
Select Committee on Regeneration, Culture and Adult Education – 7th September 2009

Report of the Director of the Urban Environment

New Heritage Regeneration Ltd

Purpose of Report

1. To update the Committee on the activity of the Council's arms length regeneration company, New Heritage Regeneration Ltd

Background

2. The Secretary of State's approval of the Phase 1 revision of the West Midlands Regional Spatial Strategy (RSS) in January 2008 confirmed the status of Brierley Hill as the fourth Strategic Centre in the Black Country, and the complementary role of Dudley Town Centre as a centre for living, heritage and tourism. As a result, major development in Dudley may now proceed, followed by Brierley Hill, upon satisfaction of the conditions appended to the Phase 1 RSS revision in relation to this centre. Further significant development in Halesowen and Stourbridge is linked to Area Action Plans, currently programmed for adoption in February 2012.
3. The creation of an arms length company to drive regeneration across the borough originated from the need to deliver the development proposals set out in the Dudley Town Centre Area Development Framework (ADF). The ADF was adopted by the Council as supplementary planning guidance in December 2005 and presents a vision, development strategy and illustrative development framework to guide residents, businesses, developers, investors and Dudley Council in shaping the future of Dudley town centre.
4. The Council appointed Navigant Consulting in October 2007 to carry out a review of options for implementation of the ADF and concluded that a council led joint venture with the involvement of Advantage West Midlands (AWM) and English Partnerships (now the Homes and Communities Agency – HCA) was the most appropriate way forward
5. The Business Case prepared by Navigant Consulting recommended that an organisation be established which would work at arms length to, but on behalf of, the Council and its public sector partners to provide a broad range of expertise in programme management and design, public and private finance, valuation and cost consultancy, commercial and legal advice, and fundraising and structuring for at least the first 4 years of the project.
6. Cabinet on the 31st October 2007 considered a report on the delivery of the ADF and approved the registration and formation of the arms length company (ALC). In addition, Cabinet was asked to consider the benefits of extending the role of the ALC in the future as a mechanism for bringing forward development and regeneration across the Borough and not just in Dudley Town Centre. Whereas

7. in the longer term the ALC is intended to coordinate regeneration delivery across the borough, at present its focus remains on delivering the regeneration of Dudley and Brierley Hill town centres.
8. Cabinet approved in June 2008 that the ALC be set up on an interim basis in advance of securing this external funding using (a) funding in the base budget for the delivery of the ADF and (b) rental income received from the properties acquired in Dudley town centre using AWM funding

New Heritage Regeneration Ltd

9. The ALC was formed on the 6th August 2008 with the title New Heritage Regeneration Ltd (NHRL). It is a minority interest company with the Council represented on the company board by the Leader of the Council and the Leader of the Opposition.
10. In order for NHRL to make progress in advance of the recruitment of a permanent company Chief Executive and secretariat, consultants Development Enabling Ltd (DEL) were appointed in August 2008 to provide interim management of the company, and upon appointment of the company Chief Executive, management and professional support. DEL's directors bring considerable national experience of major regeneration projects and of similar delivery vehicles to NHRL. In addition, a Regeneration Officer from the Directorate of the Urban Environment who has been closely involved in Dudley Town Centre regeneration activity has been seconded to NHR. As a result, and given the close cross-directorate working between the Council and NHRL, it was felt that this approach offers the best blend of public and private sector skills and experience.
11. In December 2008, following a national recruitment exercise, Bill Kirk was appointed as NHRL Chief Executive, taking up position on the 6th March 2009, and Robin Butler as company Chairman. Both appointments came with considerable national experience and reputation in delivering major regeneration projects. Bill Kirk was formerly Chief Executive of Ilex, the urban regeneration company for Derry/Londonderry and has been Chief Executive of Sheffield One, the urban regeneration company for Sheffield, and Executive Director for the East Midlands Regeneration Agency.
12. Robin Butler was formerly Chief Executive and Deputy Executive Chairman of Lend Lease Europe and Development Director of Chelsfield PLC.
13. It was proposed that in addition to the Chief Executive, the secretariat of NHRL would include a development surveyor, programme manager, regeneration/planning advisor, housing advisor, finance manager and administrative support, some of whom may be brought in on a secondment basis from the Council.
14. Leading up to and following the formation of NHRL, preparation for the delivery of the regeneration activity in Dudley and Brierley Hill town centres has focussed on the following;

- securing public sector support from AWM and HCA. In Dudley Town Centre, additional investment is currently being secured from Advantage West Midlands in addition to £6m already provided for land acquisitions, and £4.5m from the HCA for this project, and in Brierley Hill full funding applications are being prepared to secure the £16m outline approval offered by AWM.
- the finalisation of the business case for the project
- the process of creation of the Dudley and Brierley Hill Town Centre Partnerships
- ongoing review of the development proposals and phasing, particularly in the light of the current economic climate
- extensive land acquisitions (funded by AWM) of key sites required for the delivery of the ADF
- preparation of a Public Realm strategy and Developers Briefs for Dudley Town Centre
- delivery of the Dudley Town Centre Townscape Heritage Initiative, ensuring effective integration with other regeneration initiatives
- liaison with other public sector partners seeking to invest in the town centres (PCT and Dudley and Stourbridge Colleges)
- advice on deliverability issues to assist the preparation and adoption of the Brierley Hill Area Action Plan

15. In addition, as a consequence of the Council terminating the Castle Hill development agreement with St Modwen Developments in February 2009, the opportunity exists for a revitalised development of this site. This would offer improved connectivity between Castle Hill and Dudley town centre and existing and new attractions and it is proposed that this project is brought within the remit of NHRL

16. A key piece of work since the appointment of NHRL's Chief Executive has been the preparation of its Business Plan, which is due to be adopted by the NHRL board in early September. This document has reviewed the delivery of the ADF and proposes an outline programme for project delivery taking into consideration the changes in the property market that have taken place recently. Importantly, the document has reviewed and revised the financial model that that was prepared by Navigant Consulting in 2007. This revised model now forms the basis for capital investment by the Company through the recycling of receipts from the Council's land and property included in the development programme. Encouragingly, and despite current economic circumstances, the initial programme is expected to see development partners secured for major sites and landmark buildings renovated over the next 12 months

Town Centre Partnerships

17. In addition to NHRL, Cabinet has approved the formation of town centre partnerships for both Dudley and Brierley Hill Town Centres. These partnerships will fulfil a community engagement and promotional function, and have both been set up. The partnerships are constituted by elected members, and representatives from business, community and faith organisations.

Finance

18. The principal contribution of the Council to delivery of the Dudley town centre regeneration programme would be the value of its land and property assets within the town centre.
19. Funding assistance will be sought from funding agencies including Advantage West Midlands and the Housing and Communities Agency to support delivery of the regeneration of Dudley town centre. A mechanism for split of returns to all public sector funding contributors, including the Council, on final delivery of the regeneration of Dudley town centre is currently being negotiated.
20. Together with an annual £140,000 Council revenue budget contribution and the prospect of some funding from the HCA, the income generated by the Dudley town centre portfolio of properties will support management and maintenance of properties within the portfolio, the running costs of New Heritage Regeneration and other costs incurred by the Council associated with programme delivery.
21. The Council will seek to minimise its risks within the context of its overall development aims and objectives, and to maximize the potential to generate returns.

Law

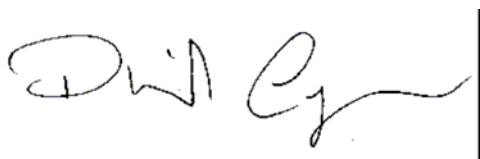
22. The Council may do anything which it considers is likely to achieve the promotion or improvement of the economic, social, or environmental well being of its area under S2 of the Local Government Act 2000.

Equality Impact

23. Delivery of regeneration activity will bring significant benefits to the borough's town centre. It will have a major positive effect on all users of the town centre including residents, visitors, businesses, investors and developers. Benefits will be achieved for people of all ages, including children and young people, and groups in society.
24. All work undertaken in connection with delivery of regeneration programme will be carried out in accordance with the Council's Equal Opportunities Policy.

Recommendations

25. It is recommended that the Committee note the progress made in the creation of New Heritage Regeneration Ltd., and initial activities which have been undertaken.



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List of Background Papers

Cabinet Report (17 June 2009) 'Delivering the Masterplan for Dudley Town Centre', Report of the Director of the Urban Environment

Cabinet Report (11 June 2008) 'Delivering of regeneration in the Borough: a proposed arms length company', Report of the Director of the Urban Environment

Cabinet Report (31 October 2007) 'Delivering the Masterplan for Dudley Town Centre', Report of the Director of the Urban Environment

Cabinet Report (13 June 2007) 'Delivering the Masterplan for Dudley Town Centre', Report of the Director of the Urban Environment

Cabinet Report (13 December 2006) 'Dudley Area Development Framework: Cavendish Quarter Compulsory Purchase Powers', Joint Report of the Directors of the Urban Environment and Law and Property

Cabinet Report (15 March 2006) 'Appointment of Consultants in Connection with Dudley Town Centre Area Development Framework', Joint Report of the Directors of the Urban Environment, Law and Property and Finance

'Dudley Area Development Framework' (December 2005) Dudley MBC

Cabinet Report (21 September 2005) 'Dudley Area Development Framework: Compulsory Purchase Powers', Joint Report of the Directors of the Urban Environment and Law and Property

Executive verbal report (17 December 2003) 'Establishment of the Dudley Town Centre Partnership', Director of the Urban Environment.