
Meeting of the Cabinet – 17 June 2009

Joint report of the Directors of the Urban Environment, Law and Property and Finance

Delivering the Masterplan for Dudley Town Centre

Purpose of Report

1. To seek Cabinet approval to revise the mechanism for delivery of the Dudley town centre Area Development Framework.

Background

2. The Dudley Area Development Framework (ADF) was adopted as supplementary planning guidance by the Council in 2005. Its vision is to achieve comprehensive redevelopment of nine opportunity areas together with public and civic spaces which will act as a catalyst for the transformation of the town centre.
3. In October 2007 the Council's consultants Navigant carried 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. A business case was drafted in support of this approach. On 31 October 2007 Cabinet formally supported this way forward and authorised the Council to:
 - identify a preferred single strategic partner to deliver the Dudley ADF;
 - submit applications to secure funding ; and
 - establish an arms length regeneration company.
4. In July 2008 consultants Development Enabling were appointed as interim managers of the Council's arms length regeneration company, New Heritage Regeneration Ltd, and undertook a review of the contents of the Navigant business case, given the unprecedented economic downturn and the inevitable impact on the property market.
5. The following proposals have emerged from this review;
 - a revised development programme which is considered to be more realistic by delaying residential development until later in the programme
 - a reduction in property values to reflect current market conditions
 - revised timescales for delivery of public realm and transport infrastructure
6. The review also proposes that delivery of the Dudley ADF is not delivered by a single strategic partner approach as set out in the Navigant business case, but

that sites are delivered through a coordinated programme of activity on a site by site basis.

7. In summary, it is proposed that this approach offers added value on the basis of the following;
 - it will build on the principles set out in both the ADF and the Navigant business case, achieving optimum use of funding support whilst delivering the regeneration vision for Dudley town centre expediently and effectively;
 - it will provide improved delivery of outputs;
 - development phasing will be actively managed to minimise disruption to the town centre throughout delivery of the programme;
 - it will enable public realm and transport infrastructure projects to be delivered early in the programme which will enhance land value, attract investors and therefore have a cumulative beneficial impact in terms of securing future investment;
 - it will enable implementation of a rolling programme of project delivery into which new regeneration projects within the town centre can be incorporated as they emerge;
8. Development proposals will be prepared relating to each project within the programme, which will include sites within opportunity areas and public realm and transport infrastructure projects. Mechanisms for delivery of proposed development will be adopted to suit each area of development. New Heritage Regeneration will take a active lead role in preparation of development proposals where appropriate and in some instances will manage preparation of planning applications for development of sites, and then sell sites at an enhanced value with a planning consent. Money received will be fed back into the programme to deliver later phases of development. In other cases public sector partners, including registered social landlords and private sector developers will lead the planning application process.
9. Implementation of the ADF will bring significant benefits to the town centre including creation of:
 - £15m of improvements to public and civic spaces and infrastructure
 - new development worth £300m
 - a catalyst for complementary development in and around the town
 - 700 - 1000 residential units
 - an additional population between 1300 and 1800 residents in the town centre.
10. Complimentary projects that are likely to benefit the programme of activity include plans for
 - A £6m Townscape Heritage Initiative programme which will bring improvements to historic buildings within the town centre
 - A new Health hub in central Dudley consolidating onto one town centre site a number of GP facilities and PCT services
 - Dudley College consolidating new facilities in Dudley town centre
11. Since the last report to Cabinet on the 11 June 2008 the following has been achieved

[a] Public sector investment

An application for funding has been made to AWM which will complement funding received from the Agency to date and used to support site assembly activity within the town centre. New Heritage Regeneration and the Council are in detailed discussions with the HCA to agree a funding proposal, for which in principle approval of £4.5m has been secured. Complementary funding from the Council, Heritage Lottery Fund and AWM has been secured for the Townscape Heritage Initiative and other public sector funded projects are being prepared.

[b] Arms Length Company – New Heritage Regeneration Ltd

New Heritage Regeneration was launched on 30 January 2009 and the Chair and Chief Executive have been appointed. The organisation aims to 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. It is structured for a ten year life with a review in the fifth year.

Cabinet on 11 June 2008 approved that the remit of New Heritage Regeneration be extended to include delivery of the emerging Area Action Plan for Brierley Hill. There is also potential, if required, for the role of New Heritage Regeneration to be extended to deliver other major regeneration projects in the Borough. This would be reviewed as redevelopment potential is investigated in these areas. The creation of a development vehicle acting in this way within the Borough would reflect current activity in other Black Country Boroughs including Wolverhampton (Wolverhampton Development Company), Sandwell (RegenCo) and Walsall (Walsall Regeneration Company).

Following the termination in January 2008 by the Council of the agreement with St Modwen Developments for the development of the Castle Hill and Zoo there is a pressing need for the preparation of a revised masterplan and implementation strategy for this site which offers improved connectivity with both Dudley Town Centre and other adjacent attractions. It is considered that New Heritage Regeneration Ltd are ideally placed to bring forward revitalised proposals for this site.

[c] Dudley Town Centre Partnership

The Dudley Town Centre Partnership has now been established and has met on 2 occasions. Its membership includes Members and representatives from business, the community and other key stakeholders with the remit to ensure effective consultation and engagement during the process of delivery of the Dudley ADF.

Finance

12. The principal contribution of the Council to delivery of the Dudley town centre regeneration programme will be the value of its land and property assets within the town centre. The programme management approach will be a more cost effective means of delivering the Dudley ADF than the previous single strategic partner joint venture proposal, given current market circumstances. It will have no additional cost to the Council over and above the costs reported previously.

13. 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.
14. 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 associated with programme delivery.
15. The Council will seek to minimise its risks within the context of its overall development aims and objectives and the potential to generate returns and to limit costs to within available resources.

Law

16. 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.
17. The Council may do anything which is incidental to or conducive to or which facilitates the discharge of its functions under S111 of the Local Government Act 1972.
18. S120 of the Local Government Act 1972 permits a planning authority to acquire land by agreement for any of its authorised purposes.
19. S227 of the Town and Country Planning Act 1990 confers specific but widely drawn powers on a local planning authority to purchase by agreement any land which is required for development or other planning purposes under S226 of the Town and Country Planning Act 1990 – referred to below.
20. The Council have a range of powers under S226 (1) of the Town and Country Planning Act 1990 (on being authorised by the Secretary of State) and S13 of the Local Government (Miscellaneous Provisions) Act 1976 which give a local planning authority power to acquire compulsorily any land or acquire new rights in their area if the authority think that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land, and if they think that the development, redevelopment or improvement is likely to contribute to the promotion or improvement of the economic, social and environmental well-being of the their area.
21. The Council may dispose of land at the best price reasonably obtainable on the open market, unless it grants a lease for less than seven years or the consent of the Secretary of State for the Department of Communities and Local Government is obtained, under S123 of the Local Government Act 1972.

Equality Impact

22. Delivery of the Dudley regeneration programme would bring significant benefits to Dudley town centre. It would have a major positive effect on all users of the town centre including residents, visitors, businesses, investors and developers. Benefits would be achieved for people of all ages, including children and young people, and groups in society.

23. All work undertaken in connection with delivery of the Dudley regeneration programme would be carried out in accordance with the Council's Equality and Diversity Policy.

Recommendations

24. It is recommended that:

The Director of the Urban Environment, in consultation with the Director of Law and Property and Director of Finance be authorised to:

- submit funding applications, accept funding and negotiate funding agreements with funding bodies to acquire premises within Dudley town centre and its surrounding area in support of the regeneration of Dudley town centre, and address any other funding requirements associated with delivery of the Dudley town centre regeneration programme (including site investigations and works to public realm and highways infrastructure);

The Director of the Urban Environment be authorised to:

- subject to funding being available, incur any revenue expenditure relating to programme delivery.

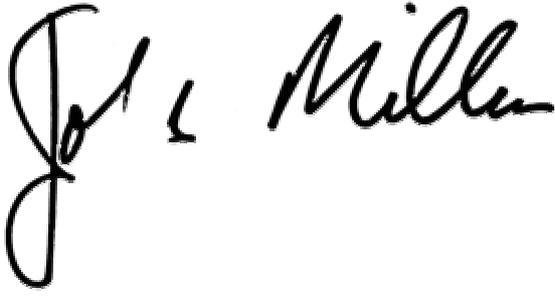
The Director of Law and Property be authorised to:

- negotiate and complete any relevant undertaking and required development agreement(s) prior to the making of any Compulsory Purchase Order(s).
- acquire and extinguish interests in land and new rights to support assembly of development sites in Dudley town centre and its surrounding area either by agreements or compulsorily; and
- dispose of Council owned land and property as required to facilitate delivery of the regeneration of Dudley town centre.

Any capital receipts generated by disposal of Council owned land and property and all other income generated through the Dudley town centre portfolio of properties are reinvested to support delivery of the regeneration of Dudley town centre.

Cabinet recommend to Council that:

- subject to funding being available, any land or property acquisitions or works to be carried out (including improvements to public realm and highways infrastructure) by the Council be included in the Capital Programme;



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List of Background Papers

'Developer Selection Protocol', Dudley MBC Standing Orders

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

Cabinet Report (8 February 2006) 'Dudley Area Development Framework: Cavendish Quarter Compulsory Purchase Powers', Joint Report of the Directors of the Urban Environment and Law and Property

'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.