supporting a reasonable argument that Cabinet may not have had sufficiently developed acquisition-specific information available when considering whether immediate acquisition at £13 million represented a proportionate response; and

    b. whether the information available at the point of decision was sufficiently developed and acquisition-specific to enable Cabinet to understand and assess the relationship between:

       the immediate acquisition commitment;

       the risks being accepted;

       the anticipated benefits relied upon to justify the acquisition; and

       the alternatives available and

       what information was available to Cabinet regarding the financial implications of the proposal and how those commitments would be funded;

    c. whether the information available to support that decision was sufficiently clear and developed for the purpose for which it was being used.

35. The purpose of identifying these matters is to focus scrutiny on those aspects of the request which engage the Decision-Making Principles. It is not intended to prescribe exhaustively the questions which Members may ask or the evidence they may wish to receive.

36. The scope of the call-in request does not, however, extend to recommendations 6 to 15. The evidence provided in the request for these recommendations is limited to members' understanding of the limit of the delegations within recommendations 4 to 9. Insufficient evidence has been provided to merit a validation of the ground of "Relevant matters have not been ignored" on its own or to bring those recommendations within the scope of the call-in..

Legal Implications

37. This report concerns the operation of the Council's constitutional call-in arrangements and has been prepared having regard to the Local Government Act 2000, the Council's Constitution and *Knowles on Local Authority Meetings*.

Risk Assessment

38. No direct risks arise from this report. Any risks associated with the substantive procurement proposal are matters for Cabinet, officers and the Executive Scrutiny Committee to consider as part of the call-in process.

Background Papers

a. Cabinet Report – Billingham Town Centre (November 2026), including the background papers referred to in that report (including exempt annexes)

b. Cabinet Decision Record – 6 November 2026.

c. Call-In Request.

d. Recording of Cabinet Meeting – 4 November 2026.

Name of Contact Officer: Julie Butcher
Post Title: Head of Legal Services (Deputy Monitoring Officer)
Telephone number: 01642 526310
Email address: julie.butcher@stockton.gov.uk