
Meeting of the Cabinet – 26th October 2011

Joint Report of the Director of the Urban Environment and Treasurer

Castle Hill Regeneration

Purpose of Report

1. To seek Cabinet approval to the inclusion of the Castle Hill project in the Capital Programme.

Background

2. The Council and the arms length regeneration company New Heritage Regeneration Ltd (NHRL) are preparing ambitious proposals for the Castle Hill site. The proposals, which are being drawn up with the strategic engagement of Dudley Zoo, the Black Country Living Museum and the Dudley Canal Trust, aim to effectively integrate the site with Dudley Town Centre and;
 - raise visitor numbers from the present 600,000 per annum to 1 million per annum
 - create a new primary access to the site (for which planning permission was granted on the 2nd February 2010) from Tipton Road
 - prepare land for new and complementary tourism/leisure development
 - secure further capital investment in the Zoo
 - where appropriate, acquire further land required for development, for which compulsory purchase powers were secured in November 2009
3. The Cabinet has considered a number of reports on the Castle Hill development, most recently on 16 March 2011, where approval was given, to matters including the reinvestment of surplus from capital receipts and other income to support the delivery of regeneration in and around Dudley town centre and to the extinguishment of existing compulsory purchase powers at the Castle Hill site.
4. The Council has taken the opportunity to carry out acquisitions of strategic sites to support the delivery of this project, and in late 2010 secured the purchase of the former Gala Bingo and Royal Brierley sites. Proposals are currently being prepared for the former site, and the Council's Archives relocation is now proposed to be located on the latter. The change in proposed location from the Black Country Living Museum car park to the Royal Brierley site has secured a saving of approximately £1m to the Council and provided early and complementary development activity at the Castle Hill site.
5. A £4.51m funding application has been submitted under the European Regional Development Fund's Sustainable Urban Development Programme, in respect of which all requests for information from the ERDF appraisal team have been satisfactorily addressed and for which a full funding approval is expected in the

very near future. In addition, support has been given by the Council and NHRL to the successful £1m funding bid submitted by Dudley Zoo to the Heritage Lottery Fund and Dudley Zoological Gardens are investing £1.32m into the regeneration of their own buildings and facilities. In addition, Dudley Zoological Gardens intend to submit further bids totalling £2.1m to the Heritage Lottery Fund.

6. The total estimated value of this project and the breakdown of proposed funding sources is set out below:

Estimated costs	£M	£M
Archive Centre	6.0	
Dudley Zoological Gardens enhancements	3.20	
Dudley Zoological Gardens offices	0.12	
Access road from Tipton Road	1.46	
Access roads on site	3.50	
Car parking on site	0.60	
Visitor arrival facilities	0.25	
Total estimated costs	15.13	
 Proposed funding sources		
ERDF		4.51
Archive Centre – Dudley MBC		6.0
Dudley Zoological Gardens - Heritage Lottery Fund		3.10
Dudley Zoological Gardens		1.32
Dudley MBC capital receipts (from disposal of proposed development sites at the Castle Hill site)		0.20
Total proposed funding sources		15.13

Finance

7. It is imperative that any project funded through ERDF complies with all the associated contractual requirements and that the project beneficiary has robust monitoring, evidencing and claiming procedures in place. Robust procedures will minimise the risk of potential clawback. Claims for ERDF grant will not be processed by the Council until all the required evidence is in place.
8. There will be back to back legal agreements with third parties which pass on each and every ERDF contractual obligation including grant clawback in order to mitigate risk to the Council.
9. Dedicated Council staff resources (for project management and financial monitoring and control) will be essential to ensure the level of risk to the Council is minimised and provide the required level of confidence with contractual compliance.

Law

10. The main provisions relating to European Regional Development Fund are contained in the EC Regulations 1080/2006 European Regional Development Fund and further amended Regulations.

11. Section 2 of the Local Government Act 2000 enables the Council to do anything which it considers likely to achieve the promotion or improvement of the economic, social or environmental well being of the Borough
12. Section 111 of the Local Government Act 1972 empowers the Council to do anything which is calculated to facilitate, or is conducive or incidental to the discharge of its functions.

Equality Impact

13. Delivery of the Castle Hill regeneration programme would bring significant benefits to Dudley town centre and the surrounding area. 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,
14. All work undertaken in connection with delivery of the Castle Hill regeneration programme will be carried out in accordance with the Council's Equal Opportunities Policy.

Recommendations

15. It is recommended that:

- The Council be recommended to include the Castle Hill project in the capital programme, subject to confirmation of funding
- The Director of the Urban Environment, in consultation with the Director of Corporate Services and the Treasurer, be authorized to negotiate a funding agreement with Dudley and West Midlands Zoological Society Ltd to pass on ERDF contractual obligations including grant clawback in order to mitigate risk to the Council.



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Treasurer

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List of Background Papers

Joint report of the Director of the Urban Environment and the Director of Corporate Services, Dudley Town Centre Regeneration, 16 March 2011