
Meeting of the Cabinet - 18th March 2009

Report of the Interim Chief Executive, Interim Director of Law and Property and Director of Finance

Partnership for Regeneration

Purpose of Report

1. To seek Cabinet approval in formalising the existing relationship between the Council and BV Strategies Facilitating Ltd (BVSF) through the creation of a Limited Liability Partnership (LLP).

Background

2. The current economic climate means the Council has to work even harder to attract new partners and build relationships that bring inward investment to Dudley. One such relationship has been developed with BVSF who were previously involved in the Quadrant Project. BVSF have a good understanding of Dudley and the Council, its aims and aspirations. It also has access to an extensive network of resources and skills and is committed to a long term partnership in Dudley.
3. It is proposed that the relationship developed over the last 2½ years is formalised through the creation of an LLP. The Council and BVSF will own the LLP on a 50/50 basis. BVSF will be responsible for the financial strength of the partnership and to support it in terms of its operation with the result that no liabilities will accrue to the Council.
4. The LLP will not be in conflict with the New Heritage Regeneration (NHR) arms length company. On the contrary, the LLP will:
 - complement the plans being pursued by NHR and provide the Council with options and choice in terms of how it turns its plans into reality;
 - provide access to resources such as cash and expertise for which the Council would ordinarily have to compete with others;
 - provide an opportunity for the Council to generate income through a 50% share in development profits;
 - provide the Council with new opportunities outside of NHR now.
5. The LLP will consider regeneration schemes on a case by case basis. Budgets will be allocated by BVSF and projects will only progress upon the satisfaction of stringent success criteria set to reflect issues such as value for money and affordability. Where it is practical and prior to the appointment of any third party, Council staff will be deployed by the LLP providing the Council with an opportunity to generate income and for its staff to share learning experiences with the private sector.
6. By entering into the LLP the Council will not be under any compulsion to participate in any specific project. Decisions about progressing projects will be made based upon the business case being approved by the LLP Board.

7. The Council may choose to either transfer a property into the LLP at an agreed value and be paid a capital sum or, make available property to the LLP for development without transfer of ownership. Where an asset is transferred into the LLP the LLP will be responsible for ongoing maintenance and security of the asset prior to development. Should a scheme fail to progress and a property have to be transferred back to the Council, it will be returned at the same value, ensuring the Council does not incur a liability.
8. Formation of the LLP itself is not subject to EU Procurement Law. Its statutory obligations regarding commercial, financial and legal compliances will come about through use of the Public Sector Plc (PSP) Partnership Model which it is intended will also be utilised elsewhere in the public sector – initially within other local authorities

Finance

9. There will be costs of the LLP to the Council either as part of its operational running or the utilisation of the Council's assets. However, no project will proceed without a proper evaluation of the value for money considerations of each proposal or without the Council's agreement. Any profits generated in the projects will be shared 50/50 after charging reasonable (pre agreed) costs and any losses will be first covered by surpluses accrued by the LLP or met ultimately by BVSF.

Law

10. Section 2 of the Local Government Act 2000 enables the Council to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

Equality and Diversity

11. Any future partnership for regeneration will ensure full compliance with the Disability Discrimination Act and be consistent with the Council's policies on equality and diversity.

Recommendation

12. It is recommended that the Cabinet approves:-

- a) the formation of an LLP with BVSF and authorises the Interim Chief Executive to negotiate and approve the final form of the LLP and to formalise this in a new LLP Agreement, to be executed by the Interim Director of Law and Property.
- b) through the medium of the LLP, the participation of its officers in the promotion and use of the model elsewhere.

John Pym

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Interim Chief Executive



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Interim Director of Law and Property



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for Director of Finance

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List of Background Papers
None