CABINET MEETING

2 July 2026

NEW MAYORAL DEVELOPMENT ZONES FOR YORK AND NORTH YORKSHIRE

Report of the Director of Economy

1.0 Purpose of the Report

1.1 This report sets out the proposal to designate Scarborough, the Selby Growth Corridor and York Central as Mayoral Development Zones to accelerate and drive the regeneration of the region's key development opportunities.

2.0 Recommendations

2.1 It is recommended that the Combined Authority Cabinet:

2.1.1 Approve in principle the designation of Scarborough, Selby Growth Corridor and York Central as Mayoral Development Zones (MDZs)

2.1.2 Delegate to the Mayor, in agreement with the Lead Member of the relevant local authority, approval of the redline boundary of each MDZ

2.1.3 Delegate to the Director of Economy, in consultation with the Mayor, the administration of the processes required to designate and launch the three MDZs in agreement with the relevant local authorities

2.1.4 Delegate to the Mayor, in consultation with the Lead Member of the relevant local authority, the creation and appointments to any MDZ Advisory Board structures required where existing governance is not deemed sufficient

2.1.5 Approve the ringfencing of an initial £10m capital MDZ Regeneration Fund from Mayoral Investment Funding and Local Growth Funding

2.1.6 Approve the creation of £500k capacity fund to develop and administer the MDZs from Local Growth Fund revenue

3.0 Background

3.1 In the last year the Combined Authority have undertaken significant appraisals of the range of regeneration and development opportunities across the region. This analysis has informed two significant submissions to government funding programmes – the Business Rates Retention Zone (BRRZ) submission and the Strategic Sites Accelerator submission.

3.2 Through engagement with City of York Council and North Yorkshire Council, officers have identified York, Scarborough and Selby as key priority locations for the region. There are a number of reasons for this prioritisation, including:

- The **scale of investible propositions**, particularly housing and commercial development, which were identified alongside partners as part of the development of an Investment Pitchbook (available here). The Combined Authority has a key strategic role in ensuring that these sites are unlocked and enable the region to achieve its growth potential. For example:
    - York is home to York Central, one of the largest city centre regeneration schemes in the UK, with potential to deliver 2,500 new homes and a bold new Innovation Hub.
    - Selby is part of a large-scale generation programme led by North Yorkshire Council, alongside major commercial development opportunities, such as Olympia Park which could create up to 3,250 new jobs and Gascoigne Interchange with potential for 4,500 FTE jobs, to name a few. Given the scale of brownfield land that could be unlocked, officers have also been in discussions with the Ministry of Housing, Communities and Local Government around the levers that could unlock this (such as a Business Rate Retention Zone).
    - Scarborough has major brownfield redevelopment opportunities, including quality leisure and tourism developments and prime commercial space opportunities, residential and mix use proposals; alongside 1,000 new homes at Middle Deepdale. North Yorkshire

Council have also flagged the emerging opportunities at **Harrogate** as being an area of priority, although not yet as advanced as Scarborough.

3.3 **Targeting activity in some of the region's most deprived areas** and ensuring that devolution and its benefits are inclusive to all of our communities is also a critical part of prioritising regeneration activity. According to the Indices of Multiple Deprivation[1] (2025), Scarborough has the highest levels of deprivation within the region, with 19 Lower Super Output Areas (LSOAs) classified within the 20% most deprived areas within England. Although to a lesser degree, this is followed by York, with 8 LSOAs in the 20% most deprived, then Selby with 2 LSOAs. Deprivation is concentrated along the coast, but this clearly demonstrates that challenges exist elsewhere within the region.

3.4 The **geographical significance** of each location – York is at the heart of Yorkshire, if not the UK, in terms of its connectivity, and is strategically positioned between major UK cities. York to London is less than 2 hours by train and the city is part of the Northern Powerhouse Rail. Selby similarly has strong rail connectivity and road links, as part of an M62 corridor, with strong economic links across to West Yorkshire and East Yorkshire. Both York and Selby have roles to play beyond the region and could contribute to national growth, particularly supporting the government's Northern Growth Strategy. Comparatively, Scarborough has geographic significance for the opposite reason – it is the most populated area on the coast but can be perceived as isolated and constrained by transport connectivity. As highlighted previously, it is one of the most deprived areas and devolution needs to ensure that these communities are not excluded.

3.5 As a consequence of this work there are three clearly identified regeneration priorities that align across the Selby Growth Corridor, York Central, and the masterplan to regenerate Scarborough. It should be noted that this does not mean these are the only places that require regeneration investment across the region, or preclude those projects from accessing CA or other funding. It is

[1] English indices of deprivation 2025 - GOV.UK

instead an acknowledgment that at this stage these three areas have the scale and development readiness to be regional priorities and for consideration as to how the regeneration of these areas can be accelerated by the powers available to the Mayor through devolution

4.0 Driving regeneration through devolution

4.1 Devolution provides regional Mayors with a wide range of tools to drive regeneration. These include formal Mayoral Development Corporations (MDCs) which are established in statute (MDCs) and Mayoral Development Zones (MDZs), which are informal locally created delivery mechanisms focused on specific geographical areas.

4.2 **MDCs** are statutory delivery bodies that require formal approval from the Secretary of State under the Localism Act 2011. They have extensive powers to assemble land, delivery infrastructure and (can) take on responsibility for full planning powers for the area. They are directed by a governing body appointed by the Mayor and become formal corporations with directly employed staff.

4.3 The consolidation of powers mean they can drive and accelerate development, overcome land ownership or planning issues that are holding back regeneration, grant business rate relief, and provide market and investor confidence to unlock funding. There are currently nine MDCs in the UK, several of which are in London for the regeneration sites that transcend local authority boundaries to coordinate planning powers, but with notable examples in the north including three in Tees Valley.

4.4 MDCs are not small undertakings. They have a typical start-up cost of £5m to £15m. A small to early-stage MDC has an estimated running cost of between £1m to £3m, as staff are required to manage the MDC and administer the powers that it has assumed from the local authority, although clearly dependent on which powers it does take on.

4.5 Critically, MDCs are most typically used where there are major land ownership or planning impediments that are holding back development or regeneration.

4.6 **MDZs** meanwhile are a more flexible and less formal mechanism, but can be equally effective in driving regeneration, particularly where land and planning are not principal barriers. Unlike MDCs they are not statutory bodies, or a corporate structure with associated running costs. Instead, they are a Mayoral designation of a geographical area where regeneration is a priority. They work with the local authorities rather than taking on their statutory planning roles and provide a strategic framework to coordinate development and investment across public and private partners. They can also be useful tools in laying the foundations for a future MDC **should** - over time - the nature of the challenges in an area evolve to an extent that the full powers of a new statutory body proves to be the best model to realise the full ambition of the area.

4.7 As a consequence, MDZs are flexible, providing strategic direction, collaboration and commitment to an area but without the statutory burden. They create a unified geography of coordinated development to attract private investment and align public sector funding. In short, they signal that they are a Mayoral priority within a region to drive transformational development.

4.8 The Mayor is committed to using the full powers of devolution to drive this change for York and North Yorkshire. However, given the very different nature of MDCs and MDZs it is important that they carefully consider the context of the geographies to which they are being applied.

4.9 **Scarborough –** North Yorkshire's second-largest town, Scarborough faces entrenched socio-economic challenges, including high levels of deprivation across employment, health, skills, and crime. Its economy is reliant on tourism and retail, leaving many residents with insecure, low-quality jobs. Poor transport connectivity restricts access to employment and essential services. At the same time, safety concerns in the town centre undermine confidence and vitality. Critically, Scarborough also suffers from market failure: low land values, high construction costs, and limited commercial rents deter private investment, leaving key sites vacant. The high street lacks diversity, green space, and leisure options, contributing to health inequalities and negative perceptions. Addressing these interconnected issues and delivering on the Mayor's vision for healthy and thriving town centres requires a large-scale, coordinated, strategic response to unlock regeneration, improve connectivity, enhance the public realm, and create inclusive economic opportunities.

4.10 However, Scarborough also benefits from significant opportunities, with assets that set it apart from many other UK coastal towns. It has a university campus, a county cricket ground, a major outdoor concert venue that attracts world class acts, and strong – and improving - rail connections. It has benefited from major national government investment in recent years through a £20.2m Local Regeneration Fund and £20m Pride in Place funding. It has an approved Station to Shore masterplan for transport and high street regeneration, and private developer with planning permission to redevelop the former Brunswick shopping centre. To begin to realise this phase of development North Yorkshire Council have also indicted they are willing to invest significant capital to contribute towards the funding gaps needed to drive forward the proposals.

4.11 The council and private sector also has a number of significant mixed-use development opportunities across the town that they are preparing to take to the market in the coming years, whilst there are a significant housing sites allocated for development.

4.12 The challenges relating to the regeneration of Scarborough are ultimately based on viability rather than land ownership or planning related. There are willing landowners and developers and a consensus supporting the need for re-development. The key to unlocking Scarborough's potential is securing public sector funding and finance to address market failure and unlock the private sector investment. At this stage an MDC would not be proportionate or needed to address these issues, but an MDZ – backed with regeneration funding – would allow the early phases or regeneration to accelerate at pace and provide investor and developer confidence to help unlock further phases as they are brought to the market.

4.13 **Selby Growth Corridor** – there are a significant number of large-scale re-development sites that form a corridor in and around the Selby area that have the potential to create thousands of jobs and investment into the region. These sites include many of the former colliery and associated mining sites that developed along the Selby coalfield. The principal sites forming the corridor are:

- Gascoigne Wood
- Core 62
- Konect 62 (Kellingley Colliery)
- Olympia Park
- Selby town centre and station gateway

4.14 Collectively these sites form over 200 hectares of future development land, covering a range of opportunities from rail to logistics, data centres to advanced manufacturing. The sites benefit from their industrial heritage, with rail connections, power supplies, and access to water. But they also suffer from the legacy of their former uses, with the resolution of decontamination and flood attenuation being key barriers to development. In addition, there are major ongoing regeneration activities taking place in and around the town centre and station gateway.

4.15 However, as with Scarborough the sites have proactive and willing landowners and developers and planning permissions in place (with further expansions being sought through the North Yorkshire Council local plan process). As noted above the Gascoigne Wood site and Konect 62 have also been subject to the Combined Authority's Business Rate Retention Zone (BRRZ) submission to government. As such an MDC is not deemed to be the appropriate model at this stage. However, unifying the sites under a MDZ would help promote the opportunities to the market, allow the necessary infrastructure investment to be sought, and add weight to the ongoing BRRZ submission.

4.16 **York Central** – a major regeneration development on former railway land to the west of York Railway Station, York Central is a 45-hectare (110-acre) site is one of the largest brownfield developments in England and has been through a variety of masterplan iterations over the last 25 years. It is now at the point of delivery, with outline planning in place, a JV partner appointed (McLaren/Arlington), and £135m unlocking site infrastructure nearing completion. Should detailed planning permission be secured and outstanding viability gaps resolved, development could start on site in early 2027.

4.17 York Central is a nationally significant regeneration opportunity and will be the major driver of future economic growth in the region. It has a Gross Development Value of £2.5bn, will create a new Central Business District for York, and add a (conservative) estimate of £1.2bn GVA to the region's economy. The completed development could deliver:

- 3,000 new homes (up to 40% affordable)
- 1.4m sq. ft of commercial and retail space
- Create 10,000 new jobs
- 18-hectare park and a further 30 hectares of public realm
- Zero carbon heating for up to 30,000 homes
- Major expansion of the National Railway Museum

4.18 The delivery of a regeneration scheme of this size and scale is dependent on a range of inter-related complex public and private funding mechanisms and commitments. Many of these involve multiple decisions across government departments which if dis-aggregated could cause the totality of the development to fail. Twice in the last year alone the Mayor's intervention at the most senior level in government has safeguarded the investment in the National Railway Museum and secured the commitment for central government to bring over 2,000 civil service jobs in a government office hub on the site, which in turn will unlock the future commercial office space.

4.19 There still remain viability challenges to deliver York Central. The ambition to achieve 40% of the new homes as affordable housing will require grant funding; there are viability gaps relating to the proposed Innovation Hub which will be a catalyst for the region's high growth opportunity sectors; and inflationary pressures and commercial returns remain volatile due to both global and national instability.

4.20 As with Scarborough and the Selby Growth Corridor, York Central has no land ownership or planning barriers to development. Outline permissions are in place, detailed planning permissions are imminent, the vast majority of finance is secured, and there are willing landowners and developers. An MDC is not required. However, designating York Central as an MDZ would reiterate its role as the north's biggest mixed-use regeneration opportunity and provide a status that would signify the region's commitment to its delivery. Crucially, it would provide a designation that is short-hand in Westminster for regional priorities and help ensure that the complex package of government commitments and funding remain aligned to allow its delivery.

5.0 York and North Yorkshire MDZ proposals

5.1 Having considered the large-scale regional opportunities and their characteristics it is therefore proposed that the Combined Authority formal designates these three geographies as:

- **Scarborough Mayoral Development Zone**
- **Selby Growth Corridor Mayoral Development Zone**
- **York Central Mayoral Development Zone**

5.2 It is vital from the Combined Authority's perspective that the MDZs are seen as a partnership with the local authorities within which they sit. Since inception the Combined Authority, City of York Council and North Yorkshire Council have worked in partnership to advance the region's regeneration and growth opportunities. Each of the proposed MDZ have been discussed with and are supported in principle by the constituent local authorities as an agreed mechanism for accelerating their delivery.

5.3 Each zone will require appropriate governance to be overseen by the Mayor with representation from the relevant local authority and key private sector developers and landowners with interests in the area. However, this must interface with existing governance relating to the MDZ area, and due to the different stages of development and coordination of each one the needs may differ from MDZ to MDZ. York Central for example already has extensive governance arrangements in place and the appropriate approach will need to be carefully considered and developed with existing stakeholders, whilst ensuring the Mayor has sufficient oversight to drive forward the development and to inform CA decisions. Similarly, Scarborough already has a Neighbourhood Board that oversees Pride in Place funding and the interplay with any new governance must be carefully considered.

5.4 Where existing governance is not deemed to be sufficient to enact a step change in delivery it is proposed to create an MDZ Advisory Board that will be chaired by the Mayor. The decision to establish any new MDZ Advisory Board and the proposed make-up of the board would be delegated to the Mayor in consultation with the lead member of the relevant local authority. It should be noted that any board would be advisory only, and the decision-making body for all MDZ activity will remain the Combined Authority.

5.5 To kickstart the impact of the MDZs it is proposed to ringfence an initial £10m MDZ Regeneration Fund to unlock regeneration opportunities. The MDZ Regeneration Fund will be funded through ringfencing £5m of remaining capital Mayoral Investment Funding, and an allocation of £5m of the £22m capital element of the Local Growth Fund. The allocation of the MDZ Regeneration Fund will only be available for the region's MDZs, with its application subject to detailed business case submissions and appraisals, and further CA decisions to allocate the funding.

5.6 In addition to this capital funding, £500k of Local Growth Fund revenue funding will be used for Combined Authority capacity to allow the development of the MDZs and any associated technical support needed for the delivery of activity.

5.7 However, the initial £10m is only the first commitment to providing funding to unlock the potential of the region's MDZs. Officers will work across all three MDZs to identify any future or further investment needed to deliver the full scale of each MDZ, allowing the design of mixed model funding and investment plans across local, regional, national government; public and private sector borrowing; and leveraged private sector investment. This will be undertaken through the Combined Authorities Investment Framework and will help define the overall scale of long-term Combined Authority funding needed to drive delivery of each MDZ.

6.0 Next Steps

6.1 As noted earlier in the report, unlike MDCs, MDZs are non-statutory designations, and as such are not a legal entity and do not need any approvals beyond that of the Combined Authority. Consequently, there is no prescribed national criteria or guidance. There are however a number of key steps:

- Establishing a red-line boundary for the MDZ and identifying the key sites within it
- Produce an evidence base or strategic case that sets out the overarching needs of the MDZ
- Develop an MDZ masterplan or a delivery framework (or formally adopt existing masterplans)
- Integrate in to existing regional strategies
- Mobilise activity

6.2 It is proposed following the agreement in principle – and subject to any approvals each local authority deems necessary within their own governance processes – that the CA will work with the relevant local authority and key delivery partners to define a red line boundary for each MDZ, establish the primary aims of each, and the appropriate governance associated. Once agreed the formal launch and designation of the MDZ is delegated to the Director of Economy in consultation with the Mayor. This will allow each MDZ to be stood up at pace once ready.

6.3 As noted earlier in the report, where a new MDZ Advisory Board is required, it will be chaired by and appointed to by the Mayor, including as a minimum either the lead officer or an agreed elected Member of the relevant local authority. The Board will oversee the development of the strategic case, delivery mechanisms and any masterplan activity. The Board will not be a formal committee of the Combined Authority or a decision-making body but an advisory board. Meetings will not be held in public due to the commercial sensitivities relating to the MDZ, but to ensure transparency 6 monthly update reports will be brought back to the Combined Authority.

6.4 The allocation of the ringfenced £10m MDZ Regeneration Fund would be subject to detailed business cases in line with the Combined Authority's Investment Framework and Assurance processes, and any decisions to allocate funding to any MDZ will remain a decision of the Combined Authority Cabinet.

6.5 To deliver the MDZ programme of activity £500k of revenue funding from the Local Growth Fund will be used as Combined Authority capacity funding. This will allow staff resources to be allocated to the administration of the MDZs and to procure and external consultancy support that is needed. These are operational decisions that will be undertaken by the Director of Economy.

7.0 Financial Implications (please confirm words agreed with Finance)

7.1 The proposals set out in this report can be accommodated within existing approved funding envelopes. The creation of the £10m Mayoral Development Zone Regeneration Fund (MDZ RF) will be funded from £5m of remaining Mayoral Investment Funding and £5m from the Local Growth Fund capital allocation. The allocation of up to £8m to Scarborough reflects the relative maturity of schemes and the ability to leverage match funding and private sector investment.

7.2 Provision is included within the MDZ RF for £500k of capacity funding to support the establishment and delivery of the MDZ programme. This funding will be profiled over a two-year period and is expected to cover the costs of a strategic programme manager, access to a framework delivery partner, and associated corporate support required to mobilise and coordinate activity across the three zones.

7.3 As MDZs are non-statutory designations, they do not create ongoing baseline revenue liabilities comparable to Mayoral Development Corporations. Financial commitments will instead be made on a scheme-by-scheme basis through the Combined Authority's existing Investment Framework and Assurance processes, ensuring that funding is aligned to deliverability, value for money, and risk management.

8.0 Procurement Implications

8.1 Should any priorities emerge from this report and require procurement, all works and/or services must be procured via a compliant, open, transparent, and fair process in accordance with the Combined Authority's Contract

Procedure Rules and where applicable, the Procurement Act 2023. Further advice regarding the procurement process and development of procurement strategies must be sought from the Commercial Procurement team.

8.2 Commercial Procurement must be consulted to identify whether there are opportunities for granting arrangements or if a public contract is required, prior to any services commencing.

9.0 Legal Implications

9.1 Mayoral Development Zones can be created informally using York and North Yorkshire Combined Authority and the Mayor's existing economic development and regeneration powers. Whilst an MDZ does not have formal legal status it identifies an area for regeneration, investment or development. It would not have any other legal implications as to the status of the area.

9.2 The Mayor may subsequently identify a Mayoral Development Area with the object of securing regeneration of that area, having consulted with and gaining consent of the relevant bodies and persons. A Mayoral Development Corporation is established with secondary legislation following designation of a Mayoral Development Area. The choice of between a MDZ, MDA and MDC or other structure will vary depending on the development needs of the different sites.

9.3 This report seeks approval 'in principle' to establish Mayoral Development Zones in Scarborough, Selby Growth Corridor and York Central with a delegation to the Mayor in consultation with the Leader of with North Yorkshire Council or City of York Council to formally designate depending on the location of the proposed area.

10.0 Equalities Implications

10.1 There are no specific equalities implications associated with the principle of establishing MDZs. However, it should be noted that the proposed MDZs are seeking to accelerate the regeneration opportunities of the most deprived areas within the region, helping to address inequalities and improve the opportunities and life chances of the communities in those places.

11.0 Human Resources Implications

11.1 There are no immediate human resource implications at this stage. Should it be identified that any staff are required for the Combined Authority to administer the MDZs then HR will advise on the necessary recruitment processes.

12.0 Environmental Implications

12.1 The principle of creating MDZs have no specific environmental considerations. Any funding of future projects by the CA within the MDZs will be subject to consideration of the environmental implications of that investment.

13.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)

13.1 Scarborough, Selby and York.

14.0 Recommendations

14.1 It is recommended that Cabinet:

14.1.1 Approve in principle the designation of Scarborough, Selby Growth Corridor and York Central as Mayoral Development Zones (MDZs)

14.1.2 Delegate to the Mayor, in agreement with the Lead Member of the relevant local authority, approval of the redline boundary of each MDZ

14.1.3 Delegate to the Director of Economy, in consultation with the Mayor, the administration of the processes required to designate and launch the three MDZs in agreement with the relevant local authorities

14.1.4 Delegate to the Mayor, in consultation with the Lead Member of the relevant local authority, the creation and appointments to any MDZ Advisory Board structures required where existing governance is not deemed sufficient

14.1.5 Approve the ringfencing of an initial £10m capital MDZ Regeneration Fund from Mayoral Investment Funding and Local Growth Funding

14.1.6 Approve the creation of £500k capacity fund to develop and administer the MDZs from Local Growth Fund revenue

15.0 Reasons For Recommendations

15.1 To allow the creation of three MDZs in York and North Yorkshire to accelerate the delivery of the regeneration of Scarborough, Selby Growth Zone and York Central.

16.0 Contact Details

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Background papers - none

Appendices - none

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