

Meeting of the Cabinet – 11th June 2008

Report of the Director of Urban Environment

Delivery of Regeneration in the Borough: a Proposed Arms Length Company

Purpose of Report

1. To seek Cabinet approval to extend the scope of a proposed regeneration Arms Length Company to cover development activity in Brierley Hill
2. To seek Cabinet approval to begin the operation of the Arms Length Company by using income from properties acquired with Advantage West Midlands funding
3. To seek delegated authority from the Cabinet to agree the membership of the Arms Length Company Board prior to its appointment of a Chief Executive

Background

4. The Dudley Area Development Framework (ADF) was adopted by the Council as supplementary planning guidance in December 2005. It 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 over the next ten years and beyond.
5. The aspiration of the Council is to achieve comprehensive and sympathetic redevelopment of the opportunity areas and improvements to public and civic spaces as set out in the ADF which will act as a catalyst for regeneration of the town, as shown on the plan attached as Appendix A to this report
6. Central to the delivery of the ADF is the proposal to create an Arms Length Company (ALC), which would work at arms length to, but on behalf of, the Council and its public sector partners, and 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.
7. In addition to this is the proposal to set up a Dudley Town Centre Partnership, to include local Councillors, businesses, community representatives and other key stakeholders to ensure effective consultation and engagement during the process of delivery of the ADF

8. Cabinet on the 31st October 2007 considered a report on the delivery of the ADF and approved, amongst other things, the establishment of the Dudley Town Centre Partnership and the registration and formation of the ALC
9. In addition, Cabinet on the 31st October 2007 were 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
10. Since that time the activity of the project team (comprising officers from a number of directorates of the Council and representatives from funding partners Advantage West Midlands and English Partnerships) has been focussed on;
 - securing public sector support from AWM and EP
 - the finalisation of the business case for the project
 - the process of creation of the ALC and Dudley Town Centre Partnership
 - proposals for the selection of a Joint Venture Partner
 - land acquisition (funded by AWM) of key sites required for the delivery of the ADF
 - and preparation of site specific Developers Briefs
11. The adoption of the ADF in 2005 and the work referred to in paragraph 9 above mean that the 'visioning' stage of the renaissance of Dudley Town Centre is complete and substantial work has taken place in anticipation of the physical delivery of significant development in the town. There is now an imperative to move to this delivery stage at the earliest possible opportunity
12. So far, the establishment of the ALC, its operation and staffing has been reliant on available Council funding and the securing of the public sector funding from AWM and EP required to make the delivery of the ADF viable, and for which full approval is currently anticipated to be received in Autumn 2008. However, property acquisitions in Dudley town centre funded by AWM have created a rental income which, under the terms of the funding agreements, is required to be used by the Council in support of regeneration activity. To date the gross rental income from these properties stands at £306,101 per annum, with an additional £118,000 received from previous years' rental income. As this income is insufficient to fund the ALC in its entirety as currently proposed, it is proposed to establish and recruit for the ALC at a reduced level pending full approval of additional funding. It is proposed that the rental income will be made available to the company in order to allow the appointment of a Chief Executive and such staff as resources permit. In addition, there is currently £140,000 in the base budget for this activity, which although fully committed in the 2008/9 financial year, may be used for this purpose from the 2009/10 financial year.
13. The Secretary of State's approval of the Phase 1 revision of the West Midlands Regional Spatial Strategy in January confirmed Brierley Hill's Strategic Centre status, 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 Brierley Hill. Further significant development in Halesowen and Stourbridge is dependant on the completion of Area Action Plans, currently programmed for adoption in February 2012. It is therefore considered appropriate to consider the expansion of the proposed ALC at this stage to cover both Dudley and Brierley Hill Town Centres

14. The Brierley Hill Regeneration Partnership (BHRP) has been very successful in supporting the designation of Brierley Hill as a strategic centre and in building strong developer and community linkages, however, it is not considered to be an appropriate delivery vehicle for regeneration hence the proposal for an Arms Length Company to drive delivery.
15. Therefore the proposal would be for a single Arms Length Company to be developed that could drive the regeneration and delivery of both Dudley and Brierley Hill and in due course the other Borough town and possibly local centres.
16. The Arms Length Company would be supported by town centre partnerships that would fulfil a community engagement and promotional function. This would then require a review of the current BHRP terms of reference to ensure continuity between the Dudley and Brierley Hill Partnerships supporting the ALC.

Finance

17. Current estimates of the total operational costs of the ALC are £1.483m to the end of 2010/11 (£435,100 per annum). As detailed in paragraph 11, some funding is already available in the form of the £140,000 base budget and net rental income from purchased properties. At this stage it is not known what contribution will be available from AWM or EP, but the intention is to seek any shortfall in the funding described above from AWM and EP.
18. Extending the remit of the ALC to incorporate Brierley Hill is not expected to increase management costs significantly, and future rental income from properties purchased in Brierley Hill will hopefully offset reduced income from Dudley properties as they are demolished for further development.

Law

19. The Council may do anything which is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of its area under section 2 of the Local Government Act 2000

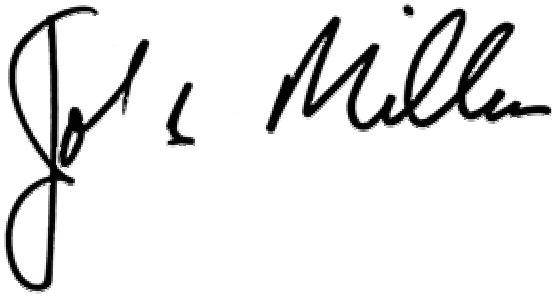
Equality Impact

20. Delivery of the Dudley Area Development Framework would bring significant regeneration 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 of delivery of the Area Development Framework would be achieved for people of all ages, including children and young people, and groups in society.
21. All work undertaken in connection with the delivery of the Dudley Area Development Framework would be carried out in accordance with the Council's Equal Opportunities Policy.

Recommendation

It is recommended that the Cabinet:

- Support the early establishment of a regeneration Arms Length Company using existing funding in advance of full funding from Advantage West Midlands and English Partnerships
- Support the proposal to extend the scope of the proposed Arms Length Company to cover both Dudley and Brierley Hill Town Centres
- Delegate authority to the Leader of the Council and the Cabinet Member for Regeneration, in consultation with the Director of the Urban Environment, to agree the membership of the Arms Length Company Board prior to its appointment of a Chief Executive
- Develop a town centre partnership in Dudley and in consultation with the BHRP Board and establish a new town centre partnership for Brierley Hill, both of which would operate through the Arms Length Company.



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List of Background Papers

Delivering the Masterplan for Dudley Town Centre, 31st October 2007, Report to Cabinet

Dudley Area Development Framework (ADF) – Supplementary Planning Guidance - December 2005