

Regeneration, Culture and Adult Education Scrutiny Committee – 10 September 2012

Report of the Director of the Urban Environment

South Black Country Enterprise and Innovation Centre

Purpose of Report

1. To provide the Regeneration, Culture and Adult Education Scrutiny Committee with an update in relation to the South Black Country Enterprise and Innovation Centre.

Background

2. In 2006, the Black Country Study highlighted the importance of innovation to the long term sustainability of the Black Country economy, and particularly the requirement for suitable accommodation to promote an enterprise culture. This work was reinforced in 2008 through the publication of the Black Country Innovation Framework, led by the Black Country Consortium.
3. In the context of the work above an opportunity was highlighted for the development of a South Black Country Enterprise and Innovation Centre, to be located at Castlegate Business Park, which was at that time owned by the Regional Development Agency, Advantage West Midlands. A group was established to develop this project including officers from Dudley MBC and Sandwell MBC together with representatives from the Black Country Consortium, Advantage West Midlands, local colleges and the Black Country Chamber.
4. Whilst this work continued, it started to become clear in late 2009 that, as a result of the economic downturn, it was unlikely that a facility of the nature originally envisaged i.e. completely focused upon the promotion of new enterprise and innovation, would be feasible in terms of the need to construct a deliverable funding package.
5. In the above context, it was agreed between Dudley MBC, Sandwell MBC and Advantage West Midlands that the most likely manner in which some form of Enterprise Centre would be delivered at Castlegate Business Park would be by working directly with a Private Sector developer who would construct a managed workspace project, but delivered on the basis of a land deal with Advantage West Midlands, together with any other grant funding that could be sourced, which would enable a certain proportion of the space to be available for new enterprise in the South Black Country area.
6. In November 2009 Dudley MBC, Sandwell MBC and Advantage West Midlands jointly commissioned a piece of consultancy work to explore the feasibility of this new proposition in the market, to advise on potential development partners that might be interested in working with the Public Sector to develop such a facility and to put together a package which would maximise the degree of space available for new enterprise.

7. Whilst the consultants identified a number of potential developers who expressed an interest in Castlegate Business Park, subsequent discussions, in the context of a more difficult environment in which to raise development finance together with reducing amounts of funding available through traditional sources of grant such as European and Regional Development Agency funds, made it difficult to put together a feasible project.

### Current Position

8. At present, discussions are continuing with a particular office developer who has expressed an interest in Castlegate and who would develop a managed workspace facility with associated car parking and servicing. Whilst discussions with this developer are continuing, it is difficult at the moment to specify the exact nature of the space that might be provided, but the particular developer in question has a track record of providing flexible accommodation which is suited specifically to the needs of small and emerging business.

9. In parallel the Council is promoting opportunities across the Borough to create quality workspace in which to encourage the establishment of new enterprises and the growth of existing businesses within the Borough. Some specific examples are;

- The recent disposal of Lye Business Centre to a Limited Liability Partnership (LLP) in which the Council has an interest and which will see significant private sector investment over the next few years to bring void space up to lettable standards and to provide high quality space within a modern day business environment.
- Current investment in Holloway Chambers, in Dudley Town Centre being co-ordinated through New Heritage Regeneration Limited which will utilise Heritage Lottery, Council and European Regional Development Funding to bring forward a comprehensively refurbished 11,000 sq.ft. of managed workspace facility at the heart of the town centre.
- The proposed Local Enterprise Zone Initiative at the Waterfront in Brierley Hill, which is currently undergoing feasibility works (subject to future Cabinet approval), with a view to providing business rate incentives to attract new businesses into the Waterfront, as part of which there will be specific work carried out with the major owners within the area to explore how best to provide space suitable for new enterprises.
- The launch of Dudley Business in late 2011 with a specific emphasis upon assisting either new or existing businesses to source premises for the establishment of new enterprises or for expansion.
- Assistance to businesses in accessing funding for new enterprise or expansion through initiatives such as the Dudley Business Loan Fund (recently established by the Council in partnership with the Black Country Reinvestment Society) a new Enterprise Fund currently being developed by the Council to assist those with ideas for new businesses or the expansion of existing businesses or government initiatives such as the Regional Growth Fund.

10. Notwithstanding the fact that current market conditions make a stand alone enterprise facility difficult to deliver, it is important that the Council works with partners to provide an enterprise culture across the borough. For this reason, discussions have commenced with a view to working with local colleges, the Chamber and other organisations to establish a network of advice and ongoing support to those wishing to establish new businesses.

11. As this network develops, work will continue to develop the physical elements of the borough enterprise network through a combination of enterprise support at locations described in paragraphs 8 and 9 of this report, but also through discussions with developers of significant sites to explore the feasibility of financial packages to provide a specific centre (or centres) in the context of change in the marketplace, funding regimes and evidence of demand arising from the borough enterprise support network.

### **Finance**

12. Costs associated thus far in relation to the South Black Country Enterprise and Innovation Centre and other initiatives outlined in this report have been met within existing resources within Dudley MBC and Sandwell MBC.

13. Costs incurred with establishing the Borough's enterprise support network will also be accommodated within existing resources.

### **Law**

14. Section 111 of the Local Government Act 1972 enables the Council to do anything that is calculated to facilitate or is conducive or incidental to the discharging of its functions as a local authority.

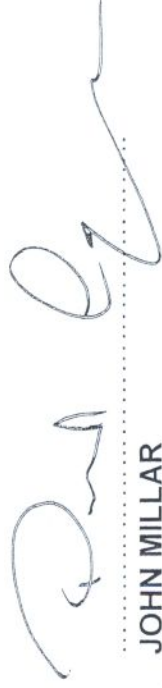
15. Section 2 of the Local Government Act 2000 empowers the Council to take action to implement measures it considers likely to achieve the promotion or improvement of the economic social or environmental wellbeing of the Borough.

### **Equality Impact**

16. The proposals outlined in this report are in full accordance with the Council's Equality and Diversity policies.

### **Recommendation**

17. It is recommended that the Regeneration Culture and Adult Education Scrutiny Committee note the contents of this report and that a future report to update the Committee be provided at the appropriate time.



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