

16 October, 2012

Black Country Enterprise Zone

Ward(s) Bentley & Darlaston North
Pleck

Portfolios: Cllr A Andrew- Regeneration

Executive Summary:

The purpose of this report is to provide the Scrutiny Panel with a level of background information in relation to the Darlaston element of the Black Country Enterprise Zone (EZ) and details of the current work streams that are supporting the delivery of the programme.

The Black Country Enterprise Zone is a strategically important regeneration and economic priority for the Council and Black Country Local Enterprise Partnership (LEP) as it aims to:

- Create over 6000 jobs and sustain others within local supply chains (over 3000 in Darlaston)
- Improve the quality of 20 employment sites; over 126 hectares (15 sites in Darlaston over 39 hectares)
- Create over 400,000sqm of commercial floorspace (over 200,000sqm in Darlaston)

Securing business investment in the Darlaston sites is subject to a number of challenges, however there are also mechanisms and some funds available to overcome these challenges and secure redevelopment of EZ sites. The Councils ongoing work activity relates to how action and investment might be phased and aligned to an agreed timescale to ensure success within the 5 year period for which EZ benefits are available to landowners and occupiers.

At the October meeting of Cabinet, two reports will be received which will request approval; on matters relating to the collection, management and expenditure of business rate uplift; and on matters relating to the potential use of the Councils Compulsory Purchase Order (CPO) powers to bring privately owned sites into public sector ownership. These are just two examples of the mechanisms and funding that may be required to intervene in the delivery of the EZ.

Reason for scrutiny:

At the Regeneration Scrutiny and Performance Panel 6 September 2012, the Scrutiny Panel Chair requested a report on progress of the delivery of the Black

Country Enterprise Zone. The intention of this report is to therefore provide the Scrutiny Panel members with a broad understanding of the key components of the EZ and consider for future meetings, which elements of work activity they may wish to understand in greater detail and consider as a future workstream.

Recommendations:

That:

- 1. the content of the Black Country Enterprise Zone report be noted.**
- and;**
- 2. the Panel consider and agree which of the Enterprise Zone Workstreams they may wish to participate further in and receive updates at future meetings.**

Background papers:

None

Resource and legal considerations:

As detailed in the body of the report (paragraph 1) there are a number of challenges to the successful delivery of the Darlaston element of the Black Country EZ, many of which require interventions that may require the Council to support this through its financing abilities.

This could take a range of forms including providing grants or loans to land owners to support development costs or through a form of joint venture partnership with a private sector land owner/ investor; in this partnership the Council might provide its land assets (potentially purchased through the use of its CPO powers) or finance to support set up costs or cash flow in return for an equity stake in any future development. Many of the models that may be used will be explored by the management consultant who will be commissioned to provide this specialist advice (see para 1.3) and recommendations bought before Scrutiny and Cabinet as appropriate.

Citizen impact:

Securing delivery of the EZ will have a positive impact on citizens within the Borough due to the economic benefits that it will bring in the form of job creation and job retention.

Environmental impact:

The EZ will also bring back into use vacant and derelict sites which have for many years blighted local communities within Darlaston. It is however noted that the

redevelopment of these sites may have a short term impact during their construction but this is likely to be managed through the development management process.

Performance management:

A robust governance structure operates to oversee delivery of the BC Zone and its key workstreams. The BC EZ Management Steering Group reports progress directly to the Black Country LEP and is responsible for taking strategic decisions to ensure progress. The group are supported by an officer's implementation group whose officers from Walsall and Wolverhampton Council's oversee day to day activity and are responsible for overall programme management; performed through a fully documented monitoring and evaluation report which includes risk management processes. This enables the Council to report directly to Central Government on its progress towards the EZs overall outputs and targets.

Equality Implications:

Whilst an overall Equality Impact Assessment (EqIA) has not been carried out for the EZ as a whole, a series of EqIA have been undertaken for the workstreams that form the EZ programme. As part of the Equality Act 2010 officers will be seeking to ensure that wherever possible the project ensures that a positive impact is made on people / communities using the “protected characteristics”:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion and belief
- Sex
- Sexual orientation

The proposal will as a minimum, include conditions which:

- Prohibit the parties from unlawfully discriminating under the Equality Act
- Require them to take all reasonable steps to ensure that staff, suppliers and agents meet their obligations under the Equality Act.

Consultation:

The EZ operates an internal project team with colleagues from a number of Service Areas supporting the programme; led by Development & Delivery other service areas include; Strategic Regeneration, Planning and Building Control, Asset Management, Pollution Control, Finance, Legal, Area Partnerships and Revenues & Benefits. The Council also works in partnership with Wolverhampton City Council and the Black Country Consortium in their role as secretariat to the Black Country LEP. The EZ Management Steering Group is made up of these partners and others including DCLG, BIS, Environment Agency, Highways Agency and the Canals & Rivers Trust. Regular briefings also take place with the Portfolio Holder for Regeneration and local ward members, and consideration is being given to formalising a local community meeting similar to the format previously used to engage with communities who were within the Strategic Regeneration Framework (SRF) areas.

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1 Report

1.1 The Darlaston part of the Black Country (BC) Enterprise Zone (EZ) is a key strategic location for economic growth being located either side of the M6 at Junction 10, and is the Gateway to the Black Country and the West Midlands Conurbation. Darlaston is one of 16 Regeneration Corridors identified in the Black Country Core Strategy. It comprises a cluster of 15 sites providing approximately 48ha of land. Included amongst these are a number of regionally significant development opportunities such as Phoenix 10 (the former IMI Copper Works) a site of 15.20 hectares; sites at Tempus Ten adjacent to J10 with planning permission for offices and industrial/warehousing (at 3.34 hectares collectively); and the site currently occupied by two decommissioned gasholders in Darlaston Road (8.46 hectares). The sites offer particular opportunities for sectors such as advanced manufacturing, high value logistics and environmental technologies – sectors which have been identified by The Black Country LEP as priorities for support to lead business growth locally.

1.2 A number of challenges have been identified which will need to be addressed to ensure the successful delivery of the Darlaston element of sites.

- Ground conditions- the sites have a history of previous uses which will necessitate land remediation prior to any development. These ground issues generally relate to former use for heavy industry, mining activity and tipping which involve significant abnormal developments costs.
- Land values- it is apparent that a number of landowners in the Zone have an unrealistic view on the value of their asset. The value they attribute to it does not reflect the current economic climate, the range of suitable uses and the level of abnormal cost associated with development.
- Infrastructure- the sites are not fully serviced in the way they are presented at i54, investment is required therefore to create sites of a comparable standard that are attractive to the market. These may be regarded as conventional development costs but are magnified by the abnormal costs.
- Reduced public sector funding- with reduced public funds available to intervene in the reclamation of sites and to invest in site infrastructure the ability to meet the above challenges is compounded further.

1.3 A number of work streams have already commenced to support those interventions that can be made to support the delivery of the EZ and include (but not exclusively) the following:

- An approved Local Development Order (LDO)- The Darlaston LDO was approved in April 2012 and authorises development for uses falling within use classes B1(b), B1(c), B2 and B8, as well as development for waste management and waste treatment use within a defined sub-zone. The purpose of the LDO is to simplify the planning process for not only developers of EZ sites but also for existing businesses in the Darlaston Area; allowing them to expand and refurbish their premises without the need for a normal planning application. To date the Council has received two applications under the LDO procedure and are working with these applicants to determine their approval.

- A Site Investigation Programme- The Council has secured £500k of Growing Places Fund towards a first phase programme of site investigations, we are working with 5 land owners across 6 sites to undertake investigations into the ground conditions and site constraints to fully understand the relationship between the cost of abnormal ground conditions and land values; and the impact this has on the viability of development. A second phase has also been approved in principle by the LEP and will fund any further investigations on the remaining sites once agreement with land owners is in place. This forms an important tool in understanding the level of private/ public sector intervention that will be required to support the delivery of our key EZ sites and inform the EZ Investment Plan.
- Business Rate Uplift Projection & Investment Plan- In support of the LEP's understanding of likely business rate uplift, a process to project future business rates income has been completed. This will enable the LEP to formulate its agreement with the Local Authorities on the management of the uplift and take future decisions on the level of investment that may be required in support of the delivery of the EZ. Cabinet, at their meeting in October 2012 will be asked to approve the principles of the collection, management and expenditure of the business rate uplift, and delegate authority to the Executive Director to enter into an agreement(s) agreement to this affect.
- Financial Models and Delivery Mechanisms- The Council has commenced a procurement process to commission a management consultancy to provide support and technical expertise to support the delivery of the BC EZ and provide specialist expertise on land and property financing and delivery models that could be applied to sites within the Darlaston element of the EZ. This work will go on to inform the Investment Plan for the Darlaston sites and inform future decision making regarding the level of financial support the Council and the BC LEP may need to make into interventions.
- Market Demand & Supply Study- The Council has commissioned property consultants DTZ to complete a market demand and supply study to inform our understanding of the current business and investor demands/ requirements for new sites and premises both nationally and at a local level. This will inform future decisions that may need to be taken to intervene in the delivery of EZ sites by providing initial evidence that the market requires sites of the size and nature that the Darlaston element of the EZ can provide.
- Darlaston Strategic Development Area (DSDA) Access Project- The Council has been successful in securing the £26m DSDA Access Project will support delivery of the EZ sites by improving the accessibility of locations where the existing road network and other transport infrastructure constrains development. The project is currently running to programme and subject to DfT final approval in the autumn will commence on site in spring 2013.
- Phoenix 10- The HCA and the Council (the landowners) are in negotiation with a potential purchaser of the former IMI copper works site. A reclamation strategy and a financial appraisal to help determine the most appropriate delivery strategy has been commissioned and the findings are now being discussed with the potential purchaser. This key project is being advanced alongside a clear engagement strategy with the local community.

- 1.3 All of the above workstreams will continue and evolve as further advice and expertise is developed, and a greater understanding of site constraints and market demand is known. As set out, there are a number of challenges that face the successful delivery of the Darlaston element of the EZ however the Council will continue to take a pro-active approach to finding solutions to the challenges; being creative in the way it works with the private sector and drawing on best practice from elsewhere to apply in Darlaston. As the Council gathers more information about the nature and extent of these constraints and the mechanisms to intervene and enable their redevelopment, we will make proposals to prioritise any available finance into a first phase of activity; using criteria that enables us to maximise the economic benefit of the EZ to the wider Borough and Black Country.