

Meeting of the Cabinet – 19th March 2025

Report of the Director of Regeneration and Enterprise

Economic Regeneration Strategy: progress update and activity plan

Purpose of report

1. The purpose of the report is to provide a progress update on project delivery in relation to the Council's Economic Regeneration Strategy since its adoption in March 2024, together with update on related context and to set out an action plan for 2025/26.

Recommendations

2. It is recommended:-
 - i. That Cabinet note the progress against the Economic Regeneration Strategy as set out in Appendices 1 and 2
 - ii. That Cabinet agree the action plan for 2025-26 (Appendix 3) on the basis of current known funding and resources
 - iii. That Cabinet note the current position in regard to the Place Based Strategy and Integrated Settlement.
 - iv. That Cabinet acknowledge receipt of capacity funding, as set out in paragraphs 21-25 of this report, for externally funded regeneration projects to be utilised in accordance with the respective guidance and funding agreements. This to include:
 - the £200k capacity funding received to date for Long Term Plan for Towns and receipt of a further £200k capacity funding expected at the start of the 25/26 financial year;

- £63.8k for Levelling Up projects shared across projects in Halesowen and Brierley Hill
 - £500k enabling funding from WMCA to progress projects related to the Place Based Strategy
 - the provision of up to £300k to support Council costs in supporting the delivery of the second phase of Metro.
- v. That, subject to WMCA Board approval on 14th March 2025, Cabinet approves the acceptance of UK Shared Prosperity Funding (UKSPF) for 2025/26 totalling £3,925,855.71 and the proposed project level outline allocations included at appendix 4. The capital element of this funding will be up to a maximum of £1,477,602.28 and it is proposed that this amount is included in the Council's Capital Programme.
- vi. That subject to above £150,000 of UKPSF 2025/26 capital funding is ring fenced to support the delivery of the Dudley Market enhancement project.
- vii. That, subject to WMCA Board approval on 14th March 2025, approval is provided to commence procurement activity for the delivery of UKPSF related activity in 2025 / 26 in advance of formal contracting with WMCA being finalised to ensure continuity of activity.
- viii. That onward delegation be provided to the Director of Regeneration and Enterprise to approve the Council entering into any subsequent deed of variation or change control notice with WMCA relating to UKPSF 2025/26 funding.

Background

3. The Council adopted the Economic Regeneration Strategy (ERS) in March 2024. The need for the Strategy was also identified in the Corporate Peer Review. The ERS identified five thematic priorities and a programme of potential activity, including recognition of the projects already underway. In September 2024, the Council agreed Dudley's Place Based Strategy (PBS), which built on the ERS and was a requirement of the West Midlands Combined Authority (WMCA) to inform investment of the Integrated Settlement (previously called the Single Settlement). This report agreed that the projects currently funded and in flight should be the priorities for the rest of 2024/25.

4. A significant amount of progress across a wide range of projects has been achieved over the year. Appendix 1 provides a summary of the in-flight projects mapped against the five themes of the ERS to demonstrate the action being taken to progress each theme. These are also geo-located to illustrate the spread of activity and investment across the borough following the approach off the PBS. Appendix 2 provides more detailed information about the projects and delivered in 2024/25 which has contributed toward the delivery of the ERS.
5. Appendix 3 sets out an activity plan for the forthcoming year. This is in the current context of the Council's financial position, restructures, vacancy management, and the wider funding landscape which currently limit the staff and resources available to support regeneration delivery. This should be reviewed once structures have been agreed, resources in place, and the WMCA's Integrated Settlement beyond 2025/26 is confirmed. Current and proposed governance structures may also need to be adapted to reflect these changes. Officers maintain a pipeline of potential future projects for profiling and approval to be included in future years' action plans subject to funding and resources, this is separate to the proposed action plan which is not intended to be a comprehensive list of all possible and desired projects, but rather a prioritised approach which is considered to be deliverable over the next 12 months with known current resources.

Context

6. There have been a variety of significant announcements and changes in the last 12 months since Cabinet agreed the ERS which have a direct impact on the context and delivery of regeneration projects which contribute towards the ERS priorities. These include the General Election, the Autumn Statement, the WMCA Integrated Settlement, and the English Devolution White Paper.
7. The General Election, held in July 2024, paused a number of regeneration programme for which Government funding had been announced but not contracted while the budget and priorities of the new Government were reviewed. This included Levelling Up Funding (LUF) and Long Term Plan for Towns. The consequence of this was that activity on these projects was paused for at least 6 months.

8. The Autumn Statement in October 2024 confirmed the continuation of regeneration funding for different programmes including a number in Dudley borough, namely:

- £20m for Brierley Hill LUF project
- £20m for Halesowen LUF project
- £20m for the Long Term Plan for Towns (LTPfT) programme which will be repackaged and revised guidance issued.
- A further year of UK Shared Prosperity Funding (UKSPF)

Additionally, it confirmed a funding award for the Wednesbury to Brierley Hill Metro extension to take the line as far as Merry Hill (phase 2b) based on a business case presented to the Department for Transport (DfT) by Transport for West Midlands (TfWM) which has subsequently been agreed.

9. The Autumn Statement set out that there would be a single year settlement for WMCA, the detail of which was announced 30th January 2025. A key principle of the Integrated Settlement is that of no detriment, i.e. the region is not financially worse off than if the settlement were not in place and WMCA considers this principle to have been upheld for the West Midlands. The 2025/26 settlement does not, however, provide growth in the funding being made available to the region so will largely support a continuation of activity underway with little headroom for the funding of new projects. This funding will flow from April 2025 and a report will be brought back to Cabinet to agree acceptance of funding (excluding UKPSF for which approval is being sought as part of this report) as appropriate once further information is known and the WMCA Board has taken the necessary decisions in relation to the funds. As the Integrated Settlement will be a primary, though not sole, source of funding for economic regeneration activity, this has significant bearing on the funding available to both fund capacity, and to deliver projects in Dudley borough. It is anticipated that the 2025 Spending Review will set out a multi-year settlement from 2026/27.

10. WMCA board on 14th March 2025 will be presented with the 2025/26 Integrated Settlement and asked to consider the decisions needed to release the funding. On 30th January 2025 the West Midlands received confirmation from Government of the first Integrated Settlement agreement for 2025/26 which totals £389 million. Indicative allocations include £152 million for Adult Skills, £46.4 million to support the continuation of UK Shared Prosperity Funding, £62.5 million to support the redevelopment of brownfield

land for housing and £34.4 million for the retrofit of existing housing stock to improve the energy efficiency of buildings and reduce energy costs for residents. This is in addition to the region's existing transport funding of £211 million for 2025/26. The timing of the publication of those papers and this report means that the board won't have agreed the position before this report has been published.

11. The English Devolution White Paper was published in December 2024 and sets out a journey to increased levels of devolution for authorities across England. As a Mayoral Combined Authority, and one of the first places to receive an Integrated Settlement, the West Midlands is already engaged in this process. The Devolution White Paper does set out further changes and opportunities relating to devolution and regeneration, amongst others, not least the proposed areas of competence, i.e. responsibilities of authorities to be set out in law, including economic development and regeneration, skills and employment support, and transport and local infrastructure – all of which are essential elements of the regeneration of a place.

Projects

12. Appendices 1 and 2 provide a summary and updates on the progress of priority projects over the last 12 months. There are further projects and areas of activity which do not sit squarely in the regeneration agenda but do have a direct impact, and which demonstrate the complex, cross-cutting nature of the work in delivering against the agreed priorities.
13. One such example is the Eton–Star academies proposal for a selective sixth form college in Dudley town centre. Over the course of the last year the Council's work to accommodate the college at Tower Street ceased following confirmation that only capital build costs could be met with the funding from Department for Education (DfE), and a new site at Stafford Street carpark agreed, and Heads of Terms for lease agreed. Further decisions from DfE are still awaited to determine whether the project will progress.
14. Another example is the land at Flood Street which Cabinet agreed in July 2024, could be disposed of for the purposes of the development of an ice rink. Heads of Terms for the disposal of the land at Flood Street have now been agreed in principle. Lawyers are instructed on both sides. Following further discussion on the

terms, an all-parties meeting is in the process of being arranged with a view to assisting with the drafting of the contract documentation.

15. The Council's journey toward financial sustainability creates a tension between Corporate Landlord's aim to deliver significant capital receipts from disposals and the regeneration agenda to optimise development opportunities across the borough. Expectations may need to be managed as there will be times when the best capital receipt for a council asset being sold may not be compatible with the regeneration aims in a particular area.
16. One of the actions from the ERS was to develop a Cultural Strategy for Dudley both in support of the sector and placemaking. Some UKSPF funding was utilised in 2024/25 to bring in specialist support to develop the strategy. This was subsequently agreed by Cabinet in August 2024. Since then, the funding landscape has changed with little funding currently available to resource and implement actions from the strategy directly, however the Council has continued to work with WMCA and other partners to explore options and support the utilisation of funds they hold for studies and activity in Dudley. One element which is progressing is being led by Dudley Zoo and Castle. This relates to a funding bid to National Heritage Lottery to progress the second phase of the Castle Hill Vision. The bidding process has multiple stages to it starting with an Expression of Interest (Eoi) which is planned to be submitted in 2025.
17. The ERS also identifies the role that social value can have in contributing towards delivery of the strategy, working with employers to champion social value and drive community benefit. One example of where this work is underway is on the Health Innovation Dudley (HID) project where the project team is working with local partners, including the Council, to identify opportunities where the Alliance can contribute towards social value outcomes, particularly those aligned with the principles of HID project. To date multiple charity collections have been held as well as CV writing workshops for students, and curriculum development support for the College. A programme of activity is being developed and the learning taken from this will be shared with other projects to drive greater, targeted social value outcomes across the borough.
18. Further to the February Cabinet report regarding the HID agreements, work has continued to progress the respective documents. The University of Worcester (UoW) have now

requested that their occupation and use of the new HID building is documented through a formal five year sub-lease arrangement with DCoT rather than via a Service Level Agreement (SLA) as originally proposed. As DCoT's headlease with DMBC is based on a 30 year term with mutual five yearly break clauses from lease commencement (estimated Feb 2026), the sub-lease between DCoT and UoW will expire Feb 2031. Although there is potential for UoW/DCoT to renew/extend their respective leases after this date, both initial lease terms post-date the MHCLG monitoring date of 2030 when output monitoring ceases.

Finance

19. While there are no new financial implications arising directly from this report, there are a number of related financial matters to draw Cabinet's attention to.
20. Since the adoption of the ERS the Government has not announced any new competitive regeneration funding streams, and team capacity has been fully committed to delivery of in-flight, funded projects with team members picking up additional work where vacancies have not been filled so there has been no available capacity or funding to bring forward new projects.
21. As previously reported, WMCA made capacity funding was made available to each of the Councils in the region to support development of their respective PBSs and early-stage project development work. Following adoption of the Dudley PBS, and the WMCA Board to note this progress in tandem with the Integrated Settlement March Board meeting, this funding is now proposed to be used to fund project development work such as feasibility studies and business cases to work up projects to be ready to secure future delivery funding, resource to support the work, and additional promotional, data and evidence work etc. A proportionate internal governance process is being implemented to manage and apportion calls on this funding towards agreed priorities.
22. Dudley has recently received notification from WMCA of an indicative UK Shared Prosperity Fund (UKSPF) allocation of £3,925,855 for 2025/26 which subject to WMCA Board approval on 14th March 2025, will continue to support activity aligned to the Dudley ERS themes and Local Growth & Place pillars of the Place Based Strategy. This is a circa 17% reduction of the 24/25 allocation which is reflective of the regional reduction. It is proposed

that the capital element of this funding (up to a maximum of £1,477,602.28) is included in the Council's Capital Programme. A project to deliver improvements to Dudley Market was due to be funded through the 24/25 UKSPF allocation but changes to the project to reflect the current and forecast position of the market, have required timescales to be adjusted and therefore this will be one of the first projects to be funded through the 2025/26 allocation subject to cabinet approval as part of this report.

23. Both the LUF projects have a requirement for match funding which is intended to be leveraged from partners to the projects. Cabinet will consider a report in relation to the Brierley Hill LUF3 project in parallel to this report. Having submitted the baselines for these a year ago, officers are currently going through a process of re-baselining the projects to determine what can be delivered with the funding available recognising the impact of inflation the council's current financial position and recently adopted guiding principles for capital strategy and that partnerships have moved on in the meantime. This will be reflected in revised validation / project adjustment requests being submitted to MHCLG and with any further approvals to enter into an MOU and/or funding agreement with Government to be brought back to cabinet for approval. In the meantime Government has awarded the Council a total of £63,800 capacity funding to support development of the two LUF3 projects.
24. Long Term Plan for Towns (LTPfT) does not require any Council match funding, though does encourage matching the funding against other sources to lever greater investment. The refreshed prospectus and technical information for the revised programme have yet to be published at the time of writing this report, however £200k revenue capacity funding has been received, in addition to the £50k granted to Councils to support the set up process, with a further £200k confirmed for 2025/26. The Dudley Town Board is responsible for the programme's oversight and determining the spend of the LTPfT programme, and in this capacity will agree the priorities for the capacity funding at forthcoming Board meetings. This will be reported back to Cabinet in future update reports.
25. The original Metro programme and budget made some financial provision for relevant Council staff and project costs related to highways drawings approvals and traffic management to be charged to the project. Following prolongation of the Metro construction programme it was recognised that further funding would be required to continue to meet Council staff and project costs over a longer period of time. A budget of £300k has included

in the TfWM budget for this purpose, and while it is not possible to accurately forecast staff costs without more detailed information, it is considered that the funding will go a long way to meeting costs incurred by the Council in supporting the delivery of phase 2b. Should the programme be extended and/or should the business case to Brierley Hill High Street (phase 2c) be agreed and funded, further financial support for ongoing staff time and cost will need to be agreed.

Law

26. Section 111 of the Local Government Act 1972 provides the Council with power to do anything which is calculated to facilitate or is conducive or incidental to, the discharge of any of their functions. Pursuant to Section 1 of the Localism Act 2011 a local authority has a general power of competence to do anything that individuals generally may do.

Risk Management

27. There are no new risks arising from this report. Each project listed will have a risk register specific to that project, with some risks escalated to sit on the Directorate or Corporate risk registers.

Equality Impact

28. There are no new equality considerations arising from this report. Each project will be required to assess its equality impacts and to respond accordingly.

Human Resources/Organisational Development

29. The development and delivery of economic regeneration projects requires significant cross-council working and it is important to recognise that most staff involved with economic regeneration project delivery are not 100% project staff and have other responsibilities such as supporting development of the Dudley Local Plan, assessing planning applications, undertaking enforcement actions, partnership work and stakeholder management.

In addition, demand for professionally qualified and experienced staff exceeding supply, and significant resourcing pressures arising from vacancies and competition around salaries has impacted and

continues to directly impact on the delivery of both regeneration benefits and capital receipts

30. Specifically in relation to UKSPF the intention is to seek approval to extend the secondment period for a further 12 months for 2 x project co-ordinator roles in advance of UKPSF being formally approved at WMCA Board on 14th March 2025. This is in line with recommendations of WMCA Financial Directors to ensure continuation of service delivery in advance of formal agreements being signed

Commercial/Procurement

31. There are no new commercial or procurement considerations arising from this report. Projects will work with procurement and commercial colleagues, as appropriate, to ensure that projects are delivered in accordance with relevant regulations.

As noted at recommendation 2 vii) approval is being sought as part of this cabinet report to commence procurement activity for UKPSF 2025/26 related activity in advance of formal agreements being signed to ensure continuity on service delivery.

Environment / Climate Change

32. The ERS states that it must respond to growing environmental imperatives. Each project will have different environment and climate change considerations to be considered, addressed and implemented.

Council Plan

33. The Economic Regeneration Strategy is specifically referenced in the 2024-25 Council Plan and the project updates provide seek to demonstrate how activity over the last year is contributing towards economic change and investment in transport connectivity.

“Deliver an affordable regeneration strategy that brings about structural economic change and supports the growth of a diverse, broad-based economy and ensure investment in transport connectivity”

The delivery of the ERS through the projects set out in the appendices, also contributes towards other priorities in the Council Plan:

- *Ensure access to quality education and training for all, raising aspirations and increasing skills* – one of the ERS's key themes relates to investing in people and building skills for tomorrow.
- *Work with local businesses and communities to develop shared opportunities, create jobs, deliver economic growth and change the role of our town centres.* – this cuts across three of the ERS's key themes, one relating to unlocking enterprise and innovation, another relating to town centres, and the third seeks to support the visitor economy while creating a vibrant creative and cultural environment.

Build and strengthen effective governance and control by defining a clear and transparent governance and decision-making structure – governance structures to support and oversee this activity are being reviewed and refreshed following the proposals set out in the October 2024 UKSPF Cabinet report.



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Appendices

Appendix 1 – 2024-25 Project Summary Matrix

Appendix 2 – 2024-25 Project Updates

Appendix 3 – 2025-26 Action Plan

Appendix 4 – Proposed Indicative Dudley UK Shared Prosperity Fund 2025/26 allocations.

List of Background Documents

[*Economic Regeneration Strategy Cabinet report March 2024*](#)

[*Place Based Strategy Cabinet report September 2024*](#)

[*UKSPF Cabinet Report October 2024*](#)

[*WMCA 2025/26 Integrated Settlement*](#)