

OUTCOME OF REGENERATION REVIEW

SUMMARY

- 1.1 There are two reports to this Cabinet meeting on the outcome of the regeneration review. This paper (Paper 1) describes the background to the review and the proposals that result. Paper 2 is confidential, and contains the appendix with all the implications, and a detailed structure for the Regeneration Division in the Chief Executive's Office.
- 1.2 Following a review of the Regeneration functions across the Council and Derby City Partnership, this paper presents proposals for the future delivery of regeneration.
- 1.3 The proposals include:
 - the composition and role of the Regeneration Division in the Chief Executive's Office, including current Derby Cityscape functions
 - a stronger working relationship with, and role for, Marketing Derby,
 - the use of a small element of the new Regeneration Fund (approved by Cabinet on 16 February 2010) to contribute to some of the staffing, and some early projects.
 - a newly constituted, private sector led 'Derby Renaissance Board', to replace City Growth Executive in Derby City Partnership whilst also incorporating the strategic functions of City Growth Executive, Derby Cityscape Board and Marketing Derby Board.

RECOMMENDATION

2. These recommendations are repeated in the later, confidential Cabinet Report, 'Outcome of Regeneration Review (Paper2)'.
 - 2.1 To note the proposed structure of the Regeneration Division in the Chief Executive's Office, including the funding proposals for staffing and the delivery of the Regeneration Fund.

- 2.2 To note the closure of Derby Cityscape Ltd, and agree to the transferring of functions into the City Council. This will include the associated requirements for the transfer of staff under TUPE, an ongoing commitment by partners to the continued funding of the functions of Derby Cityscape, and the transfer of existing contracts, external funding agreements, and other novated projects.
- 2.3 Officers to produce a new Service Level Agreement with Marketing Derby, giving it a greater role in marketing, promotions, and enquiry handling, and including in the SLA any required secondments of Council or Partnership staff.
- 2.4 To recommend Council to nominate the Leader of the Council (or appropriate Cabinet Portfolio Holder) to be a Director of Marketing Derby Ltd.
- 2.5 Officers to consult further with partners and produce detailed proposals for the newly constituted Derby Renaissance Board, to incorporate the proposed joint strategic working arrangements of the current City Growth Executive, Derby Cityscape Board and Marketing Derby Board.

REASONS FOR RECOMMENDATION

- 3.1 The national and local economy has got to a stage where the City Council needs to take a more direct role in making interventions for economic benefit. The approval of the Regeneration Fund at Cabinet on 16 February is the starting point for this 'shift change' in approach. The proposals in this paper will enable the Council and its partners to make best use of resources in intervening in the local economy to produce and retain investment, jobs and the economic, social and environmental wellbeing of our citizens.
- 3.2 This will build on the work of the Council, Derby Cityscape, Marketing Derby, and the City Growth Executive over the last five years. The Regeneration Division will enable the Council to take the lead in driving our ambitions to be a leading, vibrant and globally ambitious city.

SUPPORTING INFORMATION

- 4.1 Officers have been undertaking a thorough review of the Council and Derby City Partnership's approach to regeneration, including the functions of Derby Cityscape Ltd and Marketing Derby Ltd. The review examined our achievements to date in the preparation and implementation of the City Centre Masterplan, an internal review of the Council's regeneration services, and an independent assessment by the IDeA of the partnership's drive towards economic prosperity for the city.
- 4.2 Over the past three years, Derby has benefited greatly from the investment by Westfield Derby, major investments in new hotels, learning and transport facilities, and other inward investments. In broad terms, phase one of our city centre focus, generating £1billion of investment, is complete. We now need to move to the next phase, whilst at the same time bringing forward the regeneration of other areas of the city, continuing our commitment to improvements to the city centre.

- 4.3 The partners are all of the opinion that now is the time to strengthen our resolve to intervene in the local economy, and to increase the public sector role in that intervention for two key reasons:
- There is a policy imperative emerging from Government, in the form of new government policy regarding national, regional and sub-regional arrangements, which will remain in some form regardless of the outcome of the forthcoming General Election.
 - The private sector alone cannot achieve our ambitions, and is not able to in the current economic climate. The public sector, led by the Council, should intervene and provide the leadership in these difficult economic times.

4.4 Cabinet (16 February 2010) started this process, with the creation of a Regeneration Fund. The objectives of this Regeneration Fund will be:

- Promoting high quality commercial or mixed-use development that would not otherwise proceed, including neighbourhood regeneration schemes.
- Conserving, improving and safeguarding Derby's most important heritage assets and public realm.
- Creating opportunities to lever additional investment.
- Maximising local jobs for local people.
- Attracting and retaining businesses in Derby.
- Creating the conditions to stimulate innovation, skills and enterprise.
- Facilitating operational efficiencies between public sector partners.

4.5 This Cabinet paper outlines the new partnership arrangements proposed, with the following components:

- Bringing together the existing activities of Derby Cityscape, Marketing Derby and the Council's Regeneration Division under the strategic oversight of a new private sector led Board (largely comprised of members from their existing Boards / partnership groups).
- Having a citywide remit, although there will still be significant emphasis on the city centre.
- Including the transfer of Derby Cityscape activity and staff into the Council's Regeneration Division, within the Chief Executive's Office.
- Involving Marketing Derby being charged with leading on the city's promotional and enquiry-handling activities.
- A new 'Derby Renaissance Board' - this is a working title, as explained in paragraph 4.11.

- 4.6 The recent studies of regeneration in Derby, by Centre for Cities, the IDeA, and by officers and partners, identified gaps in provision in two areas. These will be addressed in the new structure by the creation of two new teams:
- a Skills and Innovation Team to drive forward a new innovation partnership between higher education and businesses in our key clusters, including projects and programmes to support the interface between SMEs and higher education, supply chain development, and initiatives in export and innovation. The team manager will be recruited from the private sector, from one of our key clusters, and the rest of the team will be recruited as the innovation partnership is developed and the precise needs of our key clusters have been identified.
 - A Regeneration Support Team, which will be a multi-disciplinary team including surveying, project and programme management, masterplanning, planning/development control, and consultation and communications expertise. This team will give support on a project-by-project basis across the Division and to partners.

The new structure will demonstrate that the Council and its partners are determined, ambitious, and willing to invest money from the public sector in order to help kick-start the next phase of the city's regeneration.

Regeneration Division Structure

- 4.7 The Council's new structure includes a Regeneration Division in the Chief Executive's Office. It has been agreed with partners, as described later in this report, that the functions of Derby Cityscape Ltd will be transferred into that Division, and that there will be a stronger and closer working relationship with Marketing Derby. The Division will therefore be made up of the staff and functions of the City Development and Tourism and City Centre Management Teams, which are currently part of the Regeneration and Community Department, the Osmaston Area Regeneration Team, currently based in Corporate and Adult Services, and the staff of Derby Cityscape, who will transfer under TUPE. The elements of the new Division are described below:
- 4.7.1 The new Division will have two service areas - Economic Regeneration, and Regeneration Projects - each with a Head of Service. The Economic Regeneration service will take on the majority of the current services operated under the City Development and Tourism Team. The Regeneration Projects service will take on the majority of those functions undertaken by Derby Cityscape in the city centre, the Osmaston Area Housing Team, and City Centre Management. There will be some movement of posts between those teams compared to the existing structure, and there will be new posts to support additional services in each of the two service areas.
- 4.7.2 The new Division is funded out of existing Council budgets, the transferred Derby Cityscape budgets, external funding, and elements of the Regeneration Fund. The structure of the Regeneration Division is shown in Appendix 2. The revenue budget for the first three years of operation is shown in the later, confidential Cabinet Report, Paper 2.

4.7.3 The Economic Regeneration Service will have responsibility for:

- Economic Regeneration including economic strategy, policy and research, inward investment and business support, community regeneration, and specific projects such as the Derwent Valley Mills.
- Public Realm and Heritage, including the Council's Public Realm Programme, our Urban Design Policy and Urban Design including policy, programmes and public art, heritage including conservation.
- Skills and Innovation, which will deal with links to the key clusters identified in our Economic Strategy, ensuring that we make the links for businesses with all elements of education, training and other business support, plus the emerging need for support to all levels of innovation in business.
- Tourism and Visitor Services, including Tourism Strategy, product development (hotels, attractions, etc) and the tourist Information Centre.

4.7.4 The Regeneration Projects service will have responsibility for:

- Regeneration of the city centre, primarily involving the implementation of the Derby Cityscape Masterplan, and the continued functioning of City Centre Management.
- Area Regeneration, including the Osmaston Housing Regeneration Project, but also leading on other area based regeneration projects such as Chellaston Business Park, Manor/Kingsway mixed use development, etc.
- Regeneration Projects will be a multi-disciplinary team, providing support on a project by project basis to the City Centre Regeneration Team, the Area Regeneration Team and colleagues in the Economic Regeneration Service, as well as support to partners on external projects.

4.7.5 The new Division will be operational on 1 May, along with the rest of the Council's restructuring. This will include all of the current Council posts. The Cityscape transfer will require a TUPE consultation, and therefore the staff who transfer will come into the Division formally from 1 July, to coincide with the closure of Derby Cityscape. However, for project management and line management purposes, these staff will become part of the Division effectively from 1 May. This has been agreed with the Chief Executive and Board of Derby Cityscape Ltd. Many of the projects which will transfer have joint project teams on which the Council and Derby Cityscape have representation, and hence the project transfer is expected to be seamless.

Derby Cityscape Ltd

- 4.8 As part of the Regeneration Review, the Board of Derby Cityscape Ltd has decided that the Company should be closed, and the relevant functions transferred to the Council, to become part of the function of the new Regeneration Division in the Chief Executive's Office. This has a number of activities, and implications, as described below.
- 4.8.1 The closure of the Company has been agreed by its three funding partners - emda, the Homes and Communities Agency, and the Council - and it is intended that this will be completed by 30 June 2010. Arrangements are in hand for the Chief Executive to remain in post in order to complete this function.
- 4.8.2 The projects being delivered by the Company will transfer to the Regeneration Division, and this will effectively take place from 1 May 2009 (subject to the provisions stated earlier in paragraph 4.7.5).
- 4.8.3 Because the Council is undertaking the same functions as Cityscape, the Cityscape staff will have the right to transfer under TUPE.
- 4.8.4 Derby Cityscape will also have a number of contracts, with consultants, with other suppliers, and with external funders for certain projects. These will be appraised and novated to the Council, the process to be managed jointly by Cityscape and Council officers.
- 4.8.5 The legal and funding agreements that underpin Derby Cityscape Ltd, its Board structure, and the rights and responsibilities of its three core funders, all allow for the closure of the Company. In this event, the balance of funds can be paid pro rata to the three funding partners. However, emda and the HCA have agreed with the Council that the balance of funds will pass to the Council, to enable us to continue with the Cityscape work, and in addition, emda and the HCA have committed their funding for the revenue costs of Derby Cityscape to the Council through 2010/11.
- 4.8.6 Emda has already confirmed that its £200k per year contribution is now included in our Single Programme allocation, and the commitment to that will continue year on year for so long as emda exists in its current form and its funding arrangements with Government exist similarly.
- 4.8.7 The HCA will be undertaking a review of its support to partnerships throughout England, following which it will determine its future funding policy. For the purposes of this exercise we have assumed that there will be no further direct funding from HCA into the revenue costs of the Regeneration Division, but we assume there should be the opportunity to bid for funds from the HCA to support the delivery of projects funded by them.

Marketing Derby

- 4.9 The Council is a key partner and funder of Marketing Derby, and discussions have been undertaken between the Council and the Marketing Derby Board and Executive Director regarding the role and position of Marketing Derby under the new Regeneration arrangements. It has been agreed that Marketing Derby should continue to operate independently, from its own offices, because this independence and private sector lead appeals to its Bondholders and to external enquirers. However, there have been discussions regarding the strengthening and formalising of this role, including the funding arrangements with the Council, as described in the proposals below.
- 4.9.1 As the Council is a key funder of Marketing Derby, it is proposed that this should continue through a three-year Service Level Agreement, which will be reviewed and refreshed annually.
- 4.9.2 Officers have been in discussion with Marketing Derby to enhance and extend their role, and these are ongoing. The intention is to give Marketing Derby a fuller responsibility in its current role of handling promotions to inward investors, developers, tourists and visitors and potential conference organisers. It is also proposed that Marketing Derby take on the enquiry handling which is currently shared between various officers in the current City Development and Tourism service, and other partners. This will all be reflected in the three-year Service Level Agreement, including funding for two other posts – an Inward Investment Enquiry Officer and an On-Line Tourism Promotions Officer. The SLA details will be reported back to Members if necessary.
- 4.9.3 Part of the enhancement of the Marketing Derby role will also involve the secondment of officers, part-time or full-time, on a project-by-project basis. This will give us maximum flexibility in dealing with projects included in our Business Plans, but also to take advantage of any opportunities as they arise, without the need for any formalities of recruitment or transfer. Any secondments will be primarily by Council staff into Marketing Derby rather than vice versa, and this will not affect the officers' terms and conditions as Council employees.
- 4.9.4 The governance arrangements for Marketing Derby are that it currently has a Board of Directors, who are signatories under Section 288a of the Companies Act 2006. It then has an Advisory Board, drawn from a wide range of partners, who oversee the production of Marketing Derby Business Plans and promotional activities. Because the Council is a core funder of Marketing Derby, it would be appropriate for governance and accounting purposes for the Council to have a nominated Company Director of Marketing Derby. It is recommended that this should be the Leader of the Council or the appropriate Portfolio holder.
- 4.9.5 The Marketing Derby Board will merge its strategic function with the Derby Cityscape Board and City Growth Executive to form the new Derby Renaissance Board. This is described in more detail in 4.10 below.

Derby Renaissance Board

- 4.10 In order to make the most of the critical mass of the merging of the three organisations, it is proposed that their respective Boards should merge their strategic functions into a new 'Derby Renaissance Board'. The Chairs of the existing City Growth Executive and the Marketing Derby Ltd Board have both agreed to this. The implications of this are described below:
- 4.10.1 The Board will require a private sector Chair.
 - 4.10.2 The Leader of the Council and the Chief Executive are representatives on the Cityscape Board and the Leader attends the City Growth Executive. It is proposed that the Leader and Chief Executive should be the Council's nominees to the new Derby Renaissance Board. The Board will also be supported by Council Officers and partners.
 - 4.10.3 Given that the City Growth Executive, Cityscape Board and Marketing Derby Board all have executive powers to allocate their respective budgets, it is proposed that this function should continue as part of the governance arrangements. The Council will be the accountable body for the Derby Renaissance Board, and hence all of our rules, procedures and safeguards will continue to apply to the newly merged organisation.
 - 4.10.4 Officers will report back on the detailed governance arrangements for the Derby Renaissance Board.
- 4.11 'Derby Renaissance Board' is a working title. Once the new structures are in place, and the new Sustainable Communities Strategy (SCS) is in place, it is intended that the vision in the SCS will also become the 'brand' for our regeneration activities. This will also result in the adoption of this brand by Marketing Derby and its use as a single brand for all of the activities of our regeneration partners in Derby, including a re-branded Derby City Partnership.

Conclusions

- 4.12 The new Regeneration Division will be fully operational from 1 May 2010. At this point, the Cityscape projects will come under the jurisdiction of this Division, and the staff, will become, in effect, part of the Division. However, because of the formal timescale required for TUPE transfer, the Cityscape staff will not become Council employees until 1 July 2010.
- 4.13 Should the arrangements for the closure of Derby Cityscape Ltd take longer than the 30 June deadline, then the current Chief Executive will stay in post until these arrangements have been completed. It should be noted that at no time will Derby Cityscape become insolvent, and hence there is no financial risk to the Council of this process being completed.
- 4.14 The newly established Regeneration Fund will be a key element underpinning the work of the Regeneration Division. Officers are currently drawing up the details of the proposed workings and governance of this fund, and will report back to Members as appropriate.

- 4.15 There are confidential items requiring Cabinet discussion. These are in a later paper 'Outcome of Regeneration Review (Paper 2)' to the same Cabinet Meeting on 16 March.

OPTIONS

- 5.1 The status quo option would involve all partners continuing as they are at present, but with reduced impact because of the current economic climate.
- 5.2 A 'do nothing' option can be similarly dismissed because it would entail the withdrawal of Council financial support for regeneration projects and partnership work, including Marketing Derby and the replacement for Derby Cityscape Ltd.
- 5.3 The private sector cannot lead in regeneration in the current economic climate, although their input through the new Derby Renaissance Board and the private sector chairing of that Board will be essential.

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Background papers: None
List of appendices: Appendix 1 - Implications
Appendix 2 - Regeneration Division Outline Structure

OPTIONS

1. All the implications of these proposals are in Appendix 1 of the confidential report (Paper 2) later on this Cabinet agenda.

REGENERATION DIVISION OUTLINE STRUCTURE

